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ISSN electronic version 2353 - 9119
Central and Eastern European Journal
of Management and Economics
Vol. 5, No. 4, 67-85, December 2017

Conditions of succession processes in polish family enterprises

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Abstract:

Objective: The aim of the article is to identify conditions of succession processes in Polish family enterprises.

Methodology: The research consisted of quantitative part and qualitative part. The quantitative survey covered 390 family firms with their head offices situated in the voivodships of Lower Silesia and Wielkopolska and used a CAPI method. The qualitative research was based on in-depth interview method.

Results: The studies show that in the majority of firms, although the generational change has not yet taken place (the percentage of firms in the second and next generations is exceptionally low), there is no striving for actions that would solve the problem of maintaining business continuity. Family enterprises on which the studies were conducted are characterized by a low succession potential which is also seen through a small percentage of firms indicating strategic goals related to passing the business on to the next generation as well as a small proportion of firms solving succession issue in a formal way, in the form of a plan.

Originality/Value: The findings of the research can develop a set of good succession practices as a tool for succession process planning in family enterprises. Good practices to be understood as "successful solution of concrete problems bringing specific, positive results"

Keywords succession, family business, strategic decisions
JEL: D22; D23; G34; L26; M21

Badania zostały sfinansowane ze środków Narodowego Centrum Nauki przyznanych na podstawie decyzji numer DEC-2011/03/B/HS4/04116, grant "Strategie sukcesyjne polskich przedsiębiorstw rodzinnych" realizowany w latach 2012-2014.

The research was financed by the National Science Center (NCN). Funds granted on the basis of the decision number DEC-2011/03/B/HS4/04116, programme OPUS, title: "Succession strategies of Polish family enterprises" implemented in 2012-2014

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http://dx.doi.org/10.29015/ceejme.610

1. Introduction

Family business research has been growing over the last decades but is still an emerging field of study (Chrisman et al. 2008). In the literature, family firms have been presented as combinations of two systems that overlap and interact: the emotion–oriented family system that focuses on non-economic goals and the results-oriented business system that focuses on the economic goal (Distelberg, Sorenson 2009; Vandemaele, Vancauteren 2015). It is the effect of building the family fortune which is in the large part invested in the firm (Forbes 2002; Zellweger et al. 2005). Thus, the effective separation between the private and business wealth is very difficult in this case and contributes to a specific view on the business. These two systems have to influence the decision making process and constitute the source of many sophisticated character traits of the family enterprises as well the specific problems in management.

The characteristics emphasizing the immense economic and social importance of family enterprises are at odds with the extent to which the basic issues involved in their functioning have been identified.

Among many of the „blank spots" the most important are the issues relating to generational changes and succession, economic and social consequences of these changes as well as inheriting assets and enterprise. In Poland, the disproportion between the contribution of family enterprises to economic development and scientific interest devoted to them is even more visible. Apart from few exceptions, research on family businesses has been of exiguous and fragmentary nature and the issue of generational changes and succession strategies is still being treated as "significant in future". Owing to the short history of family entrepreneurship in Poland (and of entrepreneurship in general), the need to identify the scale of the phenomenon along with the need to develop methods and skills designed to effectively go through this stage of development have hardly been recognized in Poland.

The importance of these phenomena is deemed to be so significant for the economies of European nations that in May 2006 the European Commission (the Directorate – General for Enterprise and Industry) issued a report on the ways to ensure continuous functioning of enterprises. As the findings of the report suggest, "One third of Europe's entrepreneurs will withdraw from their business over the next ten years, although some will start another business. It is estimated that up to 690 000 enterprises, most of which are small and medium-sized, providing

2.8 million jobs, will have to be transferred to new owners every year. While a transfer of a business within the family is still the most frequent case, the number of transfers to third parties is increasing and so is the number of enterprises which are being shut down because there are no successors, within a broad meaning of this term" (EC 2006: 5).

It thus appears that both the social and economic significance of this issue as well as the small extent to which the phenomenon has been identified justify undertaking research (aimed at identifying the phenomenon) and designing solutions which would facilitate tackling the consequences of inevitable generational changes and succession taking place in enterprises. Therefore, the main objective of this article is to identify conditions of succession processes in Polish family enterprises.

