

**DESCEND OR ICHABOD?
PRECURSIVE RESULTS OF A PILOT RESEARCH FOR MICRO, SMALL AND
MEDIUM-SIZED BUSINESSES IN THE WESTERN TRANSDANUBIA REGION IN
HUNGARY**

András Horváth

Abstract

Nowadays become more and more conspicuous that fact, that the owners of the Hungarian micro, small and medium-sized enterprises (henceforward: SME's) should handle and coordinate the future life of their companies after their expected retire. As the result of my experiences from the last years could be determined that the owners of the companies founded in the early 1990's should look facts in the face what kind of future alternatives they would like to visionize for their companies after their retreat. During my research period I collected the previously published company transmission models, and I made a pilot empirical research to reveal some correlations in the field of the company inheritance characteristics in the Western Transdanubia Region in Hungary. The aim of the paper is to present my empirical precursice results and confirm the raison d'être of a wider examination of the inheritance parameters for the Hungarian SME's.

Key words

SME's inheritance models. Company transmission models. Descend of Hungarian SME's.

Introduction

Nowadays become more and more conspicuous that fact, that the owners of the Hungarian micro, small and medium-sized enterprises (henceforward: SME's) should handle and coordinate the future life of their companies after their expected retire. As the result of my experiences from the last years could be determined that the owners of the companies founded in the early 1990's should look facts in the face what kind of future alternatives they would like to visionize for their companies after their retreat. By this companies the founders were in their mid 20's and 30's as they had founded their businesses, and this fact means, that nowadays this owners and leaders should be over their mid 40's and 50's. The first question is whether they still have pored over the future of their companies or still not? What is in the world the age when an owner should ponder on the company transmission or inheritance?

On the other hand I would like to find some answers, which are the main characteristics which influence the future existence of an SME in the Western Transdanubia Region in Hungary. There are a lot of micro and macro environmental factors which are prepossessing the potentials. The former theoretical models collecting a lot of coefficient factors, which I would like to test in the Hungarian environment, querying if there are by us similarly important or not.

I would like to present hereunder some coherences between my research factors in connection with the inheritance questions, which could be very interesting and perhaps still not queried by this type of SME's.

During my research period I collected the previously published company transmission and inheritance models, and I made a pilot empirical research to reveal some correlations in the field of the company inheritance characteristics in the Western Transdanubia Region in Hungary.

1. Material and methods

1.1. About the company transmission and inheritance models in general

“Those who do not remember the past are condemned to repeat it” were said by George Santayana, an American philosopher and poet.

In Hungary a lot of the nowadays successfully operating companies were founded after the change of the economic system in 1989. The onetime founders and the recent owners are still now almost the same. This means that in 2014 many of these firms run for more than two decades on the market with their operational and survival experiences (Papp 2006). They are probably over some lifecycle periods which provides them to become more and more stager crossing the challenges in their growth (Horváth 2014). If we assume that these business owners decided to start a business and take advantage of the opened political and economical opportunities on average at the age of thirty, these leaders act now on average on their mid-fifties (Rab-Szabó 2002). Law is then raised in the question of whether these corporate owners have pondered on the visions of their long-term company operational options, on the future operational period of their firms and on their resignation strategy alternatives they could imagine to drive by their company?

