

Succession of Business in Russia: Motives for Owners' Business Transfer under the Conditions of Economic Instability

Julia Sergeevna Murzina* and Lyubov Leonidovna Tonysheva

Institute of Management and Business, Tyumen State Oil and Gas University, Tyumen, Russia;
beletskaya1@yandex.ru

Abstract

Objectives: Showing the owner's plans and revealing the grounds for the business transfer to the next generation will demonstrate the internal resources of SMEs and assess the desirability of support measures. **Methods:** The study was built under an ex-post-facto pilot scheme. Experimental and control groups were distinguished. Data collection was carried out by polling 90 persons – 45 representatives of family and 45 – of non-family businesses. All subjects are owners, proprietors performing the duties of director. Methods of mathematical statistics and content analysis were used to process the data. **Results:** There is a significant striving to pass down generated business by inheritance; it gives confidence in the recovery business dynasties in Russia. We have proposed a classification of entrepreneurs according to their relation to the business transfer to successors. Representativeness of business transfer motives is identical for family and non-family businesses. The reasons for refusing the business transfer are: following the interests of the child, big risks, sale and business liquidation. The obtained results lead us to conclude that in the field of the family business support state policies are needed: information, psychological, economic, legal aid will be in great demand. The obtained data show that these are economic motives (the success of the company) that are key reasons when deciding on the transfer of businesses. We note that the most productive motivation of successors will be calculative and affective ones. This means that already at an early age parents-entrepreneurs could include children in the company's work: put executable business tasks in front of them, attach to corporate goals. **Application:** Following the example of European colleagues it is necessary to organize consultative bodies whose purpose is the development of competences of family business entrepreneurs. This will improve the social status of family businesses and help them in building an effective business strategy.

Keywords: Economic Instability, Family Business, Motives of Business Transfer to Successors, Motives of the Business Transfer Refusal, Succession

1. Introduction

Business transfer issue is the third in line after its establishment and growth. This is an important stage in the life cycle of any company. It involves complex legal and financial aspects, as well as the problem of finding a new owner and transfer of the company's management. This lengthy process requires the preparation and adjust-

ment. According to A. Tajani, Vice-President of the European Commission, responsible for Industry and Entrepreneurship, "Too many companies have closed and many employees have lost their jobs due to the lack of attention to the issue of business transfer". Much more attention in the world is paid to the promotion of new businesses, but no less important is the preservation of existing jobs ..."¹.

*Author for correspondence

In 2013, the European family businesses represent one trillion Euros in turnover (60% of all European companies); create over 5 million jobs in Europe (40-50% of all employment)². According to experts in the EU every year 450,000 businesses providing 2 million jobs are transferred to new owners. The Business Dynamics study concludes that annual losses from inefficient business transfers are about 150,000 companies providing 600,000 jobs. Therefore, the economy of Europe requires the creation of effective conditions and support for the business transfer process^{1,3}.

Systematic work in this direction has been already carried out for more than 20 years (since 1994, when Recommendations to improve the business environment in the EU were first developed). Since then, they have been replenished and improved³. Thus the main "keys" to the development of family business are the following directions: Succession and next generation, Governance, Growth, Assurance, Exit strategies, Wealth preservation, Philanthropy⁴.

Family business in Russia is only passing its development stage. This is due to the fact that there was a 70-year ban to do business, and only 30 years ago (19 November 1986), the Supreme Soviet of the USSR adopted the Law On Self-Employment, designed to revive the private business. Therefore, the first traders' of the 90s are now entering the age when they need to think and plan for the business transfer to a new generation. This explains the fact that family business dynasties in Russia do not exist yet at a new stage of historical and economic development.

There is no practice of learning and support for the family business: family companies develop independently and spontaneously, experiencing a number of typical difficulties at the same time⁵.

The low level of entrepreneurial intentions of the Russians negatively impact on the process. According to the research group of the Institute Graduate School of Management, structured teaching and research unit of the St. Petersburg State University, the Russians have one of the smallest indices in the sample of 70 countries participating in the study. Only 2.6% of the Russians who are non-entrepreneurs are willing to generate their own business⁶.

The complexity of the economic situation, as a whole, also have a negative effect on the development of small business: the fall of the national currency, the rise in prices, reduced consumer demand due to the impoverishment

of the population. Recent research shows that macroeconomic instability was the main problem both for small and for large businesses⁷. The RSBI index dropped in the 4th quarter 2015 by 4.6 points, demonstrating a significant acceleration of decline in SME segment business activity. The index reached the minimum value during the whole survey history and amounted to 38.2 points. Thus, the business confidence index updates its minimum values even in relation to the crisis of 2008-2009⁸.

These arguments suggest that, in general, business is not experiencing the best period of its development. At the same time, we should expect that due to the difficult situation in the economy, the number of small and micro businesses' owners will only increase, first of all, due to "the forced entrepreneurship". Such a scenario was already unfolding in our country in the early 1990s – a period of economic and social crisis, when 2/3 of new entrepreneurs were forced to set up their business⁹.

On the other hand, measures of state support for business and the policy of import substitution must give the possibility to engage in the free niches and to grow in the sectors of manufacturing industry, agriculture and food industry. Nevertheless, the results of 2015 reveal only a slight increase in the chemical industry (6.3%), food production (2.0%) and mining operations (2.2%). Overall, production indices by types of economic activity in the Russian Federation for the last year show a decrease by 3.4% to the previous year¹⁰.

Therefore, the topic of succession of the family business today is of particular relevance, since it helps reduce social tensions in difficult times for the country's development.

First, the involvement of relatives and children in existing business can help them in a situation of loss of employment and/or income. Second, the survival of the transferred family business is much higher than that of the startup (96% and 75% respectively)¹. Thirdly, the "forced entrepreneurship" is notable for its primitivism and poor quality of services in comparison with voluntary business. Family business is always proud of its good name and reputation; so it is a form of business, which allows accepting the released labor force and keeping the high quality of goods and services.

