

SUCCESSION – A PREREQUISITE FOR SUSTAINABILITY AND DEVELOPMENT OF SLOVAK WOOD-PROCESSING FAMILY BUSINESSES

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ABSTRACT

The aim of the paper is to map the current state of succession as a critical prerequisite for the sustainability and development of Slovak wood-processing family businesses. The questionnaire survey was evaluated using statistical methods (Cronbach alpha, binomial test, interval estimate, Pearson's test, and the Wilcoxon test). The results showed that Slovak wood-processing family enterprises do not have experience implementing the succession process. They do not plan to sell their business to strategic investors. The main reason for succession planning is the age of the founder of the enterprise. The key factors that threaten a successful succession process include a lack of a qualified workforce, a lack of interest in offspring in the business, and a lack of legislation in the field of the family business. The research provides a comprehensive view of succession in Slovak wood-processing family businesses and points to critical issues that need to be addressed.

Key words: family business, succession, wood-processing industry, wood-processing enterprises, sustainability.

INTRODUCTION

Family businesses are classified as a form of entrepreneurship. KOCIANOVÁ *et al.* (2022), PERÁČEK *et al.* (2020), EVERT *et al.* (2016) and MACHEK *et al.* (2013) present that more than two-thirds of all businesses in the world are considered family-owned. Family businesses have specific characteristics that distinguish them from non-family businesses. One of these basic features is succession or generational change. This process is a fundamental prerequisite for maintaining the tradition of the family business.

In Slovakia, the family business has not received sufficient attention for a long time. One of the reasons for this is the fact that the development of the market economy started only after 1989. As PERÁČEK *et al.* (2020) state, there is no generally binding definition of the family business in the legislation of the Slovak Republic. Many researchers (MORESOVÁ *et al.*, 2021; PERÁČEK *et al.*, 2020; MACHEK *et al.*, 2013) have confirmed, that the majority of Slovak enterprises meet the characteristics of the family business and thus family businesses form the basis of the Slovak business environment. As KOCIANOVÁ *et al.* (2021) claim, in total, between 55.13% to 68.31% of wood-processing enterprises in Slovakia are considered to be family-owned. The authors KRIŠŤÁKOVÁ *et al.* (2021), VANOVÁ *et al.* (2021), DUDIÁK *et al.* (2021), DZURENDA *et al.* (2021), HAJDÚCHOVÁ *et al.* (2019) and MACHOVÁ *et al.* (2019) point to the importance of the wood-processing industry for the

national economy as well as for employment in the regions. Despite their importance, they have been undervalued in recent years. According to the above-mentioned authors, it is necessary to bring this industry to the centre of social perception, as in neighbouring Austria, for example. The wood-processing industry is significantly represented in the regions, especially in small and medium-sized enterprises. Small and medium-sized enterprises are a typical segment of a successful economy in developed countries. In recent years, the wood-processing sector has been fundamentally affected by globalisation and world trade opportunities.

As the authors PERÁČEK *et al.* (2020) and MACHEK *et al.* (2013) emphasize, the development and sustainability of the wood-processing industry in Slovakia should become one of the priorities for the Slovak industry. To achieve this goal, it is necessary to pay special attention to the issue of succession of Slovak wood-processing family businesses (SWPFBs). As WANG *et al.* (2017) state, generational change in family businesses takes place in about each 30 years, which clearly shows that Slovak wood-processing enterprises are currently in this critical period. GHEEL *et al.* (2015) point to problems related to generational change. International statistics indicate (GHEEL *et al.*, 2015; MURZINA, *et al.* 2016), that only a third of them will survive to the second generation, and of that third, only half will pass into the hands of the third generation. In this respect, it is important to address this issue systematically and comprehensively. The present paper aims to map the current state of the succession issue as a key prerequisite for the sustainability and development of Slovak wood-processing family businesses.

THEORETICAL BACKGROUND

KARLSSON (2018) and LORINCOVÁ *et al.* (2018) claims that human capital – employees, staff and managers – are essential for successful businesses. Human resource is the creative element in any organization. In general, as stated by GAGANIS *et al.* (2019), WANG *et al.* (2017) and CHANG *et al.* (2011), succession in management is the process of substitution or replacement of one manager by another. On the one hand, such a process is political; on the other hand, it is associated with the transfer of execution to proceed with significant changes in the organization and its strategy. Thus, the main objective of succession is to achieve organisational and strategic renewal. Besides this, GAGANIS *et al.* (2019), MURZINA *et al.* (2016) and CHEEL *et al.* (2015) found out that the average recovery time is roughly five years. On the contrary, succession management in family businesses is associated with the retirement of the founder. In this case, the founder selects a successor mainly to continue the family business. For this reason, succession management in non-family businesses differs significantly from succession management in family businesses. One important difference is the link between ownership and management of family businesses, which leads to a different logic regarding priorities. The successor of the founder often becomes at the same time the owner of the business, or this exchange is very closely linked to proprietary relations.

