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FOREWORD

Half a century ago, management scholars drew a rather pessimistic picture of the future of the family business. They anticipated '*... the hereditary principle to fade fast, because of the greater ability of professionally-run public firms to raise capital and attract top talent. In fact, family firms have held their ground and, in recent years have increased their presence among global businesses*'[1]. Contrary to this prognosis, the Family Business (FB) is not only present but also improving its position in the global economy and playing a key role in the European economy too.

Introduction

The starting point for Budapest Business School as a project co-ordinator was a European Commission's study in 2006 which estimated that over the next 10 years one-third of Europe's private firms would have to transfer ownership either with or without the current owner family. This means that up to 690,000 firms, mainly FBs providing 2.8 million jobs, will be transferred to new owners every year in the EU. Similar studies have been found in countries like the UK, Finland, Italy and Germany. The Institute for Family Business (UK) in its publication "The UK Family Business Sector" gave the estimation that over the next five years (from 2011), on average 172,000 family businesses a year would pass control to the next generation. Given the scale of this movement there is a potential role for both policy makers and the academic community (directly) in terms of providing support, advice and training, to assist owners planning for succession. In the post-socialist countries our empirical knowledge, as well as theoretical and methodological research, on the problems relating to transformation management or intergenerational succession, is rather underdeveloped. Due to this deficiency, it seemed worthwhile developing an international consortium to intelligently adopt best practices of countries where the FB sector not only has a long history but also plays significant role in the national economies.

It also turned out during the preparatory work of the INSIST (Intergenerational Succession in SMEs Transition) Project[2] that few countries have comprehensive training courses with a focus on succession issues. This implies, as has been expressed by the partners, that the cross fertilization of research on succession issues is a real need for all partners' countries. On that basis, this need also infers the development and adaptation of training materials for different target groups involved in the generation change process.

Research on succession in FBs in general and in family firms in particular is rich in the EU countries where capitalism has been in place for a long time. Researchers and consulting agencies have long stressed the importance of succession planning in ensuring the continuity and prosperity of FBs. However, even in long established capitalist economies, succession planning is not a priority for many FB managers and consequently engaging owner-managers in this process is a significant challenge. In the countries of the Central and Eastern European region, family businesses are faced with the succession problem for the first time: the first generation of entrepreneurs since the collapse of socialism is approaching retirement age, so the transition of the management as well as the transfer of ownership will be a key challenge in the near future. Researchers in the INSIST countries have made a state of the art literature review on the succession processes in family businesses, highlighting both their general characteristics as well as the national particularities. Existing succession research has concentrated almost exclusively on management succession and failed to make a distinction between management and ownership succession. The emphasis on ownership transition in this comparative project is expected to provide a new added value.

The international reserach partnership was established with 3 higher education institutions and 4 non-university partners. Two of the universities are from countries of the Central and Eastern European region : Budapest Business School (HU) and Cracow University of Economics (PL). The third university, Leeds Beckett University (UK), has rich experience in research and curriculum development in various entrepreneurial issues. One of the non-university partners is a French association (Adinvest) operating a network of mentors from Southern France who advise and help FBs in solving different kinds of problems relating to the

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succession process. The other non-university partner, Mac-Team, is a Belgian company with considerable experience in different kinds of European projects and, in particular, in quality assurance and monitoring issues. The two other non-university partners are Hungarian (Business Hungary) and Polish (Malopolski Zwiazek Pracodawcow LEWIATAN) FB associations with experience in curriculum development for enterprises as well as in piloting new courses and disseminating and exploiting results.

A key difference between the INSIST project countries is worth elaborating on as it paints a clearer picture of the background behind these case studies, namely, the variety of national institutional contexts for the activities of the FB. The highest density of institutional settings supporting FBs both by interested representative associations and knowledge institutions (e.g. training/research and consulting agencies) were found in the U.K., followed by the Polish and then the Hungarian practices. In relation to government institutions, there are more similarities between the countries. There is no Ministry for Family Businesses in any of these countries, and entrepreneurship and business affairs are divided between several ministries that do not cooperate extensively with one another. Specialist agencies can be found in all three countries and can be considered as important supporters of family businesses. There are further important differences between the British, Hungarian and Polish institutional settings. In the UK numerous Family Business Research Centres exist, although they have yet to be established in Hungary and Poland. The private sector also provides support for family businesses via consultancy and accountancy services in all three countries. In the UK and Poland Family Offices support family businesses in managing their assets, while in Hungary there aren't any Family Offices as yet. Typically private bankers help wealthy Hungarian families handle their financial investments. The Polish government created in 2000 the Polish Agency for the Development of Entrepreneurship (Polska Agencja Rzwoju Predsieborczosci – PARP) to boost the activity of SMEs, including FBs. Comparing the two Central European countries to the U.K. the research and educational/training activities focusing on FBs are much less developed in these countries.

These differences in the institutional settings lead to 'universal' or 'generic' public policy at EU and national levels lacking the much needed consistency or holistic view for the optimal operation of the FBs. As a result of this comparative research[3], the INSIST working group was able to pinpoint the weak areas of national institutional systems. Thus, the group has developed policy recommendations for interventions at local, regional and national levels in the hope of addressing many of the deficiencies listed in here. Many of the contributions contained in this special issue of *Budapest Management Review* have been based upon those recommendations.

References

[1] From the print edition of The Economist (2014): 'Business in the Blood'. November 1st 2014, p. 2.

[2] For further details of the INSIST project, see http://insist-project.eu

[3] The results of the comparative studies and country reports can be found at: http://insist-project.eu/index.php/research-en/207-o1-comparative-research-report-on-intergenerational-enterprise-transmission