World statistics show that despite the crisis in the global economy the family business enterprises look into the future rather confidently shown in Figure 1. The European Family Business Barometer publishes quite optimistic results; in the 4th quarter of 2015 it recorded

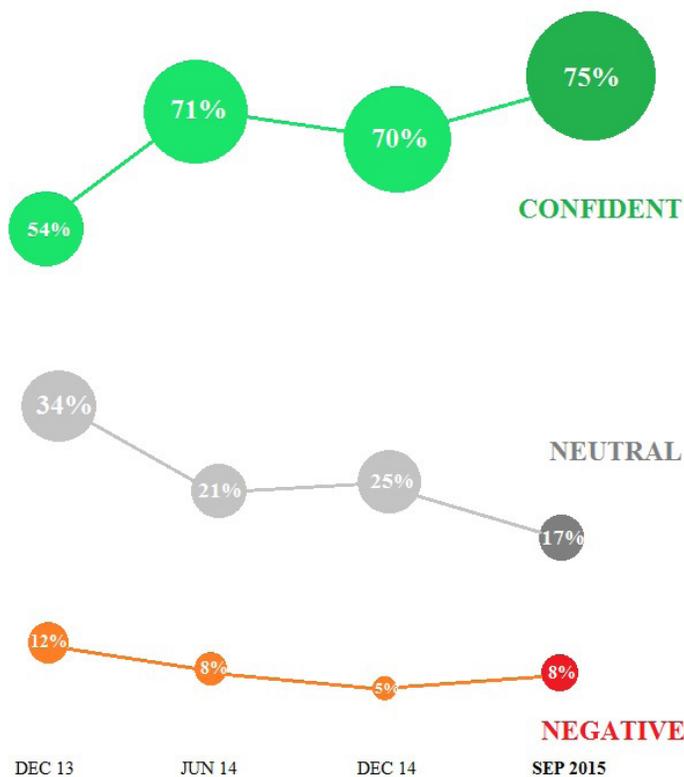


Figure 1. How do you feel about your family business' economic perspective for the next 12 months.

the 75% confidence in the economic prospects of the company for the next year¹¹.

How do private family businesses feel in Russia? To what degree is a family business attractive for its owners in a challenging economic environment? Are they motivated to transfer their business to the next generation, their family members? Is there an interest of entrepreneurs to build business dynasties?

Unfortunately, Russia does not participate in international studies conducted in the field of family business, including the KPMG International research company. So this research intends to remove uncertainty regarding the family business: show owners' plans to transfer business to the next family generation, to reveal their motives. All this can reveal the inner SME development resource, to assess the feasibility of measures to support this form of business, to give a boost to their substantive content.

2. Concept Headings

Summing the theoretical overview on the issue of succession in business, we note that in the national statistics in Russia there are no reliable data on the family business. It remains to be done. World statistics show that the percentage of family business enterprises in the private sector is an absolute leader¹².

However, it was shown based on the US data that approximately one-third of the family business survives in the second generation, and from 10% to 15% of the remaining one pass into the third generation. These figures clearly show that the transfer of business continuity and organization of succession are one of the most difficult steps in the family firms' life cycle and deserve separate studies¹³.

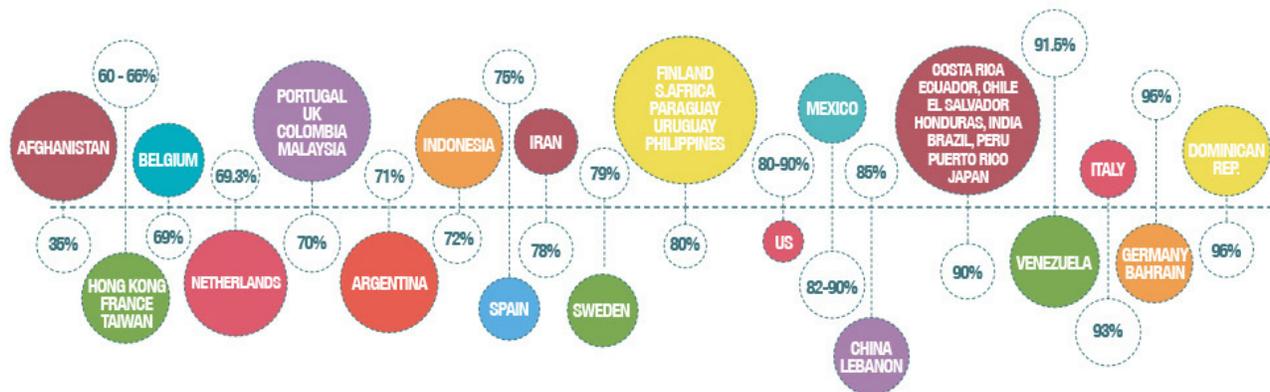


Figure 2. Percentage of family businesses in the private sector.

The theme of continuity in business is fairly new; the first works began to appear since the 1970s. And since 2008 the researcher booming activity in this direction started. This is probably due to the political order for the intensification in the economic development of such countries as the USA, the UK, Canada, Germany, China and others.

The most active according to the number of published research results became: University of Alberta, Center for Entrepreneurship and Family Enterprise, Zhejiang University, the National University of Singapore. In Russia the only publication was issued during this period – the one of the Russian Academy of National Economy and Public Administration under the President of Russian Federation¹⁴.

The frequency analysis of the relevant content of scientific journals in the late 20s shows (the authors examined more than 40 articles and seven books written on the family business succession from 1974 till 2004) that in the study of the continuity of the family business the owner's opinion (Incumbent) is a priority¹⁵. In this regard, such aspects as Motivation/Willingness, Quality incumbent-successor relationship (respect, understanding, trust, cooperation, personality, needs) were subjected to the study. The incumbent must face normal fears such as losing control, power, and even part of his or her identity and stature in the community¹⁶. There is too the need to make emotionally wrenching choices from among one's children, siblings, and collaborators¹⁷. Although these are psychologically draining issues, Sharma et al.¹⁸ conclude

that the predecessor's inability to let go is the single most cited obstacle to effective succession.

The Successor itself ranked the second place in popularity of the study. In this area the following issues are addressed: Quality incumbent-successor relationship (respect, understanding, trust, cooperation and closeness), Motivation (interest, commitment to FOB perpetuation as a family value, freedom not to join FOB), Management ability, competence, talent, experience, drive, credibility and legitimacy.

Our analysis of scientific papers over the past 5 years relating to the continuity of family businesses (50 Scopus articles relating to 2010-2016 period have been studied) shows that the vector of research interests shifted to the theme of the family business governance and national identity.

