

# **Overview of Family Business Relevant Issues**

## **Country Fiche Slovenia**

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## 1 Introduction

In Slovenia, which is a former socialist country, the tradition of family businesses persisted mostly within the craft sector during the socialist period (starting after the Second World War and last till early 1990s). During that period, operating a family firm within the craft sector was not really attractive due to various pressures on the private owners such as restrictions in employment, amount of productive resources allowed in the private ownership and the weak image of crafts as compared with the favoured social companies (Glas, Vadnjal, 2005; Duh, 2003). The social and economic changes that ended the era when private enterprises were outlawed have created an opportunity for the rebirth of entrepreneurship and family business development. The transition to the market economy from the former socialist economy in Slovenia was closely connected with the development of private micro, small and medium-sized enterprises (SMEs), also family SMEs. In 2005, the share of micro, small and medium-sized enterprises (with up to 249 employees) in the structure of all enterprises was 99.72 percent, and 93.32 percent of all enterprises were micro enterprises with up to nine employees (Rus, Rebernik, 2007).

The differentiation between family and non-family businesses in Slovenia appeared with the rising economic importance of SMEs in 1990s. Very often family businesses are understood as a part of SMEs and very rare are discussed large family enterprises (the reason being that the majority of enterprises are SMEs in Slovenia).

The issue of family businesses is very rare a topic of policy discussions and occasionally a topic of public discussions. The content of these discussions is lately especially a business transfer (i.e. succession issues) since family enterprises established in early 1990s are now approaching the critical stage of the transition to the next generation. Other topics also discussed are: strengths and weaknesses of family businesses, the role of family members in the business, family relationships and conflicts and their influence on a family business, managing a family business, problems linked to the family ownership and management, relationships between business and private life, including children in the business.

## 2 Understanding of “family businesses” in the national context

In Slovenia we do not dispose with one official or common definition of family businesses. There exist more definitions of a family enterprise which were created as the basis for research studies. In continuation are listed those definitions which were basis for large scale research studies of family businesses Slovenia:

- In 1998-1999 the first large scale research study on family enterprises was conducted in one Slovenian region (Duh, 1999). The definition of small and medium-sized family enterprises used in the research comprised qualitative as well as quantitative criteria. Qualitative criteria were: the majority of ownership in the hand of a family (family was understood not only as a nuclear family but also as extended or large family); family members (the owners) also manage the enterprise; there exist the wish that the enterprise remains in the ownership and in the management of the family in the future; the enterprise is perceived by the owner-manager to be a family enterprise. The criteria of the Companies Act of the Republic of Slovenia and the EU guidelines were used as quantitative criteria for defining the size of an enterprise.
- In 2002 another large scale research attempt on comparison between family and non-family enterprises was conducted (Glas, 2003; Vadnjal, 2005). Within this research businesses were classified as family/non-family businesses on entrepreneurs' statement whether they consider the business to be a family business (based on Birley, 2001). The same criteria used Lovšin Kozina (2006) in her survey on succession.
- Vadnjal (2005) applied Birely's (2001) approach of classifying businesses into three groups: (a) family-in (described also as a family enterprise), (b) family-out and (c) those balancing family and business pressure. These three groups were identified according to their attitude towards family involvement in business (20 statements about family and business were considered in forming groups).
- In the research conducted in 2004 (Duh, Tominc, 2005) seven definitions<sup>1</sup> developed by Westhead and Cowling (1998) were used. Out of these seven definitions the definition (4) (which comprises more criteria: “more than 50 percent of ordinary voting shares are owned by members of the largest single family group related by blood or marriage”, “the enterprise is perceived by the top manager (entrepreneur, owner-manager) to be a family enterprise”, and “one or more of the management team is drawn from the largest family group that owns the enterprise”), proved to best satisfy the recent situation in Slovenia. The generational criterion (“the enter-

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<sup>1</sup> Definitions used:

*Definition (1):* The enterprise is perceived by the top manager (entrepreneur, owner-manager) to be a family enterprise. *Definition (2):* More than 50 percent of ordinary voting shares are owned by members of the largest single family group related by blood or marriage. *Definition (3):* Criteria in definition (1) and in definition (2). *Definition (4):* Criteria in definition (1) and in definition (2) and one or more of the management team is drawn from the largest family group that owns the enterprise. *Definition (5):* Criteria in definition (1) and in definition (2) and 51 percent or more of the management team is drawn from the largest family group that owns the enterprise. *Definition (6):* Criteria in definition (4) and the enterprise is owned by second-generation or more family members. *Definition (7):* Criteria in definition (5) and the enterprise is owned by second-generation or more family members.

prise is owned by second-generation or more family members") eliminates enterprises in the ownership of the first generation of owners (founding generation) from the group of family enterprises. Since the share of first generation family enterprises is very high the use of this criterion in the definition would eliminate a very important part of family enterprises from the research.

