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DO FIRST SWALLOWS MAKE A SUMMER? -

ON THE READINESS AND MATURITY OF SUCCESSORS OF FAMILY BUSINESSES IN HUNGARY

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Abstract

Modern family businesses have quite a short history in Central-Eastern Europe (CEE) as most of them were launched after the economic and political change in 1989. The number of studies examining the characteristics and strategic-orientation of CEE's family businesses are rather limited.
The aim of this paper is to summarize our current knowledge of family businesses successession in CEE and present the first results of a Hungarian qualitative research.
In this study we analyse the successors' professional and socio-emotional readiness to take over the family firm in dyadic (predecessor-successor) approach. The main results of our work is the identification and analysis of three comprehensive dimensions connected to the readiness of the incumbents to successfully take over the family business: successors' human capital; socio-emotional wealth transfer and successors' potential.

Keywords: family business, succession, successor Hungary

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Purpose

Modern family businesses has quite a short history in Central-Eastern Europe (CEE) as most of them were launched after the regime change in 1989. However succession has just become a major issue in the last few years, as the founders of these FB are about to retire soon.
The number of studies examining the characteristics and strategic-orientaion of CEE's family businesses are rather limited. The authors wish to make an attempt to review CEE family business studies focusing on succession issues.
Based on the available literature Czech Republic, Slovenia, Poland and Hungary are the most active CEE countries in family business and succession research.
Duh at al. (2009) conducted a quantitative research among Slovenian family businesses and found that 38.1 percent of owner managers are planning ownership and/or management transfer in the next five years and 70 percent of the respondents expect to maintain family influence on the business. The authors argue that despite of the fact that 85 percent of respondent firms are

first generational family businesses their owners are not very concerned about succession issues. Skocic at al. (2015) in their research in Slovenia replicated Briley's (2000) questionnaire conducted on the European level. The comparative results revealed that the attitudes of Slovenian family businesses are very similar to that of the family businesses worldwide. However, there seem to be a tendency of focusing on the family and its well-being as the key issue and not so much on the profit and growth issues. Those FBs proved to have less traditions and a less formalized decision-making structure. Letonja et al (2016) examining Slovenian family businesses found that the entrepreneurial competences of the founder like creativity, attitude toward risk-taking, attitude toward negotiations, technical and marketing knowledge and skills positively correlate with the innovativeness of successors.

Murinova (2017) mapped family relationships and its influence on family wine firms in the Czech Republic and identified four dominant groups of family relationships (brothers, parents + son, spouses, father + son) within the wine making family business and confirmed the existence of traditional, multigenerational wine making families, which have a long tradition in wine making and trading. Machek et al. (2013) also in the Czech Republic examined the basic characteristics and financial performance of family businesses. That study argues that family businesses outperform non-FBS in terms of return on assets and return on equity, but non-FBs are more efficient in terms of return on sales and labour productivity

Petlina and Korab (2015) examined the situation of family businesses in the Czech Republic and confirmed that family enterprises have real potential in the development of the economy and in the improvement of the Czech Republic competitiveness on the world market. In their study it is argued that as a result of the rough political and economic circumstances Czech family business are first generational companies and most of them are small- and medium sized enterprises. Based on Forbes Czech estimates 60 percent of family businesses are owned and managed by their founders. Petlina and Korab (2015:38) conducted a detailed SWOT analysis of Czech family businesses which shows that their main strengths are mutual agreement between the family members; commitment; flexibility in work, time and money; the long-term working plan; stable business culture; the speed of decision-making; pride and confidence; effectiveness while main weaknesses of Czech family business are the strong family ties; the necessity of high-quality channels of communication within the family and family business; reluctance to external sources of financing; the high potential for conflicts; the reduced ability to respond to global opportunities.

Petru and Havlícek (2016) based on Hanzelková et al. (2008) results considering company size and history described four types of Czech family businesses: (1) restituted small traditional family businesses– small-scale tradesmen and craftsmen, (2) New small and medium-sized enterprise founded after 1989, (3) big, e.g., medium-sized "First Republic" companies, (4) New big (medium-sized) companies founded or established after 1989. The authors emphasise that family businesses represent a true economic potential for the Czech Republic.

Koczerga (2013) examined Polish business students attitudes towards family businesses with focus group interviews. The findings demonstrated that students displayed reluctant attitudes towards family businesses. Family were considered a hurdle in starting a new venture not a support. Their attitudes toward family businesses (owned by other than their own) as employers is much more positive.

Koladkiewicz (2013) examined the process of internationalization of family businesses in the SME sector in Poland with case study method and found that the first generation was responsible for making decision and undertaking operations in the first phase. With time, the older generation kept the decision-related responsibilities while the second generation tends to continue traditions rather than being an agent of change.

Surdej (2016) examined the determinants of the innovativeness at Polish family firms. He found a link between generational transfer and innovativeness. Although family companies do not have the resources to develop innovative activities, family firms are not inherently anti-innovative since without being innovative FBs wouldn't last for generations.

Succession also proved to be an urgent issue in Hungary. The first researchers of the topic examined the phenomenon in SME context (Bálint, 2004; Filep - Szirmai, 2006; Filep, 2006). As the topic unfolded publicitions appeared distinctly focusing on succession issues of family businesses (Csákné 2007, 2012; Gubányi et al. 2015; Makó et al. 2015, 2016, 2018). Mix up of SME and family business concepts charachterised the early pieces of Hungarian succession literature. Distinction of the concepts strengthened with the discovery of family businesses' unique characteristics but the differentation still challenges the researchers of the topic (Csákné, 2012, Kása et al., 2017).

Reviewing the CEE literature on family businesses and family business succession unfolds that succession is a burning issue in each CEE country. With the aging of the founders, time has come when entrepreneurial families have to face the challenge of transferring the business to the next generation in- or outside the family. CEE family businesses have limited experience and role models in succession and building entrepreneurial dynasties. Although the challenges are very similar, success stories and best practices are awaited. Therefore it seems that systematic international research is needed to gain more comprehensive knowledge on family business succession in CEE countries.

Among the researches focusing solely one country Budapest Business School INSIST (INtergenerational Succession in SMEs' Transition) project is unique as the programme examined three country (Hungary, Poland, UK) family businesses’ succession process. The project aimed to identify the common problems and knowledge shortages in this area based on comparative research (Makó et al., 2015). This research pointed out important areas of family business succession. One of the key lessons is that transferring physical assets in the succession process seems to be less important than the transfer of the intangible ones embedded in the company’s culture (Makó et al., 2016, 2018). Knowledge transfer in family businesses have a vital role in the success of company transfer (Csizmadia et al., 2016). INSIST project also contributed to our knowledge about family business finances. The researchers confirmed that family businesses duality of family and business dimensions is present in their financial affairs too. The financial characteristics family business succession has been discussed in great detail (Csákné Filep-Karmazin, 2016).

Case of Hungarian intra-family business succession

After summarising the related research results, we present the first results of our Family Business Research Programme at Budapest LAB of Budapest Business School (https://budapestlab.hu) which focuses on the future of Hungarian family businesses.

Doing private business became officially legal after the regime change in 1989 in Hungary and in other post-communist countries. The majority of founders, who have launched their companies after the collapse of state socialism, now are coming close to retirement, therefore a great proportion of family businesses need to face the challenge of succession in the coming years. Since the great majority of the incumbents are the founders, who need to pass on business to the second generation of owners and managers, there seem to be a lack of previous experience, tradition and role model of succession. Economic and social-institutional environment has been dramatically changed in the last three decades (Gubányi et al., 2015), that also increase the challenge of successful business transfer.

