Copreneurship and its Impact on Financial Characteristics of Companies[1]

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Abstract

Family businesses are generally considered to be different from nonfamily firms. Couple-run companies represent a subset of family business but are often excluded from comparative analyses since they lack one of the basic attributes of family businesses – the intention for succession. The goal of this study is to explore the financial differences between copreneurial firms and other firms where spousal relationships are not involved. We tested the differences between couple-run and non-couple-run companies using the matched-pair investigation. The sample was composed of 130 pairs of companies from the period 2007 – 2012. We used the Student's t-test to explore the differences in profitability, labor productivity, level of debt, liquidity, and asset management. While copreneurial companies seemed to perform better in terms of operating efficiency (profit margin), they performed worse in terms of labor productivity and asset use efficiency (asset turnover), carried less debt and were comfortable with a lower liquidity.

Keywords: *couple-run companies; copreneurship; financial performance; family business*

JEL Classification: L26, M10

1. Introduction

As an emerging academic discipline, family business has been establishing especially in two directions: defining what actually constitutes a family business and exploring performance differences between family and non-family businesses. Despite the fact that there is no standardized definition of family business to date, each definition usually includes three dimensions (Massis et al., 2012):

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- One or several families hold a significant part of the share capital.
- Family members retain significant control over the company, which depends on the distribution of capital and voting rights among nonfamily shareholders, with possible statutory or legal restrictions.
- Family members hold top management positions.

While academic research recognizes the difference of family businesses from their non-family counterparts (Machek, Hnilica and Brabec, 2014; Wagner et al., 2015) which seems to be valid in the Czech Republic as well (Machek and Hnilica, 2015), little is known about the overall performance of companies which are led or owned by married couples (Rutherford, Muse and Oswald, 2006). Following Ponthieu and Caudill (1993), we may define "copreneurs" as married couples or life partners who jointly own and operate business organizations or who otherwise share risk, ownership, responsibility, and management by working together in any phase of a business venture. De Bruin (2006) identified the following types of spousal entrepreneurial activities:

- the solo entrepreneur with a supporting spouse;
- dual entrepreneurs, each of them with an independent venture;
- copreneurs where both spouses are involved.

Although De Bruin (2006) considers copreneurship to be an "important subset" of the family firms literature and Dyer, Dyer and Gardner (2012) cite surveys indicating that one third of family businesses include spouses, copreneurial companies are often excluded from the class of pure family businesses since they lack (or don't declare explicitly) one of the basic properties of family firms – the vision to continue their business across multiple generations ("intention for succession").

The spousal relationships of a company's managers or owners may have beneficial as well as harmful consequences. The goal of this paper is to explore the financial differences between couple-run firms and other firms. With respect to this goal, we formulated the following research questions:

- Are couple-run firms more profitable than other firms?
- Do couple-run firms carry less debt than other firms?
- Do couple-run firms have a greater liquidity than other firms?

2. Literature Review

In the past research on copreneurship, many theoretical and practical questions remain unresolved. The prior research focused on social and psychological aspects of copreneurship, such as social support of spouses (Nelton, 1996), work and family conflicts (Foley and Powell, 1997), or communication between spouses (Lundberg, 1994). Dahl, Praag and Thompson (2014) found that copreneurship

has productivity advantages relative to comparable firms. However, only little research has been devoted to examining the financial characteristics of copreneurial firms. While the number of articles dealing with performance gaps between family and non-family firms is abundant (see Wagner et al., 2015), we have not found any study which compared couple-run firms and non-couple run firms.

One of the major drawbacks of copreneurship, which can however also be considered as one of the advantages, is the spillover effect between work and home life (Tompson and Tompson, 2000). In this section, we will make a summary of existing research on positive and negative effects of spousal relationship between a company's owners or managers.

2.1. Positive Effects of Spousal Relationships

The positive effects of spousal relationships are based on a supportive and cooperative relationship of entrepreneurial couples. They are often attributed to the fact that transactions of economic resources between spouses (not necessarily money, but also time and effort) can contribute to the development of business. One of the known positive effects is the reduction of delinquency and moderation of the effects of misbehavior (Wright, Cullen and Miller, 2001). Improved communication (Cox, Moore and Van Auken, 1984) and resilience of copreneurs (Tompson and Tompson, 2000) may have positive impact on performance, especially during periods of business stress (Lundberg, 1994). Spousal relations are also supposed to provide emotional support to individual partners. Committed spouses may work cooperatively toward common goals which can be associated with a strong business performance (Van Auken and Werbel, 2006). At the same time, it is known that self-confidence and positive expectations may also have positive effects on a company (Lukeš and Zouhar, 2013). Matser (2013) also found that financial performance of small and medium-sized copreneurial ventures was positively correlated to shared vision and quality of relationship, and concluded that spousal social capital also has a positive impact on the financial performance. Farrington et al. (2011) found a number of factors that affect the financial performance of copreneurial firms, such as shared dreams or personal needs alignment.

