European Journal of Business and Social Sciences, Vol. 4, No. 05, **August 2015.** **P.P. 54 - 67**
URL: *http://www.ejbss.com/recent.aspx-/*
ISSN: 2235 -767X

ATTITUDES AND BEHAVIOUR OF FAMILY BUSINESSES IN SLOVENIA COMPARED TO THE EUROPE

Vlatka Skokic[1], Jaka Vadnjal[2], & Marko Coh[3]

[1] Faculty of Business, Economics & Law, University of Surrey, UK
[2] Hranilnica LON d.d., Ljubljana, Slovenia
[3] Maxxim Consulting, London, UK

Correspondence: **Vlatka Skokic,** Faculty of Business, Economics & Law, University of Surrey, GU2 7XH, Guildford, UK.
Tel: 0044 1483 689758. eMail: v.skokic@surrey.ac.uk

ABSTRACT

The entrepreneurial wave after the year 1990 has witnessed the creation of a number of new family businesses in Slovenia. However, the period of socialism caused the tradition of family businesses vanish and new businesses that currently start facing the succession questions do not have clear answers to some dilemmas. On the basis of an international research we studied the attitudes and behaviour of Slovenian family businesses as compared to 16 other countries in order to identify differences and some issues where the Slovenian practice differ for some cultural and other reasons that might cause some problems for the founding generation and/or the future operations of businesses and the opportunities for the new generations of owner-managers. The research involving 222 small businesses in Slovenia confirmed the view that Slovenian family businesses do not present any extravagant behaviour however, the family orientation is stronger and these firms are rather "closed" to outside managers and investors. Family businesses are intended to be sources of jobs and incomes for families, they are rather conservative on the issue of growth, with more emotions guiding the decision-making process and preferring family members.

Keywords: *Entrepreneurship; Family businesses; Succession*

1. Introduction

A large portion of newly created small businesses during the 1990s in Slovenia is represented by family businesses. Three types of family businesses developed: first, family businesses evolving from the crafts tradition, established in the seventies and eighties but gaining true momentum under the revival of market economy. Second, "new" family businesses established during the nineties, mostly opportunity-based, with weaker family ties but, on average, more dynamic than the first type. Third, some "old" family businesses reappeared from the process of the restitution of previously nationalized enterprises, mostly focused on the harvesting of this acquired wealth and not on long-term business growth. While these three types differ from the aspect of their growth ambitions and financing needs, it is this general distinction between family and non-family firms that is the first focus of the paper. We will further follow the Birley (2000) approach in classifying firms in three groups, namely: family in (a), family out (b) and those balancing family and business pressures (c) to analyse their attitudes and behaviour compared to other European countries. In our study we have replicated Birley's (2000) questionnaire in Slovenia which enabled us to compare our findings to those of Birley (2000) conducted at the European level.

2. Literature Review

The tensions that can arise when a family owns a business are well known throughout the world and discussed in almost every piece of popular literature on family business. Managing the demands and needs of two systems (family and business) often requires an emotional detachment that many people find hard to achieve. Consequently, founders can be found afraid to hand over managerial responsibility to their children because they do not consider them to be capable to take over; and children frustrated by being captured in the family business with no other possible career options. At the other hand, there are businesses run by the founder, or owner-manager, for many years with no apparent family involvement. While more than 20 definitions of family businesses are in use (Wortman, 1997), Handler (1989) notes the lack of definitional consensus that represents one of reasons for the inconsistent evidence on the extent, performance and problems of family as opposed to non-family firms. Due to the large share of family firms among newly created firms in Slovenia, their performance and specific problems are significant for the policy of supporting and developing small and medium sized enterprises (SME's).

Definitions of family business mostly incorporate some degree of family ownership and managerial involvement (Barry 1989; Chrisman, Chua, & Litz 2003; Dyer 1986; Handler 1989, Kraus, Harms, & Fink 2011). However, these definitions do not capture the essential element of the phenomenon – the perspective of the owner-manager. There are many examples of large quoted companies where the family has a minority shareholding but where family succession has prevailed. On the other side, there are others where the equity is tightly held by the founder and family is not involved in the business at all. In the first case, it is reasonable to assume that family considerations are taken into account when business decisions are made and in the second that they are not. Thus, it may be assumed that in the mind of the owner-manager the first is a family business and the second is not. The family business is defined by the owner manager in his/her attitudes to the relationship between the family and the business (Birley 1997).

