

SKILLS NEEDED IN FAMILY BUSINESSES – CASE STUDY SLOVENIA AND CROATIA

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Abstract. Family businesses make up more than 60% of all companies in Europe. From there, special attention and focus should be raised to such organisations. Especially that is true when talking to younger generations, where identifying main skills for family businesses to survive in the global market is a challenging task. Additional obstacles arise when talking about succession and further development by new generations – successors. Main goal of the research is to analyse skills needed for successful transmission between generations among Slovenian and Croatian family businesses while the purpose of the research is to raise awareness among family businesses in Slovenia and Croatia about the importance of key knowledge and skills for a successful succession transfer. Research addresses the need for knowledge and skills, important for the successful transfer of family businesses between generations. Combination of quantitative and qualitative research strategy with closed type of questions and semi-structured interviews was used as a research model. Main findings indicate that Slovenian family businesses are more open and aware of important knowledge needed for the transfer of family businesses (ex. leadership, innovation, education, etc.). Conducted research is providing a great base for comparison among other EU countries as well as USA or eastern economies. Findings are also usable in possible sociology/psychology insights about the reasons why differences are occurring, but also a potential framework for correlations (more aware economies, better results) and a case study for student courses.

Keywords: family business, succession, transfer of knowledge and skills, Slovenia and Croatia, comparison.

JEL Classification: M14, M19.

Introduction

Duh et al. (2007) find that the success of family businesses highly depends on the successful management, leadership, and ownership transfer (Sharma et al., 2003) to the next generation. Unsuccessful transfers, one or all of the mentioned activities, cause a serious problem for family businesses and their employees and have an impact on the progress of the entire economy (OECD, 2018). In Slovenia and Croatia, we do not have a tradition of successful transfer of family businesses between generations (Letonja, 2016). Namely, only one-third of family businesses survive the first transfer and only 15% of family businesses survive the transition to the third generation (Craknell, 2019).

The main goal of the research therefore is to identify those knowledge and skills that are assessed in Slovenian and Croatian family businesses as the most important for successful transmission between generations and their

long-term existence. The auxiliary goal is to identify and explain the fundamental differences in the ranking of key knowledge and skills between the two countries and between the two countries and Western countries.

In accordance with the defined goal, the following research question was formulated:

RV: “What knowledge and skills are important for the successful transfer of family businesses between generations?”

The purpose of the research is to raise awareness among family businesses in Slovenia and Croatia about the importance of key knowledge and skills for a successful succession transfer. More importantly, the research suggests the basis for create appropriate educational program that would reduce the risk of business failure upon succession transfer and family business long-term existence.

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The research contributes to the understanding of the importance of key knowledge and skills for the successful transfer of succession in Slovenia and Croatia and provides insight into the differences between the two countries and between them and Western countries. At the same time, it is a guide for further research into the fundamental differences between both countries in the field of innovation, leadership, and entrepreneurship.

The research is based on the following assumptions:

Slovenia

In Slovenia, the majority of companies (83%) are family-owned and mainly small, i.e. employing up to 50 employees. They have been operating for more than 20 years, and generated revenues of these companies reach up to EUR 4 million. They mostly employ family members (85%). Regarding the transfer of succession, 34% of the founders (Spirit, 2018) plan to transfer the succession in the near future, and about 43% to 49% (Spirit, 2018; Letonja, 2016) are already actively involved in transfer planning – only about 7–8% of the founders inherited.

In Slovenia, 58% of family businesses are run by the first generation, 39% of family businesses are run by managers over 50 years of age, and 68% of them are majority business owners – so it is time to start planning to transfer the business to the next generation (Antončič, 2015).

Croatia

In Croatia 99.7% of all companies are SME. They employ 74.3% of the employed and create 60.3% of total income and contribute 53% of exports (Centar za politiku razvoja malih i srednjih poduzeća i poduzetništva [CEPOR], 2019). As noted in Business Transfer Barometer Croatia survey (Alpeza et al., 2015) almost 97% of business owners of SMEs in Croatia are 55 years or older, but only 38% of them involve family members in business processes, ownership, or managing (CEPOR, 2020) which by definition in the EU defines them as a family business.

The share is significantly lower than in western European countries, where it is 65%, which can be attributed to a long tradition of entrepreneurship and private ownership, while both Slovenia and Croatia are witnessing the first wave of family business transfers.

The research consists of five parts. In the first part, theoretical framework regarding the definition of key factors for the successful transfer of succession between generations, are explained. In the second, empirical part, we presented the research methodology based on quantitative analysis on a selected sample of 763 responses from family businesses in Slovenia and 457 family businesses in Croatia. The results of the analysis are explained in the third part. In the fourth part, the findings and discussion of the research are presented and a comparison is also made between Slovenia and Croatia. In final, i.e. fifth part conclusions, limitations of the research, and recommendations for further research are presented.

1. Theoretical framework

The precise definition of the term family business is not so simple, which is reflected in the different approaches in the very definition of the term itself (Kružić, 2016). The definition of a company may also depend on the research context (Miller et al., 2008). In our research, only companies that defined themselves as family businesses are included.

Intergenerational succession is key in the life cycle of a family business, and family business succession is one of the most important topics in family entrepreneurship research (Bracci & Vagnoni, 2011). Transfer of succession for family businesses represents the longest strategic process (Blumentritt et al., 2013), which requires timely planning (Le Breton-Miller et al., 2004) that refers to a thoughtful and formal process that facilitates the transfer of ownership and managerial control. According to the experts in this field, the preparatory period lasts between five and ten years. However, if preparation and planning also include successor training, this period may be even longer (European Commission, 2002, p. 21). Unfortunately, preparations often run too late or are inadequate.

The following factors are associated with the effective transition of family businesses between generations (Morris et al., 1996): the level of preparedness of successors, relationships between family and business members, planning and control activities.

The level of preparedness of successors is measured through formal education, training, work experience outside the company, entry level, number of years of employment in the company and/or industry, motivation to join the company, self-assessment of preparedness. Next-generation education and training on family business matters is complex for both: previous generations and next-generation family members. As Kenyon-Rouvinez and Glemser (2015) note, education can be a mixture of compulsory activities and those chosen by successors themselves. In order to ensure successful intergenerational transfers, the next generation should be involved in family businesses and be aware of their needs before planning educational programs and activities.

Relationships between family and business members are characterized by communication, trust, commitment, loyalty, family turmoil, kingship rivalry, jealousy/resentment, conflict, shared values, and traditions. Educating the next generation on family business matters is one of the key components for strengthening family-business ties (Kenyon-Rouvinez & Glemser, 2015). This helps build a sustainable long-term vision for future generations and creates a platform for sharing experiences in the family. A strong education in family businesses helps the individual shape and develop the personal vision and identity of the future owner of the family business.

Factors of planning and supervision are succession planning, tax planning, use of external supervisory board, use of family business consultants. Through open communication and a succession plan, which also

includes the acquisition of the necessary knowledge and skills, a common vision of the two generations is created, which contributes to the success of the transfer of the family business.