Moreover, we may suppose that certain positive benefits of family control over a company hold in the case of couple-run companies as well. While the separation of ownership and control in nonfamily businesses may lead to agency costs (which are due to different goals of owners and hired managers), this effect can be mitigated in the case of family as well as couple-run businesses (Carney, 2005). Values shared across family business stakeholders (such as managers, owners, employees, suppliers) may generate synergistic effects (Habbershon and Williams, 1999).

2.2. Negative Effects of Spousal Relationships

On the other hand, there are possible negative effects of spousal relationships which are based on conflicts and disagreements between the spouses. Such discrepancies may deteriorate work performance of individuals (Kaye, 1991; Vinokur, Pierce and Buck, 1999). Galbraith (2003) found that divorces have a significant negative impact on short-term financial performance of family businesses. Divorces are generally considered to be capable of "killing" a copreneurial venture. Higher risk of divorce may be due to various conflicts. These may concern:

- Separation of work and family commitment (Gersick et al., 1997) and lack of physical boundaries between work and family which may contribute to the distress of a business (Kaye, 1991).
- Division of responsibility and decision making. Nowadays, the husband still tends to be the boss (see e.g. Lukeš et al., 2013) which may represent a source of potential conflicts (Ponthieu and Caudill, 1993).
- A possible competition between spouses.
- Having no hiding place at home and no possibility of being alone, too much togetherness (Cox, Moore and Van Auken, 1984).
- Avelenda (1999) cites the opinion that spousal relationships may pressure employers to hire unqualified spouses.
- Lack of personal time, bringing home work-related problems (we may cite Wong and Kleiner, 1994 who quote that "work time may be spent solving personal problems with the spouses rather than working").

3. Methodology

In order to analyze the financial characteristics of couple-run firms we used the matched-pair investigation method (see e.g. Allouche et al., 2008; McConaughy, Matthews and Fialko, 2001; or Menéndez-Requejo, 2006). The methodology systematically compares couple-run and non-couple-run companies which have similar operating conditions, i.e. operate in the same industry and have the same size.

3.1. Creation of Pairs

First, pairs of businesses which match in their industry and size are established. Subsequently, a paired t-test is applied in order to compare the differences in means of selected variables.

To create the pairs, we assigned to every couple-run company a set of companies which operate in the same industry (classified by the five digit code NACE) which helped neutralize differences due to different industries. Subsequently, from the set of companies operating in the same industry, we selected the company with the closest number of employees, and if there were multiple companies with the same number of employees, we selected the company with the closest turnover. This way, the differences due to firm size have been mitigated. We suppose that other factors affecting firms' performance and competitiveness are due to external factors which are becoming more and more complex (see e.g. Baláž and Verček, 2002, or Šikula, 2006) but affect all companies in the sample equally, and internal factors which can explain possible differences between couple-run and non-couple-run firms.

3.2. Financial Indicators

After having created pairs of businesses, we applied Student's t-tests to determine the statistical significance of mean differences (the null hypothesis is that the average difference of means is zero) of selected indicators:

- Profitability: Return on assets (ROA), Return on equity (ROE), Return on sales (ROS), Return on capital employed (ROCE), Earnings before interests and taxes (EBIT), and Earnings after taxes (EAT). While the above mentioned ratios belong to the most widely used synthetic indicators of performance in comparative analyses (Machek, Brabec and Hnilica, 2013), their use should be accompanied by an analysis of other groups of indicators (Neumaierová and Neumaier, 2014).
- Labor productivity: Labor productivity, Value added/employee.
- Level of debt: Debt ratio (Debt/Assets), Interest coverage ratio (EBIT/Interest expenses).
- Liquidity: Current ratio (Current assets/Current liabilities), Quick ratio (Current assets minus inventory/Current liabilities), Cash ratio (Cash/Current liabilities).
- Asset management: Asset turnover (Sales/Assets), Inventory Turnover (Sales/Inventory).

