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**FAMILY BUSINESSES AS A PART OF DOING BUSINESS OF
SMALL AND MEDIUM ENTERPRISES**

Bachelor's Thesis

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Rebeka Gajdosík

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FACULTY OF BUSINESS MANAGEMENT**

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Declaration of honour

I declare that I elaborated the submitted thesis independently. All the used bibliography sources are presented in the Sources section.

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Table of used abbreviations and symbols

SMEs	Small and medium sized enterprises
SR	Slovak Republic
EU	European Union
EMU	European Monetary Union
SBA	Slovak Business Agency
GDP	Gross domestic product
WTO	World Trade Organisation
OECD	Organisation for Economic Co-operation and Development
V4	Visegrád Group (Czech Republic, Hungary, Poland, Slovakia)
MSP	Malé a stredné podniky (SMEs in Slovak language)
MPSVR SR	Ministerstvo práce, sociálnych vecí a rodiny Slovenskej republiky

ABSTRAKT

GAJDOSÍK, Rebeka: Rodinné podnikanie ako súčasť podnikania malých a stredných podnikov. – Ekonomická univerzita v Bratislave. Fakulta podnikového manažmentu; Katedra podnikovohospodárska. – Vedúci záverečnej práce: Ing. Denisa Gajdová, PhD. – Bratislava: FPM EU, 2022, 49 s.

Hlavným cieľom záverečnej práce je charakterizácia slovenských malých a stredných rodinných podnikov s následnou praktickou analýzou vybraných malých a stredných podnikov, kde by sme chceli porovnať teoretické poznatky o slovenských MSP s našou praktickou analýzou. Taktiež našim cieľom je návrh odporúčania pre budúce zlepšenie pre podnikateľov v tomto segmente. Bakalárska práca je rozdelená do 3 kapitol. Jej súčasťou sú 10 grafov, 5 tabuliek a 2 prílohy. Prvá kapitola zohráva dôležitú úlohu pri spoznaní rodinných a nerodinných malých a stredných podnikov s pomocou charakteristík, kľúčových pojmov, vysvetlenia štruktúr, výhod a nevýhod a ich jednotlivých konkurenčných výhod. Druhá kapitola sa sústreďuje na objasnenie cieľov a metodológie. Tretia a posledná kapitola sa zaoberá výsledkami nášho výskumu, ktorý je založený na rozhovoroch s piatimi slovenskými MSP vo vybranom okrese a na dotazníku poskytnutom zamestnancom v slovenských rodinných reštauráciách. Posledná kapitola taktiež zahŕňa interpretáciu a analýzu týchto zistení a ďalšie odporúčania pre podnikateľov.

Kľúčové slová:

rodinné firmy, malé a stredné podniky, rodinné vlastníctvo, štýlov vlastníctva, konkurenčná výhoda, podnikateľská kultúra

ABSTRACT

GAJDOSÍK, Rebeka: Family businesses as a part of doing business of small and medium enterprises. – University of Economics in Bratislava. Faculty of Business Management; Department of Business Economy. – Head of the final work: Ing. Denisa Gajdová, PhD. – Bratislava: FBM UE, 2022, 49 p.

The main aim of the bachelor thesis is to characterise Slovak family-owned SMEs followed by a practical analysis of SMEs, specifically chosen family SMEs and non-family SMEs, where we would like to compare theoretical knowledge of Slovak small and medium family businesses with our practical analysis. We would like to propose recommendations for future improvement within this segment. Our work consists of 3 main chapters. Further, it contains 10 Graphs, 5 Tables and 2 Annexes. The first chapter plays an important role in understanding small and medium sized enterprises as well as small and medium sized family enterprises. We define key terms, characteristics, structures, advantages and disadvantages and their individual competitive advantages. The second chapter is devoted to the implementation of our aim and methodology. The third and final chapter summarises the results of our research that is based on interviews of five Slovak SMEs within a chosen Slovak district and a questionnaire provided to employees working in Slovak family restaurants, interpretation and analysis of those findings as well as further recommendations for entrepreneurs.

Key words:

family businesses, small and medium sized enterprises, family ownership, ownership styles, competitive advantage, business culture

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Introduction

The concept of family business is a phenomena that brings both comfort and questions with itself. While creating a business environment among family sounds comforting, the guidelines of such businesses and their business activities can easily get obscure. Small and medium family enterprise is an emerging business structure, yet they already have a great amount of significance and an important economic role in each country.

There is a big debate on the efficiency of family businesses, a lot of professionals argue that indeed they have the capability to outperform their non-family counterparts. Big difference can be found in the essence of their purpose. While big corporations with shareholders aim to maximise their market value of shares, small and medium family business owners concentrate on providing a livelihood and financial stability to their families. As the values and purpose shifts onto different matters, the performance can indeed be different, with a potential result of success and prosperity.

When establishing a family business, multiple factors need to be analysed. Recruiting a great family talent, developing a successful governance of the firm, and creating a strong discipline and mutual goals are all crucial if such business aims to succeed long-term. Relations among family members and the approach to deal with such problems can be undoubtedly hard, therefore the management of hierarchy must be clear and understood by all members.

Our elaborated work will provide us a closer overview of small and medium business structures and strategies, how they can be successfully implemented in family businesses with the support of the analysis of selected small family and non-family firms in a Slovak district. Throughout our research we will try to concretise what are the aspects of a prosperous family business structure in Slovakia, what are the strong and weak areas of such businesses, and furthers suggestions will be discussed.

1 Characteristics of small and medium sized enterprises and family firms in accordance with the business environment

1.1 Small and medium enterprises (SMEs)

Small and medium enterprises are important components of the business environment worldwide. They represent over 90% of the business population, 60-70% of employment and 55% of GDP in developed economies according to WTO.¹ Their importance is high in developing countries, as they contribute to job creations and global economic development. According to an estimate by The World Bank group, “600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes SME development a high priority for many governments around the world”² They significantly contribute to the economic growth of market economies and bring innovation and diversity to each country.³ It is obvious that their role creates a significant value to each countries business environment.

The comparison of SMEs with their larger counterparts has some clear differences. Corporations and multinational firms are more stable, they gain from economies of scale and have diversified channels of production and services. On the other hand, small and medium firms are more focused on niche markets, making them weaker individually in the sense that they are the smaller ‘players’ in the economy that focus on a fraction of the things that their big counterparts can. However, this is also the fact that makes them together inevitable and strong for a prosperous market economy.

To be able to understand the concept of small and medium enterprises, it is important to understand the core terms that are related to the topic of our interest. An enterprise is an independent economic organisation that aims to satisfy interests of customers as well as the interest and needs of its owners. The success of enterprises is derived from many factors, such as the belief in achievement of success, creative and innovative thinking, the ability to understate risk and the ability to sustain in competition among the business environments.

¹The Foundation for Economies Worldwide Is Small Business. International Federation of Accountants.[online].2022.[Cit.20.11.2021]. Available at: <<https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/foundation-economies-worldwide-small-business-0>>

² World Bank. Small and Medium Enterprise Finance. [online].2021. [Cit.9.12.2021]. Available at: <<https://www.worldbank.org/en/topic/sme/finance>>

³ OECD Publishing.Small, Medium, Strong. Trends in SME Performance and Business Conditions, [online]. 2022. [Cit.20.11.2021]. Available at: <<https://doi.org/10.1787/9789264275683-en>>

On one hand the main objective of an enterprise is the achievement of profit, on the other hand ensuring enterprise liquidity and the effective management of activities are also among the main goals. ⁴ It is of high importance to mention that value creation of an enterprise is just as important as seeking for profit and positive cashflows. The value created provides the main spirit of an enterprise that can be a boost of economic efficiency and motivation throughout the business life cycle. Having a clear vision and mission for a business is inevitable to succeed in long term. The vision is a picture of the future of the enterprise, meanwhile the mission represents the future sense of its existence that the enterprise tries to achieve. Both concepts are indispensable to envision at the beginning stage of an enterprise.

Concerning the typology, we can divide SMEs according to many views and definitions. The European Commission defines micro, small and medium enterprises (SMEs) as firms that have up to 249 employees with a turnover of € 50 million per annum, alternatively a balance sheet amount that does not exceed € 43 million. More specifically, each sub-group has their values:⁵

Table 1 Enterprises by size

The size of the enterprise	Number of employees	Net turnover per annum in €	Balance sheet total in €
Micro	1-9	up to 2 million	up to 2 million
Small	10-49	up to 10 million	up to 10 million
Medium	50-249	up to 50 million	up to 43 million
SMEs as a group	1-249	up to 50 million	up to 43 million

Source: OECD

We can divide micro, small- and medium enterprises as stated by the World Bank Group into 5 sub-categories:⁶

- New subsistence micro businesses that consist of young unemployed or underemployed individuals that start entrepreneurial activities in the aim to self-

⁴ Gajdová, D. – Križan, M. Enterprise and Economics. Bratislava: EKONÓM, 2016. ISBN 978-80-225-4333-0.

⁵ OECD. Enterprises by business size. 2019. [online]. 2021 [cit. 9.11.2021].

Available at: <<https://data.oecd.org/entrepreneur/enterprises-by-business-size.htm>>

⁶ World Bank Group. Typology of Small and Medium Enterprise Needs and Interventions. Finance, Competitiveness and Innovation Insight;. World Bank, Washington, DC. © World Bank. 2019. [online]. 2021. [cit. 9.12.2021]. Available at: <<https://openknowledge.worldbank.org/handle/10986/33908>> License: CC BY 3.0 IGO

employ. These kinds of firms are likely to be informal, low skilled and simple structured with a little to now growth.

- New competency-based SMEs that are established by high skilled entrepreneurs, specialists and professionals in specific fields. These firms do not involve a new business model or innovation.
- Start-ups are characterised as innovation-based businesses with the aim to scale rapidly and utilise new technologies and methodologies. According to the Small Business Administration (SBA) data from 2019, the failure rate for start-ups is 90%. These kinds of businesses need a strong motivation and highly innovative ideas. Those who succeed are ‘gazelles’ in the future.
- Established micro businesses are those that operated for some time. They are likely to operate through online platforms or as business service providers. They are the players of the so called ‘gig economy’ that is a new phenomenon, and it consists of independent professionals, freelancers and consultants.
- Established SMEs are more mature and competency-based businesses and are widely spread all around the World. Out of the five categories this category is the most ubiquitous one. According to ownership, most of the SMEs are family-owned enterprises, which is the area of our focus.

These sub-categories mentioned above are important for the detailed classification of enterprises by size. It creates an in-depth perspective into the structure of the SMEs according to their size. We will continue in the next chapter to further characterise small and medium enterprises within the Slovak economy.

1.1.1 Small and medium enterprises in the Slovak economy

In a long-term perspective small and medium enterprises play an important role in the Slovak economy. They contribute to job creations and regional developments. In the timeframe of 2015-2019 the rate of business activities in SMEs have increased proportionally, specifically to a total of 21.6% in 2019 in this five-year interval. SMEs represent more than 99% of Slovak business entities.⁷ In 2019, the share of small and medium-sized enterprises in employment in the business economy represented 73.8% and

⁷ Malega,P., Small and medium enterprises in the Slovak Republic-Competitiveness of Slovak SMEs in the global market. 2017. ISBN 978-15-225-1950-8.

in the total employment in the Slovak economy this figure was 59.2%.⁸ One of Slovakia's main objectives is to reach the level of the European developed countries in the shortest possible timeframe. SMEs contribute to this goal in a significant proportion, they are drivers of change and boosters of the economic development of Slovakia. On a general basis, they create added value and contribute with innovative ideas to the economy.

The individual size categories of SMEs are characterized by a differentiated sectoral structure. The industry sector has a dominant position in the SMEs with higher number of employees. On the contrary, micro-, and small enterprises are characterized by a higher representation of the construction and services sectors. It can be therefore concluded without a doubt that the Slovak economy has a relatively large share of micro and small enterprises which makes them valuable. Manufacturing is the largest sector of the economy, from which more than half of the companies account for SMEs. If we consider the gastronomy sector, it is almost exclusively composed by small and medium firms. It suggests that the most favourable environment for firms in the sector of gastronomy is in the form of a small or medium enterprise on the territory of the Slovak Republic. The Slovak Republic is characterised by having a high rate of start-ups and belong to the highest rates among OECD countries.⁹ However, this creates a high rate of enterprise failures too. The critical time for such start-ups is said to be a five-year interval. As of 2017, 32% of Slovak firms were two years of age or younger. In general, the Slovak business environment is considered a young market economy. The oldest Slovak firms exist no more than 40 years. All in all, it creates both positive and negative outcomes for SMEs in the territory of the Slovak Republic.