- In 2006 Slovenia participated in the survey on family businesses (Duh, Tominc, 2007) within Global Entrepreneurship Monitor. The family business definition used was based on two criteria of expected or actual control (more than 50%) of the business by the family.

In the majority of the reviewed research studies sole proprietors and one-person enterprises were considered as family enterprises. We find no evidence that sole proprietors and one-person enterprises were excluded from the group of family enterprises<sup>2</sup>. Legal regulations referring to family businesses and thereby giving a definition for them does not exist.

A family business as a subject of public as well as policy discussion is very often understood as a business which is in the ownership of a family, providing wealth and employment for family members.

Very often family businesses are understood to be mostly SMEs, especially when discussing Slovenian family businesses. There is awareness that also large family enterprises exist, especially in countries with the tradition of entrepreneurship and market economy. In Slovenia, there does not exist awareness about the heterogeneity among family business sector. The reasons may lay in the fact that majority of family businesses in Slovenia are micro to small enterprises, in the ownership of the founding generation, mostly in the ownership of one owner who also manage the enterprise (Duh, 1999; Vadnjal, Glas, 2003; Vadnjal, 2005; Duh, Tominc, 2006).

According to our data there exists only one attempt toward making a "typology" of family businesses. According to Vadnjal and Glas (2003) three types of family businesses can be distinguished:

- first type: family businesses evolving from the crafts tradition, established in the 1970s and 1980s but gaining true momentum under the revival of market economy;
- second type: "newly-established" family businesses set-up during the 1990s, mostly opportunity-based, with weaker family ties but, on average, more dynamic than the first type;
- third type: some "old" family businesses reappeared from the process of the restitution of previously nationalized enterprises, mostly focused on the harvesting of this acquired wealth not on long-term business growth.

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<sup>2</sup> In their research study Duh and Tominc (2005) base their decision for considering one-person enterprises as family ones on Astrachan's and Shanker's (2003) argument that enterprises with 0 employees should be considered as family enterprises, since in such enterprises family help and support is of great importance; even though very often family members are not paid for their help.

### 3 Importance of family businesses for the national economy

In the majority of the research studies reviewed the economic importance of family businesses in the Slovenian economy is described by the share of family enterprises in the structure of all enterprises or among SMEs. There exist different data and estimation on the share of family enterprises in Slovenia. They are the results of the use of different definitions and sampling methods.

Results of the large scale research study of 350 SMEs showed that 46.45 percent of small and medium-sized enterprises in the sample were identified as family ones; estimated share of family enterprises among SMEs in Slovenia was between 41.11 and 51.79 percent at 95 percent confidence interval (Duh, Tominc, 2005).

The results of the research study on the sample of 263 SMEs in one Slovenian region (Duh, 1999; Duh, 2003) showed that 44.1 percent of surveyed enterprises were family ones; estimated share of family enterprises among SMEs in the region was between 38.1 and 50.1 percent at 95 percent confidence interval.

Other estimation was provided by the study carried out in 2002 of 222 SMEs where 58.6 percent of firms identified themselves as family firms (Glas, 2003; Vadnjal, 2005). Vadnjal (2005) also estimated their share in employment and valued added based on the estimated share of family businesses among SMEs in Slovenia. According to his estimation family enterprises employ at least 26 percent of active adult population and contribute 22 percent to total value added of Slovenian economy. However, he considered both shares as conservative (bottom-line) estimations.

According to some other estimations the share of family enterprises is in the range of 60-80 percent (for example: Glas et al., 2006) contributing 30 percent of GDP (Vadnjal, 2006).

Duh and Tominc (2006) estimated the number of family enterprises in different size classes in Slovenia based on the data on the size structure and number of enterprises in Slovenia and on the data on the size structure of family enterprises in the sample. Regarding the number of enterprises micro family enterprises prevail in Slovenia (see Table 1).

**Table 1** Estimated number of family enterprises in Slovenia

Size class(number of employees)	Number of enterprises in Slovenia <sup>3</sup>	Number of enterprises in the sample	Number of family enterprises in the sample (in %)	Estimated number of family enterprises in Slovenia
Micro enterprise: 0-9 employees	87,143	290	134 (=46.2%)	40,260
Small enterprise: 10-49 employees	4,641	22	14 (=63.6%)	2,952
Medium-sized enterprise: 50-249 employees	1,149	3	2 (=66.7%)	766 <sup>4</sup>
Total	92,933	315	150	-

Source: Duh and Tominc (2006)

The sample consists only of SMEs therefore no data or estimation on large family enterprises is available. Also other research studies (cited previously) do not provide data or estimation on large family enterprises in Slovenia. No data are available on whether the presence of family enterprises in different size classes changed over time. But in general the data for 2002, 2003, 2004 and 2005 show that the share of SMEs in the structure of all enterprises is raising and by this the structure of enterprises by size in Slovenia is becoming very similar to the one in developed EU countries (Rus, Rebernik, 2007).