4. Data

The collection of data is a challenging task since there is no official database of Czech couple-run companies and economic subjects have no legal obligation to disclose whether their husband of wife participates in the business or not

(Machek and Hnilica, 2013). Therefore, the size and nature of the general population – all couple-run firms – is unknown.

In order to identify couple-run companies we used the database Albertina (maintained by the Bisnode company) which contains financial data on all Czech economic subjects with registered tax identification number. The analysis was focused in the period 2007 – 2012. It should be noted that we didn't obtain the sample using random sampling; instead, we performed a non-probability convenience sampling based on surname matching.

To identify the rough sample of couple-run companies in the Czech Republic, we selected all Czech companies with more than 50 employees for which one of the following conditions holds:

- There is one male and one female of the same surname in the management board;
- There is one male and one female of the same surname in the supervisory board;
- There is one male and one female of the same surname among the owners.

The detection of spouses in the sample is simplified because of the fact that family names of Czech females usually end in "ová" like in other Slavic languages. On the other hand, it should be noted that this algorithm will not detect non-married couples or spouses where the wife decided to keep her former family name.

Subsequently, we had to manually check all records in order to eliminate possible namesakes (especially in the case of frequent Czech names like Novák or Svoboda) and we also removed pure family businesses (where more than two family members – especially heirs – participated in ownership or management). After another control for blank (non-disclosed) values, the final sample contained 130 couple-run firms.

There are only large and medium-sized firms in the sample (having more than 50 employees). The sample is thus similar to the sample of Menéndez-Requejo (2006) who used multiple methods, including the matched-pair investigation, to find that family firms performed better in terms of return on equity than non-family firms.

It should be noted that while the sample of couple-run companies remained the same during the period 2007 – 2012, the corresponding non-couple-run companies were not necessarily the same, since their number of employees and turnover has been varying. In addition, the methodology we adopt requires relevant and consistent data since the paired t-test is very sensitive to extreme values. At the same time, the differences in means should follow the normal distribution. It means we had to eliminate obvious outliers. That's why the number of companies has been variable in the respective years.

In Table 1, we illustrate the classification of the sample into sectors of economic activities according to CZ-NACE and compare it with the Czech Republic as a whole. Most of copreneurial firms operate in manufacturing (48.03%), followed by "Wholesale and retail trade; repair of motor vehicles and motorcycles" (16.54%), construction (7.87%), and transporting and storage (3.94%).

T a b l e 1

Classification According to Institutional Sectors – CZ-NACE Classification (in %)

Institutional sector	Couple-run firms	Czech Republic (whole)
Manufacturing	48.03	43.03
Wholesale and retail trade; repair of motor vehicles	16.54	12.00
Construction	7.87	6.76
Transporting and storage	3.94	5.28
Administrative and support service activities	5.51	5.91
Other	18.11	27.02

Source: Albertina database, own calculations.

We also illustrate the classification of firms according to the number of employees and compare it with the Czech Republic as a whole (see Table 2). Most companies have 50 – 99 employees. On the other hand, the share of largest companies (over 500 employees) was lower in the case of couple-run firms.

T a b l e 2

Classification According to Number of Employees (in %)

Headcount	Couple-run firms	Czech Republic (whole)
50 – 99	48.76	43.53
100 – 199	34.71	29.48
200 – 249	5.79	5.93
250 – 499	9.92	12.12
500 – 999	0.83	5.72

Source: Albertina database, own calculations.

5. Results

In this section, we will compare couple-run companies (CRF) with non-couple--run firms (NCRF) from five perspectives: profitability, labor productivity, level of debt, liquidity, and asset management.

5.1. Profitability

The results are summarized in Table 3. The mean value of return on assets (ROA) of couple-run companies has been higher in all years and in 2007 and 2008, the differences have been statistically significant. The return on equity

(ROE) of couple-run companies has been higher in all years except 2009 while being significant in 2008. Broadly speaking, the results indicate that couple-run companies perform better from the point of view of shareholders. Perhaps the most significant results can be observed in the case of return of sales (profit margin). ROS of couple-run companies has been significantly higher in 2007, 2008 and 2009. However, in 2011, the difference was negative (not significant). These results suggest that the profit margin of couple-run companies tends to be higher compared to non-couple-run firms. Return on capital employed (ROCE) analysis provides similar findings. The profitability of couple-run companies has been higher in both 2007 and 2008 (significant in both years), and all the other years except 2012.