Research on IMD (The next generation program, 2015, as cited in Kenyon-Rouvinez & Glemser, 2015) showed that the successors of family businesses undoubtedly assess family management as the most important knowledge. This knowledge is closely followed by knowledge of entrepreneurship, leadership, and knowledge of succession. Finally, there is knowledge in the field of personal development, connecting members of the next generation, communication, family council and constitution, innovation, career planning, philanthropy and investment with influence, family offices and speech in the media and the public (IMD, 2015, as cited in Kenyon-Rouvinez & Glemser, 2015).

According to the findings of Kenyon-Rouvinez and Glemser (2015), three important dimensions in terms of the needs of the next generation should be kept in mind when preparing and developing educational programs:

- Connection with the history, heritage and values of the family business, with the main business activities of the family, business performance, key areas such as marketing, finance, innovation, and social responsibility.
- Understanding the pitfalls present in family businesses through business dynamics, for which it is important to know the possible approaches to succession management and communication processes.
- Preparation so that the successor as the future owner, leader, family member knows how to create added value. This is made possible by the various tools and experiences they learn about through training and education processes, including the involvement of external consultants in the field of leadership training.

To successfully manage these challenges, the next generation in the family business must develop/acquire the appropriate knowledge and skills.

2. Methodology

2.1. Description of the research instrument

Quantitative empirical research on the knowledge and skills needed for the successful transition of family business between generations in Slovenia and in Croatia was performed using the IKA.si website. Data were collected using a questionnaire that included 5 demographic questions: (1) whether the business is family owned; (2) the size of the company; (3) the region of the company's registered office; (4) the company's activity; and (5) the respondent's position in the company) and 2 sets of closed-ended questions.

The first set of questions on the importance of knowledge and skills in managing the challenges of succession (in management and ownership) of a family business for successful intergenerational transfer was taken from the

IMD survey (Kenyon-Rouvinez & Glemser, 2015) and questions were added based on our own research in the field of knowledge transfer in family businesses. We included 10 of the 14 types of knowledge and skills from the IMD survey (Kenyon-Rouvinez & Glemser, 2015): (1) family management; (2) management of the board of directors; (3) leadership; (4) inheritance; (5) personal development; (6) how to build an intergenerational relationship of trust and connect the next generation; (7) career planning; (8) innovation; (9) entrepreneurship, and (10) family office. We added 10 more questions related to the following kinds of knowledge and skills: (1) how to prepare for succession in order to avoid obstacles in succession planning, (2) obstacles to successful succession, (3) the importance of common vision for longevity of family business, (4) how to encourage the affiliation and participation of family members, (5) how to choose and introduce (educate) a successor, (6) the advantages and disadvantages of involving external (non-family) members in management, (7) the role of in-laws, (8) the importance of strategic partnerships, (9) the financial aspects of succession transfer, and (10) the sale of the

Table 1. Research instrument – Knowledge and skills for successful transfer (source: own research)

| Code | Knowledge and skills |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Knowledge and skills in the field of managing the challenges of succession in management and ownership of a family business (Grade 1 – the least important to 7 – the most important) |
| KS1 | How to prepare for succession to avoid obstacles in succession planning? |
| KS2 | Family management |
| KS3 | Management of the Board of Directors |
| KS4 | Leadership |
| KS5 | Succession |
| KS6 | Obstacles to successful succession transfer |
| KS7 | Personal development |
| KS8 | How to develop an intergenerational relationship of trust and connect the next generation? |
| KS9 | The importance of developing a common vision for the long-term existence of a family business |
| KS10 | How to encourage family affiliation and participation? |
| KS11 | Career planning |
| KS12 | How to choose and introduce (educate) a successor? |
| KS13 | Strengths and weaknesses of involving external (non-family) members in management |
| KS14 | The role of in the family married members |
| KS15 | Innovativeness |
| KS16 | Entrepreneurship |
| KS17 | Importance of strategic partnerships |
| KS18 | Family office |
| KS19 | Financial aspects of ownership transfer |
| KS20 | Selling the company |

company. The first set of questions comprises a total of 20 questions on knowledge and skills, which we presented in Table 1 from KS1 to KS20. The respondents rated the importance of knowledge and skills for the successful transfer of succession between generations with a score of 1 (the least important knowledge or skill) or 7 (the most important knowledge or skill), other knowledge and skills were given intermediate grades from 2 to 6.

With the second set of questions, we assessed the key knowledge and skills for the successful implementation of strategic planning for long-term existence and association of generations in a family business, such as (1) understanding the importance of planning for successful business operations in the long run; (2) understanding the need to prepare a written document on plans for the future; (3) understanding that planning a strategy for the future is not just a matter of succession; (4) understanding the importance of defining a common vision, mission, goals of the company and the timetable for the transfer of succession, continuity, appropriate structure of the company; (5) understanding that the transfer of succession requires an assessment of the value of the company, regardless of the mode of transfer of the family business; (6) the role of philanthropy and investment with impact; (7) the role of the family council and the family constitution. In total, in the second set of questions, we identified 7 key areas of knowledge and skills, which are presented Table 2 and marked with KK1 to KK7. Respondents ranked key knowledge and skills in order of importance with grades from 1 to 5, with the most important knowledge and skills being given a grade of 1 and the least important with a grade of 5, while others were given intermediate grades from 2 to 4.

Table 2. Research instrument – Key and other knowledge and skills for a successful transfer of succession between generations (source: proper research)

| Key knowledge for successful implementation of strategic planning for long-term existence and unity of generations in a family business (Grade 1 – the most important to 5 – the least important) | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| KK1 | Understanding the importance of planning for good business operations in the long run |
| KK2 | Understanding the need to prepare a written document on plans for the future |
| KK3 | Understanding that planning a strategy for the future is not just a conversation about succession |
| KK4 | Understanding the importance of defining a common vision, mission, goals of the company, timeline for the transfer of succession, continuity, appropriate structure of the company |
| KK5 | Understanding that the transfer of succession requires an assessment of the company's value, regardless of the method of transfer of the company |
| KK6 | The role of philanthropy and investment with influence |
| KK7 | The role of the family council and the family constitution |

All the answers to the research questions helped us get answers about the necessary knowledge and skills for the successful transfer of family businesses between generations in Slovenia and Croatia.

2.2. Description of the sample

The target group of our research is family businesses in Slovenia and Croatia. A family business is a business defined by the owner or the person who replied to the questionnaire as a family business. With the first question, whether respondents consider their company as a family business, we ensured that the sample of companies included in the survey is appropriate (Lambrecht & Lievens, 2008; Letonja, 2016).

Students who were included in the quantitative survey were asked to compile a list of randomly selected family businesses, preferably the companies in which they have contact, and to invite 10 family businesses each to participate in the survey. As shown in Table 3 we collected 763 responses from family businesses (100%) in Slovenia and 457 family businesses (100%) in Croatia. The first set of questions was fully answered by 697 family businesses in Slovenia (91.3%), while in Croatia it was fully answered by 418 family businesses (91.5%). 677 family businesses (88.7%) in Slovenia answered the second set of questions and in Croatia 413 (90.4%).

