

Family business as an important part of regional entrepreneurship

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Abstrakt

The entrepreneurial activity of economic units is a fundamental and accelerating aspect for the functioning of the economy. In the environment of market structures, entrepreneurship is literally a spice for developing economic relations. In the area of the European Union as well as in the area of Slovakia, the business sector accounts for the largest share of all economic organisations. In addition to large or multinational companies, there are also significantly smaller economic operators in the business area. These include mainly micro, small and medium-sized enterprises. Family businesses currently account for a significant share of micro- and small enterprises. They carry out their entrepreneurial activities in a partly different to specific way compared to non-family enterprises. The aim of this article is mainly to draw attention to the existence of family businesses and their socio-economic importance.

Kľúčové slová

entrepreneurial activity; family enterprises, family business management, regions

Informácia

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1. Introduction

Over the last thirty years, the conditions of Slovakia have created considerable conditions for the functioning of the market mechanism, which inherently includes the conduct of business activities. During this period, the Slovak economy was gradually built, conditions for starting a business were created, the business environment was gradually formed. Entrepreneurship has enabled many not only to self-realize, but also to get a job, the opportunity to improve their standard of living and the opportunity to operate in an area that is interesting. By gradually forming conditions and the market environment, business operators also gained experience, allowing them to become better, more efficient and more competitive economic operators. At present, it can be stated that in Slovakia all the prerequisites for free enterprise are created within the limits of the market mechanism under conditions given not only by national (Slovak) but also by supranational legislation (European Union legislation). This allows businesses to operate not only in the domestic business environment, but also in the enlarged environment of the European Union.

Most Slovak business entities do business in the domestic business environment, with the largest part of the enterprises operating regionally. In this context, it can be noted that micro, small and medium-sized enterprises, which are not only localised but also strongly linked to the region concerned, have a very important place in the regional economy. Regional entrepreneurship is characterised by numerous representations of such micro, small and medium-sized enterprises, which are owned by a very narrow circle of owners – owned by the family. We therefore call them family businesses. Family business still has a relatively short-term history in Slovakia compared to family business in advanced market-oriented economies in the world. There are reasons for this. Until 1989, there was a planned economy on the territory of Slovakia that ignored and did not allow private ownership. Thus, entrepreneurial activity was not possible either, nor were there family businesses.

In comparison, in many countries with a long-established market mechanism, a particular form of business, such as family business, is a common and developed type of business. The traditional countries where very well-developed family business can be observed are the United States of America, Switzerland, Austria, Greece, Spain, Italy should certainly be mentioned from Europe. All these countries, as well as the experience of family businesses from these countries, can become both an inspiration and a lesson for Slovak family-owned enterprises. An unmistakable and unique feature of family businesses compared to non-family businesses is their very close connection with the family itself. In this context, it can be noted that family business can be the goal not only of economic or managerial research, but also of sociological. It is an interesting area especially for sociology organization and sociology of the family. In the context of family business, specific and unrepeatable situations arise, which must be assessed and also addressed in a qualified way. Families have structured relationships and then transfer them to the structure of the family business.

The management of the family business itself is often derived from the "head of the family". However, in the family business, the business leader is in close contact with other family members, whom he directs in order to ensure the smooth running of the family business. Such a close connection of the leader with other owners or family members in another form of business cannot be seen. Family entrepreneurship is a wide space for the possibility of self-realization of all family members, as well as the creation of their own job, space for fulfilling dreams, space for verification of their own business skills. Family businesses represent a different quality of business compared to non-family businesses, where personal and closer contact between entrepreneur, employee and customer is often lacking. Family business brings many interesting benefits and also possibilities. For this reason, we consider it necessary to draw attention to family business and interesting and prospective possibility of doing business also in the conditions of the Slovak Republic.

2. Methodology

The aim of this article is mainly to draw attention to the existence of family businesses and their socio-economic importance.

The partial aim is to list a number of specific features that family business brings with it and we do not find it in other forms of business. From the point of view of the starting material for the processing of this article, it can be said that we were based on secondary literary sources. These sources consisted of scientific publications as well as book publications by authors who have been engaged in the field of family business for a long time. Slovak resources have the predominance, as we point to the importance of family business in business in the conditions of the Slovak Republic. Secondary resources complement our experience in

long-term family business research as well as information collected during field surveys. We consider this information to be primary.

From a methodological point of view, it should be noted that the article is conceived as a theoretical elaboration of the issue of family business. Therefore, we applied mainly qualitative methods (literature study, observation, interviews) in combination with logical procedures (induction, deduction, comparison, analysis, synthesis). Using these methods, we were able to create a methodological framework for a theoretically conceived article showing the importance of family business as a form of entrepreneurial activity.