The examination of the relationship between the family and the business is highly complex as needs and demands in both systems are constantly changing. For example, at start-up the founder may be young and single with no apparent family considerations other than the need to provide a personal income. For him/her, the predominant system is the business. However, as nature and life takes its course, it is probable that a family will emerge and family considerations evolve, although not necessarily predominate. Indeed, studies of the reasons for start-up have shown that welfare (or family) considerations are only one of a number of possible reasons (Baines & Wheelock 1998; Birley & Westhead 1994; Zellweger, Nason, & Nordqvist 2012) and were a significant motivation in only a few cases.

Almost all these studies were conducted in western (traditionally capitalistic) societies and, therefore, incorporate implicit assumptions regarding the prevailing culture. However, many authors have pointed out, that assuming patterns from that studies to be generally valid can be misleading (Basu & Altinay 2002; Nam & Herbert 1999; Wu 2001, Rodriguez and Tuggle 2003; Yeung 2000).

It is clear that the owner is continuously faced with a series of decisions since both the family and the business needs will change over time (Gersick et al. 1997; Morris et al. 1997), no matter what the predominant culture values are in his/her case. These decisions include, family decisions such payments of an income for the family members, the pattern of children's education, or the involvement of family in the business (Foley & Powell 1997; Handler 1990); and business decisions such as the growth strategy of the business (Drozdow & Carroll 1997; Patel & Chrisman 2014), the financial strategy and the involvement of new investors, the development of a management structure (Ampenberger et al 2013), and succession (Nordqvist, Wennberg, & Hellerstedt 2013; Rubenson & Gupta 1996).

The question that arises is the extent to which these two decision systems overlap so that, for example, whether a decision on children's education is based upon an assumption that they will join the business. Whatever the particular situation is, the point is that these decisions are a function of the attitudes of the owner manager towards both the family and the business. In short, whilst Chua, Chrisman & Sharma (1999) define the family business by behaviour, we take a similar view to that of Robinson et al. (1991) and define family business by attitude.

Both of the above studies are concerned with attitudes towards the venture creation process rather than attitudes towards the family and the business. They provide support to the view that owner-manager attitudes may vary by culture. Consequently, since it is generally accepted that attitudes towards the family vary by culture (Campbell & Heriot 2002), we would expect owner-manager attitudes to the family and the business also to vary by culture. However, one would expect this to be consequence of the previous experience of the owner-manager (Mitchell et al. 2000). In a study conducted in the United Kingdom (Birley et al. 1999) and multi-cultural study (Birley 2001), three clusters of attitudes were found:

- The **Family In** Group who were very clear that, for example, children should be involved in the business at an early age and that successors should be chosen from the family
- The **Family Out** Group had diametrically opposed views to their colleague Family In members.
- The **Family-Business Jugglers** did not express strong views on any of the issues

The first aim of this research is to extend the study to Slovenija and to test the validity of the observed clusters. Assuming that the clusters held, our assumption was that those in the Family In and Family-Business Jugglers groups would consider their business to be a family business whilst those in the Family Out group would not. In addition, a comparison between attitudes and viewpoints of Slovenian owners/managers to others will be possible.

2.1 Research on Family Business in Slovenia

The research on family businesses in Slovenia has been limited to several dissertations on the post-graduate (Herle 2002; Lovšin 2000; Vadnjal 1996) and doctoral level (Duh 1999). Vadnjal (1996) investigated relevancy of several family business paradigms concluding that different generations often have different viewpoints on several business and family issues. Vadnjal (1996) also attempted to estimate the importance of family businesses for Slovenian economy.

Duh (1999) found out that majority of investigated family businesses (the sample was limited to a particular region) indicated many common developmental characteristics, meaning that examined businesses are at the same developmental stages of the family, ownership and management from the viewpoint of the three dimensional model of life cycle of a family business introduced by Geersick et al. (1997). The majority of family businesses are according to this "young business family" or are at the stage of the "entering the business", in the ownership of the first generation of the "controlling owner" and at the stage of management, i.e. of the "controlling owner/manager" (Duh 1999).