Table 3. Demography of a sample of family businesses in quantitative research (Slovenia and Croatia) (source: proper research)

| Variable | Feature (#) | | Percentage (%) | |
|-----------------------------------|-------------|-----|----------------|-----|
| | Slo | Cro | Slo | Cro |
| The company is a family business | 763 | 457 | 100 | 100 |
| Size of company | | | | |
| 1. Micro (0–9 employees) | 412 | 290 | 54 | 63 |
| 2. Small (10–49 employees) | 235 | 118 | 31 | 26 |
| 3. Medium-size (50–249 employees) | 92 | 38 | 12 | 8 |
| 4. Large (250+ employees) | 24 | 11 | 3 | 3 |
| Activity of the company | | | | |
| 5. Production | 296 | 162 | 39 | 35 |
| 6. Services | 407 | 269 | 53 | 59 |
| 7. Other | 60 | 26 | 8 | 6 |
| Position in the company | | | | |
| 8. Founder/ owner | 327 | 255 | 43 | 56 |
| 9. Potential successor | 166 | 85 | 22 | 18 |
| 10. Existing successor | 171 | 67 | 22 | 15 |
| 11. Co-owner | 99 | 50 | 13 | 11 |

The sample of family businesses is in both countries dominated by micro and small companies – in Slovenia (647; 85%) and in Croatia (408; 85%). The sample in Slovenia covers all 12 Slovenian regions, and it is dominated by family businesses from the Osrednjeslovenska,

Gorenjska, and Podravska regions (379; 50%) while in Croatia 4 regions are covered, and family businesses from the Jadranska region and Grad Zagreb dominate (258; 56%). As many as 407 (53%) family businesses are engaged in service activities in Slovenia and 269 (59%) in Croatia. In the sample structure, the largest number of answers was provided by the founders/owners (Slovenia: 327; 43% and Croatia: 255; 56%).

The research is based on a quantitative research strategy. 120 Slovenian and 86 Croatian undergraduate students at the DOBA Faculty in the course Family Entrepreneurship were involved. They contacted family businesses, encouraged them to participate, and sent them a link to the questionnaire. The survey questionnaire was available on the 1KA.si website from March 22 to April 4, 2021.

Data were analysed using simple statistical methods and the results were presented with infographics. The basic frequency analysis was performed on the website because it allows both data collection and provides basic analysis. We used general descriptive statistics and the frequency distribution of responses, which were illustrated in the corresponding tables and graphs. To study the research question, frequency analysis is used and the proportions are calculated. A comparison with the results of a study in which participants of The Next Generation program participated in the Family Business Centre at IMD, Lausanne, Switzerland (Kenyon-Rouvinez & Glemser, 2015) was conducted.

3. Results

3.1. The first set of questions: Knowledge and skills in the field of managing the challenges of succession in management and ownership of a family business

3.1.1. Slovenia

In Table 4 research's results on the necessary knowledge and skills for the successful transfer of family businesses between generations in Slovenia is shown. The respondents give the greatest weight to knowledge and leadership skills (KS4), which was given an average score of 6.2, with standard deviation 1.2. As many as 54% of all respondents (374 out of 697 companies) rating knowledge and leadership skills with the highest score 7 and only 2% or 13 of the respondents think that such knowledge is not so important and gave it a rating of 1.

In second place are the knowledge and skills of entrepreneurship (KS16) with an average grade of 6.1 and a standard deviation of 1.2. Of the 697 companies surveyed, 346 or 50% gave a top score of 7 for entrepreneurial knowledge and skills, and only 1% or 9 respondents gave a score of 1.

The third place is shared by the importance of developing a common vision for the long-term existence of the family business (KS9) and innovation (KS15), both of which received an average score of 6, with the difference

that the standard deviation of innovation is slightly higher (1.33) than KS9, where the standard deviation is 1.28.

That a common vision for the long-term existence of a family business is of great importance, think 325 or 47% of all surveyed companies, which gave this category of knowledge and skills the highest score of 7. Slightly less, that is, 46% or 324 of the surveyed companies rated innovation with the highest score 7. However, only 1% of the surveyed companies (9–10 companies) attribute the minimum importance reflected in the score of 1 to both categories. The average score of 5.9 and with a standard deviation of 1.28 respondents assign to personal development (KS7). That personal development is very important, think 43% or 301 respondents and 1% or 8 respondents do not attach special weight to personal development and gave it a score of 1.

An average score of 5.9, with a standard deviation of 1.35, was given to knowledge and skills related to the development of the intergenerational relationship and integration with the next generation (KS8). As many as 43% or 297 of the companies gave this category of knowledge and skills the highest score of 7 and believe that skills are very important for building trust and connecting with the next generation. This type of knowledge is less important, according to 1% of surveyed companies, which rated this category 1.

The knowledge and skills related to the promotion of affiliation and participation of family members (KS10) were assessed by the respondents with an average score of 5.8, with a standard deviation of 1.37. As many as 42% of all respondents give a lot of weight and a grade of 7 to this category of knowledge and skills, while 294 companies, that is, 2% or 12 companies consider this to be less important, which is expressed by a score of 1.

How to choose, educate and introduce a successor (KS12) is the category of knowledge and skills which received an average score of 5.8, with a standard deviation of 1.41, with the highest score of 7 assigned to this category by 297 companies (43%), the lowest score of 1 was attributed to this category by 2% or 13 surveyed companies.

Four categories of knowledge and skills received an average score of 5.6. These are: KS1 – Preparation for succession in order to avoid obstacles in succession planning (standard deviation 1.52); KS2 – Family Management (standard deviation 1.53); KS5 – Succession (standard deviation 1.53); KS17 – Strategic Partnership (standard deviation 1.47). 38% of all surveyed companies (262 and 268 companies, respectively) consider family management and succession to be so important that it deserves the highest rating of 7. 37% or 256 companies attribute a rating of 7 to preparations for succession in order to avoid obstacles in succession planning, while 36% or 248 companies attribute such a rating to a strategic partnership.

Financial aspects of the transfer of ownership (KS19) are assessed by respondents with an average score of 5.5 with a standard deviation of 1.54, with the highest score

given to this category by 33% or 227 surveyed companies and the lowest score of 1 by 2% or 16 surveyed companies. Respondents also awarded an average score of 5.5 to career planning (KS11), with 29% or 203 of the surveyed companies giving the highest score of 7 to this category and 1% or 160 of the surveyed companies giving the lowest score of 1. The advantages and disadvantages of including external (non-family) members in management (KS13) are assessed by respondents with an average score of 5.2 with a standard deviation of 1.41, with the highest score of 7 assigned to this category by 22% or 150 companies surveyed, and the lowest by 3% or 22 companies surveyed. It is interesting that the grade 6 was awarded to this category by 25% or 177 surveyed companies, also 25% or 176 surveyed companies rated the importance of this issue 5. This means that as many as 47% of companies assess the advantages and disadvantages of including external (non-family) members in management with an average of 5.5, and 72% of surveyed companies received a rating in this category, which is equal to or higher than 5.