T a b l e 3

Profitability

	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Return on assets (ROA)						
Mean CRF	12.58	10.92	7.03	7.22	6.38	6.23
Mean NCRF	9.30	6.83	6.24	6.37	6.26	6.07
Difference	3.27***	4.09***	0.78	0.85	0.12	0.15
Sample (N)	130	111	128	115	115	115
Return on equity (ROE)						
Mean CRF	19.58	17.23	9.81	11.2	9.70	10.2
Mean NCRF	15.60	10.35	10.1	10.7	9.38	6.8
Difference	3.98*	6.88**	–0.25	0.55	0.32	3.47
Sample (N)	130	111	128	115	115	115
Return on sales (ROS)						
Mean CRF	5.00	4.92	4.43	3.76	3.11	3.71
Mean NCRF	3.28	2.71	1.51	2.81	3.50	2.77
Difference	1.72***	2.21***	2.92**	0.94	–0.38	0.94
Sample (N)	130	111	128	115	115	115
Return on capital employed (ROCE)						
Mean CRF	22.00	19.67	11.7	12.3	11.1	10.9
Mean NCRF	16.30	12.95	11.6	11.4	10.0	11.1
Difference	5.70***	6.72***	0.09	0.90	1.09	–0.24
Sample (N)	130	111	128	115	115	115
Earnings before interests and taxes (EBIT) – millons CZK						
Mean CRF	19.1	16.8	13.2	15.4	13.8	13.8
Mean NCRF	18.7	16.3	7.89	10.4	12.8	11.5
Difference	0.47	0.54	5.36*	4.98	0.98	2.34
Sample (N)	130	111	128	115	115	115
Earnings after taxes (EAT) – millons CZK						
Mean CRF	13.4	12.0	9.09	11.5	9.54	9.00
Mean NCRF	11.7	9.43	8.02	7.11	7.99	8.22
Difference	1.78	2.58	1.07	4.41	1.55	0.78
Sample (N)	130	111	128	115	115	115

Note: CRF – couple-run firms; NCRF – non-couple-run firms; *** – $p < 0.01$, ** – $p < 0.1$, * – $p < 0.2$.

Source: Authors, own calculations.

We also compared the absolute values of earnings: earnings before interests and taxes (EBIT) and earnings after taxes (EAT). The analysis reveals that the couple-run companies' mean earnings are higher in all years under consideration. However, these differences were not statistically significant (except of EBIT in 2009). The findings partly support the idea that couple-run companies are more profitable than non-couple-run firms. However, most observations are not statistically significant at the desired level.

5.2. Labor Productivity

The authors also tested differences in labor productivity measured in two ways: as the ratio of sales over the number of employees, and as the ratio of value added over the number of employees. The results are displayed in Table 4. Labor productivity of couple-run firms has been lower in all observations (statistically significant in the first three years). The results suggest that spousal relationships among managers may deteriorate the ability of the firm to generate sales with a given level of headcount.

T a b l e 4

Labor Productivity

	2007	2008	2009	2010	2011	2012
Sales / Employees						
Mean CRF	204.57	199.12	183.45	177.46	177.75	180.12
Mean NCRF	231.25	260.52	238.11	183.96	194.61	199.49
Difference	–26.68*	–61.40**	–54.66**	–6.50	–16.85	–19.38
Sample (N)	130	111	128	115	115	115
Value added / Employees						
Mean CRF	43.63	39.99	39.79	41.71	42.45	40.59
Mean NCRF	46.65	46.13	40.09	39.53	45.48	40.94
Difference	–3.03	–6.14**	–0.30	2.18	–3.04	–0.35
Sample (N)	130	111	128	115	115	115

Note: CRF – couple-run firms; NCRF – non-couple-run firms; *** – $p < 0.01$, ** – $p < 0.1$, * – $p < 0.2$.

Source: Authors, own calculations.

5.3. Level of Debt

It is generally considered that family businesses use debt to a lower extent than nonfamily firms (see e.g. Mishra and McConaughy, 1999, or Allouche et al., 2008). One of the possible reasons is the possibility that family businesses are more risk-averse than nonfamily firms, since the risk of losing control over the company motivates to a lower use of debt.