Lovšin (2000) studied the level of succession planning in family business and realized that transition into next generation has not been a very important issue for majority of studied businesses. Consequently, majority of them considered widely recognized planning factors to be important for their business but not very urgent to be dealt with, because children were still very young. Herle (2002) showed strong evidence that long range strategic planning has been absent from majority of family businesses in Slovenia. Majority of companies involved in the research declared to be aware of particular potential problem however, they mostly did not recognize that as a very urgent issue to be solved. In compliance with this, more that 96 % of respondents regarded their family business as successful. The important finding from this research is that majority of respondents considered competence of a potential successor to be predominant factor in decision process on who would take over the family business.

3. Research Methodology

In 2000, a research has been undertaken by an international research group, on family businesses in 16 developed countries around the world (Birley 2000). The research aimed at two issues: first, what are the issues that concern family businesses and to what extent (using emotive term of "having nightmares or not"), and second, how do family businesses balance the often conflicting needs and demands from the family and the business. The international survey should enable the insight into possible cultural differences. Researchers expected that responses from owner-managers in a recent command economy such as Poland would differ from those in a highly developed capitalist societies such as the USA, but also the responses from owner-managers in a collective society such as Japan and those from an individualistic society such as Sweden.

Although multi-country study presented many problems, the research offer some useful views of the differences in family cultures and structures across the world. The research team decided to classify as family businesses the ones, where respondents are taking family issues in account when making business decisions. National samples varied from 133 businesses (Belgium) to 986 (Denmark), with 222 businesses in Slovenia. 41 % of businesses in Poland considered themselves family businesses, 58 % in Slovenia and even 99 % in Japan; only 50 % of businesses in Italy felt themselves as family businesses, surprisingly low share since is usually described as a "family business paradise".

In Slovenia, the survey was taken from the directory of all businesses, incorporated ones and sole proprietorships, taking a larger share of productive businesses to avoid the dominance of trade businesses. The same questionnaire as used in Birley's (2000) has been applied in Slovenia to collect comparable data. An extensive questionnaire of ten pages has been mailed by ordinary mail to 2.000 SMEs. The envelope with the questionnaire was supplemented by a stamped return envelope with printed sender's address. The anonymity was ensured thus, no follow-up was possible. An invitation to provide the respondent's details was provided for those who wished to receive a copy of the research report. 222 SMEs returned their questionnaire, 35 % being sole proprietors and 52 % limited liability companies, the rest took other legal forms. Because of the high level of missing variables, seven questionnaires were excluded from the sample. So, finally, 215 questionnaires were taken into consideration for the statistical analysis.

4. Findings

4.1 Family Businesses and Generations

The research has proved large variety of family cultures and structures, implying that it is dangerous to generalize across the countries (Birley 2000). However, some over-riding themes of family businesses emerged from the study and some findings differed from the traditional views in family business literature. Among founders, more than 60 % had more than 10 years' prior experience. The exceptions were Italy where more than 40 % joined directly from school and in the USA more than 40 % joined after university or professional training. Children in family businesses differ from their parents in having less experience in other firms. Today, family businesses express a very liberal view of the attitude of children to start in the family business or not – only 7 % of owner-managers intended their children to join the business, with the exception of Poland with 32 %.

Table 1. When did the owner-managers start / join the family business (in %)

Country	After (secondary) school	After university or professional training	After working elsewhere
SURVEY AVERAGE	10	24	66
Slovenia	7	12	81
Italy	48	20	31
Poland	1	14	86
Sweden	4	6	90

Italians join the family business rather early while in most countries more than 50 % join after a period of work elsewhere. Both in Poland and Slovenia, family businesses started in mass only after the fall of collectivism so their share of founders working first elsewhere is high. Slovenia does not differ that much since a number of owner-managers already had own craft shops before 1990.

Table 2. Working experience before starting / joining the business (in %)

	Less than 5 years	5-9,9 years	10-19,9 years	20 years or more
AVERAGE	31	20	32	17
Slovenia	27	18	39	16
Italy	40	23	23	13
Poland	14	14	43	28

In terms of the work experience, most experiences elsewhere had Poles, least owners from Spain, Germany and Italy; also those in Japan and the USA join quite early. Most respondents in Slovenia belonged to the first, founding generation (87 %), only 11 % were from the second and 1 % from the third generation. The survey average had 50 % from founders, 29 % from the second, 14 % from the third and 7 % have not been from the founding family. Such a difference will evidently show in different attitudes on family and business issues. On the question whether they intend their children to work in the family business, 7 % were affirmative (18 % in Slovenia), 71 % would expect that only, if children would want to (68 % in Slovenia) and 22 % do not expect that (14 % in Slovenia). Slovenia was second after Poland (even 32 % affirmative), while only in Greece (12 %) and Japan (11 %) the affirmative answers were above 10 %.