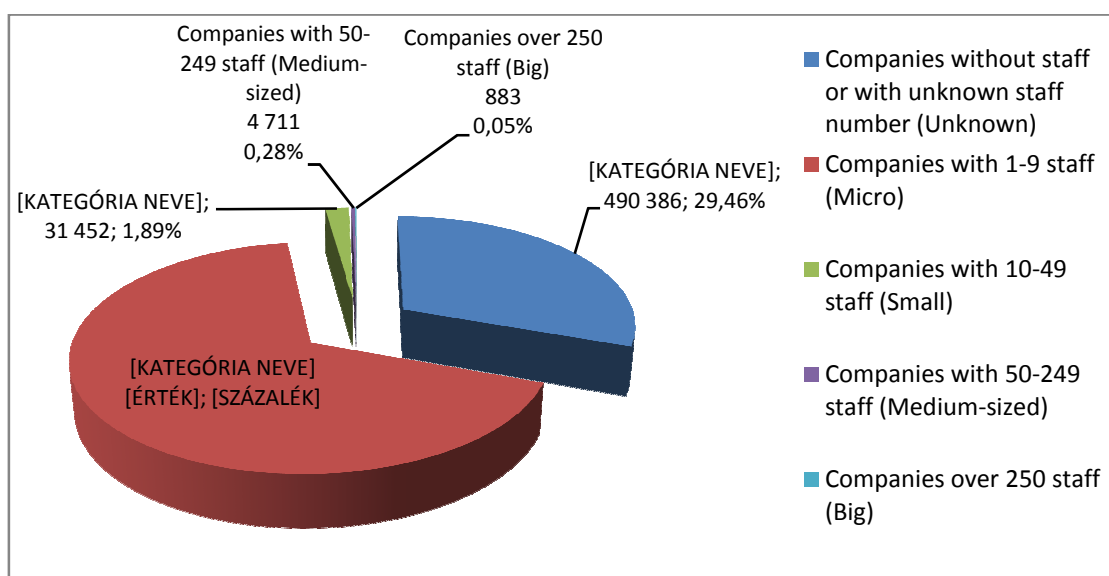
In my opinion Bálint (2004) researches primarily regarded as authoritative for the Hungarian SME's, who predicts five potential alternative vision of the generation transmission paradigms:

- Family succession, that remains a family-run business
- The business will be sold in a current manager or employee for
- The firm will be sold for an external individual or for a company
- The company will be introduced into the stock exchange
- The company is forced to shut down without the current owners

Important considerations include the subject of further research published by two researchers in Győr (Rab-Szabó 2002), who indentified earlier also the success factors of the future operations with their questioneries and interview surveys.

1.2. Numbers of the Hungarian SME's

Over the past two decades – typically after the change of the economic system – in Hungary for almost every segment of the market has strengthened the micro, small and medium-sized enterprises in the presence of which is approximately the number of staff categories in the following graph depicts the most striking:



1. Figure. SME's according to their staff number in November 2013 in Hungary

Source: KSH STADAT (online)

1.3. About the query datas

For the first stage of my investigations were empirical data collection questionnaires used. Data collection took place between 01.03.2012 and 31.08.2012, within the framework of which two hundred SMEs in central and senior leaders were questioned in the West Pannon Region. The sampling was based on arbitrary sampling method, i.e. the survey interviewer selected the businesses were queried.

In the aim of the survey were the population of the West Hungarian micro-, small- and medium sized enterprises. In this study, the results are limited to a 100-company sample size due to the still ongoing continuous data processing.

The observed datas were processed with the SPSS program.

2. General results of the pilot survey

The number of employees by the observed enterprises could we see on the next figure:

N	Valid	100
	Missing	0
	Mean	21,96
	Median	7,50
	Mode	2
	Range	184
	Minimum	1
	Maximum	185
	Sum	2196
Percentiles	25	3,00
	50	7,50
	75	20,00