Obstacles to successful succession transfer (KS6) were rated by respondents with an average score of 5.2, with a standard deviation of 1.56. 25% or 174 companies gave this category a grade of 7, 2% or 13 companies gave a grade of 1. Category KS18 – Family Office was rated by respondents with an average grade of 4.9 and a standard deviation of 1.76, while 25% or 166 rated this category awarded the highest score of 7.5% or 38 companies and a score of 1.

The average score of 4.8, with a standard deviation of 1.72, respondents attributed to knowledge and skills about the role of married or associate members, of which 151 respondents or 22% gave this category of knowledge and skills a grade of 5, 20% or 149 companies a grade of 7. Management of the Board of Directors (KS3) is rated with an average score of 4.6, with standard deviation 1.21. Maximum 21% or 145 surveyed companies assigned a rating of 5, 19% or 132 companies a rating of 7 and 11% or 75 companies a rating of 1. The lowest average rating of 4.5, with a standard deviation of 2.01, respondents attributed to KS20 – Sales of a company.

The largest percentage of companies, that is, 22%, rated knowledge on the sale of the company with a score of 7, while the same percentage evaluated knowledge in the field of acquisitions with a score of 1 (13%) and 2 (9%). It should be noted that the standard deviation in the category with the lowest average score is also the highest, that is, 2.1.

The largest share of respondents attributed the highest score 7 to each category of knowledge and skills that are important for successful family businesses transfer to successors (KS) except to categories: KS3 – Management of the Board of Directors, KS13 – Advantages and disadvantages of including non-family members in management and KS14 – The role of into family married members.

Table 4. Descriptive statistics of knowledge and skills for the successful transfer of family businesses between generations (Slovenia) (source: proper research)

| | Answers (#. %) | | | | | | | | Ave. / Std. Dev. |
|------|----------------|----|-----|-----|-----|-----|-----|------|---------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | T | |
| KS1 | 19 | 10 | 41 | 84 | 135 | 152 | 256 | 697 | 5.6 |
| | 3% | 1% | 6% | 12% | 19% | 22% | 37% | 100% | 1.52 |
| KS2 | 14 | 16 | 38 | 67 | 125 | 175 | 262 | 697 | 5.6 |
| | 2% | 2% | 5% | 10% | 18% | 25% | 38% | 100% | 1.48 |
| KS3 | 75 | 41 | 70 | 98 | 145 | 136 | 132 | 697 | 4.6 |
| | 11% | 6% | 10% | 14% | 21% | 20% | 19% | 100% | 1.9 |
| KS4 | 13 | 1 | 13 | 31 | 90 | 175 | 374 | 697 | 6.2/ |
| | 2% | 0% | 2% | 4% | 13% | 25% | 54% | 100% | 1.21 |
| KS5 | 21 | 14 | 33 | 70 | 131 | 160 | 268 | 697 | 5.6 |
| | 3% | 2% | 5% | 10% | 19% | 23% | 38% | 100% | 1.53 |
| KS6 | 24 | 19 | 54 | 104 | 162 | 160 | 174 | 697 | 5.2 |
| | 3% | 3% | 8% | 15% | 23% | 23% | 25% | 100% | 1.56 |
| KS7 | 8 | 7 | 23 | 51 | 112 | 195 | 301 | 697 | 5.9 |
| | 1% | 1% | 3% | 7% | 16% | 28% | 43% | 100% | 1.28 |
| KS8 | 9 | 12 | 30 | 45 | 117 | 187 | 297 | 697 | 5.9 |
| | 1% | 2% | 4% | 6% | 17% | 27% | 43% | 100% | 1.35 |
| KS9 | 9 | 10 | 24 | 51 | 95 | 183 | 325 | 697 | 6 |
| | 1% | 1% | 3% | 7% | 14% | 26% | 47% | 100% | 1.33 |
| KS10 | 12 | 8 | 27 | 60 | 122 | 174 | 294 | 697 | 5.8 |
| | 2% | 1% | 4% | 9% | 18% | 25% | 42% | 100% | 1.37 |
| KS11 | 10 | 10 | 34 | 85 | 170 | 185 | 203 | 697 | 5.5 |
| | 1% | 1% | 5% | 12% | 24% | 27% | 29% | 100% | 1.35 |
| KS12 | 13 | 11 | 31 | 55 | 124 | 166 | 297 | 697 | 5.8 |
| | 2% | 2% | 4% | 8% | 18% | 24% | 43% | 100% | 1.41 |
| KS13 | 22 | 14 | 38 | 120 | 176 | 177 | 150 | 697 | 5.2 |
| | 3% | 2% | 5% | 17% | 25% | 25% | 22% | 100% | 1.47 |
| KS14 | 40 | 37 | 74 | 123 | 151 | 132 | 140 | 697 | 4.8 |
| | 6% | 5% | 11% | 18% | 22% | 19% | 20% | 100% | 1.72 |
| KS15 | 10 | 7 | 23 | 41 | 84 | 208 | 324 | 697 | 6 |
| | 1% | 1% | 3% | 6% | 12% | 30% | 46% | 100% | 1.28 |
| KS16 | 9 | 5 | 16 | 33 | 86 | 202 | 346 | 697 | 6.1 |
| | 1% | 1% | 2% | 5% | 12% | 29% | 50% | 100% | 1.2 |
| KS17 | 14 | 19 | 36 | 62 | 133 | 185 | 248 | 697 | 5.6 |
| | 2% | 3% | 5% | 9% | 19% | 27% | 36% | 100% | 1.47 |
| KS18 | 38 | 45 | 67 | 112 | 151 | 118 | 166 | 697 | 4.9 |
| | 5% | 6% | 10% | 16% | 22% | 17% | 24% | 100% | 1.76 |
| KS19 | 16 | 23 | 49 | 68 | 139 | 175 | 227 | 697 | 5.5 |
| | 2% | 3% | 7% | 10% | 20% | 25% | 33% | 100% | 1.54 |
| KS20 | 89 | 61 | 55 | 125 | 125 | 87 | 155 | 697 | 4.5 |
| | 13% | 9% | 8% | 18% | 18% | 12% | 22% | 100% | 2.01 |

3.1.2. Croatia

In Table 5 research's results on the necessary knowledge and skills for the successful transfer of family businesses between generations in Croatia is shown. The respondents give the greatest weight to entrepreneurship knowledge and skills (KS16), which was given an average score of