1.1.2 Advantages and disadvantages of engaging in SME business activities in Slovakia

Slovakia has a stable economic and political background and a competitive market economy. The Slovak economy is projected to grow by 4.2% in 2021 and 5.2% in 2022 according to the latest economic forecast summary by OECD (as of May 2021). The country shows a positive tendency for a favourable tax regime and credit conditions, creating an

⁸ Slovak Business Agency. Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic. 2019. [online]. 2020. [cit. 9.12.2021]. Available at: http://www.sbagency.sk/sites/default/files/report_on_the_state_of_small_and_medium-sized_enterprises_in_the_slovak_...pdf

⁹ OECD. Performance of SME and entrepreneurship characteristics in Slovak Republic, 2017. [online]. 2021. [cit. 9.12.2021]. Available at: <https://www.oecd-ilibrary.org/sites/1512564c-en/index.html?itemId=/content/component/1512564c-en>

increased interest in bank financing for all sized enterprises, including SMEs. The workforce in general is highly educated and skilled, with competitive labour costs. All factors presupposed, Slovakia has favourable conditions to engage in small and medium business activities. The SME value added growth is forecast to accelerate in the future with a moderate growth path. Small and medium enterprises will continue to contribute to job creations and stable employment.

It is of high importance to mention some key factors that belong to the disadvantages of SMEs. “Slovakia’s strategy in implementing the Small Business Act has not been consistent, which has affected the performance and progress of SMEs in some key policy areas. To sustain its economic progress, Slovakia needs to make a decisive shift from its current high dependency on the car manufacturing industry, which is foreign-owned and export-oriented, towards stronger integration in global value chains, in-house innovation and digitisation, especially for SMEs. This requires intensive efforts to improve the skills and adaptability of the labour force. At the same time, an effective business environment is needed to spur innovation and encourage the diversification of the economy. Long and complex insolvency procedures, general stigma surrounding failure and the inefficiency of the justice system hamper entrepreneurship ambitions.”¹⁰ In terms of sensitivity to different economic variables, small and medium enterprises “represent the most vulnerable part of the business environment, although the most adaptive. Thus, financing of SMEs relies on specific factors that can sufficiently improve bank readiness for providing needed resources.” Implementing fine-tuning rules and approaches can bring SMEs and the banking system closer together which can improve the performance of this business sector.¹¹ The factors mentioned are, however, manageable and they create an incentive for the future to improve the conditions in favour of SMEs. The disadvantages of such businesses compared to the advantages, are still significantly lower as well.

To conclude all positive and negative aspects, a SWOT analysis helps to understand in more depth the key strength, weaknesses, threats, and opportunities of SMEs in context of the Slovak business environment:¹²

¹⁰ European Commission. SBA Facts Sheet Slovakia.2018.

¹¹ Spivak,R.Creating the right business environment for SMEs.Ukraine.2019.[online].2021.[cit.10.12.2021]. Available at: <<https://www.intracen.org/news/Creating-the-right-business-environment-for-SMEs/>>

¹² Kováč, M. – Malega, P. – Spišáková, E., Small and medium enterprises.2013.Košice.ISBN: 978-80-553-1597-3

Table 2 SWOT analysis of SMEs in the context of the Slovak business environment

Strength	Weaknesses
<ul style="list-style-type: none"> • Stable economic and fiscal environment • Developed and healthy banking sector able to provide credit resources • Membership in the EU and EMU • Ideal geographic location for investment and transit of goods and services within Europe • Continuous growth of the business sector • Relatively low tax burden 	<ul style="list-style-type: none"> • Higher administrative burden of business due to lower level of digitization and computerization of public administration in relation to the business environment • Higher tax payroll of employees • In the past, limited financial resources to implement support programs for SMEs, less developed tools in venture capital • Lower innovation performance of Slovak enterprises in international comparison • Lengthy court activity and related lower enforcement of rights
Opportunities	Threats
<ul style="list-style-type: none"> • Higher emphasis of SMEs on innovation and the knowledge economy • Expansion and innovation of existing financial instruments and application of other financial instruments to provide business support • Government actions for SMEs to reduce the impact of the economic crisis • Systematic education and support of existing and potential SMEs in this area. • Reduction of administrative burden on enterprises • Systematic and rigorous creation of a regulatory environment for business 	<ul style="list-style-type: none"> • Impact of the global financial and economic crisis • Centralization of policymaking and decisions at EU level and related loss of independence in decision-making about certain issues • Depreciation of the currencies in neighbouring countries to the euro and related lower competitiveness of Slovak export in comparison with V4 countries • Brain drains (high-quality labour force) to other markets • Larger lag in innovation and implementation of the knowledge economy

Source: Kováč, M., Malega, P., Spišáková, E., Small and medium enterprises

The table summarises the key aspects that Slovakia is favourable for an SME, but on the other hand it clearly shows the negative side of the business environment across the country.

1.1.3 Competitive advantage of SMEs in general and in the Slovak market economy

With an increased competitive environment where the barriers of free trade become fewer and fewer, small and medium enterprises must think of their competitive advantages. Competitive advantage can be described as a unique value that one business (in our case SMEs) can offer compared to others (in our case their larger counterparts) that offer similar products or services. Competitive advantage is not a new phenomenon, it was well studied in the past by famous economists too, such as Michael Porter, who realised the importance of the concept and used competitive strategy theories in their studies. He said that “Innovation is the central issue in economic prosperity”, which can also be interpreted as the competitive advantage of innovative ideas and the actual usage of them.

There are several obvious differences between SMEs and larger businesses in terms of competitive advantage. Most of SMEs worldwide are owner-managed, which means that there is no pressure from shareholders to increase efficiency or profit. This can create a competitive advantage for SMEs in the sense that they can focus on organic growth rather than being under pressure to accomplish certain turnover levels. It, therefore, indirectly contributes to an increased quality of value creation for customers. With lower number of employees in SMEs compared to bigger companies, they are able to meet the needs for all their employees, the cooperation and strategic planning can be more efficient, and personnel control and overview is easier too. A better structured, well organised workforce boosts the competitiveness of such firms.

In SMEs resources are scarce due to their size and limitations. Entrepreneurs therefore must have a higher effort of ensuring the business to succeed and to eliminate potential obstacles. On the other hand, their size can contribute to their competitive advantages, like greater adaptability to unforeseen changes in the business environment or the elimination of problems and accidents. In a small or medium enterprise one or a very few people are responsible for a whole set of activities, which can be advantageous or disadvantageous. One obvious positive side of this matter is that a smaller group can organise and control the activities that are carried out more efficiently. The communication is easier, and the team management is stronger. Although there are also disadvantages for a small group of people in an organisation, the products can be increased in quality as the focus is on a smaller range of things. When it comes to competition, quality is always preferred.

A huge determinant is SMEs to become competitive in a business environment is the entrepreneurs or owners' attitude and competency. A study made in 2002 identified six competency areas for entrepreneurs: ¹³

- Opportunity competency that recognises potentials and opportunities for the SME
- Relationship competency that emphasises social skills such as communication and cooperation withing the company's employees and other stakeholders
- Conceptual competency that involves the ability of risk taking and decision making
- Organising competency that focused on allocating human, financial, technological, and other resources
- Strategic competency that involves the ability to create and evaluate different business strategies
- Commitment competency that can be explained as the drive for entrepreneurial activities, to develop the company further and be motivated to do so

We can differentiate three important tasks in the entrepreneurial activities that leads to competitiveness. The first task is the establishing the company's competitive scope by examining the external factors that affect the business. The second one is focusing on internal capabilities, such as innovation, quality, cost effectiveness and flexibility. The final one is to set goals for the firm's performance and to consider the connection between the external factors and the internal competencies of a firm. All things considered and implemented as the owner's attitude and personal goals; an SME can stand on a strong competitive base from which competitive advantage can be further developed.

¹³ Man, T. – Lau, T. – Chan, K.F.,The competitiveness of small and medium enterprises: A conceptualization with focus on entrepreneurial competencies. Journal of Business Venturing.2002.

1.2 Family businesses

It generally applies that entrepreneurship should stand at least on two strong pillars, namely financial resp. economic stability and the management quality. As for family businesses, they ought to have one pillar more, and that is family.¹⁴ These three pillars create the ground that the entire family business culture stands on.

Family businesses accounts for more than 60% of European small and medium companies. According to the European Commission there is a European-wide definition of family enterprises, which says that in such businesses “the majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child, or children’s direct heirs. The decision-making rights are either indirect or direct. At least one representative of the family or kin is formally involved in the governance of the firm. Listed companies meet the definition of family enterprise only if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital.”¹⁵ However, it is only the basis of family enterprises.

It is rather elusive to define family businesses, therefore there are numerous definitions that exist to approach the characteristics and essence of them. One crucial aspect that such business can fail on is to differentiate between the three main types of goals of family enterprises, and that are **entrepreneurship**, **ownership**, and **family goals**. Emotions get intertwined with business activities, which are impossible to eliminate, but rather controlled. Concerning the longevity of goals set up, they are usually for long-term as the aim is to continue business activities after generational changes. All in all, we can conclude that family businesses have one thing in common: they have a distinguished atmosphere and culture, and family is the essence of effort and life that can be seen in all business activities.

Lawfully speaking, there is a huge controversy about this topic worldwide. Family business law is not a body of law that is built around the industry the same way that other bodies of law have developed around other industries and types of firms. “Family business law is the practice of business law, with a unique sensitivity to the challenges, goals and

¹⁴ MILECOVÁ, M., Tri piliere úspechu rodinného podnikania. 2011. ISSN 1337-9151.

¹⁵ OECD. Small, Medium, Strong. Trends in SME Performance and Business Conditions. Paris. 2017. [online]. 2021. [cit. 9.12.2021]. Available at: <<https://doi.org/10.1787/9789264275683-en>>

values common to most or all family businesses, and absent in most other businesses.”¹⁶ “In terms of age, size, scope, and legal form, the heterogeneity of family enterprises is large, necessitating and challenging authors to clearly define the segment of these enterprises under investigation in a study.”¹⁷ The creation of a unitary definition such businesses is an ongoing and diverse process, as we can take into account different and diverse aspects. We will try to understand the key elements of family businesses with the examination of the family business environment within the Slovak economy.

1.2.1 Family businesses in the context of Slovak economy

First family businesses in Slovakia had been established mostly in the second half of the 20th century. Although they were not intended to be family firms as a concept, rather firms set up by one person, but with continuous evolution other members of the family merged into the business activities and a new kind of business idea gradually evolved into something we label as a family business. A huge percentage amounts to these businesses concerning the Slovak business environment, more precisely small and medium enterprises that consider themselves as family firms. Yet, controversially enough, there is no legal definition of such businesses, nor official statistics about them in the territory of Slovakia. Slovak family businesses simply do not have as rich traditions as in different countries in which multiple generational changes have already happened throughout the history. The information available concerning Slovak family firms in the territory of Slovak republic is minor and are sourced from various surveys that cover only a sample of entities as well as studies carried out by estimates of professionals in this field. A study, carried out by The Slovak Business Agency about family entrepreneurship in Slovakia, as of 2018, concludes, that family businesses account for 60 to 80% of small and medium enterprises across the country. In terms of legal forms most of them are self-employed entrepreneurs, a smaller percentage of them are limited liability companies or others. One big issue for family businesses in Slovakia is the tax system. As older generations feel the need to transfer their business to the younger ones, the Slovak tax system causes inconveniences since tax obligations are the same for family firms as for other companies.¹⁸ Therefore, improvements

¹⁶ Steen,A.W.What is Family Business law?. 2014.[online].2021.[cit.10.12.2021]. Available at: <<https://www.dwt.com/blogs/family-business-resource-center/2014/02/what-is-family-business-law>>

¹⁷ Melin,L. – Nordqvist,M. – Sharma,P.,The Sage Handbook of Family Business. 2014. ISBN 978-0-85702-363-6.

¹⁸OECD.Performance of SME and entrepreneurship characteristics in Slovak Republic.2017.[online]. 2021. [cit.10.12.2021]. Available at: <<https://www.oecd-ilibrary.org/sites/1512564c-en/index.html?itemId=/content/component/1512564c-en>>

are needed in favour of Slovak family businesses in the succession tax law to create a more favourable environment for them.