The findings on couple-run companies provide similar results (see Table 5). The debt ratio (debt over assets) of couple-run businesses has been lower in all observations. The observations have been statistically significant in both 2007

and 2009. Thus, couple-run firms appear less dependent on lenders than non--couple-run firms. The interest coverage ratio expresses the ability to meet interest expenses; in the case of couple-run firms, this ratio was lower than the one of non-couple-run firms except 2007. However, the observations haven't been significant in any year which makes it impossible to draw any conclusion therefrom.

T a b l e 5

Level of Debt

	2007	2008	2009	2010	2011	2012
Debt ratio (%)						
Mean CRF	57.04	53.52	51.98	50.37	49.02	48.04
Mean NCRF	61.58	56.47	57.91	53.29	51.71	49.64
Difference	–4.54**	–2.95	–5.94**	–2.92	–2.69	–1.60
Sample (N)	130	111	128	115	115	115
Interest coverage						
Mean CRF	20.44	16.67	26.79	11.43	21.38	16.36
Mean NCRF	18.90	18.14	28.60	13.40	23.64	26.27
Difference	1.55	–1.47	–1.81	–1.97	–2.25	–9.90
Sample (N)	130	111	128	115	115	115

Note: CRF – couple-run firms; NCRF – non-couple-run firms; *** – $p < 0.01$, ** – $p < 0.1$, * – $p < 0.2$.

Source: Authors, own calculations.

5.4. Liquidity

The results are displayed in Table 6. Obviously, the liquidity of couple-run companies tends to be lower which means copreneurs tend to keep less current assets (or cash and cash equivalents) thus reducing financial costs but increasing the financial risk.

T a b l e 6

Liquidity

	2007	2008	2009	2010	2011	2012
Current ratio						
Mean CRF	1.65	1.86	1.82	1.92	1.95	2.05
Mean NCRF	1.65	2.11	1.83	2.13	2.19	2.46
Difference	0.00	–0.25	–0.01	–0.21	–0.25*	–0.41**
Sample (N)	130	111	128	115	115	115
Quick ratio						
Mean CRF	1.19	1.23	1.26	1.33	1.35	1.40
Mean NCRF	1.14	1.48	1.33	1.42	1.55	1.69
Difference	0.05	–0.25	–0.07	–0.09	–0.21*	–0.29**
Sample (N)	130	111	128	115	115	115
Cash ratio						
Mean CRF	0.34	0.37	0.34	0.49	0.43	0.43
Mean NCRF	0.37	0.52	0.37	0.44	0.59	0.57
Difference	–0.03	–0.14*	–0.03**	0.05	–0.16*	–0.14*
Sample (N)	130	111	128	115	115	115

Note: CRF – couple-run firms; NCRF – non-couple-run firms; *** – $p < 0.01$, ** – $p < 0.1$, * – $p < 0.2$.

Source: Authors, own calculations.

However, companies with strong cash flow may operate safely with lower liquidity ratios. At the same time, shareholders (married couples) may prefer lower liquidity so that more of the firm's assets are working to grow the business.

5.5. Asset Management

In terms of asset management, we analyzed two ratios: asset turnover (sales over total assets) and inventory turnover (sales over inventory). Capital-intensive companies will typically have lower asset turnover ratios than companies using fewer assets. However, such differences have been eliminated by creating pairs of firms operating in the same industries. In all observations, the mean values of turnover have been lower in the case of couple-run firms. However, the observations have been only (little) significant in 2009. The results suggest that the ability to generate cash (asset use efficiency) with a given level of assets of couple-run firms is lower, though the statistical significance of the findings is debatable, so it's impossible to draw general conclusions about asset management.

T a b l e 7

Asset Management

	2007	2008	2009	2010	2011	2012
Asset turnover						
Mean CRF	1.55	1.44	1.29	1.36	1.33	1.24
Mean NCRF	1.64	1.44	1.40	1.40	1.36	1.33
Difference	–0.09	0.00	–0.11*	–0.04	–0.03	–0.09
Sample (N)	130	111	128	115	115	115
Inventory turnover						
Mean CRF	34.86	21.55	19.07	32.45	28.63	21.75
Mean NCRF	36.82	28.45	31.39	37.69	25.18	25.18
Difference	–1.96	–6.90	–12.32*	–5.24	3.45	–3.43
Sample (N)	130	111	128	115	115	115

Note: CRF – couple-run firms; NCRF – non-couple-run firms; *** – $p < 0.01$, ** – $p < 0.1$, * – $p < 0.2$.

Source: Authors, own calculations.