2. Figure. Staff numbers by the observed SME's

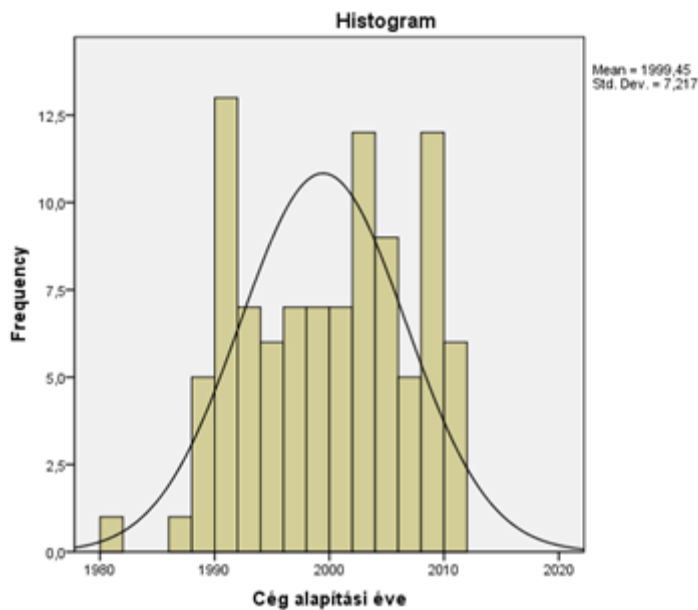
Source: own processing in SPSS

It can be said that the average number of employees by the observed companies are 21,96 people. By the half of the analyzed companies working more than 7 people, but according to the former assumption – viz. that the most enterprises are micro-sized corporation – the most answers label 2 people as their staff number (according to the mode worth).

The most of the observed companies are now over their 15th birthday, and they are based after the year 1999.

Interesting fact at the same time that distinctly from the median worth (1999), in most cases were given the year 1991 as the year of the foundation. So some firms are over their 23th operation year. The youngest venture was founded in 2011 as long as the eldest one is 24 year old.

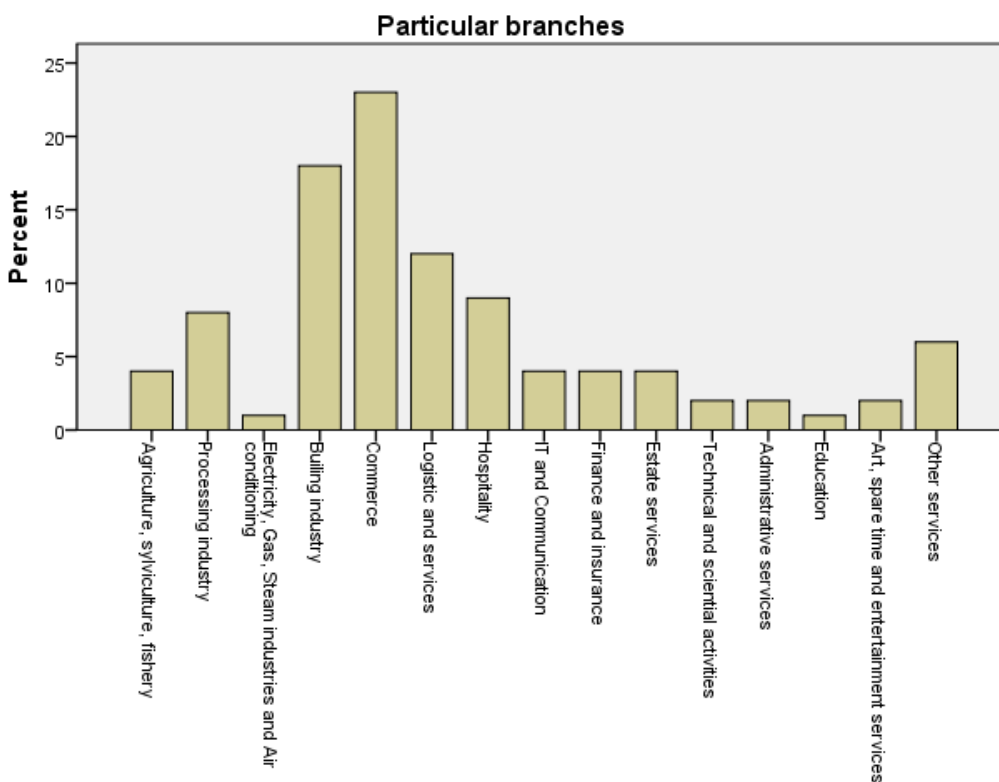
The following figure show the years of the years of the establishments of the queried firms:



3. Figure. Years of the establishment by the queried SME's

Source: own processing in SPSS

The particular branches of the explored concers can be seen on the next figure:



4. Figure. Particular branches of the explored SME's

Source: own processing in SPSS

As the data are not representative, so this figure serves only the purpose of the exemplification. Most of the observed businesses operating in the commercial, building and logistic branches.

