DOI: 10.2478/v10051-009-0021-2

Comparison of Human Resource Management in Slovenian Family and Non-Family Businesses

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The room to reach a competitive advantage in today's dynamic world, companies have in unutilized and even unknown human abilities of own employees. Treatment of people at work in large organizations is well analyzed, but little focus is directed at small and medium-sized enterprises. This is particularly true for family businesses. Small and medium-sized enterprises are largely owned by individual families and are an extremely important part of developed economies. Complexity of internal relationships and interplay between the two systems: families and businesses, which often lead to conflicts in interaction, however, is the reason that many managers and professionals are not willing to work in family businesses. It is justified to set the research question; Are we obligate to treated family businesses as a special case when considering the management of people at work? This paper presents the need to address the family businesses as a special case. In a successful and long living family businesses undoubtedly are closely and carefully working with the employees. It is little known about dealing with people in a Slovenian family businesses and how management practices differ from non-family firms. Based on the study of literature and conclusions from a qualitative empirical study the differences are presented in this article. There are also presented differences in practices of dealing with people at work in foreign and Slovenian non-family and family businesses. At the end there are exposed a good practices of each type of business and recommendations for their use.

Key words: Human Resource Management, Employees, Family and Nonfamily Business

1 Introduction

Human resources are nowadays the main competitive advantage of companies in the developed world. Therefore, classical economic capital, such as financial and structural capital, no longer suffices for the objectives of fast flexibility, innovativeness and development. Instead, human and social capital are gaining in importance and, according to the latest research (Luthans & Youssef, 2004; Luthans et al., 2004), the same can be claimed for psychological capital. Human resource management has thus far been analysed predominately in larger organisations, while little attention has been given to small and medium-sized companies. This can be illustrated by the CRANET (Comparative Human Resource Management) research project, which was established in 1989 by five founding countries. The project is coordinated by the Cranfield School of Management from Great Britain (Brewster, Mayrhofer & Morley, 2004). Today, more than 30 countries worldwide participate in the CRANET project; Slovenia has been a part of the network since 2001. CRANET is the largest study in its field, as well as one of the most representative and independent ones. Nevertheless, despite its size CRANET does not include companies with fewer than 200 employees, thus nearly entirely excluding small and medium-sized companies. This is quite surprising, especially in view of the fact that the average number of employees per company in Europe is less than 10 (Gunnigle, Morley, Clifford & Turner, 1997). The exclusion of such companies is even more surprising when bearing in mind that a considerable 20.15 million enterprises out of 20.45 million are small and medium-sized and employ 2/3 of a 122 million person work force, contributing to 54% of sales in the private sector (European Commission, 2002).

Human resources and its organisational abilities are vital keys to success in small organisations. Most family businesses in Slovenia are small-sized, while some have managed to evolve into medium-sized businesses. In developed economies, family businesses are the most frequently occurring form of companies; some of them even proceed to become large, world-renowned corporations. The mixture of business and emotional motivation can be especially powerful and often creates an impression of invincibility. This can be seen in family corporations such as Levi Strauss & Co., Ford, Benetton, Fiat, Bata, etc.. However, research on family entrepreneurship reveals that business mortality in these cases is very high. The main problem appears to be the handover of ownership and business management from the older to

the younger generation; there is little experience of familial succession in Slovenia. In order to ensure their existence, further development and growth, family businesses will need to employ a systematic approach to the strategy of human resource planning, acquisition, assessment, a reward system, motivation and development. Family businesses are typically characterised by close bonds between the company and the family, a reflection of which can be found both in the policies and general culture (philosophy) of the family business (Syms, 1992). The complexity of internal relationships and the intertwining of familial and business systems, which often leads to conflicts in interaction, are the principal reasons for a number of managers and experts opting not to work in such businesses.

In view of these findings, our main research question is: Should family businesses be perceived as a separate case of human resource management? So far, research (a review of which will be presented further on) has shown family businesses should be dealt with separately due to the complexity and volatility of relationships between ownership and management. Successful family businesses that continue to prosper through several generations undoubtedly treat their employees with great care. How are human resources treated in Slovenian family companies? What practices of human resource management do Slovenian family companies employ?