<sup>3</sup> Number of enterprises in Slovenia is based on official statistical data published in Slovenian Entrepreneurship Observatory (Rebernik et al., 2004, 9).

<sup>4</sup> The estimation on the number and share of medium-sized family enterprises in Slovenia should be considered carefully because of the small number of medium-sized enterprises in the sample. More detailed research study of medium-sized enterprises is needed in order to find out the share of medium-sized family enterprises.

## 4 Characteristics of family businesses

The description of the main specific characteristics of national family businesses is based on the results of research studies carried out in Slovenia. The results sometimes show mixed results which could be due different sampling methods and family businesses' definitions used. We find no research studies on the characteristics of different types of family businesses, also not for those three types which we mentioned in Chapter 2 and were proposed by Vadjnal and Glas (2003).

### (1) Legal form

Family businesses are in the majority of cases sole proprietors or limited liability companies, other legal forms are rare. In the research study conducted by Duh (1999) in one region there were 75 percent of sole proprietors and 25 percent of limited liability companies among family enterprises in the sample. On the other hand Lovšin Kozina (2006) and Vadjnal (2006) found a lower share of sole proprietors (33.5 percent and 47 percent) and higher share of limited liability companies (52 percent and 61.8 percent) among family enterprises. According to the statistical data on legal forms of Slovenian enterprises for 2005 there was 35 percent of limited liability companies and 58 percent of sole proprietors (Statistical Yearbook of the Republic of Slovenia, 2007)

### (2) Number of employees

Family enterprises are mostly micro to small enterprises (enterprises with up to 49 employees) (Duh, Tominc, 2006; Glas et al., 2005), even though the data on the average number of employees in family enterprises vary due to different sampling methods. Results of the research study (Duh, Tominc, 2005) show that family SMEs have on average 24.79 employees and non-family ones 18.85 employees. Family enterprises have on average more employees than non-family enterprises, but the difference is not statistically significant. In Slovenia the average number of employees in enterprises with up to nine employees is two, 19.3 employees in small enterprises (with 10 to 49 employees) and 103.9 employees in medium-sized enterprises (with 50 to 249 employees) (Rus, Rebernik, 2007).

### (3) Performance/growth

The "controlled" analyses of performance differences showed no statistically significant differences between family and non-family enterprises in average values of two performance indicators (economic efficiency in value added per employee) (Duh, Tominc, 2006).

A substantial part of Slovenian family businesses does not have growth ambitions and consequently do not face financing problems (Glas, 2003; Glas et al., 2004). Owners-managers in family enterprises on average expect 2.97 new jobs in next five years; but it must be pointed out, that on average only 34.85 percent of them are anticipating the growth of new jobs (others expect no changes in the number of new jobs or even the decrease) and the majority of those expecting an increase in the number of new jobs anticipate offering 1 or 2 new jobs (54.35 percent) (Duh, Tominc, 2006). There are some evidences (Vadjnal, 2006) that second generation entrepreneurs in family business are more growth oriented than founders.

**(4) Number of family members financially involved in the company or having managerial/staff posts**

Family enterprises, which are mostly micro to small enterprises, employ on average between two and three family members (Glas et al., 2005; Lovšin Kozina, 2006, 106).

**(5) Gender dimension**

More than 70 percent of family enterprises is controlled by male entrepreneurs; only 20-30 percent are female entrepreneurs in family enterprises (Glas, Vadjal, 2004; Lovšin Kozina, 2006) which is consistent with other findings on women entrepreneurs in Slovenia (Glas, Drnovšek 1999).

**(6) Age dimension**

Family businesses in Slovenia are relatively young in comparison to family enterprises in other market economies due to the fact that entrepreneurial tradition was broken after the Second World War and therefore majority of them were established after 1990 (see Table 2).

**Table 2 Age structure of family and non-family enterprises**

Year	Number/share in %	Family enterprises	Non-family enterprises	Total
Before the year 1990	Number	36	27	63
	Share in %	30.0%	18.4%	23.6%
After the year 1990	Number	84	120	204
	Share in %	70.0%	81.6%	76.4%
Total	Number	120	147	267
	Share in %	100.0%	100.0%	100.0%

Source: Duh and Tominc (2006)

The results of the research study (Duh, Tominc, 2006) show that family enterprises were on average 11.74 years old and were found to be older than non-family enterprises (on average 9.39 years old). The difference in age between family and non-family enterprises was statistically significant. Lovšin Kozina (2006) also found family enterprises to be older than non-family ones. That could be due to the fact that some family businesses originated from former crafts where private ownership was allowed during the socialist period.

