

## MACROECONOMIC FACTORS FORMING FAMILY BUSINESSES HEIR'S CAREER CHOICE INTENTION

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While recent research on family business succession has focused on examining the importance of individual and family characteristics, the role of macroeconomic conditions has been often neglected. This paper investigates the impacts of macroeconomic conditions on family business heir's career choice intention using individual level cross-country data of 18 European countries for the year 2013. We find that the level of economic development measured by GDP per capita, growth of GDP per capita, and youth rate of unemployment influence a family business heir's career choice intention. We also demonstrate that beyond the cross-country differences in macroeconomic conditions, individual characteristics of siblings, age, gender, work experience in family business, and start-up time play an important role. To mitigate succession failures, policies towards business succession with related firm survival should be specifically designed depending on different macroeconomic and youth labour market conditions.

**Keywords:** youth unemployment, level of economic development, business succession, family business, macroeconomic indicators, career choice intention

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## INTRODUCTION

Research on family business traditionally belongs to the research field of entrepreneurship, which has, in the last couple of decades, enlarged its scope from traditional studies of start-up activities and growing business issues as a part of entrepreneurial dynamics through its life-cycle. As such, family business succession has been lately seen as a possible new venture cycle within the traditional family business cycle.

This paper aims to study the family business succession issue. A complexity of the process can be described by different inputs, both internal and external, which make this process and procedures demanding and challenging. However, until the launch of the Global University Entrepreneurial Spirit Student's Survey (GUESSS) in 2003, possible successors and their own stand were drastically neglected, leaving the successors no opportunity to raise their voice for themselves in this crucial matter.

As expected, in the first few decades the majority of the research in the field of family business was conducted in the US universities. Several paradigms, based on the American business and living culture, including the family values and traditional corporate governance standards were set for the text-book thinking and teaching courses in family business management at the universities. Only until recently, research in the field expanded to other countries and cultures, starting in Europe but soon spread to other countries confirming the assumption that family and its values are very genuine fundamentals for running a mutual interest in business. Thus, traditional research paradigms have started to turn into more cultural based peculiarities of different countries and regions around the world.

The motivation to write this paper originates from the general lack of findings to correlate the various types and taxonomies of entrepreneurial activities including different models of family business successions to the economic activity and progress in a particular economy. Until now, only Global Entrepreneurship Monitor (GEM) put some efforts in its trials to link intensity of the new venturing activities with the macroeconomic indicators. So far, there has been no study available, which would have tried to explore the possible causalities between the economic dynamics and family business heir's succession intentions.

The paper is organized as follows. We start with an overview of the relevant literature with the objective to develop a theoretical background and setting for further research. *Section 2* derives hypotheses for testing in the empirical research. Methods and data collection are discussed in *Section 3*. Results using multinomial regression in *Section 4* are presented in order to lead to confirmation

or rejection of our hypotheses. In *Section 5* we provide discussions on findings and its implications for practical use, while *Section 6* summarises the main results of our research.

## 1. THEORETICAL BACKGROUND

Attracting and triggering personal interest for family business succession among the next generation is an important but demanding incentive for the survival of such business. Keeping the heirs motivated for continuation into family business is even more challenging. Due to this reason, family business transition process is such a big defy for both the family and the business itself (Blumentritt et al. 2012; Neubauer – Lank 1998).

According to Shirokova et al. (2016), younger population is more attracted to entrepreneurial career. This makes the student population an important target group. Their attitude will influence career decision, which students will confront in the very near future after finalizing their education, when they have to enter in the labour market. Students with family business background are in different position compared to their mates. They become exposed to environmental influences, which are closely related to family firm, their self-employed parents and wider environment, since they are educated under different cross-country economic systems.

Entrepreneurial parents can influence their heir's career choice by providing possibilities for gaining knowledge, business experience, social capital and initial business conditions as a stable starting point for potential new start-up (Laspita et al. 2012). On the one hand, previous studies confirmed that self-employed entrepreneurial parents, as role models, influence career choice intentions (Scherer et al. 1989). It may spur founding intentions among offspring (Carsrud et al. 2007). On the other hand, students raised in families with self-employed parents are frequently affected by parents' absence due to their demanding work load (Douglas – Shepherd 2002). All these listed facts differentiate the students with family business background from their peers. It makes the career decision easier and less influenced by fear of potential failure. Students from families with family business background also have a different problem when deciding about their career. They are confronted with three different choices: They can start an entrepreneurial career, find a job or enter the succession process, which could finally result in taking over their family business. Some recent studies examine the trilemma problem (Zellweger et al. 2011) but the research field is still under-developed especially regarding environmental influence on heir's career choice

intention. Family firms account for two thirds of all businesses all over the world and generate 50–80% of jobs in the majority of countries (KPMG 2015). Given the worldwide importance of family firms in social and economic context, it is important to investigate for potential heir's career choice intention (Astrachan – Shanker 2003).