There is very limited knowledge about the extent of Hungarian family businesses’ exposure in succession issues. Authors often warn to the limited reliability of data about global family business statistics, since there is no common definition of family business has been accepted. Kása et al. (2017 a) at Budapest Business School – Budapest LAB Family Business Research Programme systematically reviewed 56 definitions of family businesses found in the literature in order to generate a definition that makes objective measurement possible. According to Kása et al. (2017a), family firms are those enterprises, that define themselves as family firms or at least 51% of ownership is kept in the hands of the family and they fulfill at least one of the following criteria: a. family is involved in managing the firm, b. family members take part in operations as employees c. intend to inherit management and ownership of the firm partly or fully within the family.

Kása et al. (2017) conducted a representative survey (by employment and geographic data) among Hungarian firms. According to the study there are approximately 31.000 family firms in Hungary that meet the restrictive criteria of the following: the number of employees is between 3 and 250; and the annual income is between 50 million HUF and 50 million EUR. With these restrictions, those companies represent 61.5% of businesses.

According to the Family Business Research Program (Kása et. al. 2017b), 59% of privately held Hungarian SMEs are in the hands of one family.

In Hungary, family firms also suffer for under-capitalization and lower productivity than non-family businesses, but the stability of the operation is higher (Szerb-Ulbert, 2006). According to Opten statistics (Pénzcentrum, 2016), 75% of the Hungarian family firms are more reliable in their customer relationships and payment discipline then their non-family counterparts.

Gere (1997) argues that, 70% of family business owners recruited their employees from the family. Cohesion, trust and common goals seem to be the most important advantages of family business. In FBs various combinations of business roles and subsystem (husbands-wives, parents-children, extended families, multiple generations playing the roles of stockholders, board members, working partners, advisors, and employees) of family members can be present (Csákné Filep 2007).

Family ties are often complex, 3 or more family members are active in governance of the firm. According to Opten Statistics, in 60% of family firms father-child relationships, in 40%, mother-child, in 40% siblings' relationships are detected. (Pénzcentrum, 2016),

The differences between family and business values generate conflicts in the family business.

The inherent conflicts of family and business is rooted in their contradictory basic values (Davis – Harveston, 2001) As Cole (2000) argued conflicts in family businesses are often due to the dual contacts and roles of the family members which is the most intense during the succession process. Family relations are mostly loaded by father-son relationships and sibling rivalry. (Pénzcentrum, 2016)

Kása et. al. (2017b) found that 7% of Hungarian family firms had undergone succession in the last 5 years, 16% is affected by succession the following 5 years, 14% in the following 10 years, 26% even later. One third of them is not affected in succession. They also examined if the existance of plan for succession. Among family businesses, they found that 41% of them have oral succession strategy, 9% have written succession strategy, 50% has no succession strategy. In case of multi-generational family firms, long-term planning turned out to be significantly more relevant. 45% of them have unwritten, 24% have written succession strategy, which means that 69% of the multi-generational family firms took emphasis to insure their survival to some extent. However 27.2% of them has no one to pass on ownership and 27.8% has no one to pass on leadership. This possibly means that with the retirement of the founder, the family firm has to end up their activity.

Based on a non-hierarchical cluster analysis Csákné (2012) distinguished five basic types of succession strategies of the Hungarian succession-involved SMEs. Three of the identified five clusters are family businesses: kinship businesses, marital businesses and nuclear family businesses . In case of kinship businesses owners are recruited from the wider family (distant relatives) and/or friends, acquaintances, external professionals and other investors. They typically employ family members. Their successions vision is clear. They want to keep the ownership within the (wider) family. In marital businesses, the company is owned by the family members, especially by spouses but distant relatives also may have share. Spouses typically work in the company as employees. Ownership of children is not typical. As for the succession the main strategy here is to preserve family-ownership but to delegate the management to an external party or to sell the company if necessary. Those family businesses belong to the nuclear family business type, where the ownership and management is planned to be preserved in the hands of the nuclear family members. The ownership passes mainly from the parents to the children. Ownership of children is typical.

Researchers argue that transgenerational outlook is what distinguish family control from other types of corporate control (Chua, Chrisman and Sharma, 1999). In Hungary, the most common succession option is the intra-family transfer of the business. Kása et al. (2017b) found that in 82% of those family businesses that are affected in succession in the following 10 years or were affected in the last 5 years, are planning to transfer ownership rights within the family. 81% of them are planning to keep management rights within the family. Only 13% is open to pass on management to non-family members, and only 7% is open to share ownership with non-family members.

Three elements are transferred from the predecessor to the next generation member(s): (1) ownership control/power, (2) management responsibility and (3) competence/knowledge (Varamäki et al. 2003).

Transfer of ownership, management and competence is a great challenge. It takes years to get the firm and participants prepared for the takeover of the firm even if the the successor is known. It is assumedd that the lack of viable management transfer possibly leads to failiure of the business (Cabrera-Suárez, 2005; Grote, 2003). Csákné Filep (2012) found that 61% of Hungarian family business founders, regardless to the relationship with the successor, do not want to let total control out of their hands, which makes the decision of joining the company more questionable for the possible successor.

Successors should be able to preserve the founders' values, while being able to cope with the new challenges of different development cycles of the Hungarian economy and society (Gubányi et al., 2015) and challenges of the market, that often require innovative, tradition-breaking solutions.

Predicting the future of family businesses in a country of the Eastern-European region is a challenging task. Quantitative surveys conducted so far in Hungary helped us to define the proportion of family businesses and develop a typology (Kása et al., 2017; Csákné Filep, 2012). At the same time we have little knowledge about the unique future strategies and daily difficulties of FBs in securing their long time existence.

Methodology

In family business research there is rich literature of founders' succession and retirement strategy (e.g. Poza, 2007; Westhead, 2003; Chung Yuen, 2003; Poutziouris et al., 2002, Garcia-Álvarez – López-Sintas 2001; Leach, 2007; Cisneros 2010). However, there is a relatively little emphasis on examining the role of the successor, which seems to be a narrow perspective, considering that without them, there is no long run survival for the family business. Therefore, the focus in our empirical study is on the receptive side, ie. the successor, as so far little emphasis was devoted to the systematic overview of the successors potential, professional and socio-emotional readiness for takeover of the family business.

There are many qualitative methods which are developed to have an in depth and extensive understanding of the issues by means of their textual interpretation.

In this study, a qualitative research design in the form of semi-structured interviews is used to gain deeper insights into the succession process of family owned businesses.

Thisresearch could be defined by interpretative paradigm with relativist ontology, subjectivist epistemology and hermeneutical methodology (Denzin-Lincoln, 2011). The interpretative approach suggests that the ‘reality is socially constructed’ (Mertens, 2005, p.12.), where the researcher tend to rely upon the participants’ views of the situation being studied. (Creswell, 2003) Our voice is the ’passionate participant’ (Denzin-Lincoln, 2011) as facilitator of understanding and reconstruction the world as it is.

Intra-family succession will be discussed in details later, which seems to be the dominant succession scenario in Hungary. Based on our findings of previous research in INSIST project[1] and empirical data of our ongoing research in Family Business Research Programme,[2] the aim of the study is to address the following questions:

- **Are the successors professionally competent to take over family businesses?**
- **Are the successors socio-emotionally prepared to take over family businesses?**
- **How could we examine the readiness of the successors for the family business takeover?**

The succession process is dyadic in its nature. However, less attention was given to the successors intentions so far.. Our intention is to focus on their professional and socio-emotional readiness of successors to take-over the family firm. The consciousness in strategic planning of the succession process is also examined.

A sample of 10 family owned businesses (FBs) in Hungary were identified where transmission of the firm’s management and/or ownership is either a completed or an ongoing process from the founder and/or incumbent generation to their descendants.