Concerning the human capital in family firms it is concluded that, in addition to the founder of such businesses, other family members tend to be involved too. In Slovakia this varies generally between two to five members of the family in one firm. Most of such cases married couple constitute the base of the firm. Other cases, children or parents of the founders are involved in business activities, while extended family members contribute an insignificant amount.¹⁹ However, these characteristics can vary from business to business.

As of 2021 the Ministry of Labour of Slovakia have proposed an amendment to the Act on the Social Economy and Social Enterprises, to define family businesses as a concept and to introduce a mechanism for registering such businesses legally. Family businesses are discussed in two lines of this proposed amendment. The first one regulates the definitional features of family businesses, furthermore it extends into the area of social economy. The amendment also mentions the possibility that a family firm can become a registered social enterprise without having to give up its characteristics. Further details and investigations are not officially mentioned yet about this initiative. As of now, we can see a slow, but steady ongoing process of giving more attention to Slovak family businesses and gradually extend the business law to create a new and more detailed definition of them. It should involve the fact that such firms have a higher purpose in addition to the basic goal of making a profit, which is the development of the family environment. According to the explanatory statement, it is precisely the pursuit of a higher purpose (in case of a social enterprise it is about fulfilling a positive social impact) that unites family and social enterprises. Social enterprises use more than 50% of their profit after tax to achieve a measurable social impact. A registered family business should be obliged to use 15% of this profit after tax in order to strengthen its internal and external relations in accordance with a commitment aimed at maintaining and developing family ties and their impact of the decision-making powers of the undertaking. The legislation of family businesses should have the same features as the legislation of social enterprises in terms of registration for obtaining a lawful term, in this case the term of 'family business', thus making the existence of the sector visible to registered entities. As for the support of family businesses, there is no official discussion nor information available as of 2021.

¹⁹ Diheneščíková, D. Slovak Business Agency. Rodinné podniky na Slovensku. 2020. [online]. 2021. [cit. 10.12.2021]. Available at: <<https://www.podnikajte.sk/manazment-a-strategia/rodinne-podniky-na-slovensku>>

Essential characteristics are to be established by MPSVR SR. The amendment should discuss the definition of the family business itself, the existence of family ties in the family business, emphasis on strengthening and developing family culture and family environment and the existence of the Family Business Council.²⁰

According to the proposal, in a family business, an entrepreneur is a person who:

- is registered in the Commercial Register,
- does business under a trade license,
- is carried out under a non-trade license under specific regulations.

A family business carrying out agricultural activities is differentiated and should be labelled as a 'family farm'.

As a second definition, it is proposed to distinguish members of the family. To this end, they shall be:

- spouses,
- closest relatives,
- siblings,
- other persons in the family who are close to each other.

This definition shall highlight voting rights, participation in the management of the company together with the share on the economic benefit (profit) that are to be achieved.

As of autumn 2021, it remains questionable how exactly will the legislation be accepted concerning our area of interest, which is provisionally proposed to come into force from 01.01.2022. What becomes clear is that family businesses will be in the centre of the attention in Slovakia for the upcoming periods.

General characteristics, however, are widely accepted. The main differences between family firms and non-family firms in Slovakia are on the emotional level, such that family businesses and the management of them tend to be more emotional than other SMEs due to family relations. Their results are more spontaneous and vital, but the support among the stakeholders is rather consistent. Other businesses are characterised as more confrontational with a carefully planned structure. Meanwhile in family firms, equal relationships are preferred, other businesses are keener on setting up some sort of hierarchy

²⁰ Chmelová, M. Slovak Business Agency. Pripravované zmeny v legislative: Rodinný podnik bude definovaný v zákone. 2020. [online]. 2021. [cit. 10.12.2021]. Available at: <<https://www.podnikajte.sk/pripravovane-zmeny-v-legislative/rodinny-podnik-bude-definovany-v-zakone>>

among the management board.²¹ It is obvious that there are some significant differences among family-owned businesses and regular SMEs. Further we will investigate in what extent does the characteristics of a family business create a competitive advantage in favour of them in the market economy.

1.2.2 Competitive advantage of family businesses

As we have investigated in the competitive advantages of SMEs previously, we need to investigate what makes a family business succeed and what are the main competitive advantages of the family SMEs. Is there any difference between regular SMEs and family-owned SMEs that would create a competitive advantage in favour of the family-owned ones?

Emotions are the centre of an organisational behaviour.²² It is obvious that the emotional level of a family enterprise is higher than a non-family enterprise. Can emotions be an indicator for competitive advantage, or they are rather a drawback for business activities? In order to facilitate further knowledge about the emotions as a drive for family businesses, further investigation is needed. Numerous research was concluded in the past and they suggest that emotions influence behaviour and decision making in a business and family-owned enterprises make decisions based on socioeconomic wealth.²³ Socioemotional wealth is a “non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty.”²⁴ Decision making in a family-owned SME should involve the ability to cooperate on a family and business level. Common understanding can be a key drive for such businesses. Therefore, emotionality can be converted into competitive advantage in a sense that the mutual empathy, understanding and stronger bonds among family members create a stronger managerial base. It can, on the other hand, cause problems in a business that results in declined competitiveness. It is a highly individual aspect, and the results can vary from

²¹ Gajdová, D. – Križan, M. *Enterprise and Economics*, Bratislava: EKONÓM, 2016, ISBN 978-80-225-4333-0.

²² Labaki, R. Beyond the Awakening of a “Sleeping Beauty”: Toward Business Models Inclusive of the Emotional Dimension in Entrepreneurship. *Entrepreneurship Research Journal*, 3.2013.[online].2021.[cit.10.12.2021].Available at: <<https://ideas.repec.org/a/bpj/erjour/v3y2013i3p265-276n8.html>>

²³ Berrone, P., Cruz, C., Gomez-Mejia, L. Socioemotional Wealth in Family Firms. *Family Business Review*.2012.[online].2021.[cit.10.12.2021].Available at:<<https://journals.sagepub.com/doi/10.1177/0894486511435355>>

²⁴ Gomez-Mejia, L. – Haynes, K. – Núñez-Nickel, M. – Jacobson, K.J.L. – Moyano-Fuentes, J., Socioemotional Wealth and Business Risks in Family-Controlled Firms: Evidence from Spanish Olive Oil Mills. *Administrative Science Quarterly*. 2007.

business to business, however if a family business understand the advantage of their bonds and emotions, they can attract positive outcomes.

Besides emotions, the support (emotional, financial, organisational, entrepreneurial) among family members that are part of the business activities are usually higher than those with no relation to one other. This implies that the business governance is stronger. Members monitor the company's performance diligently.²⁵ As they work for the same purpose, which is the creation of livelihood for the family, problems such as corruption, forgery and falsity are considerably on a lower level. Family firms are also more willing to accept below target figures when it comes to revenues, performance or activity.²⁶ This enables them to avoid under pressure actions and inconsiderate solution making to resolve the negative outcomes. All mentioned factors what makes such business thrive in a market economy relies on an important factor: the allocation and understanding of power among family members. To create a foundation for this essential matter, we investigate the famous Three-Circle Model that was created for the help of family businesses.

The **Three-Circle Model**, a fundamental framework for family businesses was created in 1978 by Renato Tagiuri and John Davis at Harvard Business School. It is regarded as a game changing model for family-owned enterprises. The model itself was a development of a two-circle model that included the family and the business goals as well as their overlap. It was, however, too brief and little did it contribute to a better understanding of family businesses. The Three-Circle Model consist of three interdependent and overlapping groups: family, ownership, and business. It is used to identify where the key people are located within the firm to avoid confusion in roles and to avoid potential conflicts. The representation of a family business in a three-dimensional space contributes to an increased effectivity in business activities and management. Seven sectors are identified in the model. The owner is located within the top circle. The left circle is for the family members and the right one is for the employees of the company. Individually the sectors are:

- Family members not involved in the business, spouses/partners of owners
- Family owners not employed in the business
- Non-family owners who do not work in the business

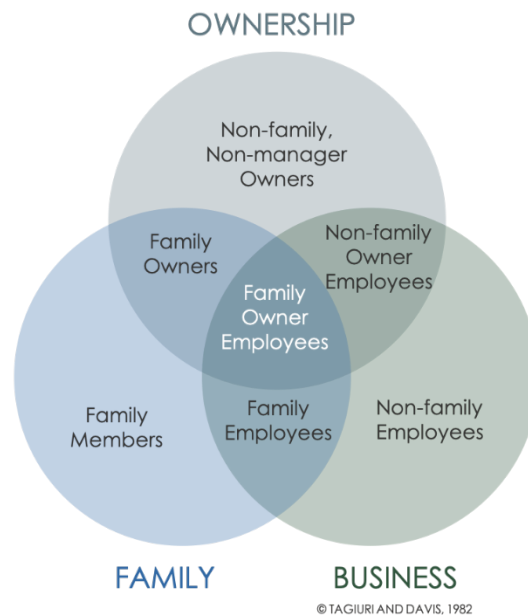
²⁵ Caspar, C. – Dias, A.K. – Elstrodt, H.P., The five attributes of enduring family businesses.2020.[online].2021.[cit.10.12.2021].Available at:< <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-five-attributes-of-enduring-family-businesses>>

²⁶ Gomez-Mejia,L. – Haynes, K. – Núñez-Nickel, M. – Jacobson, K.J.L. – Moyano-Fuentes, J., Socioemotional Wealth and Business Risks in Family-Controlled Firms: Evidence from Spanish Olive Oil Mills. Administrative Science Quarterly. 2007.

- Non-family owners who work in the business
- Non-family employees
- Family members who work in the business but are not owners
- Family owners who work in the business

Graph 1 The three-circle model of the Family Business System

THE THREE-CIRCLE MODEL OF THE FAMILY BUSINESS SYSTEM



Source: Taguiri and Davis, 1982

Concerning the impact of the model since its existence it helped students and entrepreneurs that are engaged in family businesses to transform their organisation into a more powerful one. The model can also help to tackle conflicts. If one circle is struggling, it will influence eventually the neighbouring circle. This way with the help of this simple yet clear overview, problems like this can be tackled easily. It helps to identify what issues occur and helps to answer the question: why did the issues occur in the first place? It is a useful tool for managing the tension that can occur in a family business. Tension in non-family-owned SMEs can occur as well among stakeholders, which can cause declined quality in business outcomes or further problems for the organisation. Due to the nature of the family relations, family-owned SMEs can enjoy the advantage of more efficient problem solving among stakeholder relations. What the model can be used for is the improvement in problem solving that contributes to competitive advantage for such businesses. Overall, it is a

relatively simple model and exists for more than forty years, but recent articles and researchers on family business emphasise that its relevance nowadays is just as important as forty years ago.²⁷

Taking all aspects into account, a well-managed family-owned small and medium enterprise has a significant number of advantages compared to other businesses in a competitive business environment. It is the realisation of this potential that can differentiate such business and create a competitive advantage in favour of them to thrive and be profitable in a long-term.

1.2.3 Disadvantages of engaging in family business activities

Besides the mentioned competitive advantages, there are, on the other side, obstacles a family business might face when setting up or running a family business. To my understanding, there are three main areas such business might lack competitive advantage in:

- Lack of skills
- Family relations
- Leadership based on emotions

The three main areas of obstacles occur since family environment is a special one in all areas of life, so is it in the business environment. As a result, some problems can occur which would not occur in other types of businesses.

If a family member decides to engage in business activities with the involvement of their family in the business, it can occur that unskilled or uneducated family members are assigned positions they are not qualified for or lack the skills that are needed. They are nevertheless “hired” for the position due to family membership, bias over family members competency, or other factors. This situation can cause a negative impact on the business as employees and managers skills are vital for business performances.²⁸ The lack of skills leads to unprofessionalism, stress overload and it has a negative effect on the business. On the

²⁷ Davis, J.A. How Three Circles Changed the Way We Understand Family Business. Cambridge Family Enterprise Press-2018. [online]. 2021. [cit. 10.12.2021].

Available at: <https://cfeg.com/insights_research/how-three-circles-changed-the-way-we-understand-family-business/>

²⁸ Hafani, Hisham and Ibrahim, Sidding. Impact of Employee Skills on Service Performance. International Journal of Science and Research-2018. [online]. 2022. [cit. 04.02.2022]. Available at: <https://www.researchgate.net/publication/330015371_Impact_of_Employee_Skills_on_Service_Performance>

other hand, unorganised leadership style due to lack of skills on the top management can affect the business as a whole and can lead to the decline of the firm's effectiveness.