2 Study objectives

Given the growing importance of good practices in human resource management in relation to gaining a competitive advantage and the growing importance of family businesses for the Slovenian economy, the primary objective of this study is to compare human resource practices in family and non-family businesses in Slovenia. Due to an increasing number of family businesses in the Slovenian economy and the scarcity of research in this field, our study aims to explore the segment of small and medium-sized businesses. In accordance with the main objective of the study, the following aims were established:

- To ascertain whether family businesses differ from non-family businesses with regard to human resource management and how possible differences are expressed
- To recognise good and bad practices of human resource management in family and non-family businesses
- To provide an example of how good practices found in certain types of companies could be applied to human resource management in other business types and in what way bad practices could be eliminated or improved.

3 Research hypotheses

For the purpose of this study, we developed the *main hypothesis* and a number of sub-hypotheses in order to establish whether the findings support or negate the main hypothesis. The main hypothesis was:

H_m: Human resource management in small and medium-sized Slovenian family businesses differs from human resource management in non-family businesses.

Sub-hypotheses were as follows;

H_1: Family businesses are less likely to employ a human resource expert than non-family businesses, the managing director in family businesses being more frequently the one solely responsible for managing human resources.

This hypothesis is based on the assumption that family business owners/managers strive to ensure they maintain control over the family business. Since employees also include their own family members, they can thus prevent other employees from noticing possible examples of unequal treatment of family and non-family members.

H_2: In family businesses, the establishment of human resource management strategy is scarcer and poorer.

The hypothesis is based on the fact that in the majority of cases family business managers are the owners of the business and specialize in fields of entrepreneurship other than human resource management. As entrepreneurs, they are rather spontaneous in action and tend to respond to environmental changes, mostly acting intuitively. Hence, we assume that family business managers are not especially inclined to resort to strategy development, especially in the case of human resource management.

H_3: Family businesses use less formalised approaches to human resource planning, employment and selection than non-family businesses.

Non-family businesses usually have more owners either from the very beginning or resulting from company expansion. As different owners tend to have different interests or different priorities in running the business, a tendency towards process formalisation appears, serving as a basis for the enforcement of mutually consistent interests, launched through management mechanisms. If certain procedures have to be performed in writing, they are available to more people in the same form, thus making it easier to verify the validity of activities. Family businesses, on the other hand, often respond to current and immediate needs, usually quite fast and with less co-ordination between different actors. When on the lookout for new resources, family businesses give greater meaning to information provided by close family members, relatives and acquaintances, as is most likely the case when it comes to employing human resources.

H_4: Compared to non-family businesses, family businesses are more reluctant to use a structured assessment of human resources; therefore, established formalised assessment systems are less common in family businesses.

Due to the reasons explored in our third hypothesis, formal assessment in non-family businesses serves as a means of ensuring transparency, whereas in the case of family businesses, family members might prefer to avoid being assessed and compared to other employees.

H_5: In family businesses, human resource development and career planning are not organised as well as in non-family businesses.

This hypothesis is based on the assumption that the lead employees in non-family businesses attempt to maintain or increase their own employability outside the current place of employment and are consequently more willing to ensure the same options to other employees. Moreover, some recent studies (Levie & Lerner, 2009; Raid and Adams, 2001, and Raid, Morrow, Kelly & McCartan, 2002) have ascertained

that managers in non-family businesses have a higher level of education, which is another reason for our hypothesis that they ascribe higher meaning to human resources development than family business managers.

H_6: In family businesses, reward systems are less formalised and often differ for different types of employees.

In establishing this hypothesis, it was assumed that family members may sometimes be either too generously rewarded or not rewarded enough for their efforts in relation to general market-based evaluation of work. Rewarding of family members depends on the current situation the business is in. It may very well be that family members are rewarded too generously in the majority of cases, as their needs are perhaps deemed a higher priority than business demands. One way or another, family members are hypothesized to dislike rewarding systems that are too formalised and could consequently enable third parties to gain a (better) insight into the rewarding system of family members in the company.

H_7: In family businesses, communication with employees and the public is poorer or not as well-developed as in non-family businesses.

Family businesses were hypothesized to be relatively closed systems that protect confidential information to prevent the leaking of potential special procedures, methods or other business secrets from the company. Families are likely to view family businesses as solely their own and do not expect any intrusions, thus being even less susceptible to outside interference.