This study utilized the snowball technique in order to gain deep and detailed understanding of the succession process through analysing various cases. 24 intra-family leaders/managers have been interviewed from 10 carefully selected family firms, in a narrative setting. (See Table 1 for the participating FBs.) Concerning the heterogenity of family firms, the final sample represents firms with different size and from different industries and regions in Hungary. The interviews were carried out between September 2017 to February 2018.

[1] Intergenerational Succession in SME Transition, INSIST, Erasmus+ KA2 Strategic Partnership, 2014 – 1 – HU01 – KA200 – 002307, http://www.insist-project.eu/index.php/

[2] Budapest LAB, Family Business Research Programme, https://budapestlab.hu/index.php/category/kutatas-tudas

Table 1. Main Characteristics of the firms inverstigated

Family Business case nr.	case1	case2	case3	case4	case5	case6	case7	case8	case9	case10
main industry	car and light motor vehichle retail	food industry (integrated production)	industrial cleaning	mixed product wholesale	furniture production and wholesale	rearview mirror production	gastronomy	wine making	wine making	wine making
markets	local	global	local	global	regional	international	local	international	domestic	domestic
year of establishment	1992	1997	1999	1995	1984	1998	2004	1987	2003	1997
size	small	large	small	middle	middle	middle	micro	small	small	small
generations of the same profession	2	5	2	2	3	5	3	16	3	2
generations actively involved	2	2	2	2	2	2	2	2	2	1
number of children	2	2	2	1	2	4	3	3	5 (+2)	3
children involved	2	2	2	1	2	1	2	3	2	2
management (share among generations)	shared	shared	shared	not shared	shared	not shared	not shared	shared	officialy not shared	not shared
ownership (share among generations)	shared	shared	shared	shared	shared	not shared	not shared	shared	shared	shared
interviewees	founder (M, 68), successors (M,33; M, 31)	founder (M, 65), successors (M,40; M,38)	founder (M, 75), successor (M,48)	successor (M,29)	founder (M, 72), successors (M,46; M, 42)	pre-founder (M, 80), founder (F, 48), spouse (M, 50) successors (M, 25; F, 23; F, 19)	pre-founder (F, 70) founder (F, 49), successor (F, 21)	founder (M, 67), successor (M, 40)	successor (M,30)	successor (M,38)

The study was conducted in the specific context of family business where research is best conducted by "understanding the interaction between the firm, the family and individual family members and their influence on the business" (Nordqvist et al., 2009, p. 95).

This paper presents an analysis of the special features of the succession process in Hungarian FBs. Succession means the transfer of business to a successor in its broadest sense, and that 'all forms of the transfer of leadership and financial responsibilities are included' (Goydke, 2016, p. 51, in: Makó et al., 2018).

The aspiration of multidimensional perspective was applied: the project searched for family businesses where at least two members from two different generations had the ability and willingness to participate in the research. As the unit of analyses, we took the firm running family as the smallest coherent unit. Constructed realities within the family are being examined as well, since the lived reality varies in case of each and every member of the family.

The examined firms were required to meet the some basic requirements to become part of the sample. 1. They must be family firms in nature (according to Kása et al. (2017) terms). 2. Transgenerational outlook must determine their existence, with the intent to passing the control from one generation to another (Zellweger, 2017; Chua et.al. 1999). 3. Succession is under process, or due in the previous/ following years. 4. Examples were investigated, where internal family ownership and leadership succession happen (intra-family succession). 5. We decided to focus on the case of one country, where cultural and historical differences are not considered to be significant. All the examined firms are located in Hungary, as we intended to examine the speciality of a post-communist country with limited hands-on experience in family business succession.

In spite of the fact that the snowball method were used, some patterns were identified in our sample: 1. Size: most of the examined firms are from small to medium in size. 2. Industry: the examined firms are involved in traditional industries, four out of the ten are from the food industry. 3. Profile: Seven out of the ten firms are involved in production, three offers service. 4. Gender: with the exception of three companies, all the successors and founders were male. 5. Year of foundation: most of the firms in our sample were legally founded after the regime change in 1989.

The analysis was based on semi-structured narrative interviews. The main aim of the analyses was to gain deeper insight into the succession process and to understand the company- and family-level micro-mechanisms shaping ownership and management transfer specialities in relation of the intra-family succession. Since FB management and especially succession processes vary in the different sociocultural and legal-economic environments, the research was composed with the aim to reflect to these differences.

The average interview lasted for 75 minutes. After the completion of the narrative inquiries, the interviews are transcribed (in more than 1.000.000 characters) and structured using content analysis. The analysis of the data provides a useful way to structure the text (Weber, 1990) and to capture terms related to a successors' identities for further, qualitative research step that aim at creating description of intra-family successors' readiness and commitment. The texts were read several times and reorganised, by using codes and themes to restructure the valuable amount of data. Coding structure was guided by respectful considerations from the rich literature of family firm succession and the emerging field/paradigm of Social Emotional Wealth in family firms. However the openness and flexibility were maintained to find new perceptions and contexts in the data. Concerning triangulation, besides dyadic interviewing with different generations at the same firm, observation and document analysis were used to raise the reliability of data.

Empirical results

After defining the research problem, that limited knowledge is available on the professional and socio-emotional readiness of the first-generation Hungarian successors to successfully take over the family business, a systematic literature review has been carried out to define theory-led categories for first-step content analyses. With further analysis of the data, additional patterns of the given sample's intentions, were discovered: interpretations, experiences that were integrated into our research model. (For the developed themes codes and referred authors, see Table 2.) According to the comprehensive model of Sharma et al. (2001), successful succession has two dimensions in family firms. One is the satisfaction with the process and the other is the performance of the firm after succession. Although we found that both could be dependent on the time horizon of the succession and several economic circumstances that could heavily affect results. Human capital is associated with better performance and positively related to perception of opportunities (Sardeshmukh, Corbett (2011, p.114). Numerous studies have suggested factors that influence the success of succession outcome, however we found that little empasis is put on the examination of the successors' readiness for takeover, and this area is highly fragmented and lacks a unifying framework.

We found that there are three comprehensive categories or dimensions connected to the readiness of the incumbents to successfully take over the family business that could be examined during the process of takeover, and these are: *Successors' Human Capital; Socio-emotional wealth transfer and Successors' Potential.*

Table 2. Developing the model of the successors' readiness for intra-family takeover of the firm

Themes	Codes	Literature
Successor's human capital	**General Human Capital: professional education external experience**	Sardeshmukh, S. R.; Corbett, A. C.(2011):The Duality of Internal and External Development of Successors: Opportunity Recognition in Family Firms. Family Business Review, 38(2) p.111-125. Woodfield, P.; Husted, K. (2017): Intergenerational knowledge sharing in family firms: Casebased evidence from the New Zealand wine industry, Journal of Family Business Strategy, p.57-69. Le Breton-Miller, I. – Miller, D. – Steier, L. P. (2004):Toward an Integrative Model of Effective FOB Succession. Entrepreneurship: Theory and Practice, 28(4), p. 305 – 328. Martínez, B. A. – Galván, S. R. – Palacios, B. T. (2013): Study of factors influencing knowledge transfer in family firms. Intangible Capital, 9(4), p. 1216-1238 Dyer, W.G., Jr. (1986). Cultural change in family firms: Anticipating and managing business and family transitions, San Francisco: Jossey-Bass. A, E
	Family-related Human Capital: internal knowledge-transfer mentorship	
Socio-emotional wealth transfer	**R: Renewal of family bonds of the firm through dynastic succession**	Berrone, P., Cruz, C., & Gómez-Mejía, L. R. (2012). Socioemotional wealth in family firms theoretical dimensions, assessment approaches, and agenda for future research. Family Business Review, 25(3), p. 258–279. Hauck, J., Suess-Reyes, J.,,Beck, S., Prügl, R., Frank. H.:Measuring socioemotional wealth in family-owned and –managed firms: A validation and short form of the FIBER Scale, Journal of Family Business Strategy 7 (2016) p.133–148. Gómez-Mejía, L. R., Makri, M., & Kintana, M. L. (2010). Diversification decisions in family-controlled firms. Journal of Management Studies, 47(2), p.223–252. Gómez-Mejía, L. R., Cruz, C., Berrone, P., & De Castro, J. (2011). The bind that ties: Socioemotional wealth preservation in family firms. The Academy of Management Annals, 5(1), p.653–707.
	E: Emotional attachment of family members	
	I: Identification of family members	
Successors' potential	**Succession Intent**	Le Breton-Miler, I. Miler, D. Steier L. [2004]: Toward an integrative model of effective fob succession, Entrepreneurship Theory and practice, 28(4), p. 305-328. Thomas Zellweger (2017), Managing the family business - Theory and Practice, Edward Elgar Publishing. Sharma, P. and P.G. Irving (2005): Four bases of family business successors' commitment: Antecedents and consequencies. Entrepreneurship Theory and Practice, 29(1): 13-33.
	Commitment/Motifs of successors	
	Ability	
	Legitimacy	(empirically created category)