3. Family businesses and family entrepreneurship

Businesses represent important economic players not only at macroeconomic level but also at microeconomic level. In the business sector, the most dynamic entities are mainly small and medium-sized enterprises. Representatives of small businesses are micro, small and medium-sized enterprises, including those owned by the family. In particular, micro and small enterprises have the greatest flexibility to respond to market changes and make the most changes, innovations in order to succeed in the market and meet current and future customers. The small business hides the greatest dynamics of business activities. And it is these smallest businesses that are very often owned by the family, so they represent the family business. This is also the reason for our interest in this specific form of business. In addition to economic and technical development objectives, technological solutions, social and social spheres, family businesses are able to meet, as several family members meet in these enterprises for the purpose of joint economic activity. The strategic importance of family businesses in the corporate base of Slovakia is absolutely undeniable. Family businesses are important contributors to local economic growth, local employment, local regional development and so on.

On what basis can a business be classified as family-friendly? We can find the answer in many works differently, but they also have something in common. At present, neither in Slovakia nor in the European Union area, nor in the world, a uniformly accepted and agreed definition of what a family business is cannot be found. This in many ways makes it difficult to examine this specific form of business, including comparison, performance, the number of these entities in the national economy and so on. Here too, we reiterate the acute need for the adoption of uniform national and supranational legislation anchoring the definition of family business and family business.

To wonder whether family businesses are important to the national economy is not much needed. It is true that macroeconomic statistics as such are lacking for family businesses, but the results of various researches confirm the economic activity of family businesses in the whole Slovak economy. The author's team led by Strážovská, H. (2014) note that family businesses in many countries represent up to 80% of all businesses and provide employment for roughly 75% of all employed. There is a predominance of small and medium-sized enterprises within family businesses. This applies not only to Slovakia, but also to neighbouring Austria, for example. Size classes are considered by the author's team to be relatively stable over the development horizon. In addition, however, new family-owned businesses are being created in order to be successful on the market.

Slovak author Diheneščíková (2020) offers her view of the characteristics of the family business. Such an undertaking defines, on the level of distinctness from other undertakings, at the point in which the family is present in this form of business. Business participants are also family members. Individual family members

are then faced with many situations where, as family members, they also have to deal with work and business problems, financial and other issues that interfere with their common not only work but also personal life. Diheneščíková also recalls that although family business has a significant position in the economy, a uniform definition of these enterprises is lacking.

Koráb is one of the leading Czech authors dealing with the issue of family business. In co-authoring with Murinová (2018). The authors state that the issue of family businesses is a common issue for many countries where family entrepreneurship is developed. In the conditions of both the Czech and Slovak Republics, this is still a relatively new area of business exploration. Family businesses have earned increased attention due to their increasing activity in the regions, thanks to their flexibility in their ability to adapt quickly to the changes brought about by the current time. The expansion of family businesses has demonstrated the viability of these forms of enterprise. The authors are inclined to the above ideas that there are many definitions to define family businesses. In their view, it is essential for these entities to follow the key trends on the basis of which they can be identified. Acknowledging their special status would also be a context of their historical presence in the economy before the planning period.

For family-owned enterprises, the division according to the quantitative criteria applicable to non-family SMEs does not apply, points out Naďová Krošláková (2020). It also points out that it is not possible to refer to a specific legislative definition as in the case of normal legal forms in business. At the same time, the author points out that, although family businesses are not defined legislatively, the characteristics that these businesses have are generally known to the public (professional and lay). The family business itself is linked to family businesses, which the author specified as an entrepreneurial activity "carried out by spouses, other relatives in the first place (parents, children, siblings) or other members of the family, if at least 50% of the share in the company is owned by members of one family, either on the basis of blood affinity or other family ties, such as marriage. It follows from the above that the family business is created by spouses or several family members who also have financial control over the enterprise. In this context, a family business can also be considered to be one where several generations of the same family work together" (Naďová Krošláková, 2020, 10 p).

Other Slovak experts Vilčeková, Mucha, Peráček and Strážovská (2018) drew attention to selected other aspects in the business of family businesses. In Slovakia, not so much attention is paid to family business compared to other countries. By contrast, countries such as Germany, France, the USA are countries where family business has a very long tradition and is part of the business world. In Slovakia, due to the development of family business, it is possible to see several problems, the overcoming of which is a difficult task for family businesses. It is up to the representatives of these families whether they find enough financial, material and other resources to help them overcome the difficult period of their development in the life cycle of the company.

Regions can be viewed through many economic and social indicators (Machyniak, Adamkovičová, Guťan, 2020). Changes are happening permanently in rural regions and these changes also affect the possibilities and nature of entrepreneurship. Employment rates, inclusion, economic performance in many ways influence economic activities. Public policy actors should develop their activities towards developmental character in the regions.