3. Hypothesis and results

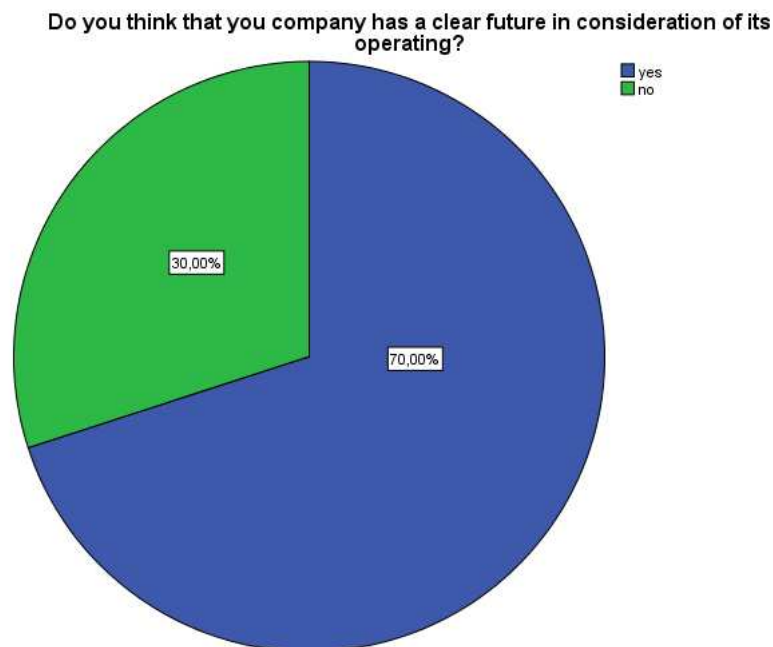
3.1. Future manipulator factors

According to Bálint (2004) I would like to collect the future influential coefficients which could determine the future of a company. So my hypothesis are:

H₀: There are some determinative factors in the present time which are influencing the future operation of the SME's in the Western Transdanubia Region in Hungary based on the mind of the SME's

H₁: There are no any determinative factors in the present time which are influencing the future operation of the SME's in the Western Transdanubia Region in Hungary based on the opinion of the SME's

The next figure shows how the companies are thinking about their future in consideration of its operation:



5. Figure. Future self-consciousness of the enterprises

Source: own processing in SPSS

Knowing that fact above mentioned I enumerated some factors which could be influential coefficients according to Bálint (2004). I would like to know, what the firms think about them:

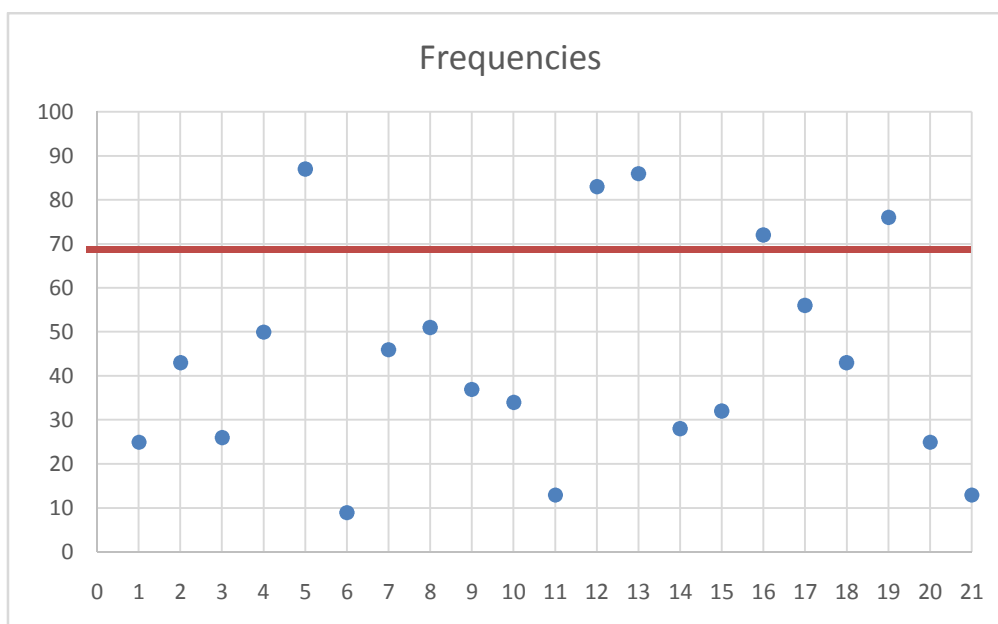
Frequencies	(1) The owners represent autokrative leading style	(2) There are no posthumous in the family	(3) There are no posthumous from any sphere	(4) The inheritance method could be changeable according to the company size	(5) The company shows positive trends on its long-term operation	(6) The company shows negative trends on its long-term operation	(7) There are an interest-gruop by the company which have influence on the company's long-term strategy	(8) The company has such a strong management that the company could operate without the owner's decision
Proper	25	43	26	50	87	9	46	51
Improper	75	57	74	50	13	91	54	49