According to HNÁTEK (2013) and GHEEL *et al.* (2015), succession is a lengthy and complex process of transferring the management of an enterprise to the next generation. The amount of time required for the whole process depends on the type of family and the nature of the business. It is recommended to draw up a clearly formulated succession plan consisting of 4 phases (initiation of the process, selection of the successor, education and intergenerational transfer).

The initiation of the process, as reported by MURZINA *et al.* (2016) and PORFIRIO *et al.* (2020), is the time during which a new generation learns about the family business. Children

encounter the business on a daily basis, learning about the values and culture established in their parents' business. Parents hope that their children will choose to work in the family business on their own. The second phase is the process of selecting a successor from among all the children. Owners can choose different criteria based on age, gender, qualifications and ability. It is difficult for parents to choose just one child to succeed them. Mostly they choose based on age – the oldest child. It is not always the eldest child who has the best capabilities and qualifications needed to manage the family business. When choosing a suitable successor, it is essential to detach oneself from the emotional aspect. The third phase is education, which is a challenging process. As SOLOMON (2015) and STANLEY *et al.* (2019) state, it is often the case that parents find that training their own child for a job position is more demanding than they expected and planned. An alternative solution is therefore to gain work experience outside the family business, e.g., with a competitor. Another way to train a potential successor is training by objectives. Within this concept, according to CHANG *et al.* (2011) and PORFIRIO *et al.* (2020), they work both – founder (senior) as well as potential successor (junior), to find out what abilities the potential successor has. To be evaluated objectively, the successor needs to be given real responsibility for some tasks. The appropriate way to assess and improve his or her skills is to involve him or her in the day-to-day running of the business. The last phase is the intergenerational transition itself. The previous entrepreneur-founder retires and his position is taken over by his successor, usually from the line of descendants. The founder no longer intervenes in the day-to-day running of the business but may participate in major or strategic investment decisions on a consultative basis.

However, it may happen that the children are not interested in being involved in the running of the family business, or they may be afraid of such a big responsibility. Some offspring are satisfied with working in managerial positions but do not want to assume the position of managing director. They realise that the surrounding environment will constantly compare them to the founder and also judge them more critically. Some want to go their own way or simply find the family business sector inconvenient. They want to work in trend industries or large foreign corporations (EVERT *et al.* 2016; CHANG *et al.* 2011).

If the founder does not have a successor to take over the business, there are several options. The first option is to sell the business. If the sale of the business is carried out without haste and after careful consideration of all offers, the founder may receive a much larger amount for the enterprise than under the other procedure (WANG *et al.* 2017; PORFIRIO *et al.* 2020). The second option that the founder may choose is to appoint a temporary administrator of the family business. If the succession of generations in the management of the enterprise is prevented by circumstances that may change over time (if the descendants are too young or too inexperienced to succeed the founder in the management of the enterprise), there is the possibility of appointing a manager to act as a managing director until the situation arises where the successor can take over the management of the enterprise himself or herself. This temporary successor may also become the teacher of the next generation (HNÁTEK 2013; MURZITA *et al.* 2016). The third option is professional business management. This means that managers who do not belong to the board of directors will join the company. These professionals will take up their respective positions in the business during the founder's lifetime so that by the time he or she retires, the management of the business will be entirely professional. Of course, in this case, there will also be independence of the hitherto undivided ownership and management units. There will be a situation where the management of the company will be in the hands of managers who are not part of the family and therefore not owners. On the contrary, ownership remains with the heirs. In this way, professional managers are given the opportunity to successfully carry out the main operational tasks within the company (SOLOMON 2015).

In addition to the above three basic approaches if there is no successor to take over the business, according to WANG *et al.* (2017), there may be a merger of the family business with another company, a stock market listing, the entry of a strategic investor, or some other options.