4 Methodology

In July and August 2009, a qualitative study was conducted among selected small and medium-sized family and non-family businesses in Slovenia. The technique employed was the in-depth interview. In light of previous studies on small and medium-sized businesses, it was justifiably assumed that human resource management is not very systematic in the majority of small and medium-sized businesses. The technique of interview therefore made it possible to obtain more comprehensive answers and determine those aspects of human resource management that can otherwise be foreseen. In order to test the accuracy of our hypotheses, in-depth answers based on respondents' experiences were required.

The study is based on the analysis of human resource management on a chosen sample of Slovenian companies. The sample was not random, since the size of the business and the field of operation were taken into account with the purpose of controlling their influence. In-depth interviews were carried out in 16 companies with managing directors, heads of offices (human resource offices, general services) or departments, and human resource managers. In the implementation of interviews, we resorted to the memorandum based on the questions used in the Cranet studies and the study undertaken by Raid and Adams (2001). Several questions were taken from the study by De Kok & J. M. P (2003), and some new questions were added. In addition, some Cranet questions were adjusted for our purpose, as they are primarily intended for larger (more than 200 employees) or large businesses.

5 Study limitations

The main limitations pertain to the methodology, space and time of the study and are related to the fact that the study was based on a relatively small sample. It is thus not possible to generalize our findings for the entire population, as could be done in the case of a statistically representative quantitative study. Moreover, the sampling was not random; however, we did gain some other advantages by not opting for random sam-

Table 1: Basic information about the examined companies

SMALL FAMILY BUSINESS	SMALL NON-FAMILY BUSINESS	MEDIUM-SIZED FAMILY BUSINESS	MEDIUM-SIZED NON-FAMILY BUSINESS
Company A_{Fs} construction c. Number of employees: 14 Revenue: 1.5 million € Assets: 1.9 million €	**Company A_{Ns}** construction c. Number of employees: 49 Revenue: 3.0 million € Assets: 3.8 million €	**Company A_{Fm}** construction c. Number of employees: 67 Revenue: 5.8 million € Assets: 8.3 million €	**Company A_{Nm}** construction c. Number of employees: 150 Revenue: 12.6 million € Assets: 9.8 million €
Company B_{Fs} metalwork c. Number of employees: 20 Revenue: 2.1 million € Assets: 1.2 million €	**Company B_{Ns}** metalwork c. Number of employees: 45 Revenue: 4.5 million € Assets: 3.3 million €	**Company B_{Fm}** metalwork c. Number of employees: 127 Revenue: 8.5 million € Assets: 6.3 million €	**Company B_{Nm}** metalwork c. Number of employees: 248 Revenue: 27.5 million € Assets: 25.7 million €
Company C_{Fs} trading c. Number of employees: 40 Revenue: 3.2 million € Assets: 4.2 million €	**Company C_{Ns}** trading c. Number of employees: 15 Revenue: 3.4 million € Assets: 3.5 million €	**Company C_{Fm}** trading c. Number of employees: 43 Revenue: 20.9 million € Assets: 17.2 million €	**Company C_{Nm}** trading c. Number of employees: 126 Revenue: 17.0 million € Assets: 9.3 million €
Company D_{Fs} food processing c. Number of employees: 49 Revenue: 2.3 million € Assets: 1.9 million €	**Company D_{Ns}** food processing c. Number of employees: 36 Revenue: 2.2 million € Assets: 0.9 million €	**Company D_{Fm}** food processing c. Number of employees: 248 Revenue: 18.0 million € Assets: 18.2 million €	**Company D_{Nm}** food processing c. Number of employees: 245 Revenue: 13.4 million € Assets: 21.0 million €

pling, since we eliminated the influence of some factors (size, field of operation) and could delve into the matter in more depth while establishing a better context of the information acquired in the qualitative study. Admittedly, certain possible factors, such as those stemming from cultural, social and economic contexts, could not be controlled.

6 Study results

The present study included 16 businesses, 12 of which were active predominately in the field of production, while 6 belonged to the service industry. All selected companies had already existed for more than 5 years, some for even longer, having previously operated in a different legal organisational form and thus having a tradition of ten or more years. The majority of businesses (14) had limited liability, while 2 were public limited companies. In most cases, respondents were managing directors (11), with the remaining 5 employed as either heads of offices or human resource managers. As most companies requested anonymous handling of data, Table 1 presents only basic information without company names.

