

PARTICIPATION OF STUDENTS IN THE FAMILY BUSINESS AND THEIR MOTIVATION TO ENTREPRENEURSHIP¹

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Zapojenie študentov do rodinného podnikania a ich motivácia k podnikaniu

Abstract: *The main purpose of this paper is to analyse students' prerequisites, expectations, work readiness, and attitudes towards entrepreneurship in general, and towards family business in particular at the time when they are about to finish their studies and graduate. The reason to conduct our research was the fact that a gradual generation exchange is expected in the families that started their businesses after 1989. At the same time, we studied students' motivation for starting their own business based on their previous activities. On a theoretical level, the paper presents different approaches to defining family business in various countries and its different representation in selected economies. It presents new information about students' point of views regarding possibilities to establish themselves in family-owned businesses in Slovakia, and new information about changes in motivation and in students' positions to establish and run their own businesses. Our research shows that students are more inclined to gather practical entrepreneurship-relevant information about business services or – even more so – about getting employment in information and communication companies. Generation*

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change is for them less important and less interesting than getting skills and practical experience in companies in Slovakia or abroad.

Keywords: *family business, priority, motivation, generation change*

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Introduction

Family business has a long tradition basically in all countries around the world. Demographic crisis led to a situation when there are a lot of companies managed by people over seventy years of age, while many in their fifties are still waiting for their chance to take over the business from older generation. On the other hand, one third of higher education graduates are unemployed and young people whose parents own family business could start there and get ready to take over. As the reason for not being interested in running own business, young people very often indicate either insufficient capital or lack of ideas. At the same time, they are not interested in the business already established by their family. Family business in Slovakia has a relatively short tradition. It needs to be mentioned that Slovak legislation does not recognize specifically family business, and it is not supported as such by any specific economic tools or means. Sole proprietors in microenterprises in Slovakia are the ones who are facing severe problems the most. In the Slovak Republic there were 557,758 enterprises at the end of the year 2016: 541,719 micro-enterprises, 12,662 small enterprises, 2,741 enterprises, 636 big companies [17]. Micro-enterprises accounted for 97.1% of companies in Slovakia. They have difficulties to compete with large manufacturers and international and multinational chains. Because of number of different opinions in theory, we conducted a research among soon-to-graduate students in a selected Slovak university, which offers curricula and courses in management. The main objective of this paper is to analyse what are the entrepreneurship-related priorities with emphasis on family business activities of the business management students who graduated in the academic years 2014/15 and 2015/16 from the University of Economics in Bratislava.

To fulfil the main objective of the study, four partial goals were set:

1. students' experience in entrepreneurship in their family business,
2. students' plans for participation in family business,
3. analysis of practical use of courses taught at the university,
4. motivation of students for entrepreneurship.

1 Theoretical Background

The definition of family business in the developed countries outside Europe – specifically in the USA – is mostly tied to the ownership principle, which means that the emphasis is put on the fact that the entire (or majority) ownership of a business belongs to one family. In such a case, even BMW, IKEA and similar multinational companies are also considered to be family businesses [5]. It means that in the USA, the largest part of all wealth belongs to family businesses, which account for 80% to 90% of all companies in the USA [1]. The concept of the family business has been defined by multiple European economists and institutions. For example, the Institute for Business Research in Bonn defines family business as the one in which “at least two family-related physical persons are directly involved/sharing management of the business and own together at least 50% of the company’s assets”.

Family business in the Czech Republic has been explored intensively since 2008 by [6], [10].

Family business is intensively studied by authors from the Faculty of Business Administration at the University of Economics in Prague [7]. According to these authors, the family-controlled enterprises play a significant role in the world economy, constituting more than 30% of all companies with sales over \$1 billion.

The authors [8] presented the share of family business in Czech large and medium-sized companies. According to them, the family companies employ at least 10.36% of the Czech population and contribute to at least 8.65% of the gross output.

The article by authors [14] from the Faculty of Economics at the University of West Bohemia in Pilsen is another significant contribution to the research of this topic. The scientific goal of this paper is to develop characteristics of family business and to evaluate the development of the field of family business in the Czech Republic.