**(7) Dominant management style/hierarchical system**

Since family enterprises in Slovenia are mostly small in size, they have informal system of decision making (Glas, 2003).

## **(8) Ownership structure**

The results of research studies show that the majority of family enterprises are in the ownership of the first generation of family owners (i.e. founding generation). Duh and Tominc (2006) found in their research study that 84.7 percent of family enterprises were in the ownership of first generation of owners. The share of family enterprises in the second generation of owners was much lower (only 14 percent). The results of another large scale research study show that family businesses are mostly in the founding generation (87 percent), only 11 percent in the second generation and one percent in the third (Glas, 2003; Glas et al., 2004).

The majority of family (76 percent) as well as non-family enterprises (74.8 percent) have a single owner. The share of enterprises with two owners is much smaller; only 18 percent of family and 16.2 percent of non-family enterprises are in the ownership of two owners. The average family enterprise has 1.33 owners; non-family enterprises have on average 1.81 owners, but the difference is not statistically significant (Duh, Tominc, 2006).

## **(9) Educational level of the owners and managers**

According to some research results (Glas, Vadnjal 2004) family businesses' managers have a lower education level than their non-family counterparts and the formal education of family businesses' founders is quite low compared to other SMEs in Slovenia (Glas, Drnovšek, 2000); 62.8 percent have only secondary school, 18.2 percent university and 2.5 percent post-graduate degree (Glas et al., 2005). Succeeding generation is better educated, although not radically different showing that family businesses value formal education less than on-the-job training (Glas et al., 2005).

## **(10) Access to external finance**

Slovenian family businesses are inclined to use to a larger degree the financial resources of founders and family members, as well as reinvesting own profits. Commercial banks are found to be a stronger source of family-firm financing as opposed to non-family firms (Vadnjal, Glas, 2003; Glas et al., 2005). This finding could be explained by the fact that family businesses largely originated from former crafts with strong track record and a good relationship with banks which was established long in the past; also banks as the source are not in conflict with the family control of the firm. Family businesses are more reluctant to accept non-family equity finance (Vadnjal, Glas, 2003). There were almost no statistical significant differences regarding the attitude of the founding and succeeding generation regarding outside investors. Both generations do not prefer outside investors and they do not consider sharing the ownership with key employees as a challenge (Glas et al., 2005).

## **(11) Business transfer**

Slovenian owners-managers believe that the business should stay in the family (Duh, Tominc, 2005; Glas, 2003; Glas et al., 2004). Children should be introduced in the business at early age and should be educated towards the business needs. Owners-managers believe that there should be only one successor (not a team) in management and he/she should be found among family members since a business is considered stronger with family members involved. Regarding transfer of ownership Slovenian owners-managers believe that children should become co-owners when they

join the business and their parents are still alive and active. Slovenian owners-managers are quite sure about the capabilities of their children to take over and manage the family business (Glas, 2003; Glas et al., 2004). The concept of "primogeniture", the oldest child to take over, is strong (76 percent of respondents), but the gender aspect is not that important since in 30 percent of businesses the daughter as the oldest child would be successor. The usual legal form of the transfer of the family business is through the gift process; owners-managers are not inclined to the idea of selling the business (Lovšin Kozina, 2006).

Another research study shows that the succeeding generation wants to retain more freedom to decide whether it will become part of the family business. Successors lack the proper training and mentoring so they feel uncertain about their capability of managing the firm (Glas et al., 2005).

Since the majority of family businesses are still in the possession of the founding generation, there is a lack of experiences in doing a successful transition to the next generation (Glas, Vadnjal, 2005; Duh, Tominc, 2005; Duh et al., 2007).

## **(12) Transfer planning**

According to some research results (Duh, Tominc, 2005) less than 60 percent (on average 57.5 percent) of family businesses' owners-managers who are 51 or older, are actually planning the succession in the next five years (estimating that the period needed for preparation and planning of succession is five to ten years; if the preparation and planning also includes the qualification of a potential successor, even longer periods may be required). Therefore more than one third of family businesses in Slovenia will be unprepared to face succession problems in the next five to ten years (due to the age of the owner-manager). "Not planning to retire in the next five years," and "succession planning is not necessary" are two of the most often stated reasons for not preparing the transfer of management and/or ownership in the next five years. Similarly Lovšin Kozina (2006) found in her research study that a lot of family businesses' owners-managers believe that succession planning is not necessary; that is especially true for owners-managers who are less than 50 years old. The situation is better in the age group above 50 years in which still 20 percent of family businesses' owners-managers believe that succession planning is not necessary.

## **(13) The most important aspects making family businesses "different" from non-family businesses, strengths and weaknesses of family businesses**

Owners-managers identified as the most distinctive feature of the family business the capacity of the business to provide income for the family (1), followed by the majority ownership share of the family (2) and family members covering the management functions (3). More than one family member is employed in the business and there exist a formal decision of the family to keep control over the business were also found as important features of family businesses (Lovšin Kozina, 2006).