The article is structured in the manner as follows. The first two sections present the overview of the basic characteristics of family firms and the succession problem. The third and fourth sections describe the basis of the methods used in the study as well as the results from the research. The last section includes the conclusions.

2. Family enterprises as a sophisticated group of firms

The family businesses are the predominant entities in most economies around the world and play a key role. Depending on the country, they represent 70 – 80% of the total number of businesses (KMY Forschung Austria 2008), account for about 40% of private sector turnover and produce 20-70% of national GDP (Di Giuli et al. 2011; Heck, Stafford 2001; Anderson, Reeb 2003; Perez-Gonzales 2003; Bennedsen et al. 2004). Precisely, the family firms account for 44% of large firms in Western Europe (Faccio, Lang 2002), over two thirds of firms in East Asian countries (Claessens et al. 2000), and 33% and 46% of the Standard & Poor (S&P) 500 and 1500 index companies, respectively (e.g. Anderson, Reeb 2003; Chen et al. 2008). Within family firms in the S&P 1500 index, founding families hold an average of 17% of the shares in their firms. Moreover, 69.5% of founding families hold more than 5% ownership in their firms, and 24.7% of them hold more than 25% (Cheng 2014). Due to their high ownership and low diversification, founding families enjoy the benefit and bear the consequences of corporate decisions, which is the critical source of willing to preserve the control. The ubiquitous presence of family firms has led to a constantly growing research interest in the past two decades (Debicki et al. 2009).

Despite the fact that many management theorists and practitioners use the term of the family business, there is not known the one, consistent definition, which will isolate this class of enterprises from all entities operating on the market (Astrachan et al. 2002; Klein et al. 2005; Mazzi 2011). Most researchers adopt their own definitions, dependent on the performance of the tests, the methodology used, the method of data acquisition, sample characteristics or the studied variables related to the environment in which the firm operates. For example, as the family firm is understood to be a business in which:

- 10 – 20% of the shares is owned by the family (La Porta et al. 1999; Claessens et al. 2000; Faccio, Lang 2002); it applies rather to public entities and the range itself depends on the country where the firm operates, e.g. for Denmark it is about 50% ownership threshold (Bennedsen et al. 2007);
- the family members own more than 50% of shares, are involved in management and have effective decision power (Di Giuli et al. 2011);
- the founder or a member of his or her family is the CEO or has the real influence on the decisions, e.g. by blocking them (Anderson, Reeb 2003);
- the members of the family own the shares, a minimum of two of them are engaged in the business and one has real influence on the management (IBR 2015).

As is apparent from the above definitions, the main features of the family firms are the significant share and the control in the decision making, held by the family and its members. It makes this group of businesses to have special characteristics, different from the non–family enterprises (Astrachan 2010; Moores 2009; Coleman, Carsky 1999).

There are many aspects of family firms that are emotionally linked to the family's affective dimension, such as the protection of family ties, independence and continuity of family influence, perpetuation of the family dynasty, relationship with employees, social reputation and identity, links with the territory and the local community, and so on (Mazzi 2011; Zellweger et al. 2005). Research examining goal variations in family firms suggest that the importance of non – financial objectives evolves with the generation in charge, with the stronger desire to preserve control and with socioemotional wealth in early stages (Gómez-Mejía et al. 2007; Vandemaele, Vancauteren 2015). However, what should not be forgotten is the fact that family businesses are very heterogeneous. They differ in the basic attributes of a firm itself, such as size, age or operating area, as well as in the specific characteristics of a particular family e.g. attachment to its SEW (Gómez-Mejía et al. 2007), risk aversion, norms, attitudes, expectations, experience etc. (Vandemaele and Vancauteren, 2015).

The specific characters and heterogeneity of family businesses are the main reason, why the study of such entities is so difficult and why some of the researchers are of the opinion that it is impossible to say what motivates family firms' behaviors (Miller, Le Breton-Miller 2014)

3. Succession

The term succession is commonly understood as inheriting, passing on to descendents. A similar understanding of this term have a small number of Polish authors who work on succession strategies. In European literature – using German and English language – succession is understood as a dynamic process occurring between two primary groups (the transferring one and the receiving one), whose aim is to pass on to the next generation both the management and ownership. In American literature succession means the transfer of ownership and power by the current owner to the chosen successor (Jeżak et al. 2004).