The publications on this topic in Slovakia include [18], [16], [19], [11], even though this specific terminology “family business” does not exist in the Slovak legislation.

According to the recent data [5], the family businesses account for about 80% of all companies in Europe and employ more than 50% employees in total. A large portion of small and medium companies are family businesses –

as well as some of the largest European corporations. According to statistical data, however, only about 5 to 15% of family businesses survive to the third generation of owners [1].

There is a specific situation in France, where family businesses develop slowly and there are not many high-revenue companies among them. On the other hand, family businesses have a long tradition. The analysis completed by Hyperion Corporate Finance shows that in the next five years about 60% of Italian companies expect a generational exchange.

In Great Britain, over two thirds of companies are in the families' hands. The Federation of Small Businesses published that 6% of them are inherited and 9% of them use financial resources from their families. However, only 21% see their future as being positive [4]. That means that family businesses are taken over by non-family members – third persons, or that these businesses close for various reasons, either because owners' children have other interests, or due to the shortage of innovation capital. Research publications pay a special attention to economic efficiency of family businesses, to their investment decisions and innovation in relation to their finance [20]; [2], [12]; [3]; [13].

The evaluation of the Czech family businesses performance was carried out by authors [9]. The results suggest that the Czech family businesses are more profitable in terms of return on assets, profit margin and absolute values of earnings.

Theoretical approaches to defining the family business vary significantly. Therefore, the comparative analysis involving different countries is a challenging undertaking. However, one feature is common to all countries – attention to linking practice with academia in an effort to enhance positive developments of family business.

2 Methods

Our primary quantitative research was targeted on data and information processing from questionnaires to obtain and evaluate the students' approach to entrepreneurship and their entrepreneurial experiences, in particular their prerequisites, preparedness, and relation to current family business and to prospective own business in the form of self-employment. Our secondary research comprised of gathering the data and information and their analysis, as well as analysis of the current literature related to the topic.

We used the data and information obtained from the questionnaires. The questionnaire research was conducted in a period of two academic years from 2014/2015 to 2015/2016 among students of the Faculty of Business Management at the University of Economics in Bratislava, who graduated in the year concerned. The questionnaires were distributed to them at the end of summer semester. The data were collected in the written form.

The conclusions were prepared based on scientific abstraction, analysis, synthesis, induction, deduction, and other standard methodology, mostly mean value analysis, percentage share, and in particular the Pearson correlation coefficient. The conclusions for partial goals are based on the results of both primary and secondary research.

3 Results

The first part of the research focused on characteristics of students' experience in family business, in particular their participation in it.

Table 1

Number of students and their entrepreneurial experience in family business in the academic years 2014/2015 and 2015/2016

Indicator	Academic year 2014/2015 number	Academic year 2015/2016 number	Growth Index 2016/2015: 2015/2014
Number of students involved in the survey	285	118	41.40
Entrepreneurial experience in family	178	51	28.65
- father	119	33	27.73
- mother	40	9	22.50
- sibling	19	9	47.37

Source: Own calculation.

The correlation coefficient between the number of students from business families (X) and the number of students who participate in family business by helping their parents (Y) was 0.871 in the academic year 2014/2015 and in the academic year 2015/2016 only 0.678.

Again, most often it was father (119 cases, which is 66.9%), less often mother (40 cases, i.e. 22.5%) and the least often a sibling (19 cases, i.e. 10.6%).

In the academic year 2015/2016, there was a decline in the relative number of students coming from families with at least one active entrepreneur, namely 43.2%. And again, in most cases, it was the father (64.3%), less often it was the mother (17.9%) and in the fewest cases they were siblings.

This indicates that positive or negative attitude towards entrepreneurship in families that are actively pursuing business is formed by father. Participation of siblings in family business can be seen as a positive tendency, while mother's role as an entrepreneur is slowly declining and is to some extent logical due to high risks for self-employed entrepreneurs.