Slovenian family businesses' entrepreneurs believe that the business is stronger with family members in the business, but on the other hand they believe that it is necessary to separate business and family (private) affairs (Glas, 2003; Vadnjal, 2005; Lovšin Kozina, 2006). Founding and succeeding generations think that the business is a part of the family's future (Lovšin Kozina, 2006) and a part of the family heritage (Glas, Vadnjal, 2005).

Vadnjal (2005; Glas, Vadnjal, 2004) tried to measure the satisfaction of family entrepreneurs with the business. According to the research results family businesses tend to be more satisfied (than non-family ones) with issues like capability to recruit competent new staff, the quality of their product and services, the level of satisfaction of their customers, accomplishing the entrepreneurs' personal goals, autonomy and personal freedom secured by the enterprise, strong wishes to create value for the customer, research of new products and services and ensuring employment for children.

The research study of the attitudes and behaviour of Slovenian family businesses in comparison to 16 other countries (Glas, 2003; Glas et al., 2004) shows that Slovenian family businesses do not present any extravagant behaviour, however, the family orientation is stronger and these firms are rather "closed" to outside managers and investors. Family businesses are intended to be sources of jobs and incomes for families, they are rather conservative on the issues of growth, with more emotions guiding the decision-making process and preferring family members.

One of the main weaknesses of Slovenian family businesses is the lack of preparation for the transfer of the business. Namely, new private family businesses (established after 1990) are now approaching to the stage in the family and business life cycle when the succession will become an important issue; according to research results succession is not always planned even though the strong wish exists that the enterprise remains in the family (Glas, Mirtič, 2003; Duh, Tominc, 2005). Due to the informal system of decision making (Glas, 2003) and low educational level (Glas, Vadnjal, 2004; Glas et al., 2005) family businesses' owners-managers do not possess (or not enough) knowledge on family businesses' governance and management (including knowledge on some family business specific tools like family constitution, family council, family assembly etc.).

## 5 Institutional actors and their strategies, policies and initiatives

The analysis of the institutional actors as well as policy actions to support and promote family businesses in Slovenia show that there exist different actors for supporting and promoting SMEs and other business organizations but not special ones focusing on family businesses. Some of those actors targeting at SMEs are large, established by the government and acting at the national level, such as: the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments (original: Javna agencija Republike Slovenije za podjetništvo in tuje investicije, short: JAPTI) and the Slovene Enterprise Fund (original: Slovenski podjetniški sklad). There are also the Chamber of Commerce and Industry of Slovenia (original: Gospodarska zbornica Slovenija) and Chamber of Craft and Small Business of Slovenia (original: Obrtno-podjetniška zbornica) which act as a service providers at the national level, and there are also many small local or regional services providers. But in the majority of cases these actors as well as policy actions/measures/strategies (for example recently accepted Program of measures for promoting entrepreneurship and competitiveness for the period 2007-2013 of the Ministry of economics (original: Program ukrepov za spodbujanje podjetništva in konkurenčnosti za obdobje 2007-2013 Ministrstva za gospodarstvo) for supporting and promoting SMEs do not differentiate family businesses as a special group within SMEs.

The analysis shows that some efforts regarding family businesses have been done in the area of research activities. The majority of the research studies on family businesses have been carried out by two research institutes (university ones). There exists some educational support provided mainly as special courses within the undergraduate study programs; also some special training and consulting activities are offered. Therefore, actors of institutional framework (networks do not exist) are numerically small in Slovenia. The analysis also shows that almost no cooperation exists between these actors. They are listed below (in alphabetic order) and explained in detail in the form:

- Centre for Entrepreneurship Development at the Faculty of Economics, University of Ljubljana
- Chamber of Craft of Slovenia
- Faculty of Economics, University of Ljubljana
- GEA College of Entrepreneurship
- Institute for Entrepreneurship and Small Business Management at the Faculty of Economics and Business, University of Maribor

	Explanation
<b>institutional features</b>	
name of the actor	Center za razvoj podjetništva Ekonomska fakulteta, Univerza v Ljubljani Centre for Entrepreneurship Development Faculty of Economics, University of Ljubljana
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input type="checkbox"/> support service provider (information, advice, education) <input checked="" type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies) <input checked="" type="checkbox"/> others, namely: education (planned)
address	Kardeljeva ploščad 17, 1000 Ljubljana, Slovenia
contact person	Prof. dr. Miroslav Glas
web-page	<a href="http://www.ef.uni-lj.si/">http://www.ef.uni-lj.si/</a>
e-mail	miroslav.glas@ef.uni-lj.si
<b>content based features</b>	
name of the strategy/initiative/regulation	Research projects on family businesses; in the future also training and workshops for family businesses' entrepreneurs.
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input checked="" type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input checked="" type="checkbox"/> others, namely: research
objective	<p>The recent research studies have the following objectives:</p> <ul style="list-style-type: none"> <li>- to study in detail the role and contribution of women in Slovenian family businesses;</li> <li>- to gather information on employment of children and development of successors and to study the family businesses succession which is especially needed because many Slovenian family businesses will be transferred to the next generation in the next decade;</li> <li>- in the future also training and workshops for family businesses entrepreneurs.</li> </ul>