Variables Mentioned in the Literature are:

- ❑ Family Business Management:
 - Communication between family members¹⁹;
 - Leadership in business;²⁰
 - Strategic entrepreneurship and entrepreneurship, market orientation^{21,22};
 - Investments, stocks, financial instruments²³⁻²⁵;
 - Management (strategic, managerial accounting, intergenerational management)²⁶⁻³¹;
 - "Survival" of family firms^{32,33}.
- ❑ The business transfer process:
 - Financial capital³⁴;

- Ownership³⁵;
 - Social capital, *guangxi*^{36,37};
 - Risk assessment³⁸;
 - Performance change^{39,40};
 - System of indicators⁴¹;
 - Generativity⁴².
- The successors:
- Commitment and willingness to continue the family business;⁴³
 - Requirements⁴⁴;
 - Career goals⁴⁵;
 - Gender⁴⁶⁻⁴⁹;
 - Education^{50,51}.
- Business owners:
- - expectations from the successors.²²
- Systematizing and specifying articles:
- describing specific companies;^{52,53}
 - specifying concepts;⁵⁴
 - survey articles.^{55,56}
- Contextual Articles:
- national context,^{22,26,34,36,38,47,55,57-60}
 - historical and cultural context;^{57,61}
 - public policy context⁵⁸.

As we can see from the above list, in recent years, the consideration of the family business on part of its owners is represented insignificantly. Probably in many years of study the topic “Incumbent” was exhausted by researchers, and new aspects of studying this socio-economic phenomenon were found. However, Russian scientists having been in some isolation from global trends, because of domestic political characteristics of our country, for years denying the private property and entrepreneurship, only now refer to the study of family business and its owners. And paramount, of course, is the issue of business owners’ desire/reluctance, to transfer start-to-toe transfer a launched business to the next generation of his family (successors) under such difficult economic conditions. That is our 1st hypothesis: in a situation of economic instability a decline in the desire of businessmen to continue the family business will be observed.

The study of the owners’ motives to transfer business is not possible without reference to the subject of motivation. According to our theoretical studies, the theme of motivation of entrepreneurship is one of the most important areas of study in business. Classics of Economics and Sociology (A. Smith⁶², J. S. Mill⁶³, K. Marx⁶⁴, T. Veblen⁶⁵, J. Schumpeter⁶⁶, J. M. Keynes⁶⁷, R. Coase⁶⁸) revealed a variety of motives, among which we can distinguish the following ones:

- Economic motives, associated with a desire to increase revenues on their own, to gain economic independence. to increase the level and the quality of life, to acquire new financial resources;
- Non-economic motives, related to social self-realization, the desire to improve social status; and to achieve independence and freedom of self-realization; the desire for professional self-realization, not available in other ways; the implementation of leadership and power ambitions; ideological beliefs and shared values.
- Another classification of the motives of entrepreneurship choice is based on the nature of motivation:
 - Positive motivation involves a conscious choice based on the person’s inner conscious striving for professional and social self-realization; for self-employment and the implementation of leadership potential; for implementing the ideas and plans; for economic independence and self-improvement of material well-being; for implementation of beliefs, etc. ;
 - Negative motivation is based on contradictions, conflicts, negative events of the environment, encouraging for choosing entrepreneurial activities. These may include: loss of a job or insufficient remuneration (low wages, non-payment of wages), the inability of professional self-realization in the field of hired labor, dissatisfaction with social, professional, economic status, etc.⁹
 - Let us dwell on research dealing with motivation in the field of succession in business. I. Lansberg⁶⁹, F. Neubauer and A.G. Lank⁷⁰ studied why families engaged in business can ignore (prolong) the need for succession planning. They identified the following reasons: no want of disagreements among family members in cases where there are several candidates for the position; they do not see any worthy successor among family members as well as outside it; they do not want to discuss the issue of the

loss of the future leader of the family business (acting General Director); Acting Director General refuses to understand that the company can survive without him (her)/or is afraid to retire^{71,72}.

Researchers P. Sharma, G. Irving⁷³ identified four types of motivation that make the next generation to participate in the "pursuit" of a career in the family firm: affective, normative, calculative and imperative commitment. In continuation of this study three kinds of commitment to the family business are distinguished, which determine the successors' desire to continue the family business: affective commitment (desire based), normative commitment (obligation based), continuance commitment (cost avoidance based).⁷⁴

H. Rautamaki, T. Römer-Paakkanen,⁴³ studying the readiness of potential successors to continue the family business in Finland, and developing Sharma and Irving's⁷³ ideas demonstrate that that the level of development of entrepreneurship as such has a significant impact on the commitment of the next generation.

Japanese researchers V. Mehrotra, R. Morck, J. Shim, Y. Wiwattanakantang²² showed why the owners do not want to transfer the business to the successors from the family. They proved that adopting highly qualified adults to head family businesses has the triple effect of displacing untalented blood heirs. Family firms run by adopted heirs outperforming family firms run by blood heirs, and further showing adopted and blood heir managed firms both outperforming both family firms run by professional sarariman (a professional manager), CEOs and non-family firms.

Another major obstacle to the business transfer is the lack of communication between the founder and the successor, which leads to disagreements and clashes, thereby forming "communication traps".

N. Michael-Tsabari and D. Weiss¹⁹ studied the interaction between founder and successor), using game theory. The obtained data show that inadequate communication prevents the business transition, even though the participants have the same priorities, attitudes and interests.

We assume that the form of business (family/non-family business) will not significantly distinguish business transfer motives. As the works that we have considered show motivation has the deeper personal localization. In our case a form of business is a situational, superficial

factor, which will not have a significant impact on the motivational sphere. The second hypothesis of our study implies the verification of this statement.

Thus, the study of motivational aspects of business transfer is of significant interest and is promising, by virtue of the low theoretical elaboration of the problem, and because of the high social importance of the issue.

Formulation of hypotheses:

No. 1: in a situation of economic instability a decline in entrepreneurs' desire to continue the family business will be observed.

No. 2: motives for business transfer by inheritance will be identical in content and structure in the group of owners of family and non-family businesses.

2.1 Planning Study

The object of study is the entrepreneurs of small and micro businesses.

The subject of research is the owners' business transfer motives under the conditions of economic instability.

Experimental variables:

- Dependent variable is motives for business transfer to successors.
- The independent variable is a form of entrepreneurship: family / non-family business.
- Controlled variables are gender, age, education, number of people in the company (including cases if relatives work), the period of the company's existence, and business area.

The study highlighted the experimental group, i.e. the company with a family form of management, a control group – non-family companies.

Data collection took place by interview (telephone survey) and questionnaire survey. The telephone survey was simple and took no more than 5-10 minutes. The questionnaire survey took place in the form of individual filling in forms, after which the completeness of the data was necessarily evaluated.

