

FAMILY BUSINESSES IN HUNGARY – FOCUSING ON SUCCESSION

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Few Hungarian entrepreneurs can say that they have founded their own firm in ideal circumstances. In the 80's first of all, the capital and the experience were missing for opening a private enterprise. Beside these lacks, the changeover system of society or rather the continuous change of legal regulation in the changeover period made the entrepreneurs' situation more difficult.

Those entrepreneurs, who founded enterprise around the age of 40 in the 80's, 20-25 years later, between 2000 and 2015, reach the pensionable age.

It's well known that many of them had left before they could reach the retirement because that rhythm of life, the rush, the continuous tension that an enterprise involves, the uncertainty of the early years and we could still count those difficulties that were added here in Eastern- Central Europe to the risk factors known also in the West. All of these ate their organisms away.

But those who had survived to the storms of start stabilized their enterprises, by chance their enterprises became successful, they are confronted with the problem of succession, with the difficulties of generational changeover. In the same way as the start, the first generational changeover hides huge challenges for the Hungarian entrepreneurs.

In 1993 the European Union had already paid attention on the importance of the generational changeover as society phenomenon. The main questions of the theme, that are still currant nowadays, were disputed in Brussels. In 1994 an EU recommendation was born (O.J. n0 L385, C400; 1997.12.31.), that presented the practice of handing the enterprise over, already applied in the member countries, or rather it composed proposes for the countries that hadn't been available with this kind of measures, yet. In 1997 in Lille it was inspected what kind of efforts the member countries according to the recommendation had taken.

The issues show importance to the fact that the questions about handing the enterprise over have also got place within the bounds of "The Best Procedure projects", set up in 2001 in the EU.

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The EU results and the ambitions of learning about handing the enterprise over, understanding of the generation change, learning about the difficulties are well founded on, but the description of the situation in Hungary and the exploration of the difficulties are not really available.

The main reason of this is that as long as there are entrepreneur dynasties in the EU founder countries or rather the majority of the small family enterprises have already survived more generations, they have got a large experience the enterprises from Hungary are confronted, only first, with the challenge of the generation change.

The Small Business Development Center of Corvinus University of Budapest has high commitment to research the main processes of the Hungarian SME sector. In 2007 our collective conducted a widespread research among business owners who plan to retire from the active management of their businesses. The questionnaire of the research was completed by 279 respondents after filtering the 3008 potential business owner.

In my planned paper for Transeo Academic Awards based on the database of the above mentioned research I intend to identify the family businesses and analyze their succession characteristics. The following table contains the statements, hypothesis and analysing methods of my paper.

DETERMINATION THE SAMPLE OF THE ANALYSIS	
Determination of family businesses	
Statements for determination of the sample	<p>Statement 1: The family and non-family businesses can be separated by the preferred succession outcome, the ownership structure and the family members active in business.</p> <p>Statement 2: The family businesses can be classified by the preferred succession outcome, the ownership structure and the family members active in business.</p>
Examined population	Total sample
Method	Cluster analysis
HYPOTHESIS	
Succession planning in family businesses	
Hypothesis	<p>H1/a hypothesis: Gender specific characteristics can't be detected concerning the succession planning.</p> <p>H1/b hypothesis: Those business owners who have dedicated successor rather plan the succession than those without successor.</p> <p>H1/c hypothesis: Those family businesses that have debts rather make a succession plan than family businesses without debt.</p>
Examined population	Family businesses
Method	Crosstab analysis
Expectations from family business successors	
Hypothesis	H2 hypothesis: In family businesses where the dedicated successor is a family member the expectations from him/her are lower than expectations from non-family successors.
Examined population	Family businesses
Method	Principal component analysis
Succession specialties of family businesses with different characteristics	
Hypothesis	H3 hypothesis: Family businesses with different characteristics can be differentiated by the challenges experienced in the succession process, the expectations from successors and the prospective financial needs of succession process.
Examined population	Family businesses
Method	Discriminant analysis
Ownership transfer in family businesses	
Hypothesis	H4 hypothesis: In those family businesses where the ownership and the management of the business considered remaining in the hands of the close family the predecessor rather transfer the ownership of the family business to the successors.

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Examined population	Family businesses
Method	Crosstab analysis

The main goal of the research is to deeply examine the specialities of family business succession and draw conclusions which help to understand this big challenge of family businesses. In Hungary the succession and the transfer of family businesses come en masse, spasmodically and without earlier experiences.

Now and in the next few years will turn out which Hungarian companies will become real family businesses where at least two generations work together, which firms will face the challenges of ownership change and which ones will cease to exist.

Multigenerational, long term oriented family businesses provide stable and reliable basis for every economy. I think deep understanding and mapping the succession process are crucial to understand and help the mass of Hungarian SMEs that are facing the challenges of succession and business transfer in the near future.

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