4.2 The Issues That Worry Family Businesses

Owner- managers face a constant dilemma how to create and grow their businesses, but they also have to rear their families, their children and parents. The business should provide both income and wealth for the family and, in the long term, retirement benefits e.g. harvesting for founders. Under the strong competition, its demands a lot of effort. Birley (2000) has studied these issues and their impact on entrepreneurs by checking their emotional response: for a list of issues, they marked their response on a scale from 1 (I sleep easily) through 3 (i am concerned) to 5 (I have nightmares), also using 2 and 4 in order to allow for degrees of concern. Concerns can be summarised under five key areas:

First, dilemmas of the growth and control are serious worries only for a large minority of owner-managers – evidently a substantial part does not have growth ambitions and they consequently do not face financing problems. Exception are Japanese owners with 62 % having nightmares with financing that also worry whether to grow the business (50 %) and how their life would change (40 %). Slovenian family business worry even less than others around the world since they are not "obsessed" with growth.

Second, in family businesses the major part of the family wealth is related to the business and the bankruptcy of the firm would seriously endanger the family prosperity if not protected by an appropriate choice of the legal status. The results of the business are a particular concern for Japanese (95 %), followed by Poles (39 %), in other countries less than 20 % worry (in Slovenia only 10 %). In some countries, like Belgium, Germany, Japan and the US, many owner-managers also consider selling the business what is also reflected in the corollary question – how much is the business worth. However, in most countries family businesses are intended to stay long-term in families as their source of employment and income and these businesses are not for sale. The "business as commodity" concept is not common with family businesses. This view is particularly strong in Slovenia; only Spain has even stronger aim for the business to stay in the family. Slovenian owner-managers are also not interested in the valuation of the firm since it will not be placed on the market. Polish family businesses are more interested in valuation although it is not just for the purpose of the sale but to have an estimate of the family wealth, as well.

Third, the dilemmas of the succession and bringing family members into the business is not a great concern since it is a distinct feature of the family firm to provide jobs for family firms. If the children do join the business, the potential worry about their performance exists. This worry is significantly less pronounced in Slovenia probably indicating the strong belief of owner-managers in the abilities of the successor, supported by the intention to rear them through a longer period in the family firm (as found by Lovšin 2000). Entrepreneurs in Belgium, Germany, Japan and Switzerland are most likely to worry about this issue. If the children do not join the business, parents in general are not worried much about how to provide for their well-being, with the exception of Japan (46 % worried) and Poland (17 %). Slovenians are not really concerned since the system provides well for all people through general health insurance and pension system. Owner-managers are aware of the interest of non-family employees to get a share in the business, Japanese entrepreneurs worry most (60 %), with Belgium, Finland, UK, the US and Canada being more concerned than others. Slovenian family businesses are quite closed for the equity stake of non-family members (only in four countries family firms look less interested in key employees sharing the equity).

Four, disagreements and even conflicts amongst partners could be the most important reason for businesses to fail and entrepreneurs are worried – they are more concerned with the potential disagreement with business partners, in particular in Finland, Italy, Belgium (above 50 % having nightmares), but they consider the relation with the spouse as more reliable, the divorce is less threatening (nowhere more than 50 % are worried, worries are most pronounced in Switzerland, Finland, Japan, Germany and Canada). Slovenians are slightly less concerned with the partner agreement than the average, but significantly less worried of the divorce danger. They might consider the family business as strengthening the family ties. While Slovenians have rather difficulties to create partnerships (GEM Slovenia 2002), once established partnerships seem to be strong and successful.

Finally, Slovenians are strongly concerned with issue of the greed of outside shareholders, along with owner-managers in the USA (37 % having nightmares) and UK (34 %). The high share of US owner-managers is surprising considering the strong role of the venture capital and "business angels" – some experiences of the venture capital pushing original owners out of the business, in particular during the recession, have influenced these feelings. This fear from outsiders could be found in Slovenia analysing the attitude towards venture capital (Glas, Drnovšek, & Pšeničny 2002). Being almost exclusively family owned, Slovenian firms do not worry more than others from outsiders changing the way families run the business. However, the strong inclination to maintain their own style of running the firm, to impose the own lifestyle to the family firm, developed as a strong barrier for equity investments, although experienced "business angels" might bring lots of skills and professional managerial habits to loosely managed family firms.