The experimental plan is ex-post-facto. In this regard, we do not have the opportunity to guide an independent variable, and we only select the equivalent group of respondents into experimental and control groups, according to the division of the independent variable.⁷⁵

The experimental scheme looks as follows⁷⁶:

(R) X O1
 (R) O2
 Where R is the selection by randomization method, X is

The study engaged 90 participants – 45 representatives of family businesses and 45 – non-family businesses. All subjects are proprietors, owners working as CEOs. The average age of the respondents is 34; the average age of the enterprises is 7 years with an average staff number – 31 employees in the following business areas: catering, services, trade, food production, industrial production,

education and training, agriculture, information technology, vehicle maintenance services, freight traffic activity, hotel service, tourism, and construction.

The screening strategy of subjects from a population: randomization is a random distribution procedure, dividing the respondents into groups. As a technique of randomization “pair-wise selection” was used, i.e. experimental and control groups were made up of individuals, equivalent in the controlled variables.

3. Results

Results of response to a dichotomous question: “Would

The desire to transfer business to children (successors),%

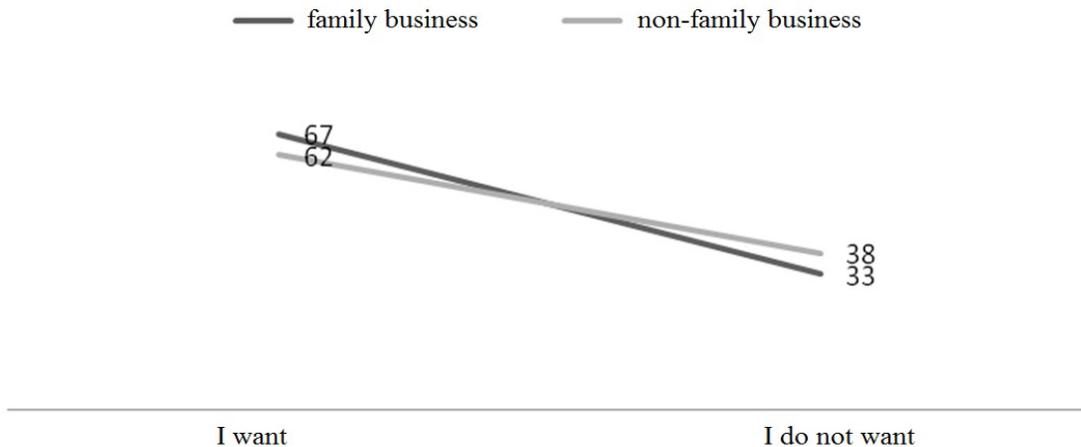


Figure 3. The results of motivational choice to transfer business to children.

Table 1. Contraction by categories: business transfer motives, %

MOTIVES			
Continue family business		refuse/ not to start family business	
↓	Experimental group группа	Control group	
		↓	Experimental group группа
			Control group группа

Continued

Conventionally-positive	48	28	Conventionally-negative	70	42
Motives to follow the child's interests (if they want, only if they desire)	34	28	Motives to follow the child's interests (to choose the activity to his/her liking)	56	42
Motives of the company's potential success (in case it becomes successful, big)	14	0	Motives of the company's potential failure (small company, unstable business)	14	0
Positive	52	72	Negative	30	58
Motives of the company's success (obligatory, our business is good)	40	37	Motives of sale, business liquidation	14	20
Motives to succeed family business (I need a successor, they do not have to set up business on their own, this is my family's future)	12	25	Motives of big risks (business instability in economy, macro economic problems)	16	26
Motives of child's personal freedom (to work for himself/herself, rely on himself/herself)	0	10	Motives of an easier life for a child (in order to have an easier, not very difficult life for a child)	0	12
Total by categories	100	100	Total by categories	100	100

you like to transfer your business to children (the successors from the family)" are shown in Figure 3. The answer is supposed to choose one of two possible answers: yes – no.

Presenting the results of motivational choice of entrepreneurs, the question arises: "What is the background for desire to transfer or not transfer an existing business

to the next generation of the family?" Obviously, this is a question about the motives of choice. For their study we turn to the second part of our research.

The results of respondents' responses according to subcategories of experimental and control groups are in Table 1 (some indicators listed in brackets).

4. Discussion

As can be seen from the data presented in Figure 3, the vast majority of respondents – representatives of both family and non-family businesses – would like to pass their business to successors by inheritance. Nevertheless, the desire to continue the dynasty in the family companies is significantly higher (5%) than in companies where no relatives work. This is a positive result, which says that the family business and business dynasty will be developed in our country. Hypothesis №1 was not confirmed. Despite the complexity of the economic situation, entrepreneurs see the future of their business and plan to transfer it to successors. Therefore, a family business can actually act as an internal resource for reducing social tensions.

This leads us to the conclusion that the state policy in the sphere of family business support is necessary. Both information and psychological, economic, legal assistance in the business transfer to the second generation of entrepreneurs will be strongly sought for. It would be promising to create The Family Firm Institute (similar to

The Family Firm Institute, Inc. USA, Boston) – an organization dedicated to the study, the collection of statistical information, training and consulting family business firms.

According to the obtained data shown in Figure 3 we offer to classify business owners according to their relation to the company transfer to heirs. The first criterion for the classification will serve “respondents’ desire to transfer existing business to their children”: the presence/absence; the second criterion – “Form of business”: family/non-family business.

According to the two defined criteria we distributed respondents to the control and experimental groups in the fields of the matrix into four quadrants are shown in Figure 4. The names of the four types of entrepreneurs have been chosen arbitrarily: we tried to metaphorically reflect the main essence of every form of relationship.

After receiving the information about the number of people in each type, we have compiled a chart of their percentage shown in Figure 5.

I would like to transfer business to children	“Dreamers” (3)	“Founders of dynasties” (4)
I would not like to transfer business to children	“Singles in business” (1)	“The last link” (2)
	Non-family business	Family business

Figure 4. Classification of business owners relating to business transfer by inheritance.