Table 5. Descriptive statistics of knowledge and skills for successful transfer of family businesses between generations (Croatia) (source: proper research)

| KS | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Tot | Av SD |
|------|-----|----|-----|-----|-----|-----|-----|------|----------|
| KS1 | 19 | 18 | 30 | 47 | 87 | 103 | 114 | 418 | 5.2 |
| | 5% | 4% | 7% | 11% | 21% | 25% | 27% | 100% | 1.68 |
| KS2 | 12 | 22 | 26 | 55 | 76 | 97 | 130 | 418 | 5.3 |
| | 3% | 5% | 6% | 13% | 18% | 23% | 31% | 100% | 1.64 |
| KS3 | 24 | 25 | 40 | 55 | 84 | 99 | 91 | 418 | 4.9 |
| | 6% | 6% | 10% | 13% | 20% | 24% | 22% | 100% | 1.76 |
| KS4 | 6 | 18 | 18 | 41 | 56 | 100 | 179 | 418 | 5.7 |
| | 1% | 4% | 4% | 10% | 13% | 24% | 43% | 100% | 1.52 |
| KS5 | 20 | 14 | 35 | 59 | 82 | 105 | 103 | 418 | 5.1 |
| | 5% | 3% | 8% | 14% | 20% | 25% | 25% | 100% | 1.66 |
| KS6 | 17 | 15 | 38 | 93 | 99 | 80 | 76 | 418 | 4.9 |
| | 4% | 4% | 9% | 22% | 24% | 19% | 18% | 100% | 1.57 |
| KS7 | 6 | 10 | 18 | 44 | 53 | 105 | 182 | 418 | 5.8 |
| | 1% | 2% | 4% | 11% | 13% | 25% | 44% | 100% | 1.44 |
| KS8 | 9 | 9 | 16 | 53 | 62 | 107 | 162 | 418 | 5.7 |
| | 2% | 2% | 4% | 13% | 15% | 26% | 39% | 100% | 1.47 |
| KS9 | 10 | 6 | 18 | 45 | 71 | 83 | 185 | 418 | 5.8 |
| | 2% | 1% | 4% | 11% | 17% | 20% | 44% | 100% | 1.48 |
| KS10 | 13 | 10 | 17 | 58 | 70 | 108 | 142 | 418 | 5.5 |
| | 3% | 2% | 4% | 14% | 17% | 26% | 34% | 100% | 1.54 |
| KS11 | 5 | 12 | 18 | 57 | 81 | 121 | 124 | 418 | 5.5 |
| | 1% | 3% | 4% | 14% | 19% | 29% | 30% | 100% | 1.4 |
| KS12 | 13 | 14 | 26 | 40 | 90 | 92 | 143 | 418 | 5.5 |
| | 3% | 3% | 6% | 10% | 22% | 22% | 34% | 100% | 1.59 |
| KS13 | 25 | 15 | 38 | 87 | 97 | 84 | 72 | 418 | 4.8 |
| | 6% | 4% | 9% | 21% | 23% | 20% | 17% | 100% | 1.65 |
| KS14 | 32 | 30 | 51 | 73 | 92 | 75 | 65 | 418 | 4.6 |
| | 8% | 7% | 12% | 17% | 22% | 18% | 16% | 100% | 1.77 |
| KS15 | 4 | 8 | 22 | 39 | 59 | 96 | 190 | 418 | 5.8 |
| | 1% | 2% | 5% | 9% | 14% | 23% | 45% | 100% | 1.4 |
| KS16 | 4 | 8 | 18 | 31 | 54 | 93 | 210 | 418 | 6 |
| | 1% | 2% | 4% | 7% | 13% | 22% | 50% | 100% | 1.37 |
| KS17 | 11 | 4 | 32 | 55 | 68 | 96 | 152 | 418 | 5.5 |
| | 3% | 1% | 8% | 13% | 16% | 23% | 36% | 100% | 1.53 |
| KS18 | 34 | 34 | 52 | 88 | 71 | 69 | 70 | 418 | 4.5 |
| | 8% | 8% | 12% | 21% | 17% | 17% | 17% | 100% | 1.82 |
| KS19 | 12 | 20 | 29 | 64 | 91 | 96 | 106 | 418 | 5.2 |
| | 3% | 5% | 7% | 15% | 22% | 23% | 25% | 100% | 1.59 |
| KS20 | 71 | 34 | 42 | 92 | 63 | 52 | 64 | 418 | 4.1 |
| | 17% | 8% | 10% | 22% | 15% | 12% | 15% | 100% | 2 |

6.0, with standard deviation 1.37. As many as 50% of all respondents (210 out of 418 companies) rated entrepreneurship knowledge and skills with the highest score 7 and only 1% or 4 of the respondents think that such knowledge is not so important and gave it a rating of 1.

At the second place are the personal development knowledge and skills (KS7), the importance of developing a common vision for the long-term existence of a family business (KS9) and innovativeness (KS15), all given an average score of 5.8, with standard deviation of 1.44 (KS7), 1.48 (KS9) and 1.4 (KS15). 44% (182 or 185) of companies rated personal development (KS7) and the importance of developing a common vision for the long-term existence of a family business (KS9) with the highest rate (7), while 45% (190 respondents) rated innovativeness (KS15) with 7. 6 (1%) respondents do not think that personal development is an important skill and rated it with 1. As well, 1% of respondents (4) assigned 1 to innovativeness (KS15) and 2% (20) assigned 1 as the lowest grade to the importance of developing a common vision for the long-term existence of family business (KS9).

At the third position are knowledge and skills related to how to develop an intergenerational relationship of trust and connect the next generation (KS8) and leadership knowledge and skills (KS4). Both received an average score of 5.7 and a standard deviation of 1.47 or 1.52. 162 respondents (39%) assigned KS8 the highest importance (grade 7) and 179 (43%) to KS4, while 2% (9) did not find KS8 as important (grade 1) and neither did 1% (6) respondents find leadership skills important (grade 1).

At the fourth place are 4 knowledge and skills rated with an average of 5.5: How to encourage family affiliation and participation (KS10)? (Standard deviation 1.54); career planning (KS11, standard deviation 1.4); how to choose and introduce (educate) a successor (KS12, standard deviation 1.59)? and the importance of strategic partnerships (KS17, standard deviation 1.53). KS10 was assigned the highest grade (7) by 34% (142) respondents, KS11 was assigned the highest importance (7) by 30% (124) respondents, KS12 was assigned grade 7 by 34% (143) respondents and finally KS17 was graded by 36% (152) respondents with grade 7.

KS10 was not an important knowledge and skill for 3% (13) respondents, KS11 for 1% (5) respondents, KS12 for 3% (13) respondents, and KS17 for 3% (11) respondents. These knowledge and skills are followed by family management (KS2) with an average score of 5.3 and a standard deviation of 1.64. Family management received the highest grade by 31% (130) of all respondents and the lowest grade (1) by 3% (12) respondents. KS1, how to prepare for succession to avoid obstacles in succession planning has an average grade 5.2 (standard deviation 1.68) as well as KS19, financial aspects (standard deviation 1.59).

The most respondents rated KS1 and KS19 with 7 (27%, 114 respondents, respectively 25%, 106 respondents) while 5% (19) and respectively 3% (12) did not find

these types of knowledge and skills relevant for successful succession. KS5, succession knowledge and skills have an average of 5.1 (standard deviation 1.66). 50% of the respondents graded the succession with 6 and 7 (25% 6; 103 and 25% 7; 105).