Responsibility		MANAG. DIRECTOR		DELEGATED		Σ
FAMILY	SMALL	4	75 %	25 %	0	4
	MEDIUM	2			2	4
	Σ F	6	66.7 %	28.6 %	2	8
Σ F & N		9	56.2	43.8	7	16
NON-FA	Σ N	3	33.3 %	71.4 %	5	8
	SMALL	3	38 %	62 %	1	4
	MEDIUM	0			4	4

Figure 1: Study results support H_1

There are fewer human resource experts in family businesses, the managing director being the one solely responsible for this field more frequently than in non-family businesses. It is evident that managing directors in larger companies delegate responsibility to a larger extent than managing directors of other companies. Furthermore, it was expected that small-sized companies would have no employees who would be actively engaged in human resource management. In the case of the small-size non-family business C_{Ns}, head of general services is the one responsible for human resource management; the company in question comes from the trading sector and can be said to have truly exemplary operating activities (including ISO 9001 and 14001) as well as human resource management, which is also reflected in other parts of the study. In medium-sized enterprises, the situation regarding human resource management is different, devolution already having been carried out in the majority of cases, but more frequently in non-family businesses. A number of respondents stated that the greatest challenge in the next three years was going to be acquiring new employees. This was primarily the case in small family businesses active in the field of construction and metal processing industry that perform rather specialised activities (A_{Fs}, A_{NS} and B_{Fs}).

Strategy		PRESENT		NOT PRESENT		Σ
FAMILY	SMALL	0	25 %	75 %	4	4
	MEDIUM	2			2	4
	Σ F	2	28.6 %	66.7 %	6	8
Σ F & N		7	43.8	56.2	9	16
NON-FA	Σ N	5	71.4 %	33.4 %	3	8
	SMALL	1	62 %	38 %	3	4
	MEDIUM	4			0	4

Figure 2: Study results support H_2

Family companies with a developed strategy represent just 28.6% of all businesses with a developed strategy, but even in the case of the latter, the strategy is unfortunately not recorded in writing. As expected, larger companies are more likely to have a strategy than small-sized companies. Furthermore, it can be seen that small-sized businesses rarely define their business strategy, company policy (the only small-sized business with a company policy is C_{Ns}) or human resource management strategy, and are not particularly fond of planning in general. Such companies claim that it is nearly impossible to foresee client orders or plan in advance, adding that they adjust to the current situation instead. The same can be said for their human resource management. An example that speaks for itself can be found in the words of the managing director of company B_{Fs}, who reported that the company starts to look for new employees only when they are already urgently needed. In medium-sized companies, non-family businesses typically have their strategies developed and written down, while in family-owned businesses, this is only the case in half of the companies. When we further inquired about the nature of their strategy of human resource management, it was revealed that the strategy was not recorded in writing, nor were they particularly convincing in explaining what the strategy was or what its content was supposed to be.

Family businesses with no formalised procedures represent 66.7% of all businesses without formalised procedures. It was established that companies in general have a relatively high rate of formalisation of human resource seeking and job descriptions. Apart from that, small family businesses primarily lack description of those job positions involving family members. In professional job training, businesses resort to

written plans of professional training, paying great attention to content and implementation of these plans. As was, for example, explicitly stated by company B_{Fs}, smaller businesses would like to introduce written professional training plans and enhance their approach to human resource selection. They further stated that they had recently started using psychometric testing, since they realised they were not the strongest in the field of human resource selection. In company A_{Fs}, the need for specialised workers is similarly dealt with in co-operation with CCIS (Chamber of Commerce and Industry of Slovenia) in apprenticeship programmes.

Formalised procedures		NO		YES		Σ
FAMILY	SMALL	2	25 %	75 %	2	4
	MEDIUM	0			4	4
	Σ F	2	66.7 %	46.2 %	6	8
Σ F & N		3	18.8	81.2	13	16
NON-FA	Σ N	1	33.3 %	53.8 %	7	8
	SMALL	1	12 %	88 %	3	4
	MEDIUM	0			4	4