1. Successors' Human Capital

Family business successor's human capital is defined as the knowlegde, skills and competences that the successor has gained with education, work and life experience outside the company (general human capital), and internal transfer of knowlege and mentorship processes (family related human capital).

General Human Capital

By **education**, schools, universities, shorter and longer professional trainings appear, that the successor attended. **External work and life experience** refers to those positions and experiences that the successor gained outside of the company.

In our sample a common pattern was found that most of the founders were already active in a certain profession when the political changes legally enabled founding private businesses in 1989. Therefore, upon becaming entrepreneurs, they posessedprofessional knowledge and experience, however management and development of business had to be learned by practice. Being busy in building their company, there seemed to have no chance of returning to school system of any kind, but continously paying attention to the descendants' skills and competences. Hence they cautiously directed their children toward a carrier path that both fits to their (ie. children's) personality and the needs of the the family business. Force has not been used, however a slight psychological pressure were on them, emphasising that 'one day, this all will belong to you'.

Most founders in the sample have admitted that they always expected their incumbents to take over the firm.

In our cases of more then two descendants, there seemed to be always one, who was not interested in joining the company and was let to find fulfillment in another carrier. However it never was the first-born or the son, which raise the question, if there is a freedom of choice, or a burden of succession, especially in case of the first-born male. Reflecting on the pre-determination of their path, one successor commented: *'we only had the illusion of choice'* (successor, case1.), but early involvment prevented them from getting in real touch with otherexperience and the potential temaptation of other choices. *'I don't know who was more fortunate in that sense?. Probably our parents.'*(successor, case 1.)

In our sample, the first-borns and sons rarely have a spectacular resistance against the path-dependency. In spite of this, in case of three or more children, the psychological pressure is less intense. Furthermore from the third generation, onwards, when there are many potential intra-family successors the stress is even less.

Where there were at least two descendants, they often identify themselves as being different personalities with different skills, strength and interest. Based on their view, it is a natural process how they arrived to different educational institutes and positions. From the founders' narrative however, it turns out that a benevolent hand was directing their path in order to cover all the cruical areas of business operations and management and also to avoid sibling rivalry.

(Siblings rivalry has only appeared in one of the investigated cases, at a winery, where two descendants have the same profession, but they do not share the same vision and business modell concept of the family business.)

Compared to the first generation, the second was consciously trained for certain professions that the company needed (e.g. to become accountant, engineer, controller, winemaker, agrarian economist), also with the intention to be prepared to fill managerial roles.. In many cases the successors complemented their knowlege within the family business and later at a rich sprectum of specialized trainings. *'He didn't want to go to university at all. I told him to come and gain experience at the firm. He accompanied me to all business trips and exhibitions, negotiations. For him, this was the university.'* (founder, case 5.)

Experience outside of the family business is very limited in case of the Hungarian second generation leaders, as their involvement happened very early, some of them finished their studies while working already at the FB. *'I received my diploma on Friday and started working on Monday. There was nothing like going on a world-around trip. I was already working at the firm on my own intent before graduation. I did not really like studying, I was waiting to start working.'* (successor, case 2.)

Founders realised that the possibilities of education after the regime change became significantly wider, in comparism to their possibilities before. Winery successors were sent to foreign schools and universities to gain up-to-date knowledge and to learn from other winemakers. Others spent a high school or language school year or a univesity semester abroad, or they did their practice at a foreign company before commited themselves 100% to the family company. For these 'roaming'???, they did not have much time. *'There was no time….We grew so fast, that he had to join the company immediately at a responsible position'* (founder,case2.)

Family-related Human Capital

Family firm–specific human capital is developed through training and experience within the family firm that enables the individual to acquire skills that are uniquely relevant in a particular firm and may not have general applicability or transferability outside the context. (Sardeshmukh, Corbett, 2011, p.113).

Internal knowledge transfer refers to the process of exchanging knowledge between different family members and the creation of a common understanding family business. (Csizmadia et. al, 2015) It also refers to all the skills and competencies family members accumulate during their education, work and life experiences and possess collectively (Martínez et al., 2013). As

Le Breton Miller et al. (2004) argue, 'knowledge transfer often begins at the dining table, builds up during summer jobs at the company, and continues through a career at the family firm'. We found at the companies in our samle, that there are daily or weekly rituals of knowledge-sharing, feedbacks and common decision making at the Owners' Council. Whether it is by drinking tea at 3 am (at case8) or having a breakfast before opening hours (at case 1.) or over Sunday lunch (eg. at case 2.), founders and successors take their time to discuss relevant issues. *'At the weekends or at the table, work comes up. But it is our passion, it is not demanding….I love, what I do. This is our life…If business is part of your life, you cannot separate.'* (successor, case 2.)

Knowledge transfer is a mutual learning process. While the senior generations knowledgebase primarily includes tacit knowledge developed through trial and error and on the job experiences; the next generation's knowledge-base primarily includes explicit knowledge acquired through formal education and outside experience. In family firms, the next generation not only receives knowledge from the senior generation, but is also the source of new knowledge which, shared with the senior generation, can be applied to organizational ends (Woodfield, Husted, 2017).

'Creativity, openness, going for the change and eagernes to learn, brings modern knowledge in the family business. That is also supported by customers. Finding the most rigorous customer with the highest requirements drives the company toward improvement.' (founder, case 2.)

Family-specific knowledge–transfer started in the investigated cases at the very early age of the successors. In case of the second generation, a very early involvment in business was identified.

'…they were not pampered, to be honest. They had to work from the age of 5-7, two weeks every summer at the horticulture… They were paid weekly, as the workers…To be honest, I might have done it badly, as they got to hate it.' (founder, case 1.)

' At summers, we had to go to the production as all the workes did, from 6 am. We had to go through all the stages.' 'I didn't like the work that time, but well…it was actually…good.' (successor, case 5.)

'It turned out very early, that my father's main logic was that we are required to work with my brother. I was not happy, but there was no excuse. That meant only physical work until the age of 22.' 'I had the chance to try every stages of work at the lowest level and to understand, what is happening there…when I asked, why is it not possible to give me a position of a boss, that would fit me, my father told it now is time to learn this.' (successor, case 2.)

Longenecker et al., (Longenecker – Schoen, 1978, in: Longenecker et al., 2000) have identified three phases of succession. The three phases are: introduction, entry and takeover. The first phase (introduction) starts when the child accompanies the parent to the office, plays and getting familiar with the environment. No formal planning happens yet for the entry, but a strong *emotional* attachment is being built. At the next step, the child is getting to know the most important collegues, and gains basic professional knowledge. Later, the child starts working at the company during holidays or after school, usually at the shop, office or production.