Family relations are the second biggest factor of business deficiencies. While family relations represent important source of resources as human or social capital²⁹, can be as a stimulus for improvement, but family relations can also have a reverse impact. Tension between family members can unwantedly affect the business activities carried out. Family problems can be easily combined with business matters, which creates a burden of confusion in the life of the business. Clear structure and guidelines can, however, majorly help to face this obstacle.

The last factor of possible disadvantages for family businesses lies on the core fact that such enterprises bear a high emotional level in their leadership style. The business has a sentimental value to its owner/owners and family members. They not only do business, but create a culture and livelihood.

²⁹ Evans A. – Rikard H., Eriksson– Urban Lindgren– Einar H., Familial relationships and firm performance: the impact of entrepreneurial family relationships. *Entrepreneurship & Regional Development*. 2019. [online]. 2022. [cit. 04.02.2022]. Available at: <<https://www.tandfonline.com/doi/full/10.1080/08985626.2018.1514074>>

2 Aim and methodology

The main aim of the bachelor thesis is to characterise Slovak family-owned SMEs followed by a practical analysis of SMEs, specifically chosen family SMEs and non-family SMEs, where we would like to compare theoretical knowledge of Slovak small and medium family businesses with our practical analysis. We would like to propose recommendations for future improvement within this segment. In order to reach the main aim, the following additional aims were inevitable to implement to help us to:

- define key terms that are closely tied with small and medium enterprises, family businesses and family-owned SMEs
- introduce the family and non-family SME environment in Slovakia
- describe advantages and disadvantages of SMEs as well as family businesses
- clarify and provide closer overview of the structure of such enterprises
- highlight key competitive advantages of engaging in business activities within SMEs and family businesses

When writing our Bachelor thesis, we tried to gather information in the field of Slovak SMEs and Slovak family-owned SMEs by using the following **methodology**:

- **Summarization of secondary data:** regarding the theoretical part, we tried to collect relevant literature of Slovak and international publications and online sources in order to fully grasp the characteristics and basic knowledge of SMEs and family businesses. Additionally, we used tables and graphs to illustrate specific data, facts and figures.
- **Summarization of primary data:** the findings of our practical part are based on the conclusion of interviews with selected Slovak companies that are within the gastronomy sector, specifically restaurants. Additional findings are based on a short questionnaire provided to employees working in family-owned restaurants. We aimed to find out the mechanism of Slovak family-owned SMEs, contrast them with their non-family-owned counterparts and understand the engagement in family-owned SMEs in Slovakia by entrepreneurs. The additional aim was to gain an insight into the opinion of employees working within the developing family SME environment to support our findings of the main aim from a different perspective. We have contacted relevant, personally chosen enterprises within Dunajská Streda district and 5 of the enterprises accepted our inquiry to conclude a short in-person interview. Those restaurants will be briefly introduced, and all participants' answers will be concluded in the analysed data. Furthermore, throughout

online platforms we have contacted numerous enterprises' employees working in family-owned SMEs in Dunajská Streda district. Within a time horizon of 2 months, we have received 20 answers to our questionnaire.

- **Interview analysis:** we processed the content of the interviews concluded with 5 approached SMEs in Dunajská Streda district. Thanks to the detailed conclusion and analysis of the content of the interviews and the opinion of our interviewees, we would like to propose recommendations as a guidance for family businesses in Dunajská Streda district. We successfully divided the results of the questionnaire into specific parts in order to find out the opinions and perspective of our respondents with regards to the working environment of family-owned SMEs.

Our practical part is divided into 6 part:

- District outlook - history and introduction of chosen enterprises
- Contrasting family enterprises and non-family enterprises in Dunajská Streda district within the gastronomy sector
- Social and financial cost of an enterprise
- Competition and cooperation among SMEs
- Succession planning
- Employees' perspective

The first 5 part (district outlook - history and introduction of chosen enterprises, contrasting family enterprises and non-family enterprises in Dunajská Streda district within the gastronomy sector, social and financial cost of an enterprise, competition and cooperation among SMEs, succession planning) analyses and conclude the findings of the concluded interviews, while the 6th part (employees' perspective) concludes and analyses the results of our questionnaire established for employees working in family businesses.

The interview questions were established from the point of view of ownership and are focused on finding key concepts, general knowledge, driving forces and opinions of the owners of chosen businesses. The questionnaire established from the employee's point of views aim is to get a core understanding of the inner structure of family-owned enterprises, employees' satisfaction, and business functionality in practice.

3 Results and discussion

3.1 Introduction of selected restaurants and research of their business activities

After an evaluation carried out in the district, almost 8 out of 10 restaurants in Dunajská Streda district is a family-owned small and medium-sized enterprise. As for the fact that an official register of family businesses does not exist, this is only an estimation that is based upon market research, personal and public knowledge of the area. The market size is moderate across the district. Our research concludes answers from 5 restaurants. As our selected restaurants wished to stay anonymous, we will name them in our work **Company 1, Company 2, Company 3, Company 4** and **Company 5**. According to our summary of key characteristics of SMEs, we have concluded the information about the size of SMEs (Table 1). With regards to general characteristics of our sample SMEs according to size, we have found that 80% of our sample belong to small-sized enterprises. Only 20%, therefore one of our sample firms belong to micro-sized enterprises (Graph 4). In general, it can also be concluded, that **100% of our sample firms are on the market for 8 years and more** (Graph 2). With regards to this information, we can say that the opinion of the owners of our sample restaurants is well-developed and stand on stable grounds thanks to their long experience on the market. It was an important aspect for us to interview SMEs that have a significant experience in their field.

Company 1 is a family restaurant is owned by a married entrepreneur couple located in Dunajská Streda. The core and success of the restaurant can be found in the family-oriented business philosophy of such entrepreneurs who are in this field for 20 years. They have established their first corner pizza store in 1999. It was an innovative idea, because no pizza stores existed in the location before. That, as a competitive advantage, pushed forward the business to expand their pizza stores into three more locations. With lack of human and financial capital, the store was opened with the help of the whole family. Therefore, the business philosophy is tightly intertwined with the sense of the family since the beginnings. At the time almost all the employees were family members. According to the owners, the reputation, family engagement of the firm and creating a new so called „pizza society” (as firstcomer to the market) that was not seen in the area before is one of the driving forces that the company is still one of the most successful pizza stores in the region. In 2009 with the

business running efficiently, they opened a fast-food restaurant in a shopping mall, which was also expanded into a chain with one more store in a different location. However, there was a market gap concerning quality dining restaurants. That is when the idea of the restaurant was opened in 2016. The family was a major player in the evolution of the business that initially consisted only of a small corner pizzeria to grow into a luxurious restaurant. On the other hand, the main financial resources due to the diversified revenue channels from all other stores made it possible to establish the new business.

The restaurant (Company 1) opened in 2016. It is oriented on American cuisine, the main area of concentration is quality steaks and hamburgers, however international dishes are also included on the menu. They employ 20 people. Such business according to the definition of the European Commission, makes the restaurant a small-sized family enterprise.³⁰ The owners are the married couple that run the business. Initially, a third partner was also on board, who is also a member of the close family. However, since 2022 the business is run by the couple. The daughter of the owners is also engaged in the business activities. Besides, no other family members are among the employees.

Company 5 is a non-family restaurant in Dunajská Streda and it is owned by a businessman of Hungarian nationality. He established his business 20 years ago on the Slovak market; therefore, he penetrated a foreign business environment to his nationality. According to the owner, his driving force lies in the singular ownership that provides the freedom of creativity and nonreliance on others. They stated that constant changes are important in the business in terms of cuisines and services.

The restaurant opened in 2007. The main cuisine was oriented on local tastes of the Rye Island. Currently 20 people are employed. Therefore, just like Company 1, they belong to small-sized enterprises. Throughout our interview it became obvious that a debate whether to join with another partner in the ownership was never on the plate. A strong trend of independency can be concluded by the answers that were given by the entrepreneur. No family members are employed in the restaurant.

Our research conducted includes other 3 restaurants that wished not to specify their business history in detail. **Company 3** and **Company 4** are located outside of Dunajská Streda within a radius of 30 km. **Company 2** is in the city of Dunajská Streda. Company 3

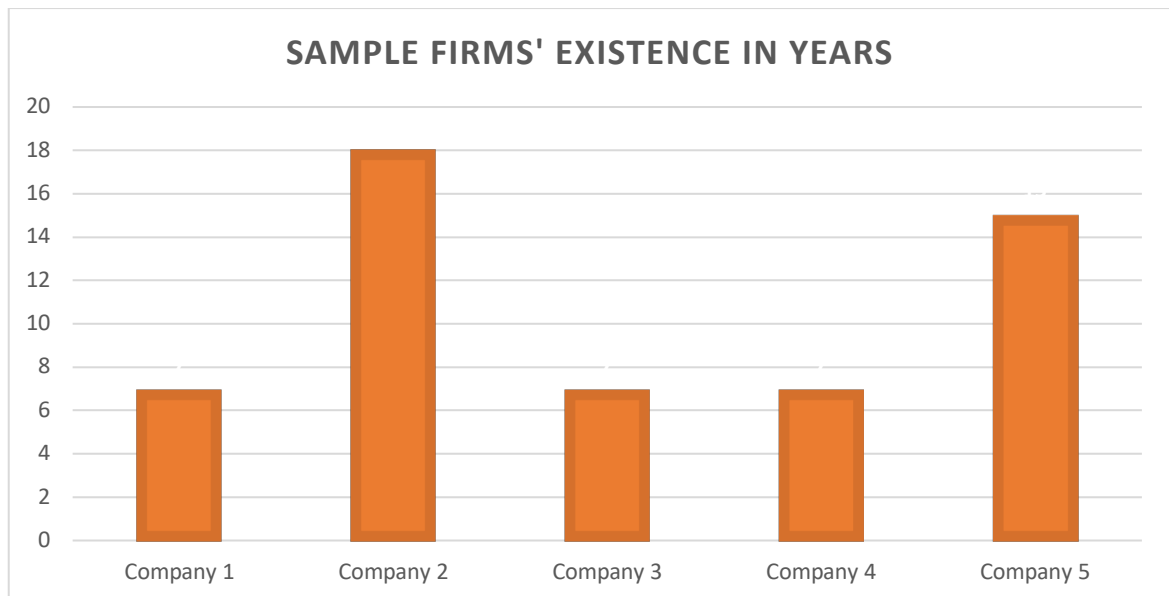
³⁰ SME definition, European Commission,[online].2022.[cit.14.03.2022].Available at: https://ec.europa.eu/growth/smes/sme-definition_en

and 4 operates for 7 years, Company 2 on the other hand has the longest lifetime with 18 years on the market. The two suburban restaurants are oriented on local cuisine, while the one in the city is oriented on continental dining. Only one of them, Company 4 is owned by one person, meanwhile Company 2 and Company 3 are owned by married couples.

The first part of our research concludes a regional outlook - history and introduction of chosen restaurants in Dunajská Streda district and includes information such as business activity, segment of the cuisine, number of employees, length of company's existence, ownership.

To get to know our selected restaurants better, we wanted to find out when did they start their business activities, since how long do they operate.