In accordance with the logic of law, succession is a legal act denoting "the assumption of all rights and obligations by the purchaser of all rights (universal succession) or of some rights and obligations (partial succession)", with inheritance being just one of the forms of universal succession. We refer to succession when the successor derives his/her rights from the predecessor. Similarly, General Tax Code refers to fiscal succession in such a broad context, whereas in administrative law the term succession of rights and obligations applies to situations going beyond inheritance and comprises cases in which one party, external in relation to the administration, assumes administrative rights and obligations of another party. Such a view allows for examining various directions and various models of succession, without being limited to only those within family. However, this does not seem appropriate from the perspective of family business continuity, since it is not the question of the continuance of an enterprise in general but of its continuance within the family structure.

The state of theoretical reflection in literature is very well illustrated in review papers, e.g. Giambatista et al. (2005), Brockhaus (2004), Griffeth et al. (2006). The general conclusion that might suggests itself upon reading them and the usual analysis concerned with the initial reflection of the authors of individual papers on the overall state of research is that there is not such a thing as succession theory (succession transition), and this what is referred to as the theory does not fulfill the requirements of formal theories within the scope of ontology, epistemology and methodology. If we were to consider even such criteria as consistency or the development of a research program, then we would see that the reflection on succession is pre-theoretical in its nature (fragmentary, occasional, illustrative research). Brockhaus's claim (2004) is here symptomatic, who, while quoting Lansberg and Astrachan (1994) or Handler (1994), argues that scholars are often confronted with large definitional dilemmas surrounding the definition of a family firm, entrepreneur, etc., and given such a multitude of definitions their greater consistency is not to be expected, for the only thing that one can and should do is to provide a detailed outline of the subset of firms forming the subject of a particular study.

Giambatista et al. (2005) point out to some theories which come up in the context of the research on succession such as: common-sense theory, vicious-cycle theory, scapegoat theory; yet this is rather redolent of a strategy devised to attribute some interesting phenomena with concepts functioning not unlike a label. After having analyzed 61 papers published over the period of 1994-2004, the aforementioned authors even argue that there is no need for creating a single theoretical perspective nor do they see any problem in that there exists no theory explaining the consequences of succession while putting substantial emphasis on the theory of organization and strategic management. Moreover, they suggest paying attention to the following theories: theory of organization, of learning and adaptation, of change and inertia, equilibrium, game theory, theory of life cycles.

Among the studies analyzed, it is worth noting those which refer to Ajzen's theory (1985) of planned behaviors and the theory of organizational equilibrium by March and Simon (1958). With respect to the first one, the authors of the research (Schröder 2012) use the theory to investigate the determinants of succession propensity present in potential successors (in the research, the respondents' age ranges between 16 and 21). In the starting model, it has been assumed that this intention is made up of factors related to: (a) successor's competences (personality), (b) his or her preparedness for the role (involvement in the firm and family's support) and (c) parental model of the role (pressure exerted by family) and one's own analysis of the succession benefits. In the latter case (Bienert et al. 2008), the assumption has been that the theory of organizational equilibrium will be able to explain adequately how the succession process unfolds. In this process, succession depends on the entrepreneur's decision to pass on (the enterprise) and the successor's decision to take it over. The theses of "bounded rationality" have been recognized as suitable for exploring the succession process, since the analysis has shown that rational decision made by entrepreneurs and successors is constrained by several factors, including subjective perception, knowledge (of various legal areas, taxes), decision-making alternatives.

From reviewing the research could be drawn the conclusion that is often copied by other authors, that the research and theoretical perspectives are essentially fragmented and eclectic. Some scholars are fully aware of that. Sharma, Chrisman and Chua (2003) emphasize the need to embark on research whose starting point would be exploration of possibilities in terms of employing the existing theories offered by the disciplines related to the issues which are the focus of business studies. This belief has been reflected in the application of Ajzen's theory of planned behavior in order to analyze succession plans. In his review paper on the quality of succession research, Brockhaus (2004) notes a low quality of the empirical base which results from the fact that there is a large body of research on succession which has been poorly designed and in general exhibits a poor methodological quality.