'Education of incumbent starts at a very early age, and you must see them as products that need contionus development, grinding, refinement.' (founder, case 1.)

'It was part of their education, that at the age of 10-12, they had to sell 3000 eggs at the market alone… they also grow into tasks, responsibility…if it is fulfilled, there comes success.' (founder, case 1.)

In case of the examined firms, early involvement helped the children to become commited and later to join the company. This phase contains formal education and external work experience as well. Usually, the decision of the successor about joining happened here.

'At the time of the high school, me and my brother had a talk with our father if we wanted to continue the business. So we had the illusion of doing something else, if we want. But we hadn't seen anything else, and what the hell we sould do, let it all sink?' (successor, case 1.) Where there was a lack of early involvement, or no active involvement at all (eg. because the company was founded in the adulthood of the potential successor) and the successor joined the company later, it was hard to find his own territory. *' I just bumped into this…It is not because of my excellence, why we are here.'* (successor, case 3.)

If the child decided to join, at the second phase (entering the fb)(Longenercker-Schoen, 1978, Longenecker et al., 2000), he or she starts working full time at the company, usually after finishing formal studies. At this phase, the child gets deeper insight and knowledge at different functions of the firm (eg. sales or accounting). Professional competencies are developed, the talent for different functions are exemined. Later,, the child starts managing processes and functions, but not the whole company.

At the beginning of the third phase (takeover of the fb) (Longenecker- Schoen, 1978, Longenecker et al, 2000) the successor becomes a CEO or president. De jure, the child manages the company, but roles change slower then the titles. Co-leadership often occurs at this stage. Finally, succession process is completed when the successor becomes de jure and de facto the leader of the company. This could happen only after the death of the founder, but in an ideal case and if founders and successors are consciuosly prepared, it happens 2-3 years after entering the third phase. (Longenecker- Schoen, 1978, Longenecker et al, 2000)

During the succession process, the role of **mentors** seems to be significant. Dyer (1986) has also emphasized the role of mentors in the development of successors. Mentors are primarily the founders, however, mentors also could be from within or outside of the family business.
*'After fininshing university, he came to my office, asking what is his job now. I told him go into accountancy….For four years, he did not leave accountancy. He learned everything. Payroll, account assignment…He studied again and got a professioal certifications as Accountant, Tax Advisor, Auditor. …He used to have a great mentor, Tante Marika, who was recognized at the company. She had been the Chief Accountant for 7 years. Even today, we can call her if we need to consult on specific terms. …After four years, he came out and stepped into retail.' (*founder, case 1.)
It seemed from the interviews thattravelling and and learning from the examples of foreign companies in or outside of the same industry were also beneficial.
'We made study tours around Europe, later around the whole world' (successor, case 2.)

'In our profession, modern knowlege changes in every 4 years. We have a lot of foreign experts and travel a lot for knowledge. Modern knowlege does not come to your door. You have to buy it, travel for it or learn it – this takes longer and cost even more.' (founder, case 2.)

'Very big proportion of their competence is the value they synthethise from the knowledge they collected in the world. The firm grows and builds continously from this value.' (founder,case2.)
Most of the investigated company owners emphasised the role of professional and non-professional institutions, alliances, the company is part of. These could further strenghten their identitiy, legitimate their excellence, serve as a reference point and is also a place for self-reflection. In best cases these could be a centre of common knowledge - the knowlegde, that they do not necessarily obtain only by their own experience.
'Then we joined Family Business Network Hungary…there we found incredible strong internal education, and allthe firms joined, they sharedthe same challenges.' (founder, case 2.)
In spite of this most of them lacked the involment of external supporters in the succession process itself, and for that they have no previous knowlegde or experience, neither those surrounding them. That was something they had to discover and learn by themselves. *'Succession takes 4-5 years even in case there is a potent succesor. We learnt everything by ourselves. The inclusion of lawyers, coaches would have shorten this process by 1,5 year.'* (founder, case 2.)

2. Socio-emotional wealth transfer within the family

Socio-emotional wealth (SEW) is defined as "affective endowment of family owners" (Gómez-Mejía et al., 2011; p. 654). SEW is the most important differentiator of the family firm as a unique entity and, as such, helps explain why family firms behave distinctively" (Berrone et al., 2012:258). 'The SEW model suggests that family firms are typically motivated by, and committed to, the preservation of their SEW. In this formulation, gains or losses in SEW represent the pivotal frame of reference that family-controlled firms use to make major strategic choices and policy decisions" (Berrone et al., 2012:259). Many researchers of the field consider SEW concept as the potential dominant paradigm of family business studies (Gómez-Mejía et al. 2007, Berrone et al., 2012, Miller – Le Breton Miller, 2014).

Concept of SEW is anchored in the behavioral tradition of management (eg. Hauck et. al., 2016, Berrone et al., 2012) and is multidimensional by nature (Berrone et al.,2012:262). Earlier studies used the pragmatic approach of indirect measurement of SEW with different proxies (eg. variables of family involvement in ownership and management, and a temporal perspective of family ownership in terms of firm age or generational stage)Hauck et. al, 2016). Scholars called for more theoretical and empirical precision to measure SEW in a finer-grained, rigorous, and effective way (e.g.Chua et al., 2015; Miller & Le Breton- Miller, 2014; Schulze & Kellermanns, 2015, Zellweger, 2012).

Berrone et al.'s (2012) largely contributed to the measurement of SEW by defining the five-dimensional FIBER scale for enabling direct multidimensional measurement of SEW in FBs (Hauck et al., 2016). The authors extended the model by proposing a set of dimensions labelled as FIBER, which stands for *Family control and influence, Identification of family members with the firm, Binding social ties, Emotional attachment of family members, and Renewal of family bonds to the firm through dynastic succession* (Berrone et al., 2012:262-264).

Hauck et al. (2016) refined and shortened FIBER scale and created REI scale to measure the core affective endowments (with further considerations for the two excluded dimensions).

R: *Renewal of family bonds to the firm through dynastic succession* refers to the intention of handing the business down to future generations. (Berrone, 2012:264)

E: *Emotional attachment* refers to the role of emotions in the family business context. (Berrone, 2012:263)

I: *Identification of family members with the firm* is tied to the organization that usually carries the family's name. This causes the firm to be seen both by internal and external stakeholders as

an extension of the family itself and this higher level of exposure to public perception leads to higher level of responsibility. (Barrone et al, 2012:262)
In case of socio-emotional values, the question of *transferability* emerges. This study aimed to examine perceptions of family members of the power and transferability of SEW dimensions and also the supporting factors of SEW transfer in the special context of the post-socialist area of Central-Eastern Europe, and namely in Hungary. The detected elements are organized by the REI-scale.

Renewal of family bonds

In most of the cases, founding owners were found with strong ties to family traditions and clear prospects of preserving those in the family business as well throughout generations. Le Breton-Miller and Miller (2013) examined SEW across the family firm life cycle. They identified three stages of evolution: founder firms, postfounder family firms and cousin consortia. They pointed out that the role and importance of SEW significantly changes during the family business life cycle. The strength of SEW is the highest in postfounder family firms.
The second generation Hungarian family business successors (members of postfounder firms) were and are expected to actively participate in everyday operations since their early childhood. From the ownership perspective, all the interviewed successessors agreed that there is a desire to keep ownership in the hands of the family, together with the rights of strategic decision making.
Successors shared the same vision on the third generation's involvment in daily operations. They do not want to force their children to join the company, however they hope that some day, some of them will.
When my son was asked at the kindergarden about future prospects, dream jobs, he told he wants to be a "chickenbigboss"". (successor, case 2.)