Graph 2 Sample firms' existence in years

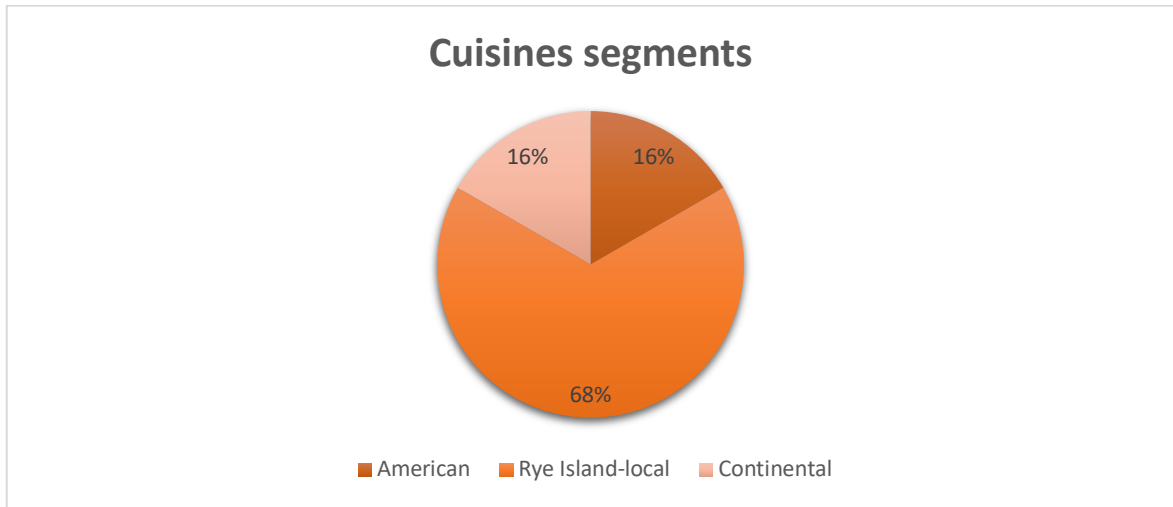


Source: own processing based on interview

It is essential to establish the longevity of existence of our sample firms in order to collect a reliable data. It can be seen, that 3 of our sample firms (Company 1, Company 3, Company 4) were established at the same time. The longest lifetime belongs to Company 2 with Company 5 shortly behind it. Based on the findings, the average length of existence of our sample firms is 10,8 years. We can conclude that our sample restaurants are on the market for a sufficient time to be able to provide us with the most accurate information.

Further, it was inevitable to establish in which concrete segments do our selected restaurants belong to. We asked them to specify the segment of their cuisine.

Graph 3 Cuisine segments

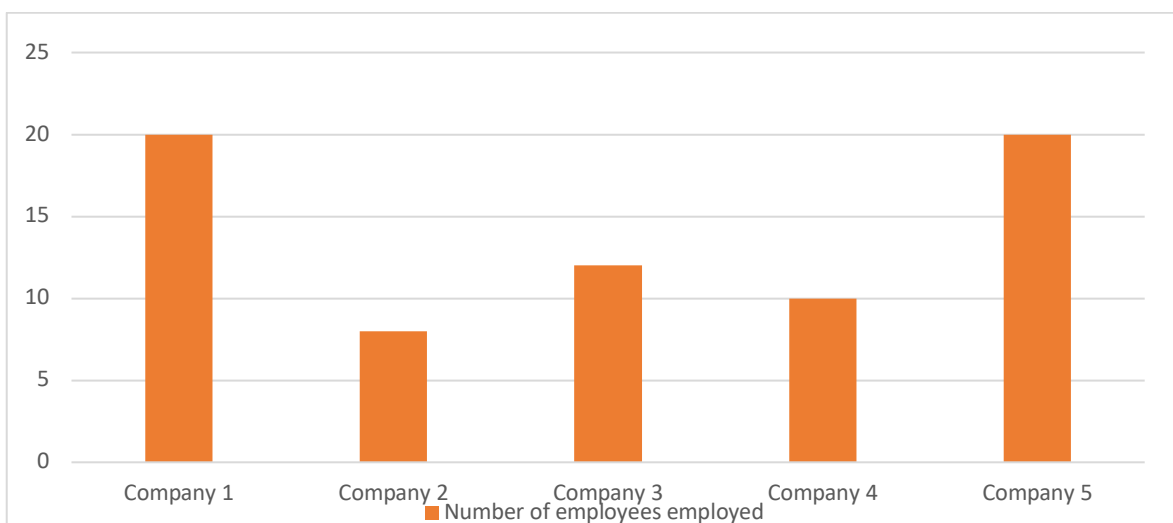


Source: own processing based on interview

The gastronomy sector involves many sub areas and segments to operate in. It is important to know what the concrete segments of our sample businesses are. Most of our sample restaurants (68%) belong to the local gastronomic sector, namely the cuisine of Rye Island, while one belongs to Continental cuisine, and one represents the American cuisine.

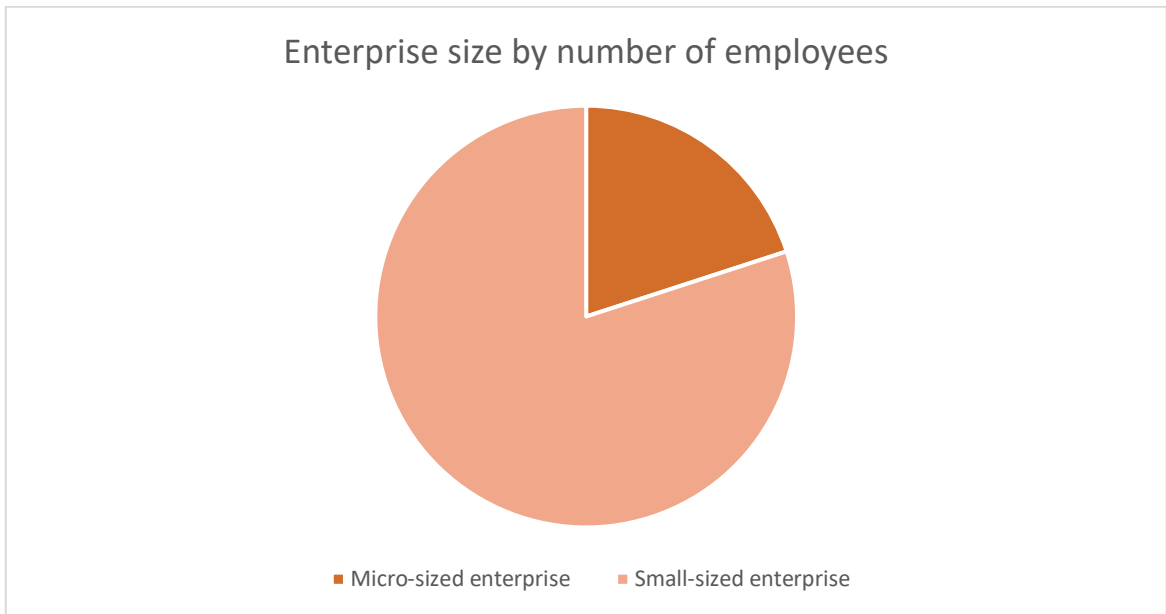
As in our work the size of the enterprise is an inevitable factor, we asked the restaurants to state the number of employees working in their business, therefore we could categorise them according to their enterprise size.

Graph 4 Number of employees employed according to sample restaurants



Source: own processing based on interview

Graph 5 Enterprise size by number of employees

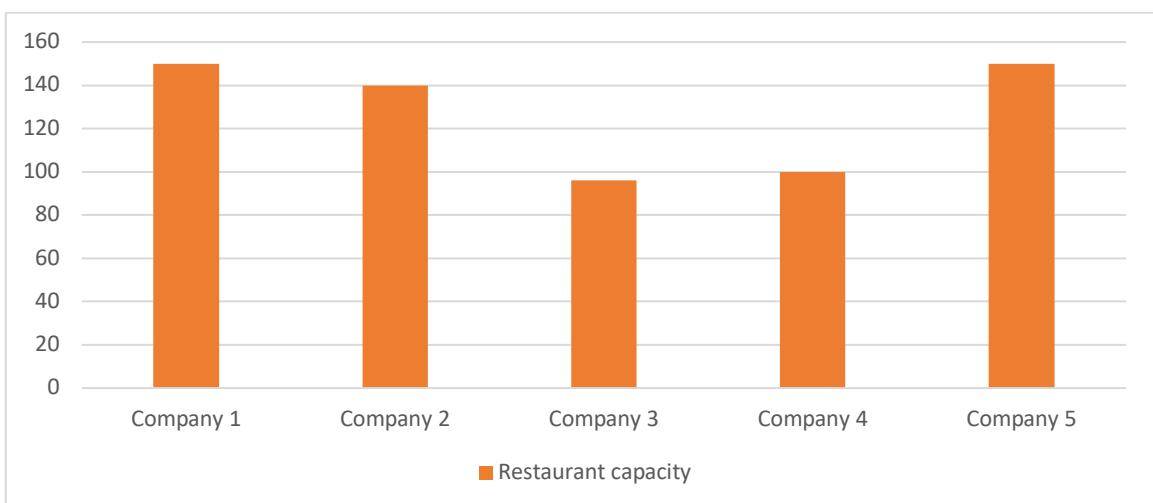


Source: own processing based on interview

One of the most crucial criteria of defining small and medium enterprises is the number of employees employed in each firm. According to the specific criteria that we defined we can recognise the size of a firm. With regards to our sample, 100% of our sample firms belong to SMEs. More specifically, 80% of our sample restaurants (Company 1, Company 3, Company 4, Company 5) are small-sized enterprises, while only 20% represents micro-enterprises (Company 2).

Besides the enterprise size, we researched the interior capacity of customers our selected restaurants bear.

Graph 6 The customer capacity of individual restaurants



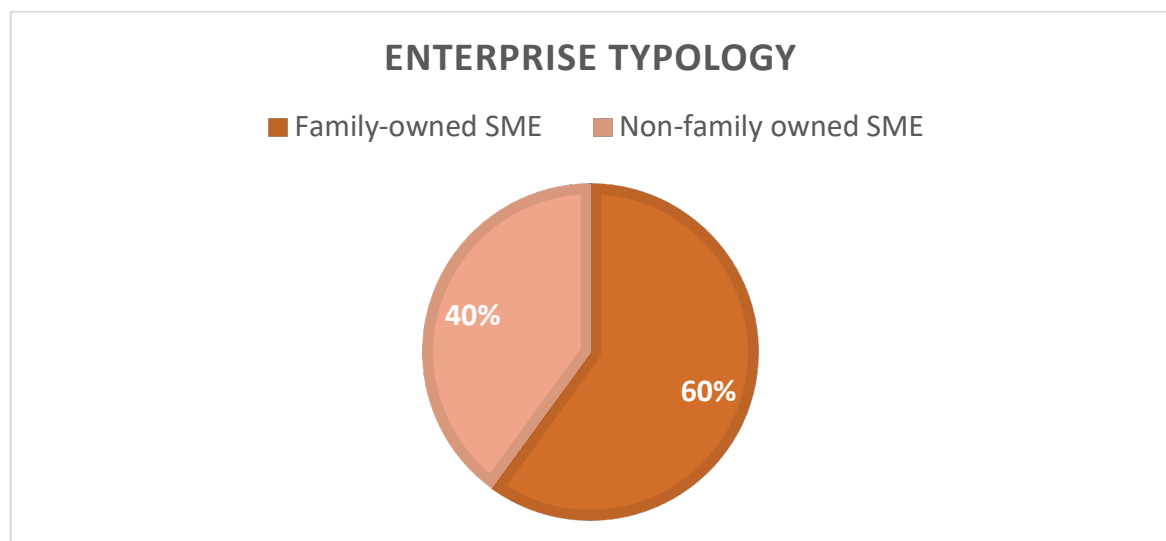
Source: own processing based on interview

When it comes to restaurants, one important feature is the number of places available. It is a key indicator of the volume of a restaurant. Company 1 and Company 5 share the same capacity of customer volume. On the other hand, all our sample restaurants bear a significant amount of capacity in terms of customer volume. There is not a significant difference among them, which means that our sample firms have similar features therefore comparison of them is more accurate.

The second part of our research is dedicated to contrasting family enterprises and non-family enterprises in Dunajská Streda district within the gastronomy sector.

In this part, firstly, we wanted to find out the main indicators of choosing the ownership of our selected restaurants, whether they chose to do business alone, with a partner or with other family members. We also asked them to specify why they chose their ownership style.

Graph 7 Enterprise Typology



Source: own processing based on interview

To find out what is the type of companies we deal with, whether it is a regular enterprise or a family-owned one, it was crucial to ask about the ownership. More than half (60%) of our respondents answered that they are a family-owned small and medium enterprise, while the non-family-owned enterprises were 40%. Our family-owned SMEs are Company 1, Company 2, and Company 3. Our non-family-owned SMEs, on the other hand, are Company 4 and Company 5.

To get a better insight into family business culture, it is crucial to understand why one chose to practice business activities alone and, on the contrary, why they chose to establish a business with other family members. Therefore, this question was a significant step forward in our research. Our findings show clear ideas to consider when it comes to ownership.

During our interviews we also wanted to get an understanding of each restaurants' financial resources. We also asked the owners to what extent are secondary financial resources important when doing business in the gastronomy sector. Further, we wanted to find out what were their main financial resources when opening their restaurant (family monetary resources, own savings, loans, etc.)