Public policy in the field of rural development increasingly cents on development activities in the field of family business. Even in more backward regions, family businesses exist and operate that meet the needs of the local population. They are perfectly aware of their needs, they are able to provide them with added value, in addition to basic meeting of needs, that non-family businesses do not have and cannot provide to their customers. At the same time, family businesses in the regions are active participants in local regional development in the form of contributions to regional employment, income of the municipality or city

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creation and preservation of local values. These are important aspects in the regional family business. Therefore, representatives of local and regional self-government should also actively contribute to the favourable creation of a regional business environment that will support the development of family business activities.

4. Regional entrepreneurship

The field of small business is the subject of a lot of research. Small business in individual regions of the country, where family businesses are indeed very adaptable and active, is increasingly attaching importance. Family-owned enterprises know perfectly the rural character, needs of the region and also the needs and wishes of customers living in the region. They are thus able to contribute together through their activities to regional development. The beginnings of regional business can be tracked already during the transformation period of the rebuilding of the national economy from a planned to a market-oriented economy.

The break-up of larger enterprises meant the creation of smaller businesses. These were often set up by family members or a new generation of indigenous owners, to whom the business was sometimes taken and nationalisation by the state. During their development, the original founders of established business units expanded and the founders engaged other family members in the business over time, thus giving several enterprises the character of family businesses.

In many regions, larger entities do not come mainly due to the lack of infrastructure equipment and unavailability of the terrain, which is related to the mountainous nature of the territory of Slovakia. By their activities, family businesses are able to produce not only economic but also environmental, landscape-forming and many other aspects. Economically, regional enterprises are of particular importance in the creation of gross domestic product, the preservation of product production and the provision of services. The contribution itself consists of family businesses in the regions of Slovakia in the field of employment of the local population.

The contribution to regional employment is always welcome. Especially in the conditions of Slovakia, where in marginalized regions smaller enterprises can help to employ a rural and less skilled population (Mariš and Marišová, 2015). In this context, family businesses also have one important way to help these regions. Marginalised regions have long suffered from a lack of construction, which deepens their marginalisation. From the point of view of the development of rural regions, business activities are perceived positively. Rural business is typical, especially in agriculture and food (Dudić et al., 2020). Family-owned enterprises can also be seen in these sectors of the national economy.

On the issue of family business, the world's literature, especially Anglo-Saxon literature, is relatively elaborate. However, this cannot be said of Slovak professional literature devoted not only to family business, but also specifically to the business of family-owned small and medium-sized enterprises carrying out business activities also in the regional business environment. For this reason, there is a need to contribute to the theoretical elaboration of this specific part of this technical topic.

The indicated starting points well reflect not only the importance, but also the justification of the business of family businesses in the regional business environment of Slovakia. My country is a rural country, so family businesses and their activity in specific regions is typical and becomes part of the regional economy. The activities of these enterprises need to be clearly supported at both microeconomic and national economic level, as they are beneficial economic units in a synthetic way.

5. Conclusion

A family business is defined mainly as an enterprise in which family members have an integral presence and participate jointly in the business or in the operation and operation of the enterprise itself. Family business has several specific and specific features compared to the business of non-family enterprises. These features should be taken into account when evaluating these enterprises and creating the conditions for their successful market establishment and sustainable business. Sustainable family business is expected to be perhaps one of the most discussed contexts of family business in the coming period. It is in the interests of the country as a whole to support the business activities of family businesses, as they are most and most closely linked to the regions where they operate.

Family business management is a challenging activity and requires specific knowledge in addition to controlling general knowledge. The leader of the family business must have a strong motivation, determination, ability to sedate, to set out clearly the vision of the family business. The central person in the family business is the founder, whose basic idea is developed by other family members. Family businesses are persistent, from a management point of view they are dominated by a more conservative way of managing, which predetermines them to more stable businesses.

The same rules are laid down for the conduct of business as such for all forms of business and for all types of business entities. In the case of family business, entrepreneurs from Slovak practice have long been less favourable conditions for doing business, as the specific features of family businesses are not taken into account. The basic legislative framework has now been given for a long time, but legislation is not created regulating the specific status of family businesses. In particular, it would be necessary to regulate the employment relationships of all family members working in a family business, to regulate the occasional representation of a family member. It would also be necessary to adapt and simplify the succession associated with the takeover of the family business. It would also be appropriate to establish specific support programmes reflecting the needs of family businesses and to enable them to support and finance, under favourable conditions, the development activities of those undertakings. In the conditions of Slovakia, specific professional business advice aimed at solving problems arising precisely in the field of family business is almost completely absent. These cannot be realised by the under representation of general professional advisers. As can be seen, we have outlined only a few of the many interesting and up-to-date problem headings that are specifically linked to the business of family businesses and would call in practice for these problems to be addressed. We believe that this article, which also draws attention to the essence and importance of family business, will help to increase support for the development of this form of business.

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