Two types of successsors' involvement could be clearly disctinted. The first is the early involvement, with continuous emphasis on the family values and professional development and experience gained within the family firm. That is the one detailed above. The other type is more typical at the third or later generations, when there is no urgent need of their participation. In the latter case, the successor gains the degrees, expose him/herself to the world, has professional experience elsewhere and between the age of 30-40, a competent, almost-ready leader returns to the hierarcy of the firm.

Second-generation leaders experienced the first type of involvement in the family business, but they seem to wish the second type for their incumbents. The family model they had seen as child are often followed as an adult, but with higher level of consciousness.
'We did not educate the girls that they must come here. We suffered enough….'I do not have a single day experience at another company. I want them (ie. children) to gain life and work experience outside of the firm, standing on their own feet, than come back to the FB.' (successor, case 5.)
Even though they agree *'ownership rights are in law of blood'* (successor, case 2.), second generation members are not sure that the family firm will offer enough perspective (either financially or professionally) for their incumbents to join in the operation of the business.
'We do everything with my brother and our father to place the firm on stable bases…maybe, we are not able to create something big that is able to feed four more families… or maybe, they won't want to join. This is a huge question mark. We won't want to tie four families here, if this business doesn't prove to be enough for that. World changes so fast. Professions of the coming fifty years, do not even exist now. (successor, case 5.)
If the members of third generation is not interested or competent, their parents are open to invite managers and experts from outside. (Although, they complained especially at small companies, that hiring top managers would take their annual profit.)
Even if not all third generation members are going to join the company and take part in everyday operations, they are desired to have a strategic view and to be responsible owners.

Emotional attachment

Family business owners think along values. But what are those values that keep the family together? The next-generation intervieews in the research named their most important family-related, business-related and general human values, inherited from their parents, that they intend to leave to the next generations, providing long-term existency of the firm.
The most important *family-specific value* was the **family** itself. It is the cohesion power, the glue of the system. Harmony among the owners was labelled cruical, which presumes the ability of compromises. Where the relations are damaged within family, it influences the FB performance as well. But *'…where values are strong, there is a big love that guides through all the difficulties…the generation change is sentenced to be a success.'* (successor, case 2.)

The second main value is **transparency** and endless **trust** among family members. *'We realised early that everyones makes bad decisions sometimes. In order to lead this firm, we must trust each other totally. This is one of the secrets of our cooperation.'* (successor, case 2.)
General values, such as **honor, respect of people and hard work, trustfulness, fairness and persistance** were often named as key defining elements of the the family's SEW. It was often mentioned by the successors how they had learnt the respect of hard work, when they were involved in the physical work at the company while earning very little money. '*We were not given too much money…actually, I earned the least at the company and I had the least among friends. That frustrated me a lot. But I learned that people have to work hard for it. …And that's what I teach to my daughters too.'* (successor, case 5.)
The next phenomena which occurred in the interviews about readiness is that successors need to learn **handling conflicts and problem solving**, to become able to enter the future structure and governing system of the family business. Cole (2000) found that conflicts in family businesses are often due to the dual contacts and roles of the family members. Conflicts get more intense at the succession process, while previous hierarchies broke down and new structures are being built. *'When our father was still involved in decision-making beside us, it was like hand grenades exploding all around.' (successors, case 5.)* In the examined firms, handling conflicts was a part of common learning. Authority and well-differentiated responsibilities among co-leaders lowered the intensity of conflicts.
Among socio-emotional elements, **trust** is a key building stone that pays off in and outside the family: loyal employees, partners and investors honor the efforts of the family firm. Family firms are stronger at the level of SEW than their non-family counterparts, diminishing the possible disadvantages in financial or human capital, that leads to even better performance. More than that family members insist on the survival of the firm even at the price of financial losses. (Zellweger, 2017). **Long-term commitment**, perspectives and existence are signs of trustworthiness for partners. Getting over crisises is a recurring element of the family business narratives. It seems that the power of the **responsibility** is strengthening the persistence of a firm. '*There is a history behind us. Professionally, we are the 4th generation with my brother. 110 years of professional heritage. This gives such a big power. We had our ups and downs, and was really a point when we would have let it go if there were no commitment and responsibility toward our past.'* (successor, case 2.) Responsibility for service quality and customer services is cruical for family businesses: *'You can only lose your face once.'* (successor, case 2.)

Identification of family members with the family business

The longer the family history, the stronger the cumulated **power of responsibility and persistance** of the family business. In Hungary, where continuity in ownership was violently interrupted for approximately two generations, family business owners constructed their own historical narratives. As it is seen in Table 1., there are family businesses with 5 or even 16 generations of the same profession that is highly emphasised in their communication inside and outside of the family firm. This pattern of '*social construction'* is quite unique for this region. Even in the cases of Hungarian family businesses of our sample, where legally the first genaration change is under process, traditions prove to legitimaze .

'*There were times in Hungarian history, when generations worked together, then they were owners together, then they were not owners, but working together. ...In our case, first time was, when my grandfather started to deal with poultry 110 years ago, involving the first-born son in the chicken farm… t. ...My grandchild is also named László, he is the 5th László after my grandfather, father, me and my son. He is 5 years old, and would join the factory. Life, history, habits do repeat themselves.'* (successor, case 2.)

Professional skills, passion andcommitment is transferred among family members, building a strong family identity.

'Our winery is proud that the family produces wines in the Tokaj region since 1500, when the production of high quality wine has started, and they claim that the history of the family and the wine is unseparable. Today's generations are proud of their ancestors' performance, that stimulate them to become worthy of the task. Our aim is to produce the best possible quality of wine in the vineyards, with no compromises.' (webpage, case 8.)

In 6 out the 10 firms, the name of the company directly refers to the family. Responsible ownership means long-term commitment towards the stakeholders. The culture of entrepreneurship, the family tradition of certain professions revive in the new age of free market.

'The tradition of the family in the glass industry dates back to 1899…. The soul of our activity is our family profession, the glass industry, the knecks of which are inherited from genaration to generation.' (webpage, case 5.)

Familiness is another key value that interweawes the operation of the family business. *Employees and partners have direct connection toward the owners from the family. There is no big distance since the family members actively participate in the daily operation, they know personally many employees and treat them as part of the wider famly. The owners intend to* *keep familiness even the company grows. 'If you come in that door, you can be sure that you meet the owner.* '(founder, case 2.) *'We say that we work for everyone's good. Family firm does not mean the four family members participating, but we treat the whole firm as a family, so as the the people working here.* (successor, case 3.) *'Now we aim to provide salaries that our workers should not leave for abroad, and to keep the familiness…we build community here…to have happy and satisfied workers.'* (successor, case 5.)

Familiness could significantly raise the commitment, attachment and satisfaction of the employees, but it could also lead to lower performance, causing serious threaths to the longability of the company. There are cases in our sample, when the founder were not able to take the painful, but necessary steps. '*Our father did not want to dismiss anyone, even there was no work, because they are part of family. But the situation was unbearable….' (*successor, case 5.) The arrival of the successor could lead to a more professional operation*. 'It started with our first decision, to cut the salary of everyone in the firm, even ours, to the minimum wage. (*successor, case 5.) Timing of intervention could be cruital for the survival of the firm. *'We arrived when we were able to take it over. If we had been 5 years younger, this company would have gone bankrupt.' (*successor, case 5*.)*

Long-term commitment towards the family determinates its operation. **Participation of family members** is required at the daily operation, it seems in case of Hungarian family businesses. The involvement of family members even from the wider family devide the opinion of our interviewws. Involvement happens more often and at higher positions in case the leader is a woman. For example at case 6., the husband of the owner is the Technical Director of the firm. But most of the male founders and successors share the very clear and distinctive view of *'one family, one carrier' (*founder, case 2*.)*. Shares or high positions to the spouses are not offered even if they work at the company. Spouses are expected to secure a stable background for the family. *'There were sacrifices…But the family itself worked well. Very well. Because of my mother, who was the connecting link, who was ready to play her role in this game.'* (successor, case 5.)..