Figure 3: Study results support H_3

Family businesses with established formal assessment systems amount to a mere 16.7% of all such enterprises. Moreover, in family businesses the attitude towards structured employee assessment is not particularly positive, as only a small proportion of family businesses employ such assessment; non-family businesses, on the other hand, seem to be embracing formal assessment to a greater extent. The managing director of company B_{Fs} talked about preparing the introduction of assessment and reward systems that would be fair and unified for everyone, including family members. He also stated that he was experiencing some difficulties with relatives employed in his company, who feel that helping the company when the latter is under time pressure entitles them to special privileges. Other employees, however, not noticing the additional effort of these relatives, always notice extra privileges, which can prove disruptive to company function and make organisation that much more difficult. In addition, the owner-manager of company C_{Fs} reported that the key to the success of his family company besides entrepreneurship is in fact equal treatment of all employees. In his company, this is maintained with great care and consistency, as family members need to serve as a role model and should not be subject to any privileges.

The family businesses do not attend to the development of employees as much as the non-family businesses do, but the difference between the two is still not very significant. It is, however, quite worrying that the majority of businesses do not devote a lot of attention to the development of their employees. Promoting the development of employees is worse than was expected, which is especially true of the employees' career development, where practically none of the studied companies devote much attention to it. The companies more or less perform basic statutory training (for example occupational safety) or educational courses for getting to know and introduction of quality standards, environmental protection, food safety, health safety, etc. (ISO, HACCP, OHSAS).

Human resource assessment		PRESENT		NOT PRESENT		Σ
FAMILY	SMALL	0	12 %	88 %	4	4
	MEDIUM	1			3	4
	Σ F	3	16.7 %	70.0 %	5	8
Σ F & N		8	37.5	62.5	8	16
NON-FA	Σ N	5	83.3 %	30.0 %	3	8
	SMALL	1	62 %	38 %	3	4
	MEDIUM	4			0	4

Figure 4: Study results support H_4

Coordinating this training, the companies do not really have a good review over how much means and how much time is spent on average on such training. On the other hand, there are companies such as C_{Nm}, B_{Ns} in D_{Ds} which have taken great care of the development of their employees, but are still in the last place regarding career development because they believe that the employees have to take care of that themselves. Such a way of thinking was especially strong in the family businesses.

Among all the companies that have formal systems of rewarding employees, only 28.6% of family businesses engage in these systems (salaries, rewards and benefits). As expected, larger companies more often participate in formalized rewarding. A lot of medium-sized companies also participate informal rewarding systems (salaries, reward and benefits); however, this is again not the case in family businesses, where there is no unique formalization for all employees. However, in two medium-sized family businesses a lot of attention is devoted to the reward systems – they do not recognise differences among their employees and say that this is one of the most important factors that has contributed to the growth and success of the business.

In family businesses there is a great deal of communication with the employees – they are informed of the financial status as well as of the organisation, but seldom of the company politics. Even better is their communication with the environment – they are included in associations where they get help and advice. The fact that smaller businesses devote a lot of attention to communication with their employees is a rather positive surprise. It is obvious that they want to create some

sort of "family environment" where there is a constant flow of information and where the employees also feel like a constituent part of the company's success. Small businesses are more often included in several associations than medium-sized businesses, which is also true of the family (and non-family) businesses. Family businesses are also prone to taking part in local social activities.

Career planning		No		Yes		Σ
FAMILY	SMALL	4	88 %	12 %	0	4
	MIDDLE	3			1	4
	Σ F	7	53.8 %	33.3 %	1	8
Σ F & N		13	81.2	18.8	3	16
NON-FA	Σ N	6	46.2 %	66.7 %	2	8
	SMALL	4	75 %	25 %	0	4
	MIDDLE	2			2	4

Figure 5: H_5 the results confirm the research

According to the results of the testing of auxiliary hypotheses where six out of seven (from H1 to H6) were confirmed and one was disproved (H7), the main hypothesis can be confirmed: *H_m: Human resource management in small and medium-sized Slovenian family businesses differs from human resource management in non-family businesses.*

Rewarding of employees		EXISTENT		NON-EXISTENT		Σ
FAMILY	SMALL	0	25 %	75 %	4	4
	MIDDLE	2			2	4
	Σ F	2	28.6 %	66.7 %	6	8
Σ F & N		7	43.8	56.2	9	16
NON-FA	Σ N	5	71.4 %	33.3 %	3	8
	SMALL	1	12 %	88 %	3	4
	MIDDLE	4			0	4

Figure 6: H_6 the results confirm the research

There were certainly a few very obvious differences between human resource management in both types of businesses, but the intention of this research was not to determine if these family businesses are more or less successful due to their specific forms of human resource management. However, a few recommendations can be given about what these businesses can do to improve their operations.