6. Discussion

Couple-run firms seem to be more profitable according to most observations. Almost all related financial profitability ratios are greater in the case of couple--run companies. This can be justified by several reasons. One of them are the possible synergistic effects generated by values shared between spouses, especially trust, team work, shared vision, and improved communication. Among other possible benefits, we can mention the elimination of agency costs (Habbershon and Williams, 1999) and costs due to employee theft and misbehavior

(Cox, Moore and Van Auken, 1984) since the goals of spouses are commonly shared. The above-mentioned factors, along with an improved control, can contribute to a business stability and reduction of costs, which may ultimately result in improved profitability. However, this does not necessarily mean that couple-run firms are more efficient than non-couple-run firms.

Traditionally, profitability (more accurately, return on equity) is broken down into three parts: profit margin, asset turnover and financial leverage. Since the asset management ratios as well as debt ratios seem to be lower in the case of couple-run firms, the only term which could explain a higher profitability is the profit margin (ROS) which is also a measure of operating efficiency. Also, if we accept the idea that couple-run firms keep a lower amount of short-term assets thus adopting a more profitable but risky financial position, this might represent another reasons for a greater profitability, along with a possible better operating costs management. However, the financial risk is not captured in the analyzed financial indicators.

Copreneurial companies seem to use less debt than their non-couple-run counterparts. However, it is not clear what exactly drives the capital structure decisions of couple-run firms. One of the possible reasons is the risk-aversion due to the fact that a possible loss of the couple over a company, together with an interest to care about the reputation of the firm, may lead to a lower use of debt. Of course, there are other factors than family control which affect capital structure as well. Among the most important ones, we should mention firm size and industry (which was however mitigated by the matched-pair approach used in this study), firm age (older firms tend to use more debt than younger firms) and structure of assets.

The lower liquidity of couple-run firms could also be explained by a greater risk-aversion of copreneurs. Broadly speaking, liquidity ratios are a measure of financial policy of firms; a greater liquidity indicates a more conservative, yet less profitable position; lower levels of liquidity indicate a more risky but more profitable financial policy. The risk-aversion of couple-run firms is reflected in a more conservative financial policy which is accompanied by employing more short-term financial resources (cash) to cover short-term obligations, or by employing less short-term liabilities and more long-term debt, everything else being equal.

It is also noteworthy that the methodological approach used in this research has several weaknesses. The definition of couple-run companies we used in this article helped us identify some of the large and medium-sized couple-run companies in the Czech Republic, but surely not all of them, since not all female spouses decide to change their name after marriage, or there may be couples which are not married at all. Such companies cannot be discovered using surname

matching approach. Second, we analyzed only financial differences within the class of large and medium-sized companies. However, most copreneurial firms are small businesses whose importance in terms of employment, innovation and economic significance is crucial (Dasan, 2013). Last but not least, the paired t-test is very sensitive to extreme values.

Conclusion

While most existing studies found performance gaps between family and non-family firms, little is known about the differences between couple-run and non-couple-run firms. In this article, we tested the financial differences between copreneurial companies and non-couple-run firms. The results are consistent with prior findings on differences between family and non-family firms; in other words, copreneurship is a subset of family firms and exhibits similar characteristics.

The results suggest that couple-run companies are more profitable than non--copreneurial companies. While copreneurial companies seemed to perform better in operating efficiency (profit margin), they performed worse in terms of labor productivity and asset use efficiency (asset turnover). Copreneurial firms also carried less debt thus being less dependent on lenders than non-couple-run firms, and were comfortable with lower liquidity levels. However, not all observations have been statistically significant, so the null hypotheses (stating that the average difference between means is zero) could have been rejected only in a few observations.

It should also be noted that we did not deal with the performance of individual copreneurial firms. An individual firm's performance will also depend on the quality and nature of spousal relationship. It is clear that in the absence of the main factors positively affecting profitability – namely equality, independence, trust and confidence (Ponthieu and Caudill, 1993) – the performance is likely to deteriorate.

The authors emphasize that the sample was not obtained using random sampling, but based on match between surnames of people in management and supervisory board or ownership, which means that the results can't be generalized to the whole population. However, the analysis suggests there may exist particularities of couple-run firms.

The article also suggests that further analysis is warranted. A larger sample incorporating small businesses could provide more insight into the financial differences. Also, several questions emerge from this article. What are the reasons behind the above-mentioned findings? And what are the characteristics of couple-run firms in terms ownership structures, governance and management practices, financing, diversification, and internationalization? There are further questions worthy of investigation which will be the directions of the future research.

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