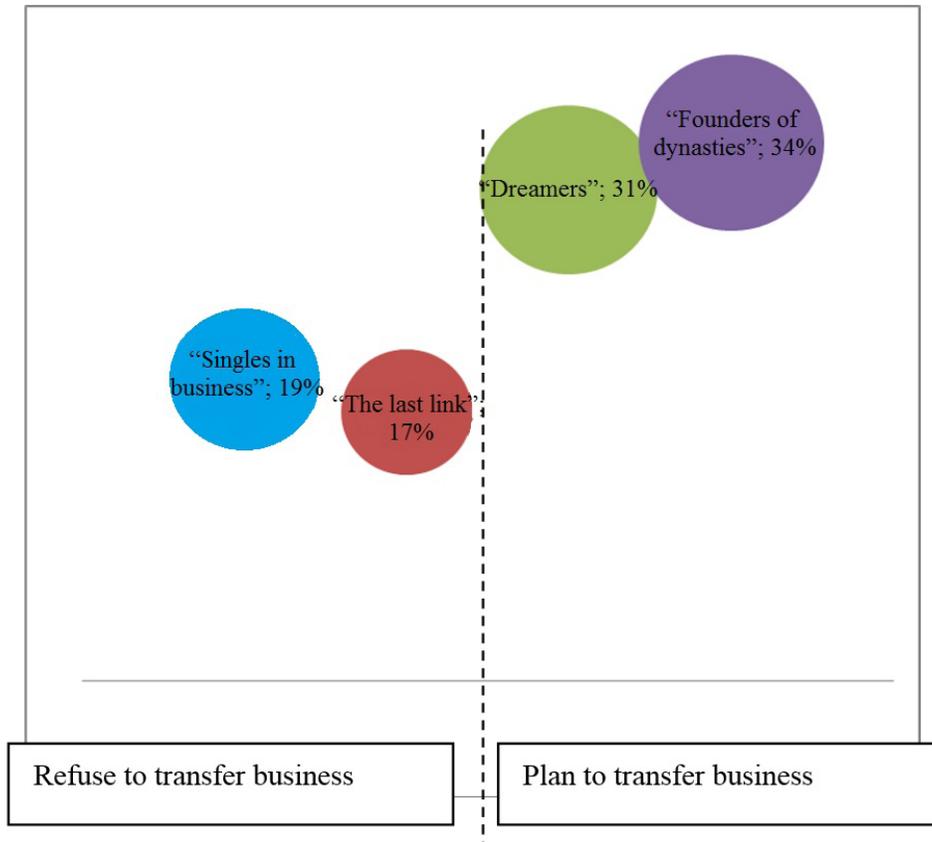


Figure 5. Classification of entrepreneurs by types of business transfer to heirs, %.

As seen in Figure 5, “Founders of dynasties” includes 34% of entrepreneurs who have a family business and plan to pass it to his/her successors. It is these enterprises which are in need of creation economic and information measures of business support, including planning the procedure of transition to the next generation.

The second largest group of respondents “Dreamers” (31%) represents the entrepreneurs who do not yet have a family business, but would like to transfer the existing business to their children. These entrepreneurs require training or coaching programs to help set up family relationships, when there will be its infusion into business.

The third leading group (19%) is “Singles in business”. Probably, such a business is highly dependent on the personalities’ characteristics; they are a fundamental element of the whole enterprise and fear that of this feature will be lost after the transfer.

The fourth type “The last link in business” (17%) is entrepreneurs who have a family business, but do not want to pass it on to their direct heirs. In these compa-

nies, probably a number of interpersonal complexities, conflicts, or low profit business exists. Therefore, these companies need business psychologist’s advice, which would help to prioritize relationships and build business processes, separate areas of authority and responsibility. Otherwise, such companies face imminent disintegration and liquidation.

Let us now discuss the test of the second hypothesis. Refer to the analysis of the sub-categories are shown in Table 1. For ease of comparison, we present the results of compression analysis of semantic units (indicators) in the form of histograms shown in Figure 6.

We specify that more than 60% of respondents would like to transfer the business by inheritance. The structure of the expression of business transfer motives has many similarities:

- The motives for the company’s success – if the manager-owner believes that his/her company is successful, it is the most important motive in the company

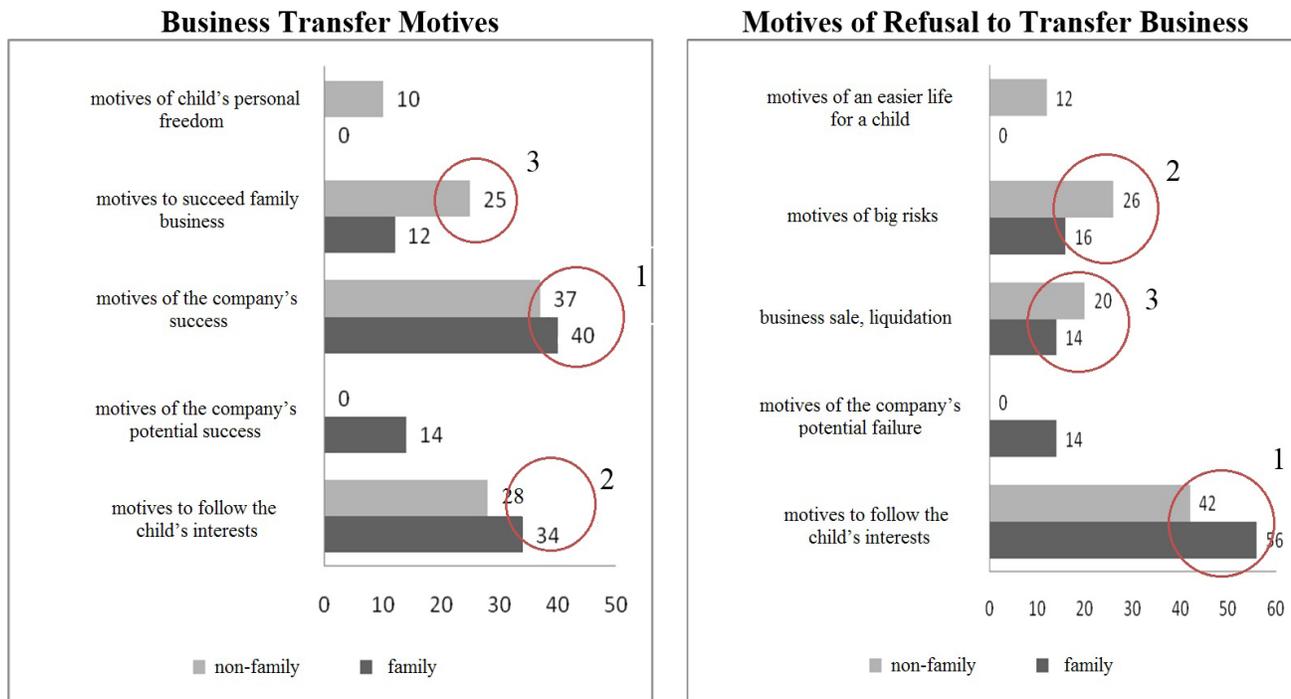


Figure 6. Bar graphs of subcategories by business transfer/refusal to transfer business, (%).

transfer by inheritance, both for experimental and control groups.