	Explanation
<b>content based features</b>	
initiation	Research activities have been started in the middle of the 1990s; workshops and training activities are planned to be carried out in the future.
contents/description of the initiative/measure	Content of the large scale research study on the role of women in Slovenian family businesses: role and contribution of women in family businesses, family conflicts, differences among men and women managers, women on top-management positions, discrimination. Content of the research study on successors' development: succession planning, criteria for selection of a successor, characteristics of managers and successors, education and training of successors.
<b>user based features</b>	
eligibility criteria/target group	Different definitions applied. For example: <ul style="list-style-type: none"> <li>- businesses are classified as family/non-family businesses on entrepreneurs' statement whether they consider the business to be a family business;</li> <li>- Birely's (2001) approach of classifying businesses into three groups: (a) family-in (described also as a family enterprise), (b) family-out and (c) those balancing family and business pressure. These three groups are identified according to their attitude towards family involvement in business (20 statements about family and business were considered in forming groups).</li> </ul>
Promotion tools/information strategy	Dissemination of research results through research reports, presentations at the conferences.
source of funding	<input type="checkbox"/> EU-funds <input checked="" type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: funds of the research centre
<b>performance based features</b>	
evolution	Research results give better insight into family businesses characteristics, problems, challenges and threats. As such can be a good basis for creating support for family businesses.

	Explanation
<b>institutional features</b>	
<b>name of the actor</b>	<b>Obrtno-podjetniška zbornica Slovenije Chamber of Craft and Small Business of Slovenia</b>
nature of the actor	<input type="checkbox"/> government <input checked="" type="checkbox"/> employers' organisation (association of craftsmen and entrepreneurs) <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies) <input type="checkbox"/> others, namely: association of craftsmen and entrepreneurs
address	Celovška cesta 71, 1000 Ljubljana, Slovenia
contact person	Danijel Lamperger
telephone	+386 1 5830 509
web-page	<a href="http://www.ozs.si/">http://www.ozs.si/</a>
e-mail	<a href="mailto:danijel.lamperger@ozs.si">danijel.lamperger@ozs.si</a>
<b>content based features</b>	
<b>name of the strategy/initiative/regulation</b>	Workshops and seminars on business transfers. Information, advice and consultancy for family businesses. Training program Family business management.
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input checked="" type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input checked="" type="checkbox"/> education/training measures <input checked="" type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	The main objective of the Chamber is to provide information, consulting and training support to its members (i.e. craftsmen and entrepreneurs). Since among members of the Chamber is also a lot of family businesses the information, consulting and training activities regarding specific family businesses problems are provided to those members.
initiation	The Chamber has been providing support to family businesses for 35 years (i.e. since its beginning). Especially last five years a lot of activities of the Chamber provided have been targeting family businesses.

	Explanation
<b>content based features</b>	
contents/description of the initiative/measure	<p>Training on businesses transfers (with special focus on tax and legal aspects) and family business management and governance. The workshops are also aimed to raise awareness of the succession process and possible problems connected with the transfer of the business.</p> <p>Information, advice and consulting on tax and law regulations of the business transfer, succession, family business growth.</p>
<b>user based features</b>	
eligibility criteria/target group	Members of the Chamber are craftsmen and entrepreneurs. The majority of members are sole proprietors (83.9 percent). A special definition which would differentiate family businesses among members does not exist. Many of sole proprietors can be described as family businesses since family members are directly or indirectly connected with the business.
Promotion tools/information strategy	The target group is made aware of activities of the Chamber by e-mail, direct mail and telephone. Members receive a special journal entitled Craftsmen (original: Obrtnik) every month, the journal Entrepreneur (original: Podjetnik) including many information on the Chamber activities as well as professional papers is also available for members. Each of 62 local chambers has its own monthly newspaper. Many information are also provide on the Chamber's webpage.
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input checked="" type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: Some of the Chamber's activities have to be paid; the members have a discount.
costs for participants/members	Basic consulting activities as well as some short informational workshops are covered with the membership fee; some activities have to paid, but the price for members is lower than a market price. The membership fee depends on the size of an enterprise and ranges from 10 EUR (minimum) to 50 EUR (maximum), on average 20 EUR per month.
<b>performance based features</b>	
evolution	<p>The CRM system has been introduced for monitoring the consulting and training activities. Data on the users/participants are stored in the system. Local chambers which do not have CRM system make a list of participants.</p> <p>The information, consulting and training activities provided to family businesses are especially important in solving family businesses specific problems. Lately these activities are specially dealing with the succession problems since many of the Chamber's members are confronted with the transfer of the business. Support provided help family businesses to successfully transfer business to the next generation and provide basis for the existence and growth in the future.</p>