KS5 was not found to be an important knowledge and skill for 5% of respondents (20). KS3 (managing the management board), KS6 (obstacles to successful succession, KS13 (strengths and weaknesses of involving external (non-family) members in management), KS14 (strengths and weaknesses of involving external (non-family) members in management), KS18 (family office) and KS20 (selling the company) have an average below 5.0, from 4.1 to 4.9, with standard deviations between 1.57 (KS6) and 2.0 (KS20). 46% of the respondents (190) find knowledge and skills in managing the management board (KS3) very important, as they assigned the highest grades 6 and 7. 24 (6%) do not find KS3 important for the successful transition of companies between generations.

The knowledge and skills in selling the company have the lowest average of all knowledge and skills included in the research (4.1, standard deviation 2.0). 22% of all respondents graded this knowledge and skills with 4, and 17% (71) of the respondents do not find KS 20 important/ relevant for the successful transition of family businesses.

3.2. The second set of questions is the key knowledge for successful implementation of strategic planning for long-term existence and unity of generations in a family business

3.2.1. Slovenia

The results analysis of answers to the second set of questions in the survey on key knowledge and skills for successful strategic planning implementation for long-term existence and unity of generations in family businesses in Slovenia is shown in Table 6. The respondents assigned grade 1 to the most important and grade 5 to the least important knowledge and skills for successful strategic planning implementation.

Key knowledge (a) KK5 – understanding that the transfer of succession requires an assessment of the value of the company, regardless of the method of transfer of the company; (b) KK6 – the role of philanthropy and investment with influence; and (c) KK7 – the role of the family council and the family constitution were rated by respondents with an average grade of 3, with the KK6 question set having the lowest standard deviation i.e. 1.21 and also the highest percentage i.e. 32% and 215 companies, respectively, rated philanthropy and investment with an impact of 3.

However, only a relatively low share of companies assigned to this set of questions the least importance (score of 5) – only 13% or 85 companies, respectively. 26% or 176 family businesses attributed grade 3 to the understanding that the transfer of succession requires an assessment of the value of the company, regardless of the

method of transfer of the company (KK5), while 25% or 166 family businesses assigned a rating of 3 to the role of family council and family constitution (KK7).

The share of companies that do not pay much attention to the family constitution and have given this set of questions the lowest rating, i.e., 5, is 18% or 119 companies.

Slightly more importance – an average score of 2.9 – is attributed by respondents to the following key skills: (a) Understanding the need to prepare a written document on plans for the future (KK2); (b) Understanding that planning a strategy for the future is not just a conversation about succession (KK3) and (c) Understanding the importance of defining a common vision, mission, company goals, succession transfer timeline, continuity, appropriate company structure (KK4).

It is interesting that only the understanding of the need to prepare a written document on plans for the future (KK2) received a score of 3 by 23% of respondents or 159 companies. In this set of questions, the standard deviation is also the lowest – 1.32. As many as 29% of the respondents or 198 family businesses considered the most important (score 1) understanding of the importance of determining a common vision, mission, company goals, timing of succession, continuity, appropriate structure of the company, while 22% of the family businesses surveyed or 152 companies gave a rating of 1 to the understanding that planning a strategy for the future is not just a matter of succession.

According to the highest average score of 2.8, which respondents attributed to the understanding of the importance of planning for good business in the long run, it is understandable that they attach the most importance to it, as 250 companies or 37% of all surveyed family businesses assigned the highest score to this question (1).

Table 6. Descriptive statistics of key skills for successful implementation of strategic planning for long-term existence and unity of generations in a family business (Slovenia) (source: proper research)

| | 1 | 2 | 3 | 4 | 5 | Tot | Av SD |
|-----|-----|-----|-----|-----|-----|------|----------|
| KK1 | 250 | 80 | 62 | 111 | 174 | 677 | 2.8 |
| | 37% | 12% | 9% | 16% | 26% | 100% | 1.66 |
| KK2 | 124 | 143 | 159 | 153 | 98 | 677 | 2.9 |
| | 18% | 21% | 23% | 23% | 14% | 100% | 1.32 |
| KK3 | 152 | 149 | 98 | 144 | 134 | 677 | 2.9 |
| | 22% | 22% | 14% | 21% | 20% | 100% | 1.46 |
| KK4 | 198 | 117 | 95 | 117 | 150 | 677 | 2.9 |
| | 29% | 17% | 14% | 17% | 22% | 100% | 1.54 |
| KK5 | 116 | 133 | 176 | 141 | 111 | 677 | 3 |
| | 17% | 20% | 26% | 21% | 16% | 100% | 1.32 |
| KK6 | 92 | 138 | 215 | 147 | 85 | 677 | 3 |
| | 14% | 20% | 32% | 22% | 13% | 100% | 1.21 |
| KK7 | 120 | 148 | 166 | 124 | 119 | 677 | 3 |
| | 18% | 22% | 25% | 18% | 18% | 100% | 1.35 |

3.2.2. Croatia

The results analysis of answers to the second set of questions in the survey on key skills for successful strategic planning implementation for long-term existence and unity of generations in family businesses in Croatia is shown in Table 7.

The results show that the respondents consider as key knowledge and skills a) understanding the importance of planning for good business operations in the long run (KK1) and b) understanding the need to prepare a written document on plans for the future (KK2).

Both categories of questions were rated by respondents with an average grade of 2.8, with the KK2 question set having the lower standard deviation i.e. 1.32 and also the highest percentage i.e. 29% and 119 family businesses, respectively, rated the need for a written document on plans for the future with an impact of 3. Only a small share of companies gave this set of questions the highest score of 1 – only 15% and 60 companies, respectively.

As for KK1, the importance of planning for good business operations in the long run, 37% or 153 family businesses graded this skill with the highest grade 1, while 26% or 109 family businesses assigned the lowest grade 5. The categories of questions a) understanding that planning a strategy for the future is not just a conversation about succession (KK3), b) understanding the importance of defining a common vision, mission, goals of the company, timeline for the transfer of succession, continuity, appropriate structure of the company (KK4), c) understanding that the transfer of succession requires an assessment of the company's value, regardless of the method of transfer of the company (KK5), d) understanding the role of philanthropy and investment with influence (KK6) and e) understanding the role of the family council and the family constitution (KK7) were assigned the same average grade of 2.9.

Between them the highest importance was given to the knowledge and skills contributing to understanding the importance of defining a common vision, mission, goals of the company, timeline for the transfer of succession, continuity, appropriate structure of the company (KK4) (27%, 111 family businesses), while this category had as well the highest score on standard deviation (1.47). Most respondents, 28% or 155 family businesses, assigned grade 3 to the understanding of the role of philanthropy and investment with influence (KK6), which has the lowest standard deviation (1.2); it is followed by understanding the role of the family council and the family constitution (KK7) – 32% or 132 of all respondents assigned to it grade 3, it has a standard deviation of 1.27; understanding that the transfer of succession requires an assessment of the company's value, regardless of the method of transfer of the company (KK5) was given grade 3 by 28% or 115 of all respondents, having standard deviation of 1.33; finally, understanding that planning a strategy for the future is not just a conversation about succession (KK3) was graded 3 by 24% or 99 family businesses and standard deviation was 1.37.