- The motives to follow the child's interests – the data show that parents give their children a lot of freedom in choosing the way of the future and are likely to be removed from the role of “adviser”. At the same time, it may mean that the interests of parents and children are different; children do not help their parents in the business, and therefore are not attached to the family business. The child lives with his/her own life.

- The motives for the extension of the family business – this subcategory is leading in the group of respondents of non-family businesses. It turns out that the future continuity is more important for them than for the respondents already having relatives in business. This is probably due to the fact that for the control group an issue of continuity is pending: it still requires interpretation. While for the family business the presence relatives and children in a company has already allowed removing its relevance.

Let us now turn to an analysis of the motives of the refusal of the inherited business transfer. We will remind

that this is 1/3 of the respondents. Just as with the business transfer motives respondents' answers in two groups show many similarities, including the representation of the structure of motives.

- The motives of following the child's interests – the most important reasons of failure to continue the family business – are the unwillingness of the child or other hobbies. That is, there is a violation of communication in business families, fragmentation of interests and goals.

- The motives of the big risks – entrepreneurs cautiously assess the evolving situation in the economy and in the world, and therefore believe that the risks are great. However, this motive is not dominant, thus we again indirectly check hypothesis 1 of our research and come to the conclusion that the instability of the economic situation is not as important reason for refusal to continue one's own business. Note that for the family business, the importance of this motive is significantly smaller, family firms are less afraid of instability.

- The motives of sale, liquidation of business – a small part of entrepreneurs plan to exit the business, and

therefore do not consider options with a business transfer by inheritance. Again, the family business demonstrates great "survival" (its owners' desire to sell/liquidate it is lower than that of non-family businesses).

Thus, the second hypothesis was confirmed: business transfer motives for business transfer by inheritance are identical in content and structure in the group of owners of family and non-family businesses.

The obtained results show that these are economic motives (the success of the company) that are key ones when deciding on the transfer of business to the family successors, as for the rejection of the transfer – non-economic (following the child). This leads us to the conclusion that according to the results by P. Sharma, G. Irving's work⁷³ the most productive motivation for successors to continue the family business would be calculative and affective. This means that already parents-entrepreneurs could engage children in the company's work at an early age: put in front of them in-company objectives, attach to the corporate goals. Thus, the successor will know the "price" of the family business, understand how much his/her share of ownership in a company is and what associated opportunities are.

At the same time, successors' normative and imperative motivations will rather be formed by the inefficient management of the company: when the young man feels obliged to join the business of their relatives to maintain good relations with the family, or he/she lacks confidence in his/her ability to work outside his/her parent's company. In this regard, the study by V. Mehrotra, R. Morck, J. Shim, Y. Wiwattanakantang²², showing greater efficacy of family firms run by adopted heirs, might look different if the work with blood heirs to form a productive motivation and subsequent professional business education was conducted specifically from earlier years. And it is necessary to establish communications in order to start this long process – eliminating the deficit of communication between the founder and the successor, as pointed out by N. Michael-Tsabari and D. Weiss¹⁹. To do this, following the example of European colleagues it is urgent to organize consultative bodies whose aim would be to develop entrepreneurs' competencies to improve the conditions of legal, financial and administrative environment of family businesses.

This would enhance the social status of the family businesses and help them in building an effective business

strategy, thus a priority theme in the business program "The success of the company" found by us will be brought to life. As a positive example of a practical realization is the work of the Finish Employment and Economic Development Centers – government agencies, working in a number of EU countries, and helping the successful businesses transfer to the next family generation⁷².

5. Conclusion

Business transfer to the next generation is one of the most difficult issues in the life cycle of the enterprise. For over 20 years European business community has been conducting systematic work on the study and support of the family business, understanding what significant contribution it makes to the stability of the national economies of the Eurozone countries. The specifics of the situation of the family business development in Russia is characterized by the fact that it is just beginning to take shape – the "first wave" of merchants (after the 70-year ban) comes into the age when you have to think about the business transfer to the next generation. There are no reliable statistics; studies are underrepresented.

The complexities of the economic situation in Russia, macroeconomic instability – all this will provoke a rise in unemployment and social tension. In such a difficult situation small family business could become a "valve" reducing social tensions.

After a theoretical analysis, we have found that in recent years, the consideration of the family business from its owners is represented not significantly; this topic is enjoyed as the most popular at the end of the 20s. However, the relevance of this issue is gaining its momentum in Russia. The hypotheses set by us passed empirical test in a study conducted on a sample of 90 persons – representatives of small and micro businesses in different spheres of economy.

The mathematical processing of the data allows us to find that 2/3 of respondents, despite the objective difficulties, would like to transfer their business to inherited successors. This refutes the 1st research hypothesis, but allows predicting the growth of the family business in the coming years. In this regard, the negative consequences of "forced entrepreneurship" may be compensated by the inclusion of redundant-family workers in a family business.

According to information received, we have offered to classify business owners in their relation to the business transfer to their heirs. Based on two defined criteria we have distributed respondents into four types: “The founders of dynasties” – 34%, “Dreamers” – 31%, “Singles in business” – 19% “The last link” (17%). Thus, 1/3 of the respondents have a family business and plan to transfer it to their children by inheritance. These entrepreneurs will make foundation for the next business dynasties – the basis of sustainable small business.

Comparing the structure of the business transfer motives in family and non-family companies, we saw their informative similarity. This supports the 2nd hypothesis of our work. The priority business transfer motives are: Motives of the company’s success, Motives to follow the child’s interests, Motives of extending the family business. Priority motives for refusal to transfer the business to successors are: Motives to follow the child’s interests, Motives of large risks, Motives of sales, business liquidation. There is a predominance of economic motives when deciding on the business transfer by inheritance. Only a successful business is eligible to be transferred. At the same time, business success depends much on the owner’s strength and effort contributed to it; and in this situation the family could help as well. We believe that formation of such a social norm should be included in family policy: municipal centers for business development in conjunction with Centers for Family could organize work on creation of information occasions, paying attention to the importance of children’s familiarizing with family values, traditions and business, thus forming the family cohesion through joint provision of financial well-being. Thus, the “other interests of the child” will not become an obstacle to building new business dynasties in modern Russia.