	Explanation
<b>institutional features</b>	
name of the actor	<b>Ekonomska fakulteta, Univerza v Ljubljani</b> <b>Faculty of Economics, University of Ljubljana</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input checked="" type="checkbox"/> support service provider (information, advice, <u>education</u> ) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies) <input checked="" type="checkbox"/> others, namely: education provider
address	Kardeljeva ploščad 17, 1000 Ljubljana, Slovenia
contact person	Prof. dr. Miroslav Glas
telephone	+386 (1) 5892-577
web-page	<a href="http://www.ef.uni-lj.si/">http://www.ef.uni-lj.si/</a>
e-mail	miroslav.glas@ef.uni-lj.si
<b>content based features</b>	
name of the strategy/initiative/regulation	Course entitled "Family entrepreneurship" offered within undergraduate study program.
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input checked="" type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	Objectives of the course: <ul style="list-style-type: none"> <li>- understand particularities of family businesses' and their economic importance</li> <li>- understand growth and succession issues of family businesses</li> <li>- through case studies, seminar work and contacts with family businesses' entrepreneurs get to know family businesses issues and ways to deal with them.</li> </ul>
initiation	The course was for the first time offered to students in the academic year 1998/99.

	Explanation
<b>content based features</b>	
contents/description of the initiative/measure	Within undergraduate study program this course is especially designed to educate students on family businesses. The purpose of the course is to provide students with knowledge on family businesses (what is a family business, stakeholders in and their roles in a family business, growth and succession issues, family conflicts).
<b>user based features</b>	
eligibility criteria/target group	Open to all undergraduate students of the Faculty of Economics.
Promotion tools/information strategy	The course is regularly offered to students as a part of the study program.
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees X others, namely: national funds for full time students; part-time students have to pay for the whole study program.
<b>performance based features</b>	
evolution	On average 35-40 students per academic year choose the course. During the lectures and individual work students get to know with particularities of growth, succession and other issues specific for family businesses, through contacts with entrepreneurs from family businesses student get better insight into real family businesses' issues. The knowledge acquired within the course positively contributes to solving real problems within family businesses.

	Explanation
<b>institutional features</b>	
name of the actor	<b>GEA College – Visoka šola za podjetništvo</b> <b>GEA College of Entrepreneurship</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation X support service provider (information, advice, <u>education</u> ) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies) X others, namely: education provider
address	Kidričevo nabrežje 2, 6330 Piran, Slovenia
contact person	Dr. Jaka Vadnjal
web-page	<a href="http://www.gea-college.si/">http://www.gea-college.si/</a>
e-mail	<a href="mailto:jaka.vadnjal@gea-college.si">jaka.vadnjal@gea-college.si</a>

	<b>Explanation</b>
<b>content based features</b>	
name of the strategy/initiative/regulation	Course entitled "Family entrepreneurship" offered within undergraduate study program.
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input checked="" type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	Objectives of the course: <ul style="list-style-type: none"> <li>- understand strengths and weaknesses of family businesses</li> <li>- understand reasons for conflicts in family businesses</li> <li>- understand critical dimensions of family businesses' growth</li> <li>- understand the importance and tools for successful intergenerational transfer of a family business</li> <li>- understand the most important methods of professional work with family businesses</li> </ul>
initiation	For the first time the course was offered in the academic year 1998/99.
contents/description of the initiative/measure	Within undergraduate study program this is the only course which is especially designed to educate students on family businesses. Each student has to work on a project on solving problems of at least one family business.
<b>user based features</b>	
eligibility criteria/target group	Open to all undergraduate students of the GEA College of Entrepreneurship.
Promotion tools/information strategy	The course is regularly offered to students as a part of the study program.
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: national funds for full time students; part-time students have to pay for the whole study program.