As Birley (2000) has stated, it is difficult to find a simple "cultural pattern" of family business behavior across countries. In the countries known for the stronger discipline (not tolerating different styles) e.g. Japan and continental Europe (German tradition), owner-managers are significantly more concerned with different aspects of business behaviour. In particular, there is the striking difference between Japan and European countries. Slovenians represent a group of businesses that are fairly closed to outsiders, with strong family focus, entrepreneurs look like having strong self-confidence, trusting their family members and strongly believing in having enough energy and know-how to master their businesses.

Table 3. The issues being number one nightmare in each country

Nightmare	*Country*
All my wealth is in the business, what happens if it gets into trouble?	Belgium, Denmark, Germany, Greece*, Ireland, Netherlands, Sweden, Canada, **Slovenia**
What happens if my business partner and I have a serious disagreement?	Finland, Greece*, Italy, Spain
Could the business do better for me?	Japan, Poland
If I introduce outside shareholders, how greedy will they be?	USA
Would outside shareholders change the way I run the business	UK
What happens if my spouse and I divorce?	Switzerland

* Same percentage for each statement for Greece

As we see, entrepreneurs (in 9 out of 17 countries) are mostly worried about the possibility to run into trouble or even bankruptcy what is decisively related to the financial well-being of the family. Family businesses are in this respect riskier than non-family businesses: first, in particular when using the legal form with the full financial responsibility for the business, second, in any case considering the firm providing jobs and income for 2-3 family members that could hardly be substituted for, and third, business failure would be a blow to the family reputation, image and the pride of its members.

4.3 The Role of the Family in the Business

The distinct features of family businesses are related to the relationship between the family, its members and the business. In a pilot study in the UK, Birley (1996) constructed 48 statements, being reduced to 20 common issues for the international study. Respondents were asked to indicate their level of agreement on a five point Likert scale, from 1 (strongly agree), 2 (agree), 3 (neutral), 4 (disagree) and 5 (strongly disagree); scores 1 and 2 have been shown as “agree” and 4 and 5 as “disagree”.

Family businesses give different views about the introduction of children to the business, with no obvious cultural or geographic pattern (Birley 2000). In some countries, the majority of respondents feel that children should be introduced at an early age (Germany, Greece, Poland, the USA), respondents in Finland, Ireland, the Netherlands and Switzerland are almost equally divided and the majority in Denmark and Japan would leave children to their games. Slovenians responded exactly as Canadians, with the desire for an early introduction of children to the business. Also, Slovenians are more inclined than the average to having the education of children geared towards the business needs, only Greeks, Germans and Poles being more in favour. These answers confirm the statement that Slovenians intend to pass the business to their children, but children should “earn” this favour by choosing the appropriate profession. Slovenians are close to the average with the belief that it is important for children to be interested in the firm’s products and markets. This aspect is stronger with Americans, Greeks, Finns, Germans and Poles. Slovenians are not as tough with their children as the majority of other countries asking them to start at the bottom. This concept is strongly supported by Greeks (even in 87 %), in Belgium, Finland, Italy, Canada, Japan and Poland. Only in Sweden and Germany, they would be more benevolent with children. It is true, however, that the model of children passing all the departments of the firm to get the first-hand experience with its operations is pretty appreciated in family business literature and it is the practice in some well-known family businesses.

Table 4. Attitudes about the role of the family in the business (in %)