Communication		NO or little		YES or a lot		Σ
FAMILY	SMALL	1	12%	88%	3	4
	MIDDLE	0			4	4
	Σ F	1	25.0%	58.3%	8	8
Σ F & N		4	25.0%	75.0%	13	16
NON-FA	Σ N	3	75.0%	41.7 %	5	8
	SMALL	1	38%	62 %	3	4
	MIDDLE	2			2	4

Figure 7: H_7 the results do not confirm the research

The forms of human resource management in family and non-family businesses differ in several significant ways:

- In family businesses 75% of human resource management is covered by the director of the business, whereas in non-family businesses only 38% are covered by the director. In similar research in Ireland, this field was also covered by the director of the company in 48% of family and in only 16% of non-family businesses, which is not necessarily bad news because if the director of a family business wants to exercise control over this field, they most likely agree that this field is rather important. Since this field should be treated with accuracy and attentiveness (Leach, 1991), a question arises: how much time, energy and expert knowledge can they really devote to it regarding all the other engagements they might have?
- A much smaller percentage, namely 25% of family businesses, has a defined mission and business strategy (including a strategy of human resource management). On the other hand, 62% of non-family businesses have such determinations. This was also one of the first signs for Ward (1987) to conclude that family businesses would have to start operating with a higher degree of strategy.
- In conversations with the directors and owners of family businesses, one cannot fail to observe that they do not devote much of their attention to planning, which is especially true of the planning of specialised people and of required qualification training. Herle (2003) also concluded that strategic planning is not a distinctive factor in the success of Slovenian family businesses.
- Family businesses also rarely provide position descriptions, especially the descriptions for family members;

they also rarely look for new employees until they are desperately needed, which is a very good example of poor planning. This means that they also cannot rightly devote themselves to choosing and integrating new employees (Florjančič, Ferjan and Bernik 1999).

- A considerably smaller percentage (12%) of family versus non-family (62%) businesses use so-called evaluation systems. Moreover, in the majority of family businesses these evaluation systems do not apply to all employees. Family businesses also do not use these evaluation systems (other than rewarding) for defining needs after individual qualification training or for work organisation. This fact confirms the results of Astrachan and Kolenko (1994) stating that a lack of organisational skills is one of the characteristics of family businesses.
- There is, however, only a small difference in caring for career development (of managers or other employees), which is extremely low in both business types; an incredible 88% of family and 75% of non-family businesses do not participate in career planning for their employees. They believe this is the responsibility of each individual.
- In family businesses – particularly in the small ones – a special atmosphere can be noted which is reflected as a great care for the employees, the reputation of the business, survival in critical moments as well as a great affiliation of employees and pride to be a part of the business. In this way some sort of "family atmosphere" is created, where the mutual care for everyone's benefit is reflected. This is also the case in bigger businesses, where – despite the fact that the "family atmosphere" is no longer very present – a very typical characteristic is the excellent level of information of all employee categories (management, administration and manufacture) and the possibility of mutual communication where each individual has direct access to the top representatives of the business. Considering the strong activity of the trade unions in the media, it is rather surprising that none of the businesses in question cite the influence of trades unions, and they only rarely said identified that their employees were members of a trade union. Not even the workers' councils were supposed to be present, but they do report that they have several short meetings where the management informs them about the operation and work organisation as well as where they can express their own opinions.
- The transfer of the management of the family business to the next generation is carried out in 37% of the businesses in our study. Transfer of the ownership of the business, however, is only performed in 25% (majority share) and 12% (minority share) of all businesses. In other businesses only the founding generation has majority shares. In businesses where the management is transferred but not the ownership share (or where this share is very small), several problems concerning interference in the management of the company or tensions stemming from different views or values of both generations were reported. This is also confirmed by the results of Višnar (2006) and Herle (2003), Lovšin Kozina (2006) and by the results of Raid and Adams (2001).

7 Discussion and recommendations for further research work

Table 2 represents the summary of some strengths, weaknesses, opportunities and threats when dealing with employees in family businesses. When analyzing the external environment, the owners and the management of family businesses should consider the business potentials and dangers that can fall upon the business from the employees' point of view or due to a labour shortage. When performing an internal analysis of human resource management they should also consider the possible advantages and disadvantages of family businesses that can occur when looking for or building competitive advantages on people.