METHODOLOGY

The methodology of the paper is divided into several logical units. In the first phase, a literature review was carried out by analysing secondary sources. Based on the available information, a definition of the family enterprise was determined and the objective, hypotheses as well as methodology of the primary research were identified.

Since no unified concept of FB has been defined, and at the same time family business, as such is not defined in Slovak legislation, the authors have adopted a definition of FB as proposed by the EU. This means that FB is a such enterprise that can be characterized by at least one of the following elements (EVERT *et al.* 2016; CASILLAS *et al.* 2019; STANLEY *et al.* 2019): one or more family members have established (acquired) the enterprise, and are the majority (or full) decision-makers; the enterprise is owned by a spouse, parents, children, or direct descendants of the owners; at least one of the family members (or relatives) participates in the management and administration of the enterprise; while in listed enterprises, one family owns at least 25 % of the voting rights.

Primary data were obtained by conducting a questionnaire survey among family businesses operating in the wood-processing industry in Slovakia. A total of 5,343 wood-processing enterprises operating in Slovakia were addressed. A database of contacts was created using data reported by FINSTAT (2022).

The inner consistency of a questionnaire was evaluated by the Cronbach alpha coefficient (CRONBACH 1951):

$$\alpha = \frac{k}{k-1} \times \left(1 - \frac{\sum_{i=1}^k s_i^2}{s^2} \right) \quad (1)$$

where: k – is the number of test items; $\sum_{i=1}^k s_i^2$ – the sum of the item variance; s^2 – is the variance of the total score. The level of Cronbach alpha is 0.77, which means our questionnaire could be accepted from the point of view of consistency (CRONBACH 1951).

The questionnaire was sent out to 5,343 enterprises operating in the wood-processing industry. The questionnaires were distributed via an electronic form - online. From the total number of completed questionnaires, which was 404, enterprises that did not meet the above definition of a family business were excluded, i.e., only the responses from the FBs were taken into account in the processing of the results. The questionnaire survey identified 388 Slovak wood-processing family businesses (SWPFBs). The questionnaire was divided into two parts. The first part contained basic identification questions such as identification of the FB, number of employees, legal form, length and scope of business. The second part of the questionnaire contained questions that were directly aimed at examining succession issues in Slovak wood-processing FBs (key succession factors, experience with the succession process, divestment of the business, advice, and succession plan).

The size of the examined sample was determined according to the following mathematical relation, which is intended for the calculation of the minimum number of respondents (HONG, 2017):

$$n = \frac{p(1-p)}{\frac{e^2}{z^2} + \frac{p(1-p)}{N}} \quad (2)$$

where:

n – minimum number of respondents;

z – reliability coefficient (at confidence level of 95% the variable $z = 1.96$);

p – the proportion of the character (for unknown values it is substituted for $p = 0.5$);

e – acceptable margin of error (significance level was set at 5%),

N – size of the basic set ($N=5343$).

The calculation of the minimum sample size implies that it is necessary to ensure answers to the questionnaire questions from at least 359 respondents. As 388 Slovak FBs participated in the survey, the minimum size condition was met and the results of the survey can be generalized to the entire population.

Based on the available literary sources, four basic hypotheses were formulated as follows:

H1: It is assumed that most Slovak wood-processing family businesses have not dealt with the succession process yet.

The current insufficient development of family business in Slovakia has its justification in its historical development on our territory. As WANG *et al.* (2017) and GAGANIS *et al.* (2019) point out, a real change of generations occurs in a family business approximately every 30 years, which means just in this period for Slovak conditions.

H2: It is assumed that most SWPFBs are not considering selling the enterprise to any strategic investor.

If the founder does not have a successor or the successor is not interested in taking over the business, the enterprise can be sold. If the sale of the enterprise is carried out without haste and after careful consideration of all offers, the founder may receive a much larger sum for the enterprise than under any other procedure (WANG *et al.* 2017; PORFIRIO *et al.* 2020).

H3: It is assumed that the main factor that influenced succession planning in SWPFBs is the age of the founder of the enterprise.

Insufficient preparation for generational change can cause many complications in accidental situations that are not anticipated. It often happens that enterprises only start to address the question of who the new director will be when an unexpected departure of the current FB owner occurs, such as age, illness or death. This means that the original owner is no longer able to continue to run the business and his successor, who is inexperienced and has so far not taken much interest in the running of the FB, has to take his place urgently (CHANG *et al.* 2011; KARLSSON 2018).