Being proud of what the FB reached: Success is not a constant state. A recurring motif was coping with difficulties and renewal of the business. But at the end, statisfaction is the reward. *'This hard work, headache, problems solved, and the results…so…at this part of Europe, we are among the most modern family businesseses of this profession. I can confirm this.'* (successor, case 5.)

Managing a family business does have its dark side. Still, it is more persistant to difficulties then the non-family counterparts, and SEW elements have significant role in that.'*People see only the big cars and think our life is easier. Well, this has a huge price. We don't work in 8 hours, sometimes 24 is not enough. There is no holiday. It takes a lot from us.'* (successor, case 3.)

3. Successors' potential

When trying to define the readiness of the successor, beside the human capital and social-emotional factors, the question of maturity and self-efficacy emerges. We defined Successors' potential as the third category, which refers to the intent, commitment, ability and legitimacy of the successor.

Succession intent (SI)

For an intra-family succession to take place, the first requirement is a successor willing to take over. (Le Breton Miller et al., 2004).

Based on a large scale of international dataset in 26 countries, GUESSS (Global University Entrepreneurial Spirit Students' Survey), Zellweger et al. (2012) found that next generation members usually do not show a strong intention to take over the business. Hungary is above average in the succession intent. Examining from a dynamic point of view, there are several underlying trends explaining why in developed economies family-internal succession carreer path is progressively unattractive for potential family successors. These could be the decreasing family size, changing in family structures, individulism in society, and multioptionality of society or demographic trends (Zellweger et al., 2012). There are supportive and restrictive factors for intra-family succession on the individual, family, firm and societal level. At the individual level, factors with negative effect on the successior's intention for succession are the higher level of entrepreneurial self-efficacy and the higher internal locus of control. Factors with positive effect on the succession intent are the stronger emotional attachment, the positive attitude toward entrepreneurial carrier and the positive parent's reaction toward the children's entrepreneurial intention.

In the familial context, family handcuff and the number of older siblings have negative, family traditions have positive impact on the succession intent of the successor. At the firm level, size and portfolio have positive affect on the succession intent. At societal level, uncertanity avoidance strenghtens, individualism lowers the level of SI. (Zellweger et al., 2012)

Not suprisingly, in case of the examined firms, the willingness of the intervieewes were significantly high. "*For those, who came to the company at the weekends, and continously saw what is going on, knew about it's existance, have the personal experiences, working there becomes a natural desire. And where there is a will , thereis a path.* (successor, case 2.)

However a difference was found in the succession intents of those, who were lacking the early involvement in the firm's activities. *To tell the truth, I knew little about the company, I was not involved before and as it was a totally new territory, I was not professional at all.'(*successor, case 3.*)*

Willing to join the FB with on is necessary (Le Breton Miller et. al., 2004) but may not be enough to successfully run a firm (Zellweger, 2017).

Commitment/motifs of successors

Exploring the successors' motivation is inevitable, because if there is difference in motivation for joining, there is variation in behaviour and effort invested in the FB (Zellweger, 2017). Next the motivs of joining or staying away from the FB is examined. Are there any alternative carrier options? Is there anything blocking them from joining the company? Conflicts within the family (usually, father-son relationships and rivalry of brothers are the most heavily loaded), poor prospects of the firm/industry could limit the commitment and motivation of the successors.

Sharma and Irving (2005) found four types of motivational bases for joining the the FB. 1. Affective commitment: ('wants to, desire-based'), with a strong belief and acceptance of organisational goals, combined with a desire to contribute and confidence in their own ability to do so. 2. Normative commitment ('ought to, obligation-based') feeling an obligation to pursue a carrier in the FB, combined with strong family norms in upholding family legacy, eg. 1st born order, gender order. 3. Calculative commitment: ('have to, opportunity-cost based'): based on successors' perceptions of substantial opportunity cost and threatened lost of investment, if they do not join FOB (eg. lower income outside of the firm) 4. Imperative commitment ('need to, need-base'), percieve the lack of alternative carrier path, feeeling of self-doubt of their own abily to do so. Sharma and Irving (2005) argued that the type of commitment should have a strong effect on the willingness and effort put on behalf of the potential successor. The first type will exhibit the strongest discretionary behaviour, because their personal interest meets those of the the firms. A slightly lower level of engagement is expected in the next two cases, hence reasons to join are mainly provided by external sources (social and economic pressures). The fourth type should have the lowest or even negative engagement for the effectiveness of the firm.

The share of 'necessity entrepreneurs' in Hungary between the age of 35-64 is 37%, between th eage of 18-34 is 23% (Makó et al., 2016). It is not rare among successors either. Here is an example of the imperative commitment. *„My original profession is telecommunications technician…but as the age of classic telephone centers was over, killed by mobile networks…my future in this profession was the victim of the changes, as my tasks became redundant…and I had no possibilities, but…my father told me not to be an unemployed, and suggested joining the company.* (successor, case 3.) The effect of the industry prospects recurringly seems to influence the succession prospects. *'Nowadays, there are almost only enterprises in need in the cleaning industry…. My cousins are above 20, none of them wants to join this profession'. (*founder, case 3.) The connection between industry prospects and succession intents needs further investigation.

The other three types also occurred among successors.

S*uccessful succession needs good raw material. Someone, who is 'vaccinated'.* (founder, case 1.) This vaccination usually happens at the early phases involvement, as we detailed above. Later the decision on joining the company is made. Here is an example of the calculative commitment. *'We had a talk at the end of secondary school, if we want to continue doing this. So we had an illusion of doing something else, if we want. But we haven't seen anything else, and should we do? Leave all this to be lost?'* (successor ,case 1.)

'At our level, a small firm cannot afford to pay executives from the market. They would take all the profits.…At the car industry, where children didn't want or were not able to take over the firm, those firms had to close down.' (successor, case 1.)

Usually, the step to the next level in the commitment happens when the successors have to take higher responsibility eg. as responsible leader/owner.

'I didn't really care for anything…I used to have a very disinterested attitude. …I earned the least among workers. I asked my father one day if I could get higher salary. He told that he was waiting for me to be unsatisfied with my salery for many years. Of course, I deserved more, but the criteria was taking higher responsibilities.' (successor, case 3.)

It is important to see, that there is a need for successors active participation in moving forward the succession process. What's more, as a founder told, *„succession could be only successful, when it is initiated by the successors."* (founder, case 2.) This seems as an obvious self-contradiction, since early involvement was initiated by the older generation in the introduction

phase (Longenecker, 2000). Although, in the examined cases, moving from the entry to the takeover phase(Longenecker, 2000) was definitely guided by the successor's will.
'The first-born always have to make way…'. (successor, case 5.) *'He had to fight for his position, as our father really gave nothing without fights to us.'* (successor, case 5.)
'The second-born…knew, that he could not be a CEO, since it was the first-born already. One day, he was standing behind my back when I was busy in financial issues, and asked: Father, may I do this? I told him yes, for two years. He never gave back that chair. He is the financial director now.' (founder, case 5.)

Successful succession needs other pre-conditions. There is a need of an *irreversible support* from the founder-owner. It is very demanding to step back from the decision-making role. It also means breaking down the ego of the founder by him/herself. However paternalism and power culture of the founders' generation does not support a smooth change in succession.
'Our father is a typical entrepreneur of the changing era with a very strong personality.He says we go that way, and everyone goes that way.' (successor, case 1.)