We found out whether our sample restaurants use additional financial resources for their business activities. We aimed to get a better understanding of the interconnection of financing and family monetary resources. With no regards to enterprise type, understanding the ways of financing are inevitable to establish what are the key resources of those SMEs in question. When it comes to typology, it can be concluded how a family-owned SME and how a non-family-owned SME finances their business activities. It can also be concluded, if there is an interrelation among typology and financing or whether non-family enterprises use family financial resources privately for their business activities. We gained an understanding of how our sample restaurants gathered financial resources prior opening and nowadays.

Along the interview we also asked whether being a small and medium enterprise carry some sort of benefits. Regarding this question we wanted to elaborate the owner's opinion about the size of their business. There was a strong trend of shared opinion among the sample firms.

We researched whether the owners of selected restaurants would prefer to do a hypothetical new business with extraneous individuals or with family members. This section mainly elaborates the owner's honest opinion whether they would start over their business the same way or differently. 100% of our interviewees stated that they would not change the ownership type of their company, however one of our sample firms elaborated on the idea of starting a business in a different setup.

At the end of the second part, we touched the topic of perceived competitive advantages of each restaurant as a family- or non-family-business. We have established an opinion in the previous questions, however with asking about competitive advantages our aim was to shift the concentration on the current businesses of the owners in question rather than thinking in hypothesis. We have gained an understanding of the perceived competitive advantages as owners of the sample companies.

The third part is focused on the social and financial cost of chosen enterprise types (namely family-owned SMEs and non-family-owned SMEs) within Dunajská Streda district.

In the third part of the interview, we wanted to find out whether family members are involved with business activities. Among family-owned SMEs the question concentrated for employment and ownership, while among non-family-owned SMEs the external support was the main indicator (occasional help, mental support, suppliers that are somewhat family members, etc.).

We asked the owners whether family is an important factor while doing business and if so, whether according to them it affects the business activities carried out. Business activities are affected by various factors with no regards to typology. This question dissects a private opinion of owners in question about the impact of their families on the daily business activities. Naturally the answers of family SMEs compared to non-family SMEs were different, however intersections were seen as well.

When we elaborate failure of enterprises, multiple aspects are considered. We wanted to find out specifically whether according to the owners perceptive to what extent can family relations contribute to enterprise failure. We also asked them to elaborate on their answers and give specifics about their own perceptions.

The fourth part of our research analyses the competition and cooperation among SMEs and family-owned SMEs within the Dunajská Streda district.

To be able to establish an opinion about competition among chosen enterprises, we asked about conceived competition and cooperation among each other. We further asked whether they support each other on any level and to elaborate an opinion in detail about cooperation.

Table 3 Conceived competition and cooperation in selected SMEs

	Do you conceive your competition?	Do you cooperate with other restaurants?
Company 1	No, we do not.	Yes, we cooperate moderately.
Company 2	Yes, we do.	No, we do not cooperate.
Company 3	Yes, we do.	Yes, we cooperate.
Company 4	No, we do not.	No, we do not cooperate.
Company 5	No, we do not.	No, we do not cooperate.

Source: own processing based on interview

The fourth section analyses the competitive environment of our sample businesses. It researches the perceived competition by owners and aspects of competition according to typology. According to our research, two of our five sample restaurants (Company 2 and Company 3) perceive a direct competitive environment. Company 2 and Company 3 are geographically the furthest restaurants among all our sample restaurants and are located in the same geographic area. It is therefore on debate, whether the perceived competition is tied with geographic differences among our sample firms. All other three restaurants showed only a slight amount of presence of perceived competitive environment, which indicates that the competition among them is not tense.

The fifth part, equally the last conclusions of the findings of the interviews, explain the chosen business's succession planning and their different mechanism.

In family businesses succession planning is inevitable to ask. We wanted to find out what our selected non-family businesses have in mind when it comes to succession planning.

Table 4 Succession planning in selected SMEs

	Planned succession		Succession not planned
	In family	Outside family	
Company 1	x		
Company 2	x		
Company 3	x		
Company 4	x		
Company 5			x

Source: own processing based on interview

Table 5 Succession planning in SMEs as expression in %

	Succession planning	Succession not planned
Family SMEs (3)	100%	0%
SMEs (2)	50%	50%
Family SMEs and SMEs (5)	80%	20%

Source: own processing based on interview

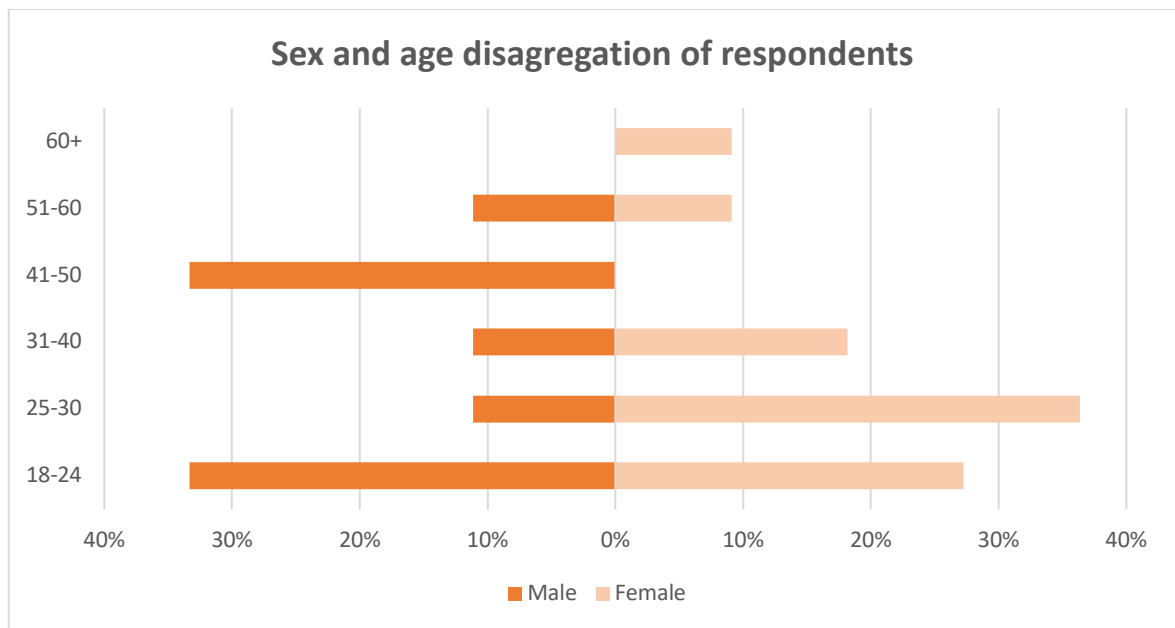
When we defined family businesses, one important aspect was the succession planning. For such enterprises, it is a key indicator if we want to understand the business structure and culture. To be able to conclude useful data, we contrasted the gathered insight with non-family SMEs to be able to see the succession plans according to typology. We found that family-owned restaurants focus more on the question of succession planning due

to family involvement and emotional attachment to their businesses. Our non-family-owned restaurants were hesitant and undecided with the answer for this question.

The last part gathers the information from our questionnaire and summarises employees' perspective that work in family-owned SMEs in Dunajská Streda district and provides further information to support gathered data in the first 5 parts of our research findings.

We have targeted our questionnaire to employees that are working in family-owned businesses in the selected district. Our favoured segment was family restaurant employees, but all types of responses were considered. We have managed to gather 20 responses for our questionnaire. Further we will briefly introduce the demographic profile of our respondents.

Graph 8 Sex and age disaggregation of respondents

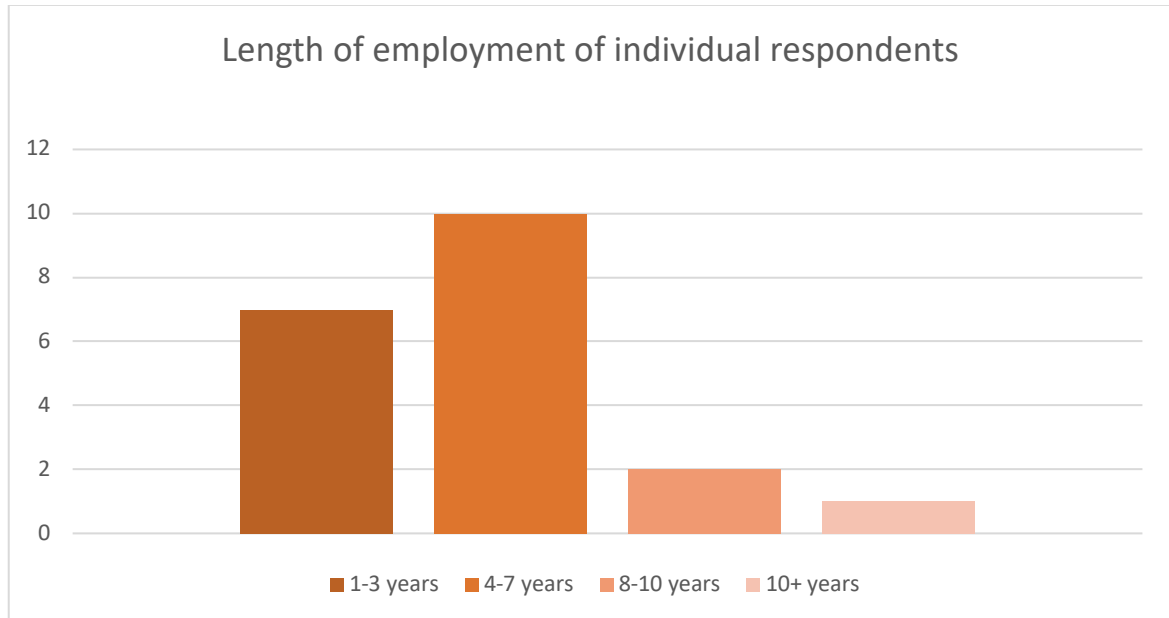


Source: own processing based on questionnaire

According to Graph 8, most of our respondents fall into the age group of 18-24, followed by the age group of 25-30 and 41-50. As shown in the figure, the respondents fall into each of the age groups selected, which means the answers for our questionnaire is diverse on the level of sex and age range.

Further, we wanted to find out our respondent's length of employment and position in the given firm.

Graph 9 Length of employment of individual respondents



Source: own processing based on questionnaire

Most of our respondents work in their position for 4-7 years. The average employment length of our respondents is 4,7 years. We can conclude that our respondents have enough experience in the workplace to have a clear opinion about our researched topic. The answers of roles within the given businesses are diverse, however as we have targeted mainly employees working in restaurants, all the roles our respondents described are within employment in a restaurant. Such roles were: waiter/waitress, restaurant manager, head chef, sous chef, assistant manager.

Later, we wanted to establish our respondent's opinion on specific questions and topics. Elaborated findings will be described in the section 'Discussion and analysis of individual responses according to specific criteria'.

3.2 Discussion and analysis of individual responses according to specific criteria

The main aim of our interviews was to analyse the effectiveness of small and medium-sized family businesses compared to non-family counterparts in Dunajská Streda district, highlight the dealbreaker points of a firm and how family firms succeed certain stages that a non-family firm might not. We have analysed the organisational structure, business structure and relations within the firm. The interview we have conducted consisted of different approaches to gain an insight into the world of family business culture. Additionally, through our questionnaire we gathered useful information to support our research. In the following part we would like to summarise our findings and state recommendations and opinions.

3.2.1 Contrasting family enterprises and non-family enterprises within the local gastronomy sector – the power of family firms

We aimed to find out our respondents perceived power of business in accordance with ownership style. As illustrated in Graph 5, 60% of our sample firms are family businesses, while 40% of them are non-family-owned enterprises. When we asked the family businesses about the reason for engaging in business activities with family members, the most common reasons were **trust**, **legacy**, and **support**. Our respondents expressed the importance of family connection as a base for trust in a partnership. In general, the responses showed a trend of not trusting external individuals enough to involve in business matters as well as ownership for long term. Our other segment, the non-family-owned SME group on the other hand places trust on no one rather than themselves as owners. It can be concluded, that doing business in such way is rather an individualistic approach. We also concluded that non-family business owners in our sample restaurants do not express their opinions on such emotional level as the family business group. As we described in the theoretical part the characteristics of family businesses, we mentioned emotions as one of their key features. Throughout our interview with family business owners, such emotional levels could be perceived when they expressed their opinions about any topic related to their business. Company 1 and Company 2 are family businesses since the establishment of their business. However, Company 3 started their business activities with an external person for an interval of 1 year. Afterwards the owner realised that doing business within family borders is more beneficial to them for long term.