Despite the fact that previous researches have proved the importance of geographical context affecting behaviour and influencing heir's career choice intention (Zellweger et al. 2011), studies on the driving role of economic factors related to career choice intention are still scarce. Even more, according to our knowledge, there are no studies investigating the impact of macroeconomic factors on family business successor's career choice intention. The reason can lay in the fact that the vast majority of studies covering family business succession process are conducted for a single region (Agarwal et al. 2016). On the other hand, researchers have already identified that different groups of economies such as transition vs. market economies can have an impact on the succession intention. Therefore, the issue is worth studying, since this could help better understanding of the succession process (Baù et al. 2013). According to Dyer (1986), who developed an integrative model of entrepreneurial careers, economic factors are one of the four essential core dimensions in the theory of entrepreneurial careers. A study by Olson et al. (2006) indicates that there are significant correlations between macroeconomic factors and job values. Santos et al. (2012) defined entrepreneurial quality based on personal characteristics, entrepreneurial orientation and productive dependence. He also found a significant correlation between entrepreneurial quality of SME and development at the regional level. Low-income regions have lower entrepreneurial quality due to lower educational background, lack of previous experience and lower proactiveness and entrepreneurial orientation among other factors.

In our paper, we measure career choice intentions of potential business successors. Intentions indicate the level of willingness to perform a specific behaviour and capture the motivational factors that influence the actual behaviour later. Generally, stronger intention to engage in a specific behaviour raises the probability of performing that behaviour (Ajzen 1991). In some recent studies, intentions are accepted as, particularly, appropriate predictors of entrepreneurial behaviour (Zellweger et al. 2011). Understanding the intentions of future activities in family firms is of a critical importance, especially regarding succession process (Brännback – Carsrud 2012).

The goal of our study is to test the connection between macroeconomic factors defining the present economic performance in a country and the career choice intentions of students with family business background. Students may value career opportunities differently in relation to economic conditions in a country.

## 2. HYPOTHESES

The role of GDP per capita as an economic development indicator continues to be influential, despite some theoretically and empirically motivated criticism.

Our second independent variable is the growth of GDP per capita, which is considered to be one of the most important measures of country's performance due to the fact that it reveals recent improvements in economic conditions. We already know that long-term levels of personal satisfaction are positively related to GDP growth. Consequential increase in demand for goods and services is then the most important factor influencing new start-ups (Wennekers et al. 2005).

Lastly, the unemployment rate is a measure for the percentage of labour force without a job. On the one hand, high unemployment rate can be a considerable obstacle for choosing an employment career and it may act as a strong push for self-employment. On the other hand, it may also be a negative indicator of entrepreneurial opportunity (Evans – Leighton 1990). We are using *youth unemployment rate*, since it is more illustrative for student population, especially knowing that negative experience of labour market at early age can have long-term consequences for a young adult's career. The correlation between youth unemployment and entrepreneurship is not clear and several recent researchers are calling for additional investigation on the association between them (Jones et al. 2015). Entrepreneurship could offer opportunities for self-job creation, but it is not suitable for all young unemployed people. It is a complex problem nowadays and understanding it requires a holistic approach, which combines labour market flexibility, mastery of skills, employer demand and family legacies (O'Reilly et al. 2015). Jones et al. (2015), who could not find an obvious association between self-employment rates and overall youth unemployment rates, points out that labour market, for people under the age of 25 years old, is strongly influenced by the share of young people in higher education which influences the overall association. It is already known that socio-economic effects of youth unemployment on entrepreneurship can be different depending on economic situation in the region (Blinova et al. 2016). We expect that youth unemployment rate would have a significant impact on career choice intention of the young generation, mostly having in mind that promoting entrepreneurship is an increasingly accepted policy for fighting youth unemployment in the EU regions. However, entrepreneurship by itself cannot be always a solution as it also has its own risks (Eurofound 2016). The uncertainty in risky situation makes a potential heir's career choice intention even more complex, especially when choosing between an entrepreneurial career and family firm succession.