H4: It is assumed that most SWPFBs have a succession plan.

If the owner has already chosen an adequate successor to run the FB, he/she should gradually begin to hand over his powers to his chosen successor and, of course, decide when he will take over full management. Entrusting the business to a successor is not just a matter of discussion, it must be followed precisely according to a set plan to avoid chaotic decisions (SOLOMON 2015; VAZQUES *et al.* 2018).

H5: It is assumed that the main barrier to the SWPFBs succession process is the lack of family business legislation.

Family businesses are one of the key components of the economies of most countries in the world, and it is, therefore, essential to pay special attention to them. According to CASILLAS *et al.* (2019), family businesses present several specific features that distinguish them from non-family businesses. As MACHEK *et al.* (2013) and PERÁČEK *et al.* (2020), emphasize, there is currently no separate legislation for family businesses in Slovakia.

We used the statistical software IBM SPSS to verify the hypotheses. All hypotheses were tested at a significance level of 5% ($\alpha = 0.05$). To evaluate the stated hypotheses, the selected mathematic-statistical methods were used, such as the binomial test, interval estimate, Friedman test and Wilcoxon test. The results of the research indicate the current situation in the field of succession in the SWPFBs. In current conditions, it is one of the decisive factors for the sustainability and development of the wood-processing industry in Slovakia. In this phase, several scientific methods were used, such as summarization, deduction, comparison, analysis and synthesis.

RESULTS AND DISCUSSION

The following section presents the results of the questionnaire survey aimed at mapping the current state of succession in Slovak wood-processing enterprises. In the first part of the questionnaire survey, respondents answered basic identification questions about the wood-processing family enterprises. These results are presented in Table 1.

Tab. 1. Basic characteristics of the SWPFB.

Questions	Answers			
	1-9 employees (micro-enterprise)	10-49 employees (small enterprise)	50 - 249 employees (medium-sized enterprise)	50 or more employees (large enterprise)
Number of employees	77%	19%	2%	1%
Legal form	self-employment 33%	Ltd. 63%	joint stock 4%	other 0%
Length of business	maximum 5 years 23%	6 -15 years 33%	16 - 25 years 24%	26 and over 20%
Scope of business	district 26%	regional 14%	nationwide 38%	international 23%

The second part of the survey focused on issues directly related to succession in the SWPFBs. One of the main priorities was to identify whether SWPFBs had their own experience with the succession process. Hypothesis H1 was also linked to this question: *H1: It is assumed that most Slovak wood-processing family businesses have not yet dealt with the succession process.* In total, up to 71% of SWPFBs reported that they had not yet dealt with the succession process in practice. Only 29% of respondents had their own experience with the succession process. The results were evaluated through the binomial test. As presented in Table 2, the p-value (0.000) is lower than the selected significance level of 5% ($\alpha = 0.05$). Thus, the results show that the assumption made in hypothesis H1 is confirmed, i.e., the majority of Slovak wood-processing FBs do not have experience with the process of generational change.

Tab. 2. Binomial test for hypothesis H1.

Binomial Test					
Experience with the succession process	Category	N	Observed Prop.	Test Prop.	p-value
Group 1	1	274	0.7062	0.6	0.000
Group 2	0	114	0.2938		
Total		388	1		

Through the second question of this section of the survey, it was possible to determine whether SWPFBs are interested in addressing the generational change process at all. As many as almost 31% of the respondents do not plan to implement the issue of succession in their enterprise. They decided that they would rather sell their family business to a strategic investor. On the contrary, 69% of SWPFBs would not consider selling their family business to a strategic investor. Hypothesis H2 is also related to this question, where it was assumed *that the majority of SWPFBs are not considering selling the business to a strategic investor*. Using the binomial test (Table 3), the validity of the hypothesis was proven (Table 3) ($p\text{-value} = 0.000 < \alpha = 0.05$).

Tab. 3. Binomial test to hypothesis H2.

Binomial Test					
Sale of family business	Category	N	Observed Prop.	Test Prop.	p-value
Group 1	1	268	0.6907	0.6	0.000
Group 2	0	120	0.3093		
Total		388	1		

The age of the founder of the business (35%) was identified as the main factor influencing the initiation of generational change planning in SWPFBs. This is followed by factors such as health and retirement. Both of these were identified by 20% of respondents. 16% of business founders desired to retire and this triggered them to plan the succession of their SWPFBs. The remaining respondents indicated the option “other” (9%). These data were used to test hypothesis H3, where it was suggested that *the main factor that influenced succession planning in SWPFBs was the age of the founder of the business*. The validity of the hypothesis was tested using an interval estimate at the 5% significance level. The results obtained (Table 4) show that 47.87% to 57.81% of all SWPFBs started succession planning due to the age of the founder of the business. Hypothesis H3 was confirmed.