One could think that the effectiveness of seeking to capture theoretically the state of knowledge (theoretical explanations) is constrained by:

- Low quality of research (methodological and execution problems)
- Lack of practical possibilities of comparing and translating the findings
- The picture of firms themselves and entrepreneurs' attitudes
- Succession scholars' profession

Modeling succession processes emerge as the expression of certain theoretical aspiration (analytical, experimental approach) and also as being directly linked to the succession process exploration.

Researchers (not theoreticians) are most likely to view succession models as tools designed to distinguish one's own area of research (issues touched upon) and the structure of research questions which are viewed typologically or relationally. These are not models designed for the purpose of explaining but to test the set of issues (hypotheses), "the class of cases" and this is despite the fact that the types of multivariate analyses (regression) may view individual variables and factors predictively (that is explanatory and quasi-experimentally), together with the sets of hypotheses which are confirmed afterwards by an analysis (e.g. regression models, mean value comparison), with the hypothesis always corresponding then to the question (or scale) used in the questionnaire. On the other hand, the emerging generalizations of models – complete succession models (e.g. described as stages) are viewed in a normative way. In other words, they are rather aggregated information on how successful succession should look like.

Table 1. Conceptualizations of succession processes

Approach method	Examples/sources
Succession stages	Koryński et al. (1992)
Risk matrix based on the analysis of interests according to the arrangement: family-business	Barnes, Hershon (1976)
Conceptual –relational model	Schlömer, Kay (2008); Dyck et al. (2002)
Conceptual model – decision tree	Schlömer, Kay (2008)
Conceptual - processual model	Model St. Gallen St. Gallen, KMU-Fokus Unternehmensführung in Familien-KMU
Systems approach	Model St. Gallen St. Gallen, KMU-Fokus Unternehmensführung in Familien-KMU

Source: self-reported data

3. Methodology

The research results arose within the research grant financed by NCN (National Science Center)[1], carried out in the years 2012-2014. The basic project characteristics can be defined as follows:

- The main quantitative research was carried out on a sample n=390 of family firms with their head offices situated in the voivodships of Lower Silesia and Wielkopolska.
- The source of the research sample was a set of 2400 family firms from the area of Lower Silesian and Wielkopolska voivodships made available by Instytut Biznesu Rodzinnego (*Family Business Institute*) in Poznań.

[1] Contract no. UMO-2011/03/B/HS4/04116.

- The quantitative measurement was conducted between May and October 2013 by using Computer Assisted Personal Interviewing.

- The questionnaire was divided into conversation topics with the emphasis being put on the characteristics of family business and household, relationships between family and business, a situation of change, succession practices.

The survey was carried out applying the so called manager's perspective, which means that the object of the study was a family firm with the very respondent being its owner. We studied the firms in a situation where succession change was expected. As our interest was focused on family firms with a secure market position, this fact was reflected in the manner of selection of businesses and respondents. Survey participation criteria are listed in the table below (Table 2).

Table 2. Family firm and respondent in CAPI survey

Family firm in the survey is an enterprise which:	**Respondent is a person who**
• is a family enterprise in the strict sense of the word (family is the owner with at least two of its members being employed in the enterprise and performing managerial functions) • has no less than 10 years of market experience • conducts business activity within the meaning of the Act on freedom of economic activity • has its headquarter in the voivodships of Lower Silesia or Wielkopolska	• manages the firm on his/her own or co-manages it, yet if this is the case, his/her position in the firm's management structure (real management of the firm) is higher than that of any other family member • is the owner or co-owner of the firm he/she manages • has children (his/her own or adopted) • is at least 40 years old

Source: own study.