Area	*The role of the family in the business*	*Sample*	*Agree*	*Neutral*	*Disagree*
Management succession – the children	Children should be introduced to the business at an early age	SURVEY	38	31	31
		Slovenia	47	36	17
	Children's education should be geared towards the business needs	SURVEY	27	28	45
		Slovenia	34	33	33
	It is important that children are interested in the products and markets	SURVEY	63	22	16
		Slovenia	63	22	15
	Children who join the business should start at the bottom	SURVEY	68	19	12
		Slovenia	59	23	18
Management succession – the family and the business	Management successors should be chosen from the family	SURVEY	25	30	44
		Slovenia	38	39	23
	The business is stronger when family members are involved	SURVEY	56	25	19
		Slovenia	74	18	8
	There can be only one management successor	SURVEY	53	22	25
		Slovenia	46	26	28
	Family and business affairs should be kept separate	SURVEY	76	14	10
		Slovenia	91	5	3
	Sibling rivalry is good for the business	SURVEY	14	19	67
		Slovenia	10	28	62
Management succession – family members joining and leaving	There should be criteria to decide how family members should join and leave	SURVEY	59	25	16
		Slovenia	51	32	17
	The founder/older generation should always have a formal role in the business	SURVEY	32	27	41
		Slovenia	40	32	28
	Parents should retire when children are ready to take over	SURVEY	44	26	30
		Slovenia	56	25	19
Preserving and distributing wealth	Children should receive some shares when they join the business	SURVEY	42	26	32
		Slovenia	57	26	17
	Children who do not join the business should not receive shares	SURVEY	38	27	35
		Slovenia	36	31	33
	Children should only receive shares on the death of the previous generation	SURVEY	11	22	67
		Slovenia	11	32	57
	Children should receive shares in the business in equal parts	SURVEY	32	30	38
		Slovenia	31	37	32
	Shares should only be transferred to members of the family	SURVEY	30	27	43
		Slovenia	34	36	31
Family remuneration	Family members are entitled to differential pay arrangements than the rest of the employees	SURVEY	24	20	56
		Slovenia	21	23	56
	The business should provide pension benefits for all members of the family	SURVEY	28	25	47
		Slovenia	43	35	22

In other countries, except Poland, family business has more tradition and businesses have longer history than in Slovenia; some businesses already have a professional management and owner-managers less likely think that successors should only be found among family members. Family successors are strongly favoured in Greece (54 %), Poland (43 %) and Italy (39 %), everybody else is below the figure for Slovenia. While this is true for small family businesses, with the process of growing new managers enter, not being family members. More than anybody else, Slovenians share the belief that business is stronger with family members involved. Only Italians are close to Slovenia, Poles are already less convinced; Japanese believe least in the benefits from family members.

It is interesting that the majority believes in only one successor (not a team); Poles are most convinced, in Greece and Sweden, they believe in the choice. Evidently a collective body or the division of managerial tasks are not considered a good alternative providing for efficiency. Owner-managers are strongly convinced that family and business affairs should be kept separate, in particular in the period of troubles, that family problems should not harm the business and the opposite. The belief in the separation is strong with Belgium, Greece, Spain and Sweden, also in Slovenia. However, as Herle (2002) has found, in the practice family businesses are often not capable of this separation, what should be a strong point for family business advisors. Family businesses do not support siblings' rivalry and they do not think this rivalry as beneficial for the business. This belief is not shared by Greece and Spain what Birley (2000: 19) described as family business in Greece being an "exciting" experience since 60 % of respondents believe that sibling rivalry is good for the business.

In family businesses, some family members join and other leave the business. The majority of owner-managers in most countries believe that there should be criteria to decide how family members should join and leave the business (59 % in the world, 51 % in Slovenia). This finding confirms lower inclination to formalize the processes in family businesses in Slovenia. More than 70 % of respondents favour these criteria in Germany, Greece, Poland and Spain, quite close come the USA and Italy, while Scandinavian countries would prefer to avoid such formalities (including Japan). A little larger share of entrepreneurs believe that there is no need for founders to have always a formal role in business, while Slovenians, mostly the founding generation, favour such a role. Even 56 % of Slovenians believe that parents should retire when children are ready to take over the business. However, the catch is in the question who and how should determine whether children are "ready", what criteria should be fulfilled. Few entrepreneurs think that parents should retire in Belgium and the USA - they seem to believe in a working co-existence of generations within the company.

For family businesses there is the highly emotional issue of the distribution of shares – to whom, how many and when. It is the particularly sensitive issue whether children should become co-owners already in the time parents are still alive and active. Birley (2000) has shown that opinions differ widely, with the majority in Belgium, Finland, Greece and Poland believing that children should receive shares when they join the business while the Irish and the British disagree, supported also by Swedes, Americans and Canadians. Slovenian owner-managers are closer to the first group, although some other research did not quite confirm such a behaviour. Lovšin (2000) has found that parents are quite reluctant to pass part of the ownership to children before they retire or even die. Glas & Lovšin (2000) have found such a behaviour being the reminiscence of the traditional farmers' behaviour with the land being passed through the inheritance after the death of parents. They even warned that family businesses do not understand enough the difference in the behaviour between farming and commercial business. Anglo-Saxon tradition, along with the Calvinist view on hard work and business ethics has proven to demand from children more than simply joining the business to become worthy of co-ownership. This view extended sometimes also to the concept that children have to buy the business from parents. However, the idea about the proper way and time to pass the ownership has been heavily influenced also by the fiscal, legal and financial arrangements available to family businesses. In Slovenia, the transfer of the business has not been appropriately regulated and the majority of businesses used gifts as the best solution for fiscal reasons although, as Kelbl (2002) has shown, this solution might leave both founders and successors frustrated and with some financial uncertainty about the future.