Table 7. Descriptive statistics of key skills for successful implementation of strategic planning for long-term existence and unity of generations in a family business (Croatia) (source: proper research)

| | 1 | 2 | 3 | 4 | 5 | Tot | Av SD |
|-----|-----|-----|-----|-----|-----|------|----------|
| KK1 | 153 | 52 | 52 | 47 | 109 | 413 | 2.8 |
| | 37% | 13% | 13% | 11% | 26% | 100% | 1.65 |
| KK2 | 87 | 83 | 119 | 64 | 60 | 413 | 2.8 |
| | 21% | 20% | 29% | 15% | 15% | 100% | 1.32 |
| KK3 | 80 | 90 | 99 | 71 | 73 | 413 | 2.9 |
| | 19% | 22% | 24% | 17% | 18% | 100% | 1.37 |
| KK4 | 111 | 61 | 87 | 74 | 80 | 413 | 2.9 |
| | 27% | 15% | 21% | 18% | 19% | 100% | 1.47 |
| KK5 | 78 | 80 | 115 | 74 | 66 | 413 | 2.9 |
| | 19% | 19% | 28% | 18% | 16% | 100% | 1.33 |
| KK6 | 61 | 85 | 155 | 60 | 52 | 413 | 2.9 |
| | 15% | 21% | 38% | 15% | 13% | 100% | 1.2 |
| KK7 | 75 | 85 | 132 | 66 | 55 | 413 | 2.9 |
| | 18% | 21% | 32% | 16% | 13% | 100% | 1.27 |

4. Findings and disucssion

Main idea of the research was to compare submitted answers and find certain differences among Slovenian and Croatian respondents. As shown in Figure 1 there are some specific differences in family business understanding and ranking of important factors for quality family business. The following examples are the best cases where Slovenian respondents are giving higher priority to some elements regarding Croatian respondents.

Even though there was a distinction among Slovenian and Croatian companies in terms of survey numbers (763 vs. 457) we can say that a more important factor is similar diversity of company profiles (Manufacture/Services/Other).

In the further process of comparison, all numbers are shown as percentages.

In question related to KS2, the accent was on the importance of family in this kind of business and results

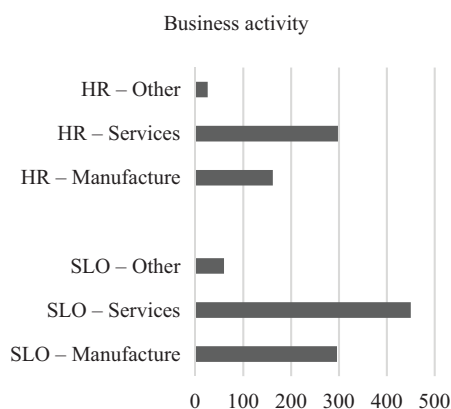


Figure 1. Business activity comparison (source: author's research)

can be seen in Figure 2. If we sum higher grades (5, 6 and 7) there are 81% of respondents in the Slovenian group and 72% in Croatia. It is interesting to see such differences, even though the countries are similar in a cultural sense.

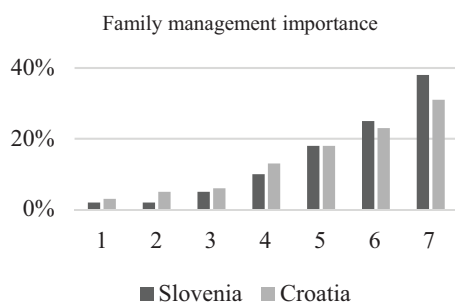


Figure 2. Family business management importance (source: author’s research)

In Figure 3 there is a question related to KS4 where 92% of Slovenian examinees (again aggregated grades 5, 6 and 7) are putting leadership as an important element of family businesses.

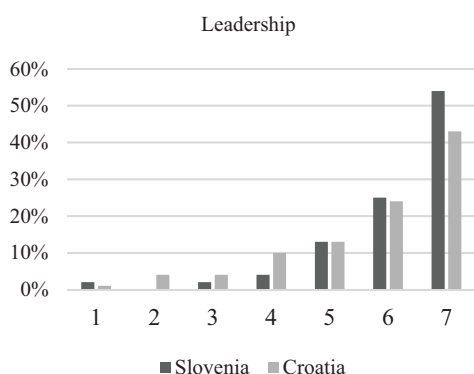


Figure 3. Leadership value (source: author’s research)

The Croatian answers are 12% lower in grades.

Figure 4 shows us, how the answers related to KS12 (select and grow a successor) are distributed. It is noticeable 7% difference in favour of Slovenia when there’s a talk about how to choose and present successors.

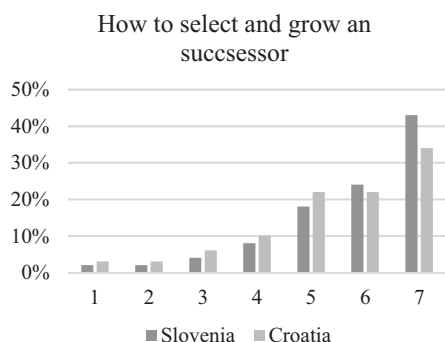


Figure 4. How to select and grow a successor (source: author’s research)

As shown in Figure 5 when innovation and entrepreneurship (KS15 and KS 16) and its importance within family business is examined, respondents in both countries had fewer gaps in grades.

Only a 3% difference (in favor of Slovenia) is noted, which can be a direct cause of new market and globalisation trends. No company (even small family business) is affected by a lot of external factors, so innovation is only a quick answer which can be provided in order to survive.

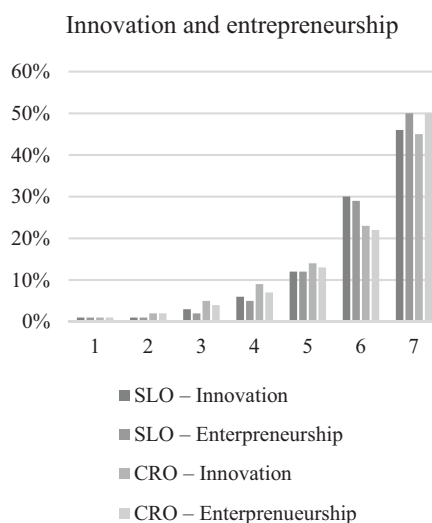


Figure 5. Innovation and entrepreneurship importance (source: author’s research)

Mentioned elements and researched factors had differences in grades among the research group. Other questions connected with financial or marketing knowledge or company selling are equal. The analysis of the research results made it possible to determine and compare the most important knowledge and skills necessary for the successful transfer of family businesses between generations in Slovenia and Croatia.