Tab. 4. Interval estimate to hypothesis H3.

Hypothesis	Area of research	n	95%-interval estimate	
			Lower level	Upper level
H3	Reason for succession planning - age of FB founder	388	47.87%	57.81%

The objective of the following question was to determine whether SWPFBs have an established succession plan. 54% of respondents have such a plan, while 46% of SWPFBs do not have a succession plan for generational change. The above information served to test the validity of hypothesis H4. The validity of the hypothesis was verified using a binomial test. As shown in Table 5, the p-value (0.000) was lower than the chosen significance level of 5% ($\alpha = 0.05$). The achieved results confirm the validity of hypothesis H4, i.e., *that the majority of SWPFBs have a succession plan*.

Tab. 5. Binomial test to hypothesis H4.

Binomial Test					
Possession of a succession plan	Category	N	Observed Prop.	Test Prop.	p-value
Group 1	0	180	0.4639	0.7	0.000
Group 2	1	208	0.5361		
Total		388	1		

The last question examined the main barriers SWPFBs face in the succession process. In this question, respondents were asked to indicate three responses. The top four problems that complicate the succession process are lack of skilled labour (23%), lack of interest of offspring in the business (21%), lack of legislation within the FB (20%) and administrative burden (19%). Among the less common problems in this area, respondents reported pressure from other family members (8%). The option of “other” was indicated by 9% of respondents, where the most common answers were unsuitable offspring for business in the sector and uncertainty and chaos in the business environment. Using the presented results, the validity of hypothesis H5 was tested, where it was assumed that *the main barrier to the SWPFBs succession process is the lack of family business legislation*. Friedman test and Wilcoxon test were used to verify the hypothesis. The results of the Friedman test, presented in Table 6, confirmed that the different options that the respondents could indicate were not equally significant (p -value=0.000). Using the Wilcoxon test (Table 6), it was possible to determine the order of the respondents' individual response options. The obtained results justify the conclusion that hypothesis H5 was partially confirmed. The response options, lack of skilled workforce, offspring not interested in business and lack of legislation in the field of FB are equally significant. Administrative burdens come second and obstacles such as pressure from other family members or others come third. This ranking of the options reflects the current conditions in the business environment, which is affected by the consequences of the pandemic, economic or energy crisis.

Tab. 6. Friedman and Wilcoxon test for hypothesis H5.

Friedman Test		Wilcoxon Test						
N	388		C5f-C5a	C5e-C5b	C5d-C5c	C5e-C5d	C5f-C5e	C5d-C5f
Chi-Square	62.389	Z	-19.683 ^b	-18.974 ^b	-18.472 ^b	-5.432 ^b	-0.304 ^b	-0.421 ^b
df	4	p-value	0.000	0.000	0.000	0.008	0.758	0.732
p-value	0.000	b. Based on positive ranks.						

Legend:

C5a: Lack of legislation within family business; C5b: Lack of skilled labour; C5c: Pressure from other family members; C5d: Administrative burden; C5e: Lack of interest of offspring in the business; C5f: Other...

The following conclusions were drawn by summarizing the results of this research obtained from the questionnaire survey. The research sample consisted of Slovak wood-processing family enterprises that are active in the business environment. Through relationship (1), the validity of the minimum sample size was verified and confirmed. Out of a total of 404 respondents who actively participated in the survey, up to 388 of them belong to SWPFBs. These facts confirm the dominant position of family businesses in the wood-processing industry in Slovakia. Similar results were obtained by KOCIANOVÁ *et al.* (2021), PERÁČEK *et al.* (2020) and MACHEK *et al.* (2013), who confirm the statement that family businesses have a key position among business entities across industries. As the