The firms participating in our survey are important representatives of the family business sector and can be described as follows (the detailed profile – see Table 3):

- they continue to be in a good or very good economic situation, which in relative terms means „better than other businesses on the market". Also, the portion of firms making profit in the years 2009-2012 ranged from 64% to 69% of all the firms (including the ones who refused to give answer);
- poor diversification (almost homogenous) of organizational and legal forms (individual business activity accounts for 78% firms);
- in most cases they provide work to members of the closest family and a small number of other employees;

- in the majority of cases the business is run with a partner, without children (42%)
- to a relatively small degree, the business is run involving the whole family – along with a partner and children (30%)
- the businesses apply the simplest of all possible managerial models in which decision making power over strategic goals concentrates, in vast majority of cases, in the hands of the owner and to a much lesser extent in the hands of the partner, which further means that:
- children only occasionally participate in managing the firm, and the chance to continue the business through intra-family succession is rather fragile;
- firms whose history is part of the history of Polish economic changes; over 1/3 of them were founded in the political transition period (1990-1992), yet have their distinctive roots in the former system of prescriptive economy.

Table 3. Profile of family business participating in the study

Factor	Percent of respondents
Generation:	
1st	93.1%
2nd	6.9%
Seniority:	
10-20 years	29%
21-30 years	54.9%
>31 years	16.2%
Size:	
Micro (<10 employees)	64.1%
Small (10-49 employees)	32.3%
Middle and big (>50 employees)	3.3%
Line of business:	
Industry (production – industrial processing)	31.8%
Construction	
Trade	34.6%
Services	49.0%
Agri – food processing	29.2%
Line of business:	3.3%
Individual economic activity	
Private partnership	77.1%
General/register partnership	12.3%
Professional partnership	3.1%
Limited partnership	1.3%
Public limited company	1.3%
	4.1%

Source: *own study*

4. Results

The overall research results show a low level of business maturity among family firms, which can further impact the succession situation and the kind of succession practices undertaken. There is no doubt that this sort of conclusion is due to the fact that, in their general number, firms are in the first generation of ownership (total 93%), that is before succession, yet have low institutionalization (firm's complexity and specialization) which is indicated by the following:

- ownership is concentrated in the hands of the owner (only 15% of owners declare shares of ownership in the amount of 50%, with a further 74% of up to 100%),
- the most important managerial decisions are concentrated in the hands of the owner (total 65%) or the owner and partner (total 28%),
- low shares of ownership by children (on top of that, it is very small percentagewise and pertains to barely 2,9% of sons and 1,5% of daughters),
- family firms operate within the framework of the least complicated legal form – individual business activity (total 78%),
- a relatively small number of employees per FTE (*full-time equivalent*) (71% of firms employ no more than 10 people),
- business is focused on its low-cost forms, such as trade (total 49%) and services (total 29%),
- a simple family structure - the clearly prevalent family type is made up of a married couple with one child, as many as 71% of respondents declare having only 1 child, with a further 22% having 2 children, whereas large families are clearly few in number.

On the other hand, however, what favours entering the succession situation is doubtlessly the fact that 57% of firms employ the owner's children. In a large majority of cases this is just one child, which oftentimes simplifies the intra-family succession situation, yet on the other hand, puts at disadvantage the owner who has to face the potential successor as a tenderer.

One of the most significant factors in assessing succession potential of firms (next to succession plans discussed in the further part) is the assessment of ownership behaviours from the point of view of agreed strategic goals.

It appears that the principle of family firms is to "persist", which we describe as an element of strategic continuity. As many as 50% of firms point out that their goal is to continue the current activity without any major changes. Although almost one third of the owners want to develop their business in various ways, passing the firm on to successors was indicated by as few as 8.7% of respondents while selecting strategic goals suggested in the survey. What is more, the question of succession is indicated even less frequently than the likelihood of the firm being shut down (total 3%) or having to limit its activity (total 11%).

The results reveal that succession is not a significant strategic problem at the present stage of development. Evidence to that is provided by respondents' replies to the question about the most important goals to be achieved by the firm in the medium-term of 5-8 years (see Table 4).

Table 4. Strategic profile of enterprises in question (intentions towards the family firm for the next 5-8 years)

Strategic profile	Frequency	Percent [%]
continuation strategy	131	33.6
internal succession	47	12.1
sale, liquidation	19	4.9
sale, liquidation	19	4.9
external succession	47	12.1
unspecified/mixed	146	37.4

Source: own study based on the survey results.