As a conclusion but just in terms of a reflection, such a difference can be justified with earlier EU membership of Slovenia and more expressed entrepreneurship mindset. Croatia on the other side had a war, together with a long time frame of privatisation process. Most employees were active in huge companies and factories, which disappeared after a war and market liberalisation. Slovenians early adopted a new approach to business, and that could be one of the explanations why there are some notable differences in examined grades. Such a historical approach could still be seen, but with new generations and successors it is clear that a modern and fresh attitude is to be adopted.

The analysis of the research results enabled the identification and comparison of the most important knowledge and skills needed for the successful transfer of family businesses between generations in Slovenia, respectively, Croatia and the knowledge identified by The Next Generation participants at the Family Business Center at IMD, Lausanne, Switzerland (Kenyon-Rouvinez & Glemser, 2015).

Table 8 shows the hierarchy of key knowledge and skills between the two countries, that is, Slovenia and Croatia, in comparison with the results of the IMD, Lausanne, Switzerland (Kenyon-Rouvinez & Glemser, 2015) survey.

The most important knowledge for the successful transfer of family businesses between generations in Slovenia are: (1) leadership, (2) entrepreneurship, (3) development of a common vision, (4) innovativeness and (5) personal development. In Croatia the most important knowledge is: (1) entrepreneurship, (2) innovativeness, (3) development of a common vision, (4) personal development, (5) leadership. Research at IMD (Kenyon-Rouvinez & Glemser, 2015) identify the most important knowledge and skills as: (1) family management in the first place, followed by (2) knowledge of entrepreneurship, (3) leadership, and (4) knowledge of succession.

It was immediately noticed that both Slovenia and Croatia included 5 of the same categories among key knowledge and skills: leadership, entrepreneurship, development of a common vision, innovation, personal development.

The difference is that in Croatia priority is given to entrepreneurship and innovativeness (1st and 2nd position), while leadership is in 5th position. In Slovenia leadership and entrepreneurship are put in the 1st and the 2nd position, respectively, and innovation is only in the 4th position.

Leadership and entrepreneurship are also in the 2nd and 3rd position according to the IMD survey (Kenyon-Rouvinez & Glemser, 2015). It is noticeable that neither family management nor knowledge of succession seems important to the respondents in Slovenia and Croatia and it was not ranked on the scale, while these two categories are included in the IMD survey.

It is also interesting to note that according to the IMD survey, the category of family management is in the 1st position. The reason lies in the fact that 25 years of IMD research have shown that next-generation education on family business matters is a key to strengthening family-business ties (Zehrer & Leiß, 2020). Thus, a sustainable long-term vision of the next generation is gradually built, helping to share experiences between generations and helping the successor to form a personal vision and identity of the future owner (Kenyon-Rouvinez & Glemser, 2015). As the process is gradual, less importance is attached to it than in Slovenia and Croatia, where, according to our research, family businesses crave for leadership knowledge and skills, from self-management to managing employees and young people (Duh, 2014; Maccoby, 2000).

The same can be said for leadership, which ranks high (the 1st position) in Slovenia. Leadership concepts are changing rapidly. The concept of authentic leadership in a learning organization (Dimovski et al., 2013) has been upgraded with spiritual ethical and moral virtues into advanced leadership (Gonzalez-Perez & Leonard, 2013) as part of advanced management in an advanced organization (Langlois, 2011).

On the other hand, great emphasis is also placed on entrepreneurship, which summarizes the characteristics of transformational leadership, which includes the work of entrepreneurs in a way that contributes to happiness at work (Foncubierta-Rodríguez, 2021).

All this interest in leadership and entrepreneurship increases, all the more so because it also contains elements of personal growth and innovation, which are ranked 4th and 5th on the “Slovenian” scale from Table 8, and Croatian on 4th and 2nd place.

It is interesting to note that Croatia has attached great importance to innovation, which is a good way to further develop ideas and develop entrepreneurship in general (Rondi et al., 2019). However, both Slovenian and Croatian companies put the development of a common vision as an important factor (the third position) for the long-term existence of the company, which shows that entrepreneurs in both countries are aware of the importance of survival and longevity of the company (Filser et al. (2013).

Only a more systematic approach should be taken to acquire key skills and raise awareness of the concept of family and succession management (Arteaga & Menéndez-Requejo, 2017).

Table 8. Comparison of the hierarchy of knowledge and skills for successful succession transfer in family businesses – Slovenia, Croatia, IMD Switzerland survey (2015) (source: proper research)

| Key knowledge and skills | Slo | Cro | IMD | Present in |
|--------------------------|-----|-----|-----|------------------------|
| Leadership | 1. | 5. | 3. | Slovenia,IMD, Croatia |
| Entrepreneurship | 2. | 1. | 2. | Slovenia, IMD, Croatia |
| Common vision | 3. | 3. | / | Slovenia, Croatia |
| Innovativeness | 4. | 2. | / | Slovenia, Croatia |
| Personal development | 5. | 4. | / | Slovenia, Croatia |
| Family management | / | / | 1. | IMD |
| Succession | / | / | 4. | IMD |

Conclusions

The research helps family businesses in Slovenia and Croatia define the key and necessary knowledge and skills that enable successful transfer of succession and support infrastructure (consultants, family business transfer coaches, educational institutions) to develop appropriate training programs for the next generation of leaders in family businesses. which ensures the long-term survival of the family business.

At the same time, the research highlights the fundamental differences between the two countries, which were shown in the case of different evaluations of the

importance of innovation, leadership, and entrepreneurship. Above all, it would be important to identify the reasons for such differences, especially given that the two countries are geographically and culturally very close. It would also make sense to determine if and what impact these differences in these key skills will have on the further development of family businesses and economic development in general.

Evaluation of work and limitations

Limitations in the research are shown in a smaller sample of Croatian respondents compared to Slovenia. The differences are not only in the number of surveyed companies, but also in the size of the companies surveyed and the number of regions covered by the survey (Slovenia 12 regions, Croatia, 4 regions). Therefore, a numerically and structurally similar pattern is recommended to be covered in the future.

Recommendations for further research

In further research, it would be important to investigate the reasons why Slovenian and Croatian family businesses attributed different importance to key knowledge and skills in leadership, entrepreneurship and innovation in connection with the successful transfer of succession. And also why family management is not on the list of key knowledge and skills. After shedding light on the causes, the readiness of family businesses in Slovenia and Croatia to create a joint educational program for successful succession should be investigated. Furthermore, it would be interesting to extend the research to the countries of the former Yugoslavia and investigate how similarities and differences in the knowledge and skills that family companies in this region estimate as key factor influence the transmission of succession to the next generation.

Author contributions

All authors were included in the introduction and theoretical framework since it was a basis for a whole paper. Marina Letonja founded a methodological approach and with Zineta Vilman started research. Milan Puvača supported research and made additional analytics and statistical overview together with the discussion part. Findings are prepared by all three authors. Conclusion was made by Zineta Vilman.

Disclosure statement

Authors are not having any competing financial, professional, or personal interests from other parties.

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