'We were trained by success. Until the middle of the 2000's, we could make any mistakes, it didn't hurt the company's performance. Nowadays the firm would go bankrupt in half a year with making the same mistakes. We tended? to believe that we were second to God, and we only had a licence for success. Breaking down our egos hurts a lot. But if we do not do it, it will paralyze the system.' (founder, case 2.)
Typical case of inability of passing the batton emerges at the cleaning firm.*'I am 75, officialy retired 20 years ago…I try to keep governance in my hands…I am not tired…but it is probable??… I have those kind of thoughts…that I will pass on leadership soon to my 49 year-old son, who is totally involved in everything…he joined the company 18 years ago. We have no scenario for my stepping back.'* (founder, case 3.) The unpreparedness of the founder to let power go, the lack of motivation of the potential successor to take over and the poor prospects of the industry seems to lead the successor to find fulfillment somewhere else. 'It was a good place for learning the practices of entrepreneurship…It is not a secret, that I have founded my own company with my wife two years ago… let me emphasise, the profile is different….it is ina parking position, in a standby mode, does not know yet, what it wants.'(successor, case 3.) It is not too difficult to read between the lines, that the new company symbolises his borderline state with the family firm.

Ability

It is inevitable to examine if the successors have the right ability for the specific job they are expected to take on (Zellweger, 2017).
If there is motivation, than it depends on the successors' ability what is the right position. Constant monitoring of the successors' competencies on behalf of the founder, step-by-step involvement in the management, continously increased pressure could lead to a well-grounded, confident takeover. *'Do not put on a bigger jacket than the one would fit'* (Successor, case 2.)
The last steps are often initiated by the successors for the management takeover, when they feel they are 'ready'.

'We were in 2008, crisis bursted, it was our worst year. Then…I told him to give me more space, not just sales, I would try something new.' (successor, case 2.)
'I felt I need to stand on my feet this, and start managing come hell or high water…I can only keep my credibility, and gain authority if I don't ask my father to do the hard work for me….I think this was the time, when I become mature for this position.' (successor, case 2.)

Legitimacy

Paternalism as a leadership attitude is naturally present in FBs, providing solid bases for establishing a strong and proud culture built around the personality and success of the founder (Heidrich et al., 2016). This is especially true in the CEE area, where cultural traditions support the legitimacy their extended, caring power and the myth of unquestionability. This characteristic however can become a major hindering factor upon succession (Heidrich et al., 2016). It is a big challenge for them to step back, and give space for their incumbents, who has to fight and find ways to prove their own (personal and professional) legitimacy in front of the founders, partners and even for themselves. Successors are expected to continue the traditions of the FB, and while, being innovative to preserve or even improve the competitve advantage of the FB. All this effort should be carried out in amuch more turbulent business environment than that of the founders. Furthermore, the next generation need to cope with the burden of responsibily of not wasting, but enhancing their legacy.
The interviews from the FBs showed different ways to handle the issue of ensuring legatimacy. *'We learned in those 2 years that the most important rule is, not to educate parents or children in front of collegues or partners. We do not initiate professional debate of possible disagreement, just to prove, who is the stronger personaliy.'* (founder, case 2.) Parents also need their "working playground". *'He has his great professional knowlegde…if you want peace in the firm, give some work to Dad' (*successor, case 5.)

Conclusions

Many family business succession studies focus on the incumbent owner, for instance by exploring the owners' goal for succession. However, this focus is limited by the single perspective of the founder.. Most successions, in particular, intra-family transfers are dyadic in nature, involving mutually interdependent actors. Thus it is useful to examine the underlying factors that supports the readiness of the successor for the takeover. In this study it was found that there are three comprehensive dimensions connected to the readiness of the incumbents to successfully take over the family business that could be examined during the process of takeover and these are: Successors' Human Capital; Socio-emotional wealth transfer and Successors' Potential.

An empirical investigation were carried out in the context of the post-socialist era of Hungary, where first generation change takes place. Founders in our sample admitted that they always expected their incumbents taking over the firm. Although this had been hardly ever explicitly announced, early involvement, professional and value-driven mentorship, fine guidance based on their competences toward the right position, predifined a path for successors, who felt they had only one choice to take. Experience outside of the family business was very limited in case of the Hungarian second generation leaders, as their involvement happened very early on, some of them finished their studies besides working at the FB. The companies either grew so fast or faced so many challenges that they were in need of trustworthy family members. Family-specific knowledge – transfer started in the investigated cases at an early age. In case of the second generation, a very early involvment in the business was identified. This early involvement and smart tricks lead the children to the state where they become commited to choose a desired professionce and later to join the company. Where there was a lack of early involvement and the successor joined the company later, it was hard to find personal legitimacy. Most of the investigated firms were in lack of external support for the succession process itself (ie. consulting, legal or financial advice), therefore the transition process was learned the hard way and remained as an example for the future generations.

The SEW transfers, were analised by the dimensions of the REI scale. The power and transferability of these dimensions were also in focus. Continuity of ownership was drastically interrupted for two generations in Hungray, thereore family business owners seem to construct their own historical narratives. Even those Hungarian family businesses in the legal stage of their first genaration change, traditions proove their legitimacy over political changes. Profession, passion, commitment is transferred among family members, building a strong family identity. It occurs frequently in the communication both inside and outside of the family firm. The culture of entrepreneurship, the family tradition of certain professions revive in the new age of free market. Positive family narratives were found to support the SEW transfer among generations, but also serve as barriers to the transfer, thus sustaining a rigid social order. These naratives may serve as a means of ensuring the absolute superiority of the founder(s), but it also leaves little space for the newcomers (next generations) and may represent a closed cognitive framework hindering the successful adaptation to contextual changes (Makó et al., 2016).

The second generation of Hungarian family businesses were and are expected to actively participate in everyday operations since their early childhood. Examining their succession intents for the multi-generational dynastical, ownership and leadership aspects should be clearly divided. All the interviewed successessors agreed that there is a desire to keep ownership in the hands of the family, together with the strategic decision making rights. Concerning the third generation's involvement in daily operations, successors did not seem to have the intention to force the children to join the company, but they hope that they will. However they say *'ownership rights are in law of blood'* (Succesor, case 2.), the second generation need to cope with the burden of responsibility emerged by the inheritance of the founders' life work and the new challenges caused by multiplying number of successors. Beside insuring the survival of the firm, they have a constant drive to search for innovation and development possibilities.

When trying to define the readiness of the successor, beside the human capital and social-emotianal factors, the question of maturity and self-efficacy emerges. Successors' potential were defined as the third category, which refers to the intent, commitment, ability and legitimacy of the successor. It is important to see, that there is a need for successors active participation in moving forward the succession process. There seemed to be a need of an irreversible support from the founder-owner. It is very demanding to step back from the decision-making role and breaking down the ego. Paternalism and power culture of the founders generation does not support a smooth change in successionConstant monitoring of the successors' competencies on behalf of the founder, step-by-step involvement in the management, continously increased pressure could lead to a well-grounded, confident takeover.

Limitations

When interpreting our findings, at least two limitations of our investigation should also be taken into account. On one hand, our research results are built on a restricted sample of company cases, and, therefore, do not represent the FB sector in Hungary. However this study hopefully contributes to the better understanding of the different dimensions of successors' readiness to take over the firm. On the other hand, Human Capital and Potential of the succesor, as well as the transfer of the SEW dimensions seem to have convincing explanatory power in the interpretation of the readiness toward succession. Clearly social norms, laws, and values have a profound influence on the relationships of the family (Le Breton-Miller et al.2004) also the succession prospects of the incumbents. It is a question that implies further discussion: could our findings be generalized, or they are only valid in the context of the post-socialist era of Hungary, where first genaration self-made-men try to transfer their business and spiritual heritage to their incumbents The sector of operation seem to be a key issue with regard to succession motifs. The relation between industry prospects and succession intents also needs further exploration.

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