3.2.2 Social and financial cost of selected enterprises

Later we wanted to find out social costs and actual financial costs our selected businesses carry. According to our researched family restaurants, the main **social costs** are broadly consistent with private matters such as tension among family members. Our finding about those family business' main social drawback was common among all our interviewees. Families that carry out family business activities do not have a specified work time. Work time does not end them at the actual workplace, but they discuss business matters at home, on vacations and their private life is directly affected by this problem. Some interviewees expressed that this creates conflicts in private life and problems with management of own free time as well as quality family time. On the other side of the equation, our researched non-family-owned businesses do not deal with such problem. It became obvious that for those entrepreneurs having no family members involved in their firms a clear border between family matters and business life exists. This enables them to save more focus on the business environment as well as on quality family time separately. This aspect, therefore, is a mayor throwback for family businesses.

Moving on to the **financial costs**, both types of enterprises showed different key aspects. Family businesses described collecting their financial resources easier due to the diversified monetary channels such business might have (loans, own financing, family monetary resources), mainly at the opening stage of their restaurants. In such cases, all our family businesses acquired family monetary resources while opening their business, which enabled them more financial resource and freedom to start their business activities. In contrast, our non-family-owned enterprises expressed a financial burden along their business activities. They run their businesses alone, which means they bear all the financial responsibilities. When seeking for financial resources, the only way is through a bank or private savings. This creates some obstacles to face for such businesses.

Considering both social and financial costs, it is possible to conclude that both types of enterprises bear some drawbacks on either side. It is rather individualistic, which obstacles are easier faced by owners in question. Nevertheless, it can be concluded that the initial financing of family businesses is more efficient due to the diversified money flows.

3.2.3 Competition and cooperation among SMEs and succession planning

Looking at the questions in relation to the **competitive environment**, the results are rather controversial. The conceived competition of individual researched businesses is illustrated in Table 3. On a general basis, high competition among businesses occurs as the presence of similar businesses in each area is high. However, in our case only moderate level of competition is perceived by our interviewees. Unexpectedly, Company 3 that stated to perceive high competition also cooperates with other family enterprises. Further findings could not be concluded as long comments were not provided by our interviewees concerning this topic.

Taking a closer look on the responses about **cooperation**, we can conclude a moderately clear trend among our sample firms. On a general basis, family businesses tend to cooperate with other family businesses on a higher level than non-family businesses do. Company 3 stated that, in fact, the cooperation among family businesses in their area is on a higher level. They described this process as 'helping each other out if needed' among other family restaurants in this specific location, for example with scarce raw materials, suggestions, and opinions. Other family firms in our sample mention occasional help to each other. Those are also closer to the main centre of Dunajská Streda district, which is also Dunajská Streda. One possible reason for this can be the increased competition in the focal point of business life in the district. Throughout the interviews it became clear that with increased perceived competition, less cooperation is present among family enterprises.

The last section of this part is dedicated to understanding each firms' **succession planning** and the correlation among their business types. Individualistic opinions about the planning of a successor can be seen on Table 4 and Table 5. The table demonstrates that 100% of our researched family businesses consider their succession planning. Most of our immediate responses on the question who the successor will be was their child/children. All our asked family businesses aim to keep the family traditions of their businesses alive as it has sentimental value to them. However, when it comes to non-family businesses, the answers are contrasting. One of our respondents of non-family business, Company 4 plan their succession of their business to stay within family. It is proven therefore, that a non-family business can involve family after retirement or other events. Our other non-family business respondent (Company 5), meanwhile, strictly avoids the planning of succession in their business activities. A rather formal than emotional approach is evident in this case.

3.2.4 Employee's perspective

The general demographics of our respondents to our questionnaire is illustrated in Graph 8 and Graph 9. Our demographic group is diverse. The age range is in between 18 to 60+ years, both female and male respondents participated. Due to this diverse demographic background, we achieved important feedback from employees of all age and sex, which contributed to the quality of our research.

When asked about the general **perception of their work environment**, strong trend of answers expressed the presence of a familiar working environment. Since we research family businesses, these answers are justified by that fact. Some respondents stated that the presence of owners is strong, however some aspects of business life is not on a strict level. We wanted to find out further issues with the mentioned presence, therefore we asked our respondents whether they have a direct insight into the private life of the owner/owners and if so, does it affect the business activities. 85% of our respondents answered that they do have an insight into the owners' personal matters and life. Out of those whose answer was 'yes', approximately 25% stated that it affects the business activities at least on a moderate level. It implies that in fact, family businesses have the characteristics of a rather **informal structure** of business, where little to no division of personal and business life exists. However, as not all our respondents stated that it affects the business activities, it is rather individualistic on a given firm and its structure as well as the leadership style of the owner/owners. It does not necessarily mean, therefore, that a family business is unable to manage this issue effectively.

Further, we were curious about the **personal satisfaction level** of working in family businesses and its reasons. Firstly, we researched whether some of the employees in question have ever worked in a non-family business before. 95% of our respondents stated that at some point in life they have worked in non-family businesses. Out of those, a further 95% prefers to work in the family business rather than a non-family business. It clearly indicates that the general viewpoint of our respondents on working in a family-owned firm is positive.

To justify our findings, we established further in-depth questions to find out more information about the culture of family businesses. We asked our respondents whether they feel an **affiliation** to the workplace they currently work at. 85% of our answers showed a positive result of being part of the business culture. We established a scale of importance of belonging in the business culture of a given firm. It became evident that from an employee's perspective a sense of belonging and being part of a collective team is inevitable. Employees

satisfaction in the workplace boosts the efficiency of business activities that are carried out; therefore it is with no doubt an important factor of productivity.

Later, we wanted to determine a perceived hierarchy at the workplace and the understanding of everyone's roles within the firm. We have achieved a surprising outcome, where 100% of our respondents stated that the structure of roles is clear for everyone within the firm. The hierarchy stated on a general basis consists of the 1. Owner, 2. Head Chef, 3. Manager.

Lastly, we aimed to get a better understanding of elaborated answers by our respondents. We asked about advantages and disadvantages of working in a family business. We also highlighted whether the emotional driven leadership is a driving force or a drawback in the daily life of the firm. At the end, we asked our respondents to suggest possible improvements in their workplace concerning ownership structure/family involvement in the business. It has been found that the main positive factors of working in such firm include:

- Quick and easy problem solving within employees and employers
- Understanding and empathetic leadership style
- The sense of security and familiar environment
- Common goals and visions
- Effective cooperation within the work team
- Higher level of appreciation among employees and employers

On the other side, some negative aspects were mentioned such as:

- Insight into the personal life of owners
- Lack of strict structure
- Conflicts within family members
- Confusion of personal and business matters

Among further recommendations and comments, we found that employees suggest a stricter work and role structure as well as a better management of personal matters outside of workplace. Most of the recommendations were focused on improved conflict solving and increased patience among all members of the business.

Overall, we can conclude that there is a positive trend along the satisfaction level of employment within family businesses. Employees prefer to work in such environment, where they feel understood, they feel paid attention to and have a sense of belonging. Some drawbacks were stated which are useful information for further improvement of workplace matters in such enterprises.

After our careful evaluation of our research of our sample firms, we established a SWOT analysis of family businesses in Dunajská Streda district to provide a compact information of their features, mainly their strengths, weaknesses, opportunities, and threats.

Graph 10 SWOT analysis of selected SMEs



Source: own processing based on interview

The advantages and disadvantages of our sample family businesses are represented in Graph 10. The main driving force for such enterprises is the emotion driven leading, as well as the sentimental value such business carry to its owners and members. Diversified financial resources between family lower their financial burden and the weight of financing the business alone. Among key weaknesses on the top could be mentioned the lack of structure due to a more personal and direct approach of doing business. Amidst the opportunities of a family business, we can mention their strong culture that surround them. The cooperation of team members as well as family members is on a much higher level than in other types of businesses. Such advantage can be used in order to boost efficiency and profitability. We must not forget to mention the emotional and financial support of family of such enterprises. Nonetheless, the main threats of family businesses are their non-family-owned counterparts that have a more formal and strict approach of leadership. One threat of such enterprise can occur due to the lack of free decision making in a family, where everything is discussed among members on a general basis. Being individualistic in such enterprise is not widely practiced.

3.3 Recommendations based on the analysis of individual responses, interviews, and questionnaire

As a result of our research, we found that family small and medium enterprises in Dunajská Streda district have a strong and influential culture. However, there are areas that the management of such enterprises lack some features that their non-family counterparts have. To provide crucial information to these enterprises for future development and improvement of business activities – based on the detailed analysis of interviews and responses for our questionnaire –, we would like to propose the following recommendations:

Our research of family-owned SMEs indicates that it is **recommended for future entrepreneurs to engage in business activities within family**, as it creates such security and comfort that one is more confident to launch a firm. Diverse financial resources ease the burden of meeting the financial needs for a start-up. Therefore, **we encourage entrepreneurs to encounter family ownership**. Not to mention the fact that the creation of a family legacy will not only benefit the current family members, but it might **carry sentimental of financial benefits** for the upcoming generations in the future as 100% of our sample family firms plan their succession within family.

Secondly, the interviewed owners' opinions and debate on specific topics might help other owners that are struggling to create a sensible structure for their own enterprises. In case of inefficiency of own businesses, those entrepreneurs can have a **sample case study of how the two types of ownership styles affect SMEs in Slovakia** and they might consider changing their own structure to a different one. We recommend struggling entrepreneurs of non-family businesses to consider the choice of **involving family members** in their businesses, as it might be the key to their success.

Further, we would like to highlight that the outcome and the sense of our work can be used as a **guideline for other family-owned SMEs within different segments** such as hospitality sector, industry sector, other service providers, etc. Our **research** and Graph 10 that represents our **SWOT analysis** of employee's perspective working in family businesses (which in our work consisted of workers in restaurants) can be a **useful tool** for any types of family enterprises to understand the key weaknesses such enterprises bear so that they can focus on those matters. It is also inevitable to understand the strong points to use them for

own benefits for prosper. **As 95% of our respondents stated that they prefer working in a family firm**, it creates a **wider potential** in gathering employees. Majority of our respondents stated that they work in their current employment within the range of 4-7 years, which according to our research indicated that employees in family businesses stay for long-term. That is of no question a benefit for employers.

Later, we concluded smaller recommendations concerning the structure of family SMEs. A chaotic hierarchy is a burden to these enterprises to establish a strong foundation for the firm. Therefore, a key priority should be for such enterprises prior to establishing a family business to create a **structure of positions within family members**. There are numerous practices that can be used for the planning of a business structure, for example in our theoretical part we describe 'The three-circle model of the family business system' by Taguiri and Davis (Graph 1). Such model can be used in practice to lower the tension among family members involved in the business. Furthermore, it creates a clear idea of belonging into the business structure.

In addition, a clear vision and structure of business model is essential to maintain a straight-forward leadership style that does not confuse employees nor other stakeholders within the business. As one of the drawbacks in family businesses is the lack of strict structure, such problem would be tackled by a **careful evaluation** prior launching the business. It is worth to investigate into these matters before the launch because it will create a base guideline for everyone within the business. Frequent meetings and **feedback sessions** could provide feedback of opinion of all employees as well as employers about areas that are worth improving. Nonetheless to say, such option improves the quality of the employees' outcomes as they feel they have a voice and are listened to. Above all respect toward one another should always be on the first place.

Lastly, owners should **differentiate their personal life from business matters** as it will improve the overall quality of life within and outside of the firm. Their most important duties are strengthening of own personal traits and understanding key duties and values they have to project on the business. Nowadays, numerous resources exist on how to manage and gain entrepreneurial knowledge and how to convert it into practice to achieve the best possible outcomes. Patience and communication among family members should also play an important role.

4 Conclusion

Our bachelor thesis was concentrated on the **characteristics of family-owned small and medium enterprises in SR** with the help of the characteristics of non-family-owned SMEs and comparison of these two types of enterprises, followed by a practical analysis of selected SMEs within a chosen district and recommendations for improvement of family-owned SMEs. We found that family-owned SMEs have a strong culture across SR and contribute to the national welfare significantly. Such enterprises contribute to the gross domestic product and healthy employment level.

Since little to no official guideline or code of law exists in SR about family businesses, and because of their major role in the Slovak economy, it is crucial to support these enterprises and help them with guidelines to improve their business activities. Subsequently, they need recognition by the government. Despite of their huge unofficial market share, they are not recognised as a sector, as of 2022. We believe that the establishment of Slovak Family Business Act would improve their prosperity for the future.