6. Acknowledgements

The authors express thanks to Tyumen State Oil and Gas University, Federal State Budget Education Institution of Higher Professional Education for assistance in collecting empirical data and personally to Tatyana Vasilyevna Rimkuvne, Candidate of Pedagogic Sciences, Business Consultant, Expert in Innovation Projects.

7. References

1. Facilitating transfer of business. European Commission: Directorate-General for Enterprise and Industry. 2012. Available from: <http://ec.europa.eu>
2. Global Data Points. The Family Firm Institute. Available from: <http://www.ffi.org>
3. Business Dynamics: Start-ups, Business Transfers and Bankruptcy. The economic impact of legal and administrative procedures for licensing, business transfers and bankruptcy on entrepreneurship in Europe, 2011. Available from: <http://ec.europa.eu>
4. Pillars of Success for Your Family Business. KPMG International Cooperative (KPMG International). A Swiss Entity. 2013.
5. Murzina JS, Tonysheva LL. The revival of the family business in Russia: Why the process is failing during the economic crisis? Proceedings of the 5th International conference on Eurasian scientific development. «East West» Association for Advanced Studies and Higher Education GmbH; Vienna. 2015. 180-2.
6. The Global Entrepreneurship Monitor. National Report. 2013. Available from: <http://gsom.spbu.ru>
7. Barinov V. Vouchers and teachers: how to help innovative companies, 2015. Available from: <http://tpp-inform.ru>
8. Indicators of economic activity, 2016. Available from: <http://www.gks.ru>
9. Zarubina NN. Economic Sociology. Moscow: Publishing Yurayt; 2015.
10. Russia in Figures. 2015. Available from: http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en
11. The European Family Business Barometer: Determined to Succeed. 4th ed. 2015.
12. Global Data Points. Available from: <http://www.ffi.org/page/globaldatapoints>
13. Molly V, Laveren E, Deloof M. Family business succession and its impact on financial structure and performance. *Family Business Review*. 2010; 23(2):131-47.
14. Volkov DA. Family business in Russia: Results of the empirical research. *World Applied Sciences Journal*. 2014; 30(4):468-74.
15. Breton-Miller IL, Miller D, Steier LP. Toward an integrative model of effective FOB succession. *Entrepreneurship Theory and Practice*. 2004; 28(4):305-28.
16. Potts TL, Schoen JE, Engel Loeb M, Hulme FS. Effective retirement for family business owner-managers:

- Perspectives of financial planners Part 2. *Journal of Financial Planning*. 2001; 14(7):86-96.
17. Malone SC. Selected correlates of business continuity planning in the family business. *Family Business Review*. 1989; 2(4):341-53.
 18. Sharma P, Chrisman JJ, Chua JH. Predictors of satisfaction with the succession process in family firms. *Journal of Business Venturing*. 2003; 18(5):667-87.
 19. Michael-Tsabari N, Weiss D. Communication traps: Applying game theory to succession in family firms. *Family Business Review*. 2015; 28(1):26-40.
 20. Mussolino D, Calabro A. Paternalistic leadership in family firms: Types and implications for intergenerational succession. *Journal of Family Business Strategy*. 2014; 5(2):197-210.
 21. Lumpkin GT, Steier L, Wright M. Strategic entrepreneurship in family business. *Strategic Entrepreneurship Journal*. 2011; 5(4):285-306.
 22. Mehrotra V, Morck R, Shim J, Wiwattanakantang Y. Adoptive expectations: Rising sons in Japanese family firms. *Journal of Financial Economics*. 2013; 108(3):840-54.
 23. Ling Y, Baldrige D, Craig JB. The impact of family structure on issue selling by successor generation members in family firms. *Journal of Family Business Strategy*. 2012; 3(4):220-7.
 24. Eklund J, Palmberg J, Wiberg D. Inherited corporate control and returns on investment. *Small Business Economics*. 2013; 41(2):419-31.
 25. Greidanus NS. Corporate venturing in family firms: A strategic management approach. *International Journal of Entrepreneurial Venturing*. 2011; 3(2):125-48.
 26. Zheng V, Ho T-M. Contrasting the evolution of corporate governance models: A study of banking in Hong Kong. *Asia Pacific Business Review*. 2012; 18(3):407-23.
 27. Marti J, Menendez-Requejo S, Rottke OM. The impact of venture capital on family businesses: Evidence from Spain. *Journal of World Business*. 2013; 48(3):420-30.
 28. Aguilera RV, Crespi-Cladera R. Firm family firms: Current debates of corporate governance in family firms. *Journal of Family Business Strategy*. 2012; 3(2):66-9.
 29. Grundstrom C, Oberg C, Ohrwall Ronnback A. Family-owned manufacturing SMEs and innovativeness: A comparison between within-family successions and external takeovers. *Journal of Family Business Strategy*. 2012; 3(3):162-73.
 30. de Oliveira JL, Albuquerque AL, Pereira RD. Governance, succession and formalization of management in family businesses: (Re)organizing the role played by multi-generation families. *Revista Brasileira de Gestao de Negocios*. 2012; 14(43):176-92.
 31. Hiebl MRW. Management accounting in the family business: Tipping the balance for survival. *Journal of Business Strategy*. 2013; 34(6):19-25.
 32. Laakkonen A, Kansikas J. Evolutionary selection and variation in family businesses. *Management Research Review*. 2011; 34(9):980-95.
 33. Stamm I, Lubinski C. Crossroads of family business research and firm demography - A critical assessment of family business survival rates. *Journal of Family Business Strategy*. 2011; 2(3):117-27.
 34. Venter WP, Kruger S, Urban B. Exploring family business succession in an integrative familiness transmission of capital model: A South African study. *International Journal of Entrepreneurship and Small Business*. 2010; 11(3):263-84.
 35. Sund L-G, Melin L, Haag K. Intergenerational ownership succession. Shifting the focus from outcome measurements to preparatory requirements. *Journal of Family Business Strategy*. 2015; 6(3):166-77.
 36. Dou J, Li S. The succession process in Chinese family firms: A guanxi perspective. *Asia Pacific Journal of Management*. 2013; 30(3):893-917.
 37. Tata J, Prasad S. Social capital and next-generation succession in the family firm. *International Journal of Entrepreneurship and Small Business*. 2010; 11(3):322-37.
 38. Kamei K, Dana L-P. Examining the impact of new policy facilitating SME succession in Japan: From a viewpoint of risk management in family business. *International Journal of Entrepreneurship and Small Business*. 2012; 16(1):60-70.
 39. Ghee WY, Ibrahim MD, Abdul-Halim H. Family business succession planning: Unleashing the key factors of business performance. *Asian Academy of Management Journal*. 2015; 20(2):103-26.
 40. Buang NA, Ganefri SS. Family business succession of SMEs and post-transition business performance. *Asian Social Science*. 2013; 9(12 Spl Issue):79-92.
 41. Matser I, Lievens J. The succession scorecard, a tool to assist family business's trans-generational continuity. *International Journal of Entrepreneurial Venturing*. 2011; 3(2):101-24.
 42. Zacher H, Schmitt A, Gielnik MM. Stepping into my shoes: Generativity as a mediator of the relationship between business owners' age and family succession. *Ageing and Society*. 2012; 32(4):673-6.
 43. Rautamaki H, Romer-Paakkanen T. The next generation's commitment and willingness to continue the family busi-