Frequencies	(9) The company has board of directors which has ownership in the company	(10) We have no opinable posthumous because people couldn't acquire the professional of the present owners in a short time	(11) There are some posthumous but the posthumous has any other ambitions and wouldn't be the leader of the company	(12) There are a big competition in the branch which seems not to be decreasing in the near future	(13) The company's future depends on a large scale on the market's future run	(14) There are a huge financial investment volume from outside in our company	(15) There are fast and always changing technologies in the branch of the company
Proper	37	34	13	83	86	28	32
Improper	63	66	87	17	14	72	68

Frequencies	(16) The makroenvironment (GDP, Inflation, unemployment, etc...) of the company are determining	(17) The environmental factors (f.e. material prices, energy prices, etc...) determining the production of our key product	(18) The EU standards (f.e. health and safety standards, environmentalism, etc...) are determining	(19) The interventions of the government are determining	(20) It is a huge challenge to involve fresh money into the company	(21) The leader of the company are interested many times only in the short time profit
Proper	72	56	43	76	25	13
Improper	28	44	57	24	75	87

6. Figure. Possible influence factors in frequencies for the future successfulness

Source: own processing in SPSS



7. Figure. Possible influence factors in frequencies in total

Source: own processing in SPSS

As it could be seen on the figure number 7 there are still some determinative factors which are influencing the future operation of the SME's, so I accept the H_0 hypothesis and deny the H_1 .

The SME's in the Western Transdanubia Region in Hungary are of the opinion that there are five determinative factors in the present time which are influencing the future by more than seventy percent of the observed companies:

If

- the company shows positive trends on its long-term operation,
- there are a big competition in the branch which seems not to be decreasing in the near future
- the company's future depends on a large scale on the market's future run
- the makroenvironment (GDP, Inflation, unemployment, etc...) of the company are determining
- the interventions of the government are determining

than the company should be pore over its future operation strategy and perhaps the company should make some alterations or changes to be able to keep its successfulness. This chapters belong however to the science of the change management (Pataki 2004).

3.2. Association between the company's age and the determinative factors which are influencing the future operation

In this article I would like to introduce an interesting results with the help of the crosstabs' analysis of the SPSS program.

I run the crosstabs test of the SPSS program for all of the above mentioned factors (21) from the figure number 7. The result of the tests – according to the relatively high Pearson Chi-Square and Likelihood Ratio values by almost every cases – is that there are no traceable association between the company's age and the determinative factors. The conclusion is than, that the above mentioned factors are not depending on the firm's age so the factors should be roll-up by the companies in its any ages.

Conclusion

I would like to soon publish nearly one-year empirical research program steps and the complete results. The processing stage of the current researches approaches the level of 80%, so the results can be expected in autumn this year.

During pre-processing of the empirical research it became to me clear that testing the companies with the inheritance models has *raison d'être*, because this methods could serve for the companies as an operational assistance to be able to mapping the alternative pathways.

By the complete results I would like to present further interesting associations in connection with the company's inheritance models.

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Authors' contact details

Horváth András, PhD-Student, Széchenyi István Egyetem (HU), Regionális- és Gazdaságtudományi Doktori Iskola (HU), H-9026 Győr, Egyetem tér 1., Hungary, e-mail: handris@sze.hu; h.andris@gmail.com.