Considering the previously analysed literature, the following three hypotheses are derived:

*H1: Higher GDP per capita leads to individual's preference for a founding career to succession and succession to employment (Kemmelmeyer et al. 2002; Olson et al. 2006).*

*H2: Higher GDP growth rate leads to individual's preference for a founding career to succession and succession to employment (Wennekers et al. 2005; Olson et al. 2006).*

*H3: Higher youth unemployment rate leads to individual's preference for a founding career to succession and succession to employment (Evans – Leighton 1990; Jones et al. 2015).*

### 3. METHODS

To test our set of hypotheses, we apply the multivariate multinomial logistic regression as the most appropriate method that allows more than two categorical solutions. Since we are interested in the family business succession intention, this solution (among employment, succession and entrepreneur) is selected as a central (reference) category for the purpose of three hypotheses testing and regression results interpretation in the context of career choice intention (Zellweger et al. 2011; Olson et al. 2006).

The regression models are estimated and interpreted in two steps: first, as a baseline model with only control variables specification:

$$\text{Career choice intention} = B0 + B1*(\text{siblings}) + B2*(\text{age}) + B3*(\text{gender}) + B4*(\text{worked in FB}) + B5*(\text{start-up time}),$$

where control variables are personal characteristics of respondents (students) in career choice depending on siblings, age, gender, worked in family business (FB), and start-up time, while B0 is regression constant, and B1, ..., B5 are regression coefficients.

Second, we employ an augmented model with the baseline model's control variables and additional macro-economic explanatory variables, such as GDP per capita, GDP per capita growth, and rate of youth unemployment with their regression coefficients B6, B7 and B8, respectively:

$$\text{Career choice intention} = B0 + B1*(\text{siblings}) + B2*(\text{age}) + B3*(\text{gender}) + B4*(\text{worked in FB}) + B5*(\text{start-up time}) + B6*(\text{GDP per capita}) + B7*(\text{GDP growth}) + B8*(\text{youth unemployment}).$$

### 3.1. Data sample

Data on the macroeconomic independent variables, such as GDP per capita (measured in USD), GDP per capita growth (percentage), youth unemployment (percentage) and “start-up time” (in days) are considered for the year 2013. In particular, GDP per capita and GDP per capita growth rate originates from the World Bank national accounts data and OECD National Accounts data files, and data for youth unemployment rate was taken from International Labour Organization, Key Indicators of the Labour Market database. World Bank, Doing Business project (<http://www.doingbusiness.org/>) was the source for data related to time (in days) needed to start-up a new business in the country in 2013. The 2013 cross-section data on career choice dependent variable and baseline model explanatory variables, such as siblings, age, gender and “worked in FB” are obtained from the GUESS 2013/2014 survey dataset collection. It covers family business issue and contains more than *109,000 student respondents from 34 countries*. The survey was anonymous, on-line and identification based for preventing multiple responses bias. Since we are investigating the EU region, we isolate 23,485 European students with family business background from 18 European countries.<sup>1</sup>

Since there is no single valid definition of family business, we adopt the definition according to which family business is a business where majority share is owned by one or more members of the same family (Barnes – Hershon 1976). For this reason, we included only students whose one or both parents are self-employed. We are aware of the fact that self-employment and family business are not the same size category. Still, since all students with self-employed parent(s) are exposed to similar entrepreneurial environment and parental role model, we considered all students with self-employed parent(s) as respondents with family business background for the purpose of this particular study. We rely on the fact that parent’s performance in entrepreneurship by itself affects children’s career choice intention (Criaco et al. 2017), which is the main target of our paper. Each one of these children could choose to follow his/her parent’s footsteps, regardless the size of family business. In this way, we are also consistent with the definition used for family business, since it does not depend on firm’s size. The students were asked if their parents are currently self-employed or do they hold a majority ownership in a company. Only students who answered “yes, mother”, “yes, father” or “yes, both” are included in our study. With the goal of avoiding the so-called survivor bias from which the retrospective studies might suffer, we also

<sup>1</sup> Great Britain, Germany, Luxemburg, the Netherlands, Switzerland, Austria, Belgium, Denmark, Spain, Finland, France, Italy, Portugal, Slovenia, Romania, Poland, Estonia and Hungary.

exclude students who already own a company (Gartner 1989; Davidsson 2004). After these reductions, our dataset contains 7,767 valid respondents for the period immediately after the studies and 7,047 respondents for the period five years after the studies.

### 3.2. Measuring dependent and independent variables

Our categorical dependent variable has three possible solutions: (1) “employee”, (2) “entrepreneur” or (3) “successor”. Students were interrogated about their career choice intention immediately after their studies and also five years after that. The second option limits the time span to five years after their studies since previous research confirmed that, typically, an entrepreneur works elsewhere for five years, on average, before starting his/her own business (Brockhaus – Horwitz 1986). This approach also forces respondents to consider the exact period immediately after their studies separately from the more distant future. Students also had the option to choose the answer »I don't know yet« for the purpose of excluding undecided students from the analysis, since forced responses about career choice intention could bias the results. We analyse both regression models: career choice intention immediately after the studies and career choice intention five years afterwards.