The research involving a set of companies (results in GEM research) shows an increasing inclusivity index for established women-entrepreneurs. This increase is according to GEM based on the so-called "equalization", which means positive attitude towards choosing entrepreneurship as career. For years 2011 to 2015, the above-mentioned index in Slovakia was on average 0.54, and Slovakia ranked 28th out of 32 European countries [15]. A sharp decrease in students' interest in entrepreneurship is clear from their responses regarding helping their parents in family businesses.

When we put this question to the graduates coming from business families in the academic year 2014/2015, there were 31.3% of students assisting their parents in family businesses – 7.4% on a regular basis and 23.9% irregularly. No participation in family business was recorded in 42% of such families.

Table 2

Active family participation of students in family business in the academic years 2014/2015 and 2015/2016

Indicator	Academic year 2014/2015	Academic year 2015/2016	Growth Index 2016/2015: 2015/2014
Regular active family participation of students in family business in %	7.4	9.3	125.67
Occasional active family participation of students in family business in %	31.3	16.1	67.36
Never active family participation of students in family business in %	61.3	74.6	108.59

Source: Own calculation.

In academic year 2015/2016 only 9.3% of students coming from family

business environment were assisting their parents in business. In the academic year 2015/2016, only 9.3% of survey participants from family business environment helped their parents on a regular basis, occasionally 16.1% and never 74.6%. Other graduates do not come from family business environment. The focus of the second partial goal was on the planned participation in entrepreneurship in relation to family background in business. We analysed the influence of the family members who are active entrepreneurs on the students' plans for participating in family business. Based upon the fact that the number of students with family business background who are not involved in their family business is growing, we were interested in their plans for starting own business.

The correlation coefficient between the number of students from business families (X) and the number of students who intend to become entrepreneurs (Y) was 0.228 in the academic year 2014/2015 and in the academic year 2015/2016 only 0.133. From the graduates in year 2014/2015, there were 43.8% of those who planned to participate actively in businesses run by their families. A slight change to 4.2% was shown in the year 2015/2016.

The students indicated that the main reasons for deciding to be active in businesses of their families were self-realization by taking over the family business, its development and in helping their families.

On the other hand, the majority of students (41.6%) with family business background did not plan to participate in family business after graduation. They stated as the main reason that their parents do not want to develop and grow their business.

This is a particularly interesting fact, because now it is about the time for the first generational change in businesses which started after year 1989, but children of the entrepreneurs who started their businesses, are not interested in these businesses and would rather become independent entrepreneurs in different areas. However, it is to some extent understandable because of the rise of new opportunities, especially in information and communication technologies and services.

Other reasons for not planning the involvement in business there were other interests, namely, uncertainty and high risks of entrepreneurship, complicated legislation, entrepreneurial environment, insolvency of clients, as well as the desire for having own business. Therefore, we asked all respondents about their intentions to become entrepreneurs on their own in future.

Table 3

Intention to start own business after graduation in the academic years 2014/2015 and 2015/2016

Indicator	Academic year 2014/2015	Academic year 2015/2016	Growth Index 2016/2015: 2015/2014
A. Yes – realization of own ideas in %	21.4	10.2	47.66
B. Yes – being independent in %	35.8	22.9	63.97
C. Yes – motivation or other reasons in %	14.1	20.3	143.97
D. No – I want to be an employee in %	7.4	5.9	79.73
D. No – high risk in %	3.5	9.3	265.71
E. No – other reasons, e.g. lack of capital, other ideas, etc. in %	17.8	31.4	176.40