It is not without grounds that numerous succession researchers highlight the central role firms' owners and their attitudes play in this process. The effective exit process spans no more than 5 years for nearly 30% of surveyed entrepreneurs who gave this response while being asked when they were planning to reduce their activity in the business, when they would like to retire and pass on the ownership and firm management to successors. For a further 20% this is the term of the next 6 - 10 years. On the whole, it can be said that around half of entrepreneurs assume that they will withdraw from business and pass it on to successors over the medium term of less than 10 years. On the other side are all those who do not have such plans whatsoever, or downright say that they will "never" do that, making up for a total of 30-33% . On the basis of the answers to these four questions a synthetic variable was created measuring the respondents' inclination for succession over the term of no more than 10 years. It appears that a total of 44% of respondents show a very small inclination for leaving the business (and for succession), without considering, in the assumed time, any of the four aspects that were indicated. Moreover, 14% show a moderate inclination in terms of the 1-3 aspects, whereas as many as 42% declare being inclined to withdraw from business in terms of all four aspects.

With respect to succession relationships, it can be observed, depending on the sector in which the firm conducts its business, that a relatively greater acceptance of succession changes occurs among owners of firms engaged in the construction sector (81%) and trade (55%) compared to those in industry (32%) and services (31%). It is most likely linked to the same logic – the higher the financial, relational and competence barriers to entry in a given sector, the lower inclination for succession.

One of the key factors in preparing firms for succession as well as the basis for a more prescriptive (described by formal rules) approach towards the question of generational change is having an unveiled plan for succession.

Table 5. Firm (family) has a concrete and agreed upon way of passing on the firm to successors

	Frequency	Percent [%]
a formal plan for succession and passing on the firm to successors has been laid out	17	4.4
at the current moment, the plan is being developed (is being consulted)	26	6.7
there is an informal plan for succession and passing on the firm to successors	38	9.7
we are not doing anything formal, succession is rather a natural process so we will make it formal when the time is ripe	32	8.2
neither intention, nor plan nor information about keeping the firm in the family has been unveiled	277	71.0
Total	**390**	**100.0**

Source: own study.

As it turns out, for firms participating in the survey an inter-family succession planning (an essential element of succession practices) is for the most part an occasional activity. As we can see in Table 5, barely 4.4% of all firms have a succession plan, a further 7% are at its development stage, with almost 10% of firms admitting to having it but in an informal shape. Applying the allowable simplification (up to two essential categories), it appears that almost 21% of firms have some sort of succession plan and 79% do not have it at all.

A more detailed analysis of thus created profiles of family firms allows one to assess which of them are and which are not planning succession. If we assume that the reference percentage of all firms planning succession is 21% than every firm profile that is higher than this value will be an answer to our query. The following firms are included:

- the second and next generation (41%)
- in a very good economic situation (41%)
- average on the familiness scale (32%)
- owner's moderate inclination towards withdrawing from the firm (45%)
- middle-sized, employing more than 15 people (26%)

The remaining factors which directly characterize the business were not the discriminatory ones.

The intention to pass the firm on to a child is one of the primary elements in creating the situation of intra-family succession, regardless of whether there are any formal plans or not. The willingness to leave the firm to a son is declared by 59% of all respondents, to a daughter 18,5%, with 20% of owners having other plans or having not decided yet.

From the point of view of the purpose of these actions, parents' motivations to make children interested in business and its matters may vary: from wishing to give a chance for personal development, over wishing to provide children with a work place, to intending to pass the firm on to children. None of these motivations excludes future succession as the objective conditions or the succession situation itself change.

Our research shows that keeping children constantly interested in the firm is a winning strategy, yet at the same time it makes the owner (parent) the one who offers instrumental rewards which are based on the possibilities the firm can offer.