- ness: Reflecting on potential successors' experiences and pondering. *International Journal of Entrepreneurship and Small Business*. 2016; 27(1):52-70.
44. Schlepphorst S, Moog P. Left in the dark: Family successors' requirement profiles in the family business succession process. *Journal of Family Business Strategy*. 2014; 5(4):358-71.
 45. Schroder E, Schmitt-Rodermund E, Arnaud N. Career choice intentions of adolescents with a family business background. *Family Business Review*. 2011; 24(4):305-21.
 46. Overbeke KK, Bilimoria D, Perelli S. The dearth of daughter successors in family businesses: Gendered norms, blindness to possibility and invisibility. *Journal of Family Business Strategy*. 2013; 4(3):201-12.
 47. Mathew V. Women and family business succession in Asia – Characteristics, challenges and chauvinism. *International Journal of Entrepreneurship and Small Business*. 2016; 27(2-3):410-24.
 48. Glover JL. Gender, power and succession in family farm business. *International Journal of Gender and Entrepreneurship*. 2014; 6(3):276-95.
 49. Wang C. Family small businesses: Definition, 'essence' and 'true' prevalence. *International Journal of Entrepreneurial Venturing*. 2010; 2(3-4):276-90.
 50. Armstrong CE. Overqualified and disadvantaged: Exploring the barriers to growth of family businesses to second-generation leaders. *International Journal of Entrepreneurship and Small Business*. 2012; 17(2):160-75.
 51. Sardeshmukh SR, Corbett AC. The duality of internal and external development of successors: Opportunity recognition in family firms. *Family Business Review*. 2011; 24(2):111-25.
 52. Dawson A, Hjorth D. Advancing family business research through narrative analysis. *Family Business Review*. 2012; 25(3):339-55.
 53. Solomon A, Breunlin D, Panattoni K, Gustafson M, Ransburg D, Ryan C, Hammerman T, Terrien J. Don't lock me out: Life-story interviews of family business owners facing succession. *Family Process*. 2011; 50(2):149-66.
 54. Kraus S, Harms R, Fink M. Family firm research: Sketching a research field. *International Journal of Entrepreneurship and Innovation Management*. 2011; 13(1):32-47.
 55. Bennedsen M, Fan JPH, Jian M, Yeh Y-H. The family business map: Framework, selective survey, and evidence from Chinese family firm succession. *Journal of Corporate Finance*. 2015; 33:212-26.
 56. Wang C. Daughter exclusion in family business succession: A review of the literature. *Journal of Family and Economic Issues*. 2010; 31(4):475-84.
 57. Seaman C, Bent R, Unis A. Family entrepreneurship culture, entrepreneurial intent, futures and foresight in Scottish Pakistani communities. *Futures*. 2016; 75:83-91.
 58. Cao J, Cumming D, Wang X. One-child policy and family firms in China. *Journal of Corporate Finance*. 2015; 33:317-29.
 59. Shi HX, Dana L-P. Market orientation and entrepreneurship in Chinese family business: A socialization view. *International Journal of Entrepreneurship and Small Business*. 2013; 20(1):1-16.
 60. Seaman C, Welsh R, Bent R. Succession planning in minority ethnic family enterprises. *International Journal of Entrepreneurship and Small Business*. 2013; 20(4):402-19.
 61. Holt R, Popp A. Emotion, succession, and the family firm: Josiah Wedgwood and Sons. *Business History*. 2013; 55(6):892-909.
 62. Smith A. The theory of moral sentiments, or an essay towards an analysis of the principles by which men naturally judge concerning the conduct and character, first of their neighbours, and afterwards of themselves. To which is added a Dissertation on the Origin of Languages. Available from: <http://oll.libertyfund.org/titles/2620>
 63. Mill JS, Utilitarianism. Oxford: Oxford University Press: 1998.
 64. Marx K. Capital. files.libertyfund.org/files/967/Marx_0445.03.pdf
 65. Veblen T. The Theory of the Leisure Class. NY: Macmillan; 1899. Available from: http://wps.prenhall.com/wps/media/objects/107/110141/ch19_a4_d1.pdf
 66. Schumpeter J. The theory of economic development. London: Oxford University Press; 1934.
 67. Keynes JM. The General Theory of Employment, Interest and Money. Available from: <http://cas.umkc.edu/economics/people/facultypages/kregel/courses/econ645/winter2011/generaltheory.pdf>
 68. Coase R. The problem of social cost. *Journal of Law and Economics*. 1960; 3:1-44. Available from: <http://www2.econ.iastate.edu/classes/tsc220/hallam/Coase.pdf>
 69. Landsberg I. The succession conspiracy. *Family Business Review*. 1988; 1(2):119-43.
 70. Neubauer F, Lank AG. The Family Business: Its Governance for Sustainability. New York: Routledge; 1998.
 71. Poza EJ. Family Business. Mason, Ohio: South-Western Cengage Learning; 2010.
 72. Guidebook Series How to support SME Policy from Structural Funds. Facilitating Transfer of Business. 2012. Available from: <http://ec.europa.eu/>

73. Sharma P, Irving G. Four bases of family business successor commitment: Antecedents and consequences. *Entrepreneurship Theory and Practice*. 2005; 29:13–33.
74. Dawson A, Sharma P, Irving PG, Marcus J, Chirico F. Predictors of later generation family members' commitment to family enterprises. *Entrepreneurship Theory and Practice*. 2015; 39(3):545-69.
75. Yadov VA. *The Strategy of Sociological Research: Description, Explanation, Understanding the Social Reality*. Moscow: Omega-L; 2007.
76. Campbell D. *Model Experiments in Social Psychology and Applied Research*. Sankt-Petersburg: Social Psychology Center; 1996.