survey results showed, up to 71% of SWPFBs have no experience in implementing a succession planning process. These results confirmed the validity of hypothesis H1. As the authors GAGANIS *et al.* (2019) and WANG *et al.* (2017) claim, limited experience with the generational change process exists in all countries where the development of a market economy has been delayed compared to advanced Western countries such as Germany, France and others. pointed out the rising trend of family businesses being divested to avoid having to deal with the process of generational change. The results obtained did not observe a similar trend among SWPFBs. On the contrary, the majority of SWPFBs (up to almost 70%) do not consider selling the business to a strategic investor. These results confirmed the validity of hypothesis H2. As HNÁTEK (2013) state, the issue of succession is very complex and requires long and thorough preparation if it is to be handled properly. It was for this reason that the issue was further researched, which encouraged SWPFBs to plan the succession planning process. In this area, the results confirmed the expressed assumption in hypothesis H3. The main factor that influenced succession planning in SWPFBs is the age of the founder of the business. The authors CHANG *et al.* (2011), EVERT *et al.* (2016), KARLSSON (2018) agree that the key factor for a successful succession is long-term succession planning, i.e., it may be too late to start dealing with the succession process only when the founder reaches a certain age. In this case, SWPFBs could help each other as 29% of them have already mastered the succession process. The Slovak Business Agency could help them with the mediation itself. Through hypothesis H4, it was found that the majority of SWPFBs have a developed succession plan. On the other hand, 46% of SWPFBs do not have any. According to the findings of GHEEL *et al.* (2015) and MURZINA *et al.* (2016), the introduction of the successor into the family business should occur several years before the takeover. In this way, the young successor gains irreplaceable experience and has the opportunity to learn from the founder as well as to get acquainted with the business. This method of transferring the business to the next generation can be used without drawing up formal succession plans. In the last hypothesis, it was assumed that the main obstacle in the succession process of SWPFBs is the lack of legislation in the area of the family business. However, the results showed that three factors are perceived equally strongly by SWPFBs, namely the lack of skilled labour, offspring not showing interest in business and lack of FB legislation. MORESOVÁ *et al.* (2021), PERÁČEK *et al.* (2020), LORINCOVÁ *et al.* (2020) and MACHEK *et al.* (2013) also pointed out the problem of fluctuation of the skilled labour force. Their research has shown that employees who are not part of the founder's family leave the family enterprise. For the existence, sustainability and development of the wood-processing industry, it is necessary to train new qualified employees who will at the same time perceive the specificities of family-owned wood-processing enterprises. At the same time, following the example of the Western countries of the European Union, it would be suitable to create representative organisations that could represent Slovak FBs at the national level. It is essential to raise awareness and provide technical assistance to the already existing SWPFBs. This can support their sustainability and help them overcome the barriers associated with generational change in their enterprises. The succession process is not easy, but it is essential for the long-term sustainability of family businesses. If generational change is done comprehensively, systematically and with precision, it will provide family businesses with a unique opportunity to fulfil their great potential even more effectively than before.

CONCLUSION

In the empirical survey, the research sample consisted of 388 Slovak wood-processing family enterprises. The results showed that it is necessary to pay special attention to the issue

of succession, mainly because most SWPFBs still need to experience the process of generational change. This fact was also influenced by the historical development of the formation of Slovakia itself. It was found that in this traditional sector, the founders of wood-processing family businesses do not intend to sell the enterprise to a strategic investor. Their primary objective is to pass on the business to their descendants, who will continue the tradition. The main reason why Slovak wood-processing family businesses have proceeded to plan the process of generational change is mainly the age of the current entrepreneur (founder). The finding that the analysed enterprises mostly have a succession plan can be considered positive. It is planning that is considered to be the decisive factor for successful succession. It is also true that if the succession process aligns with the family's values, it is more likely to be successful. Engaging children in the family business earlier is also considered to be very beneficial. It increases the probability that the succession process will be problem-free. The research paper also highlights critical areas that need to be addressed. The three factors that most negatively affect the succession process in Slovak wood-processing family businesses are the lack of skilled labour, lack of interest in offspring in the business, and lack of legislation in the field of the family business in Slovakia. The aim of the presented paper was to map the current state of the succession issue as a critical assumption of the sustainability and development of Slovak wood-processing family enterprises. Due to the fact that the majority of wood-processing enterprises in Slovakia are considered to be family-owned, it is necessary to implement measures for their sustainability and further development. The authors consider the main limitations of the presented research that the research was conducted before the energy crisis. In the evaluation of the hypotheses, all the responses of SWPFBs were analysed, regardless of the length of time, they have been active on the market or their legal form. Individual sole entrepreneurs – natural persons – are not included in the research, as a trade licence cannot be transferred to a descendant in terms of the current Slovak legislation.

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