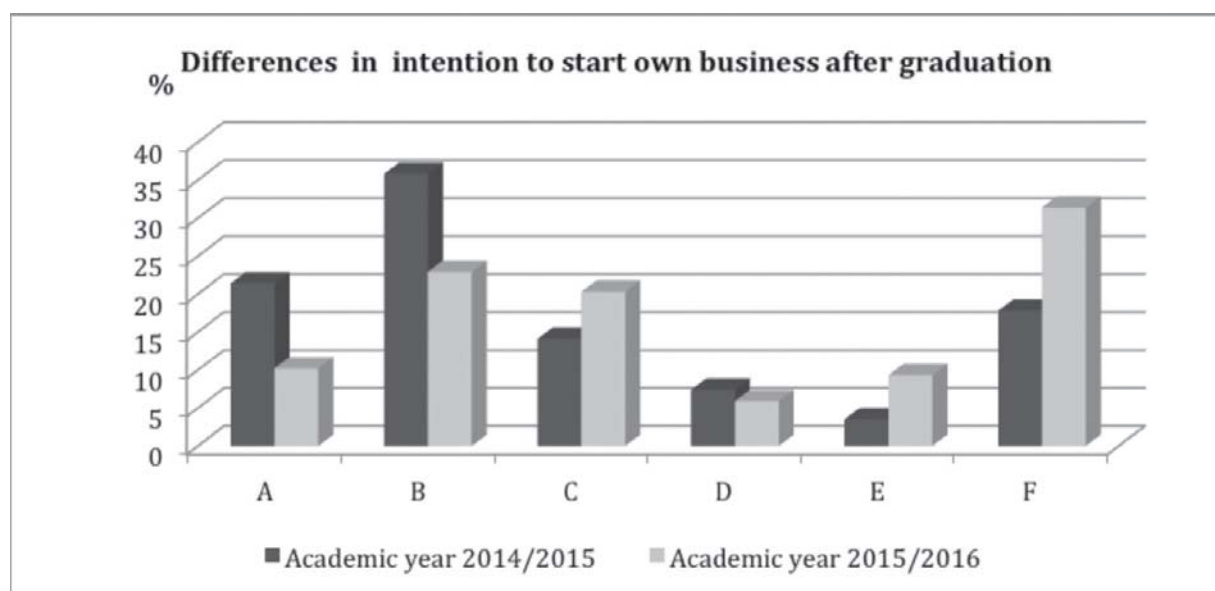
Source: Own calculation.

In the academic year 2014/2015, there were only 21.4% graduates who identified their interest in entrepreneurship because they wanted to realize their ideas, 35.8% were interested because they wanted to be independent, and 17.8% did not plan entrepreneurial activities for other reasons – they were afraid of risks or not interested or lacked the capital. In this indicator was growth index 2016/2015:2015/2014 in afraid of risks 265.71 % (low base) and in other reasons, e. g. lack capital up to 176.4 %.

The growth index 2016/2015: 2015/2014 reached the highest values in indicator D. “No – high risk” – 265.71% (the reason was low base) and in the indicator E. “Other reasons e.g. lack of capital, other ideas, etc.” – up to 176.4 %.

Chart 1

Differences in intention to start own business after graduation in the academic years 2014/2015 and 2015/2016



In the academic year 2015/2016, only 10.2% of students gave unambiguous answers that they want to be entrepreneurs; on the other hand, the number of those who answered that they were motivated increased: 22.9% named internal motivation as a factor; 10.2% named the potential for higher income. Almost one half of students did not plan to pursue entrepreneurship as their careers. Our opinion is that frequent changes in legislation and contradictory attitudes in society are also contributing to changes in ideas of young people.

It is gratifying that students did not name insufficient knowledge and/or information as a reason for not to become entrepreneurs. This confirms that our educational system provides students with knowledge and expertise on a quite high level. The problem seems to be the lack of practical experience in existing companies. Students do work for companies, but it is usually only for a short period of time as a temporary help, and they usually do only routine and assisting jobs.

The third partial goal was to analyse the use of university courses in practical entrepreneurship in future and influence of quality of education to students' decisions about their future either as entrepreneurs or as employees. In this relation, we asked students if courses at the University of Economics would help them in their potential future entrepreneurship activities.

The correlation coefficient between the total number of students who responded to the questionnaire (X) and the number of students who consider courses taught at university useful for entrepreneurship (Y) was 0.919 in the academic year 2014/2015 and in the academic year 2015/2016 only 0.880.

In the academic year 2014/2015, there were 80.7% students who evaluated the curricula positively; in year 2015/2016 this ratio was 89.8%.

We believe that students' interest is related to their increased demands for information they can use in practice and to activities involving experts from practice. On the top of courses that have received the students' highest evaluation are:

- Entrepreneurship in Small and Medium Enterprises (17.5%),
- Business Accounting (10.3%) and
- Business Economics (10.0%).