	Explanation
<b>performance based features</b>	
evolution	<p>On average 50 students per academic year choose the course.</p> <p>The course is especially designed for entrepreneurs, potential successors of family businesses as well as for those who are going to deal professionally (consulting, services, publishing) with small and family businesses. Students get to know particularities of functioning and managing of a family business. Special importance is given to the succession and growth issues. The knowledge acquired within the course positively contributes to solving real problems within family businesses.</p>

	Explanation
<b>institutional features</b>	
name of the actor	<p><b>Inštitut za podjetništvo in management malih podjetij, Ekonomsko-poslovna fakulteta, Univerza v Mariboru</b>  <b>Institute for Entrepreneurship and Small Business Management, Faculty of Economics and Business, University of Maribor</b></p>
nature of the actor	<p><input type="checkbox"/> government  <input type="checkbox"/> employers' organisation  <input type="checkbox"/> support service provider (information, advice, education)  <input checked="" type="checkbox"/> research centre  <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies)  <input type="checkbox"/> others, namely:</p>
address	Razlagova 14, 2000 Maribor, Slovenia
contact person	Prof. dr. Miroslav Rebernik
telephone	+386 2 22 90 270
web-page	<a href="http://epfip.uni-mb.si/">http://epfip.uni-mb.si/</a>
e-mail	<a href="mailto:rebernik@uni-mb.si">rebernik@uni-mb.si</a>
<b>content based features</b>	
name of the strategy/initiative/regulation	Research projects on family businesses as a part of research activities of the Institute.

	Explanation
<b>content based features</b>	
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input checked="" type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input checked="" type="checkbox"/> others, namely: research
objective	<p>The main objectives of the recent research studies on family businesses were to find out:</p> <ul style="list-style-type: none"> <li>- the share and economic importance of family businesses in Slovenian economy,</li> <li>- the differences among Slovenian family and non-family businesses</li> <li>- succession preparations in Slovenian family businesses and to propose measures for supporting family businesses and to raise awareness on specific family businesses problems.</li> </ul> <p>In the future: continuing with the research on family businesses.</p>
initiation	<p>Research activities on family businesses started in the middle of 1990s.</p>
contents/description of the initiative/measure	<p>Contents of the recent research activities are:</p> <ul style="list-style-type: none"> <li>- study of the importance of family businesses for Slovenian economy;</li> <li>- study of differences in age, size, ownership structure, growth ambitions, internationalization and performance between family and non-family businesses;</li> <li>- since the unsolved succession is very often the reason for closing the family business down, the succession issues (especially preparations on succession) were also examined;</li> <li>- study of Slovenian family enterprises in early stages of the entrepreneurial process within the Global Entrepreneurship Monitor (Institute is one of the partners in GEM).</li> </ul>

	Explanation
<b>user based features</b>	
eligibility criteria/target group	More definitions applied; in the majority of studies the definition comprising the following criteria was/is used: "more than 50 percent of ordinary voting shares are owned by members of the largest single family group related by blood or marriage", "the enterprise is perceived by the top manager (entrepreneur, owner-manager) to be a family enterprise", and "one or more of the management team is drawn from the largest family group that owns the enterprise".
Promotion tools/information strategy	Dissemination of research results through research reports and publications such as: professional and academic journals, public media, and press conferences.
source of funding	<input type="checkbox"/> EU-funds <input checked="" type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: projects for companies
<b>performance based features</b>	
evolution	Findings of the research studies are important for possible policy implications, especially for the creation of government business development policy and entrepreneurial infrastructure for family businesses, such as different government-funded economic and business development agencies, other counselling assistance, and the education and training programs offered by universities and schools.

## 6 Future issues

According to research studies reviewed micro, small and medium-sized family enterprises are a numerically important group of enterprises in Slovenia. Therefore, the short-term stability as well as long-term prosperity of Slovenian economy also depends on how these enterprises are going to cope on one side with global and competitive environment and on the other side with overlapping family and business issues in them. This also implies the transition of an enterprise to the next family generation, which is going to be one of the major problems of Slovenian family businesses.

Slovenian economy is dominated by family enterprises controlled by the founding generation. Owners-managers (founders in the majority of cases) are getting older and have almost no previous succession experiences. They have almost no possibility of sharing the succession experience with others, since the majority of their colleagues' owners-managers are the founders (not successors). There is almost no educational and institutional support regarding succession issues in Slovenia. Even though the research results indicate that many owners-managers are planning the transfer of management and/or ownership, there are still a lot of them believing that succession preparations are unnecessary. Therefore, raising awareness of the need to prepare the transfer of management and ownership on time is much needed. Due to demographic changes (less children as potential successors) Slovenian family firms, while growing, will have to become more open for non-family professionals and managers. Even though family businesses' owners-managers prefer successors from the family some other options should be considered (for example in the case of non-existence of family successor, or due to demographic changes) such as: non-family manager, sale of the firm, employee-management buy-out. The policy makers should follow the European efforts to develop more friendly administrative, tax and financial environment for family businesses to realize the transfer without endangering the business.

Therefore, family enterprises deserve more research and policy support in order to help family businesses' owners-managers develop their enterprises in the future. Findings of research studies are important for possible policy implications, especially for the creation of government business development policy and entrepreneurial infrastructure for family businesses, such as different government-funded economic and business development agencies, other counselling assistance, and the education and training programs offered by universities and schools.

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