The concept of children "earning" their share is also projected through the question whether children who do not join the business should receive shares or not – 38 % of respondents agree on the exclusion of those children while 35 % disagree. Germans, Americans, Japanese and Poles would not approve the shares to non-active children, opening widely the question of other aspects of the division of family wealth among children. Poland, with the new wave of entrepreneurship after the half of century of the collectivist system, is extremely sensitive on the issue that only active children deserve a part of business. On the other side, there is Spain with 58 % of respondents to give shares also to non-active children. Slovenians are equally divided between pro-business and pro-family proponents. The majority of owner-managers in all countries, including Slovenia, do not believe that shares should only be inherited on death; this opinion might be the result of the estate duty issue which is not well resolved throughout the European Union.

The ownership issue extends to the dilemma of the (dis)proportional distribution of shares between children. A significant minority of owner-managers decided in favour of different shares – such a proposal might be the compromise to the question whether non-active children should receive shares: the answer could be affirmative but the shares could differ between active and non-active children following the idea that active children could be remunerated through shares not only salaries and profit sharing. In Slovenia, the "neutral" view prevailed suggesting that there is not a prevalent doctrine about how to share the family business among successors. On the question whether shares should only be transferred to family members, owner-managers in developed countries share an "open" concept allowing non-family members to enter. Slovenian businesses are less open, they are more in favour of family exclusivity or they have not decided, yet.

Birley (2000) has found a surprisingly significant minority in a number of countries, notably the Scandinavian group and the North America that consider that family members are entitled to differential pay arrangements than the rest of the employees. She pointed to the fact that such a solution raises serious managerial issues of equality and equity within the business. However, there is the general tendency with 56 % of respondents that the pay arrangement should be equal – family members are rewarded by the easier access to major positions within family businesses, by the appropriation of (most) profits not by preferential salaries. This concept of merit payments extends also to the question whether family business should provide pension benefits for all family members being employed by the business or not – 47 % disagree and 24 % agree. The exception are Poland with 53 % of respondents that agree, and Italy (41 %). In these countries, family businesses are there to provide for the family. Slovenian family businesses go along with Poland (43 %) what is surprising considering the tradition of the pension system implying individual contribution as the basis of the benefit. However, once again, Slovenians consider family businesses more in the sense to provide for the family than to become a profit- and growth-oriented commercial unit.

5. Conclusion

The main goal of this research was to study the characteristics of Slovenian family businesses and to identify the differences in the attitudes and the behaviour of family businesses in Slovenia as compared with other countries, mostly from the European Union.

Slovenian family businesses, in the light of all the research findings above, share in the majority the attitudes of this same group of businesses worldwide. However, they show a tendency of focusing on the family and its well-being as the key issue of the business, not so much on the profit and growth issues. These businesses differ less from the international average than Polish family businesses (the only other socialist country in the survey, being more orthodox in the concept of socialism). Our family businesses conform logically to the majority of family businesses, with some exceptions where they prove to have less tradition, being of smaller size (and not attractive to outside shareholders), more family-oriented and with a less formalized decision-making structure. It is clear, however, considering large share of "neutrals" that a Slovenian "doctrine" of family business behaviour does not exist yet, that owner-managers make their decisions in a fairly intuitive, emotional way. Through some experience from the process of succession which is now well underway, these attitudes will probably develop closer to the international concepts.

We expect that Slovenian family businesses, while growing, will become more open for non-family managers, partly as the necessity due to the low fertility also among entrepreneurial families, the business system values will push the strong family values aside and through some outside institutional or informal investors the pro-business mentality will prevail, at least within dynamic family firms. These findings of current value system in family firms are important for family business advisors in order to understand better the behaviour of their clients and to conceptualize a useful direction for future development of family businesses.

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