The fourth partial goal was to find out what motivates young people to entrepreneurship.

The correlation coefficient between the number of students who answered

that their aim was to become entrepreneurs (X) and the number of students who considered their own knowledge from a specific business area in a specific business environment to be their motivators was 0.615 in the academic year 2014/2015 and in the academic year 2015/2016 it was 0.745.

The evaluation of causes and motivators differed in time.

In the academic year 2014/2015, the students named most frequently the following motivating factors:

- The success of people they know in entrepreneurship (27.7%), and
- Their own knowledge gained in practice in the entrepreneurial environment (24.1%)

In the academic year 2015/2016, the students named most frequently the following motivating factors:

- Their own knowledge of entrepreneurship (24.6%)
- Better financial remuneration (18.6%)
- Gathering new knowledge (9.3%).

It indicates that students believe in themselves more than to their relatives/associates and are more oriented to financial aspects of successful entrepreneurship.

4 Discussion

The research has shown that the majority of students want to be independent, and that they do not want to repeat entrepreneurial path of their parents. They believe that their own activity path will be new, modern, up-to-date and optimal for themselves. On the one hand, it is a positive signal for our society that young people are fully devoted to the newest knowledge; however, on the other hand, it may signal the overestimation of unimportant information from various resources without proper discussions and evaluation by experts or experienced entrepreneurs.

One problem which still remains to be solved is a large number of different institutions supporting entrepreneurship, which may be confusing.

The students have shown a low degree of trust in business partners; all of them trust only in themselves. Considering the low law enforcement, it seems quite natural. Moreover, as a matter of fact, collaboration has inherent risks involved. It is therefore important to teach students how to find reliable

partners – in ownership, in management, both among suppliers as well as buyers.

Conclusion

Theoretical part of this paper analyses different approaches to defining the family business and its representation in economies of selected countries. A broad scale of other issues related to family businesses are brought up – for example efficiency and business strategies.

In this paper, we point out the fact that the definition of family business is not uniform in the literature. Moreover, in Slovakia it is not unambiguous from the legal point of view, and there is not any state support for family businesses. Therefore, no significant changes in the owner structure of functioning family businesses can be expected in the process of anticipated generational exchange.

Our research also mapped the priorities of fresh graduates for entering entrepreneurship activities related to establishing themselves in family business in Slovakia during generational exchange.

The main objective of this paper in its application part was to present the research results. Over two fifths of our students participating in the surveys had family business background. The positive (or negative) attitude towards entrepreneurship in the families which are active in business is formed by father. However, this ratio is decreasing, as is decreasing the number of entrepreneurs – physical persons.

Our goal is to encourage students to trust in themselves, to improve their abilities, skills and knowledge, and provide them with such information that would generate their interest in entrepreneurship. They are attracted mostly by providing services. As we have discovered, the students have pragmatic understanding of entrepreneurship. That most often means that they lack financial resources for business activities in manufacturing and so they shift their attention to business services.

We were pleased to find out they were interested in innovation of services, and that they aim their interest at activities which involve the use of the Internet and e-business. This is quite appropriate and less investment-intensive. E-business has a lot of positives, mainly lower operational costs

and the capability of making fast comparisons of products, services and their prices from different suppliers and competitors.

We can conclude that universities should pay more attention to information and communication technologies so that their graduates could work for companies regardless their type, no matter whether they are start-ups, small family businesses or medium-sized or large companies. On the other hand, there are also some negatives of which students are not always aware, for example, dealing with complaints and returns. Students expressed a growing interest in start-ups and also in working as employees abroad in large and/ or medium-sized internationally recognized companies.

It is a good signal for companies expecting our highly qualified graduates that they can choose from a large number of job applicants. These include graduates who have not only theoretical knowledge but also some practical experience.

The study results will provide feedback for management of the chosen faculty referring to the positives and negatives in their pedagogical work. It can also help other faculties that offer similar courses to prepare competitive strategies. It is important to know what knowledge, skills and experience the current university graduates have and what attitudes towards entrepreneurship we can expect from them.

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