Our emphasis was put on finding out more about small and medium sized family businesses in SR in a chosen district. Our analysis of non-family-owned SMEs contributed significantly to our findings about family businesses in the selected district. We established clear ideas, strengths, and weaknesses of such enterprises, which can help them to further develop. We further created recommendations for other entrepreneurs that can be used as a helpful guideline to shape their own business activities in their own favour.

Our bachelor thesis helped us to have a deeper insight into the area of family business culture and its values and problematics. Our main conclusion is that, hypothetically speaking, with the introduction of family businesses officially to the Slovak market, their structure will improve, more entrepreneurs will engage in business activities within family and **family businesses** can become a leading business type in the Slovak Republic.

5 Resumé

Rodinné podnikanie má po celom svete dlhú históriu. Prvé rodinné podniky sa objavili v Spojených štátoch a čoskoro sa rozšírili po celom svete. Dnes predstavujú veľké percento MSP, a preto majú kľúčovú úlohu vo všetkých krajinách. Problém, s ktorým sa však **dlhoveké dynastické rodiny** v rámci MSP musia vysporiadať, je ako si udržať svojho podnikateľského ducha po celé generácie. Hoci je to otázka, s ktorou sa podnikatelia rodinných podnikov musia vysporiadať sami, my sa k tomuto problému snažíme pristupovať z praktického hľadiska a na základe nášho výskumu navrhnúť niekoľko rád a užitočných tipov pre jeho riešenie.

Rodinné podniky na Slovensku tvoria značné množstvo malých a stredných podnikov. Jednoznačne sú dôležitým faktorom rozvoja slovenskej ekonomiky. Vzhľadom na to, že v SR neexistuje takmer žiadny oficiálny zákon o rodinných podnikoch, napriek ich významnej úlohe v slovenskej ekonomike, nevyhnutná je ich **podpora a usmernenie** na zlepšenie ich podnikateľskej činnosti. Následne, rodinné podniky potrebujú oficiálne uznanie vládou a spoločnosťou. Nevyhnutné je aj uznanie takýchto podnikov ako súčasťou podnikateľskej kultúry v Slovenskej republike. Preto sme cítili, že venovať našu prácu tomuto segmentu má veľký význam.

Hlavným cieľom našej práce bolo charakterizovať Slovenské malé a stredné podniky v rodinnom vlastníctve pomocou praktickej analýzy MSP. Vybrali sme rodinné MSP a nerodinné MSP a porovnali sme naše teoretické poznatky o slovenských malých a stredných rodinných a nerodinných podnikoch s našou praktickou analýzou. Navrhli sme odporúčania pre budúce zlepšenia v tomto segmente, ktoré môžu byť užitočné pre podnikateľov a taktiež jednotlivcov, aby získali prehľad o kľúčových problémoch a svete rodinných firiem.

Naša bakalárska práca je rozdelená do 3 hlavných kapitol. **Prvá kapitola** charakterizuje MSP a rodinné MSP, výhody, nevýhody a konkurenčné výhody. Vďaka teoreticko-ekonomickým znalostiam popisujeme kľúčové pojmy a charakteristiky podľa odbornej literatúry a elektronických zdrojoch. Správne porozumenie kľúčových pojmov ako malé a stredné podniky, rodinné firmy, podnikanie na Slovensku a konkurenčná výhoda boli pre našu prácu veľmi dôležité. Potrebovali sme zdôrazniť úlohu rodinných firiem aj v MSP, aby sme lepšie porozumeli ich úlohe v ekonomike. Uvedené definície nám pomohli pochopiť

problém, ktorý sme riešili. Podrobne sme opísali rodinné MSP v slovenskom kontexte, čo nám dalo základ pre náš výskum. Spomenuli sme prístup *The Three Circle Model* (by Renato Tagiuri, John Davis), aby sme poskytli postoj k štruktúrovaní rodinných podnikov v rámci MSP. Súčasťou práce bolo zvýraznenie kľúčových myšlienok o rodinných aj nerodinných podnikoch, aby sme ich mohli porovnať a vyvodit' závery.

V druhej kapitole je popísaný náš hlavný cieľ bakalárskej práce a podrobný popis našej metodológie s čím pristupujeme k interpretácii nášho výskumu. Výskum sa skladá z dotazníku a z piatich rozhovorov s majiteľmi vybraných slovenských rodinných a nerodinných MSP vo vybranom okrese Dunajská Streda. Spôsob realizácie našej práce a postup k cieľnemu výsledku sme uskutočnili pomocou uvedených krokov analýzy.

Tretia kapitola obsahuje výsledky nášho výskumu, konkrétne sumarizáciu uskutočnených rozhovorov, ako aj závery z nášho dotazníka poskytnutého zamestnancom. Uskutočnili sme 5 rozhovorov, z toho 3 rodinné firmy a 2 nerodinné firmy. Rozhovory sa uskutočnili s majiteľmi. Do nášho dotazníka sme tiež zhromaždili 20 odpovedí od zamestnancov pracujúcich výlučne v rodinných reštauráciách. Vďaka analýze individuálnych odpovedí sme zostavili naše zistenia a odporúčania. Naše kritériá boli počet zamestnancov, typ vlastníctva, zamestnanecká štruktúra, konzumná kapacita jednotlivých reštaurácií a názor vlastníkov na určité otázky. Pri prieskume zamestnancov sme zistili ich názor na prácu v rodinnej reštaurácii a taktiež ďalšie aspekty. Po dôkladnom zhodnotení sme uviedli niekoľko odporúčaní, ktoré môžu byť užitočné pre budúcich podnikateľov zapojených do rodinných podnikateľských aktivít v gastronómii a tiež pre rôzne sektory rodinného podnikania.

Jedným z výsledkov nášho výskumu bolo zistenie, že **rodinné malé a stredné podniky v okrese Dunajská Streda majú silnú a vplyvnú kultúru**. Náš prieskum rodinných malých a stredných podnikov naznačuje, že budúcim podnikateľom sa odporúča zapájať sa do obchodných aktivít v rámci rodiny, pretože človek má väčšiu istotu pri zakladaní firmy. Podnikateľom z nerodinných podnikov, ktorí majú problémy, sme odporučili, aby zvažili možnosť zapojenia sa do podnikania rodinných príslušníkov, pretože by to mohol byť výhodný spôsob, ako zlepšiť ich podnikanie.

Taktiež náš výskum a **SWOT analýza**, ktorú sme vytvorili z pohľadu zamestnanca na prácu v rodinných podnikoch (ktoré v našej práci tvorili pracovníci v reštauráciách), môžu byť užitočným nástrojom pre všetky typy rodinných podnikov na pochopenie kľúčových slabín, ktoré takéto podniky nesú, aby sa mohli zamerať na tieto záležitosti.

Jedným z našich dôležitých odporúčaní bolo vytvoriť hierarchickú štruktúru v rámci rodinných podnikov, pretože podľa zamestnancov môže byť nedostatočná štruktúra záťažou pre efektivitu. Je to dôležité aj preto, aby sa predišlo konfliktom v rodinných podnikoch. Jasná vízia a štruktúra obchodného modelu je nevyhnutná pre udržanie priameho štýlu vedenia, ktorý nezamieňa zamestnancov ani iné zainteresované strany v rámci podniku. Navrhli sme časté tímové stretnutia, ktoré by mohli poskytnúť spätnú väzbu názorov všetkých zamestnancov, ako aj zamestnávateľov na oblasti, ktoré je potrebné zlepšiť.

Naše posledné odporúčanie zahŕňalo, že majitelia by mali odlíšiť svoj osobný život od obchodných záležitostí, pretože to zlepší celkovú kvalitu života vo firme aj mimo nej. Ich najdôležitejšími povinnosťami je posilnenie vlastných osobných črt a pochopenie kľúčových povinností a hodnôt, ktoré musia premietnuť do podnikania.

Naša bakalárska práca nám pomohla hlbšie nahliadnuť do oblasti kultúry rodinného podnikania a jej hodnôt a problémov. Zistili sme názory na zainteresované strany v rámci rodinného podniku, čo bolo kľúčovým prvkom pre lepšie pochopenie sveta rodinného podnikania. Naším hlavným záverom je, že s oficiálnym uvedením rodinných firiem na slovenský trh sa zlepší ich štruktúra, viac podnikateľov sa zapojí do obchodných aktivít v rámci rodinných firiem a rodinné firmy sa môžu stať popredným typom podnikania v SR.

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7 Annexes

Annex I – Interview questions

The first part of the interview

1. When did you start your business? Since how long does your business operate?
2. What is your concrete segment within the food industry? What is your area of concentration?
3. What is the number of people employed in your restaurant?
4. What is the customer capacity of the restaurant interior?

The second part of the interview

5. What were the main indicators when choosing the ownership of the company? (Whether to do business alone, with a partner, in family, etc.)
6. Why are you a family business? / Why are you a non-family business?
7. Do you have secondary financial resources? To what extent is it important to have secondary financial resources for a restaurant?
8. When you freshly opened your restaurant in question, what were the main financial sources? (e.g., loans, help from family, savings, start-up support, etc.)
9. Does being a small and medium enterprise carry benefits to you? Please specify.
10. Hypothetically speaking, would you prefer to do business with extraneous individuals or with family members? Please elaborate.
11. What are the main competitive advantages of your company (as a family-owned enterprise/as a non-family enterprise)?

The third part of the interview

12. Are family members involved in your business (directly or indirectly)?
13. Is family an important factor while doing business? Does it affect the business activities carried out?
14. What do you think are the main causes of enterprise failure according to you? Does it involve family matters?

The fourth part of the interview

15. How do you conceive your competition? Is it strong, moderate, or non-existent?

16. Do you cooperate with other restaurants/family-owned restaurants in the region? If yes, how? Do you support each other?

The fifth part of the interview

17. Do you plan your succession of your business? If yes, who would be your successor in the future?

Annex II – Questionnaire

My name is Rebeka Gajdosik, student of third grade of the Faculty of Business Management at the University of Economic in Bratislava. I am working on my bachelor's thesis with chosen topic of Family Business as a part of doing business of small and medium enterprises. I would like to ask you, if you could fill in my questionnaire that is concentrated on employees' perspective that are working in family restaurants.

The questionnaire is anonymous. The filling up will take a maximum of 6 minutes. All findings will be used for the purpose of writing of my bachelor's thesis.

Thank you in advance for your time and contribution!

Demographic questions

1. What is your gender?
 2. What is the segment / cuisine of the restaurant you currently work at?
 3. Since how long are you working in your current employment?
-

Employment related questions

4. What is your role in your current employment?
5. How do you perceive the leadership of the company? Please indicate with a couple of words.
6. Do you have an indirect insight into the personal life of the owner/owners?
 - Yes
 - No
7. If the answer is Yes, from a scale of 1-10 to what extent does an insight affect the life of the business?
8. Personally, from a scale of 1-10 to what extent do you like to work specifically in a family business?
9. What are the advantages of working in a family business? Please indicate it with a couple of words.
10. What are the disadvantages of working in a family business? Please indicate it with a couple of words.

11. Are higher emotions a drive for a better business outcome in the daily life of the company?
 - Yes
 - No
 12. Is the teamwork stronger due to the nature of the business?
 - Yes
 - No
 13. Have you ever worked in a non-family-owned business?
 - Yes
 - No
 14. If the answer is Yes, which type of business do you prefer to work at?
 - Family business
 - Non-family business
 15. Do you feel like you are a part of a business culture?
 16. From a scale of 1-10 to what extent is it an important factor for you to feel the affiliation in your company and to be part of the culture?
 17. Would you say the restaurant you work at is more efficient due to the fact that it is family owned?
 - Yes
 - No
 18. If the previous answer is Yes, please explain.
 19. Are higher emotions a drive for a better business outcome in the daily life of the company? Is it a drawback? Please elaborate.
 20. Are the roles within the business clear for all workers?
 - Yes
 - No
 21. Is the business structure clear and transparent?
 22. Does a hierarchy of roles exist within the business?
 23. If the answer is Yes, which positions are on the top 3 level of the hierarchy?
 24. Are you satisfied with the family-oriented leadership style?
 - Yes
 - No
 25. Please elaborate your previous answer with a couple of words.
 26. Could you mention possible improvements in your workplace concerning ownership structure/family involvement in the business?
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