Table 6. Instrumental rewards for children in succession situation

Measures intended to involve children (child) in the firm's matters	**yes**	**in total**
we show them work in our firm trying to arouse their interest in it	322	370
	87.0%	100.0%
we let them work in the firm on a casual basis	315	363
	86.8%	100.0%
we employ them and reward them very handsomely	283	367
	77.1%	100.0%
we encourage them to develop and implement their own ideas in the firm	290	363
	79.9%	100.0%
we offer/give them work in an autonomous position	271	359
	75.5%	100.0%
we let them manage people's/department work in the firm	246	355
	69.3%	100.0%

Source: *own study*

What reflects the kind of "winning strategy", which is foremostly oriented towards maintaining children's interest, is the very pervasiveness of rewards, yet what sets their limit is their quality. The relatively rarest (69% of children who were given rewards) were the rewards and incentives connected with putting a child in the role of the manager in the family firm. On the other hand, showing children work in the firm and making them interested in it (87% of children who were given rewards) is the most frequent and most typical situation in terms of socializing scheme.

Based on the kind of rewards and encouragement a reward scale was created which calculates their intensity.

Based on the distribution of responses one can conclude the following:

- Firstly, encouraging and applying instrumental rewards is the most common incentive designed to maintain children's interest in the firm and one of the most characteristic elements describing succession situation and children's involvement in business processes.
- Secondly, slightly over half of owners (parents) apply in their approach the most developed range of potential and real rewards and benefits, which is indicative of their succession potential or is the result of the willingness to sustain it at a sufficient level.
- Owner's individual strategy entails in itself the dilemma between the pervasiveness of rewards and their quality (their being sufficient). Owners like showing the advantages the firm can offer, yet are reluctant when it comes to sharing the firm.

A well-recognized practice among family businesses is starting up separate economic entities registered in the name of members of the same family thus establishing separate businesses which co-operate with one another or which were founded by way of an autonomous development of the primary business. In 35% of cases firms were related to another firm of the owner or of somebody from the family.

5. Summary

The knowledge gleaned from the research on family enterprises with a recognized market position induces us to make a few reflections. First of all, Polish family entrepreneurship is linked historically to the political transition which took place in our country. Its symbolic birth (or the beginning of a new history) is explained by the fact that one third of enterprises which participated in the survey started their businesses on the threshold of the transition in the years 1990-1992. At the same time twenty five years of the free market have fostered not only the growth of this sector of economy but also have made it relevant to pose questions about conditions in which business continuity of family firms is to be maintained.

Following the example of countries where family entrepreneurship has a much more established business tradition we assumed that firms would, to a considerable degree, solve this issue by measures formally linked to planning and implementing business strategy related to succession. However, the studies show that in the majority of firms, although the generational change has not yet taken place (the percentage of firms in the second and next generations is exceptionally low), there is no striving for actions that would solve the problem of maintaining business continuity. Family enterprises on which the studies were conducted are characterized by a low succession potential which is also seen through a small percentage of firms indicating strategic goals related to passing the business on to the next generation as well as a small proportion of firms solving succession issue in a formal way, in the form of a plan. The dominant market attitude among a big portion of firms is maintaining continuity, so that everything would be "back to business-as-usual" (passive strategy characterizes half of enterprises). Many firms act in such a way so as not exclude any of the possible strategic activity options.

Low succession potential does not, however, mean that there is a lack of reflection on the part of owners as to their firms' future fate. The studies reveal that the subjective awareness of the approaching changes is significant here. Half of owners are planning to reduce or withdraw from actively running the business within next 10 years. In addition, when asked what they would ultimately do with the firm, a large majority of respondents indicated their willingness to pass the firm on to their children.

Thus there clearly emerges a situation in which subjective attitudes and inclinations are not related unambiguously with long-term actions in business domain. Exploring the issue further, we see that the situation where succession potential is low usually pertains to firms with a small number of employees, engaged in the field of trade and services but also whose sustainable resources which are their assets are of low value. However, what remains undisputed is not only that family entrepreneurs, in their total number, have nothing to leave behind but also that they have nobody to leave it to. What becomes a significant barrier when planning succession in which family is engaged is not only that 30% of respondents do not live in full families (no partner in the household), but also that most owners have only one descendant. It is in this sense that the limitation of succession strategy, in our view, is linked to the fact that the family itself is undergoing substantial changes.

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