This research unequivocally proves that certain family companies have to bring in better ways of human resource management, become more professional, especially in terms of involving family members in the management of the business. The following suggestions should be taken into consideration:

- Businesses should provide a clear distinction between the owner's and the manager's duties, competencies, defined tasks, functions and responsibilities
- Businesses should implement planning, looking for and a formal choice when employing, evaluating and paying the employees
- The distinction between rewards coming from the ownership and rewards for performance in the business should be clear and unambiguous. It also needs to be clarified that family members who are not employees of the company should only benefit by the share that belongs to the owners of the company. Those family members who are employed in the company, however, should be paid in accordance with the ruling prices and relations the same as other employees. Any additional compensation should be also gained directly from the owner's share. This will prove to be very helpful when establishing a defined and safe structure that will positively influence the disburdening of tensions that can appear in family businesses. This is also the suggestion alleged by Lansberg et al. (1988) and Ward (1987)
- The understandable aspirations of family members for promoting their own needs must be carried out realistically and carefully, since they should set a good example to the others. In order to develop a successful business, they have to be ready to make every effort, keep good discipline and adaptability and generally set a good example for non-family members
- The owners of those family businesses that have not yet solved the ownership – management relations issue should be warned that it can create great problems when trying to establish unique managerial work that is essential in achieving healthy organisational skills.

8 Conclusions

The results of this research also support the findings of some foreign studies, namely that the practices of human resource

Table 2: SWOT analysis of human resource management in family businesses

STRENGTHS	WEAKNESSES
• Great affiliation and devotion of family members • A special "family atmosphere" is formed among the employees as trust and mutual care for the benefit of the family, business and all employees • Protecting business secrets – trusting the family members • Long-term vision of employed family members • Adaptability, patience and persistence of employees, especially family members • Key members of the organisation do not often change, resulting in a positive influence on relations with business partners.	• The wish of the owner/director to control the field is too great, often resulting in a possible lack of attention and expert knowledge due to overwork. • Non-existing or defective strategic planning and limited organisational skills • The privileges of family members can result in decreased motivation of non-family employees (evaluation and substitutions) • The generation gap, concerning company as a space for power measurement • Sudden illness or death of the owner and unpreparedness, inability or a fight for predominance among the remaining employees.
OPPORTUNITIES	**THREATS**
• Seeing family business as a guarantee for reliability and quality because the reputation of the company in the society (among buyers or all clients – also employees and potential employee candidates) depends on it • The concentration of power can result in quick decisions and reactions to the environmental changes that occur more and more often. • Above average results can be achieved through well-conceived and strictly performed systems of evaluation, rewards and promotion that are the equal for all employees and through planning, investing and caring for the development of the employees in combination with quick and unique decision making.	• Problems occur when looking for non-family managers or experts who are motivated enough to work in a most likely conflicted family business and who are competent and honest at the same time. • Not enough stress on strategic planning and analysis can result in a labour shortage, in a lack of necessary knowledge and skills for the current labour resources and consequently a rushed and therefore deficient search and selection of new employees. • Limited possibilities of promotion in a family business are generally unattractive to qualified people.

management in family businesses differ from those performed in non-family businesses. It is extremely important for the counsellors and performers of qualification training to be aware of this fact when trying to initiate better practices of human resource management into the complex and introverted natures of family businesses. Some family members are only the stakeholders of the business; some are stakeholders and employees; the others, again, might only be managers, etc. This is why one has to realize that each of them has their own different perspectives.

In comparison with the other developed countries, the field of family business is still pretty non-researched in Slovenia. The development of this field is significantly related to expert development, education research and mostly closely to the practice and experience that these family businesses are soon to gain in the future. According to the rising importance of family businesses in the economy, this field should receive several organised forms of support:

- Establishing a family businesses association with the intention to educate, inform and advise their members
- Licence education and training of the counsellors from the field of family business
- Organisation of regular meetings, conferences; special publications etc.
- Developing programmes of family business at universities with stress on business examples from the most successful family businesses

Further detailed expert research work of this field.

In this way, the experience of independent problem solving will be made easier or even spared for many family businesses.

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