Our baseline model consists of the following control variables: number of siblings, age, gender, experience working in family firm and time needed for starting a new business in the country. Previous studies confirmed significant importance of siblings and their rivalry for the succession process (Morris et al. 1996). We expect the number of siblings to be an important factor in potential heir's career choice intention, since it raises the probability for rivalry. Age of the business proprietor is found to be an important determinant of business survival. Business ventures started by older entrepreneurs have survived for longer (Cressy 1996). This finding is further supported by empirical evidence that surviving probabilities of younger people's business ventures are lower compared to those founded by older individuals (Van Praag 2003). Gender is also a factor previously confirmed to be significant for family business succession, since women as successors are disadvantaged compared to men (Schröder et al. 2011). Zellweger et al. (2011) also concluded that young women will more likely intend to choose employment before the family business succession alternative. Experience gained from works in family firm is in favor of the succession career alternative, since a potential heir becomes more familiar with family firm and all related activities. We use time needed for a new start-up in a country as a proxy for administrative obstacles for young people who are considering an entrepreneurial career.



Independent variables, such as GDP per capita, GDP growth and youth unemployment in 2013 are added to the baseline model to form our augmented model. GDP per capita is based on purchasing power parity, which is generally recommended by economists for the intent of comparison among countries, since it equalizes the cost of goods and services in the observed countries. The GDP per capita growth rate is a measure of recent improvements in economic conditions, and as such, could be the most important measure of a country’s economic performance. It determines how rapidly material wealth is changing in a country (Kemmelmeier et al. 2006). Youth unemployment rate is the share of the country’s labour force ages 15–24 years without doing any work.

We calculated the variance inflation factor (VIF) for each independent variable and found it to be close to 1. It never exceeds the value of 1.6, which makes it well below the marginal value of 10.0 (Hair et al. 2010), and thus, we conclude that multicollinearity does not appear to be a problem. Pearson correlations, displayed in *Table 1*, confirm that there is no indication of shared variance, since the values of all factors are under 0.6.

A set of control variables is used with the goal of controlling for the potential common method bias problem. All respondents were also assured with a strict confidentiality to avoid the possible concerns of social desirability (Podsakoff et al. 2003).

*Table 1.* Pearson correlations

	Career choice (Y)	GDP per capita	GDP growth	youth unemployment	start-up time	age	gender	siblings	worked for FB
Career choice (Y)	1								
GDP per capita	-.181**	1							
GDP growth	.033**	-.082**	1						
youth unemploy.	.144**	-.551**	-.354**	1					
start-up time	.119**	-.189**	.397**	.168**	1				
age	-.054**	.132**	-.018	-.130**	-.066**	1			
gender	-.058**	-.004	.032**	-.014	.049**	-.047**	1		
siblings	-.030**	.092**	.011	-.111**	-.043**	.066**	.008	1	
worked for FB	-.105**	-.037**	-.114**	.180**	-.003	-.045**	.122**	-.035**	1

*Note:* \*\* Correlation is significant at the 0.01 level (2-tailed).

## 4. RESULTS

### 4.1. Descriptives

*Table 2* shows descriptive statistics of our sample.

*Table 2.* Descriptive sample statistics

Immediately after studies		N	%
Career choice	employment	6873	88.5
	founder	485	6.2
	successor	409	5.3
gender	men (1)	3000	38.6
	women	4767	61.4
already worked for family firm	yes (1)	3744	48.2
	no	4023	51.8
Total		7767	100.0

  

5 years after studies		N	%
Career choice	employment	3541	50.2
	founder	2743	38.9
	successor	763	10.8
gender	men (1)	2768	39.3
	women	4279	60.7
already worked for family firm	yes (1)	3419	48.5
	no	3628	51.5
Total		7047	100.0

As a striking evidence, the resulting career choice intention differs significantly in both periods. A great majority of the students would intend to choose an employment as a career immediately after their studies whereas after five years they plan a change in favour of entrepreneurship. This finding is consistent with our expectations that most entrepreneurs are employed for the period of five years before starting a business of their own (Brockhaus – Horwitz 1986), which was one of the guidelines for GUESSS survey construction.

*Table 3* shows descriptive statistics of the macroeconomic parameters used in the analysis.

Table 3. Macroeconomic parameters descriptive sample statistics

Year 2013	Start-up (days)	GDP per capita (USD)	GDP growth (%)	Youth unemployment (%)
Austria	25	50.510	0.2280	9.60
Belgium	4	46.929	0.2748	23.76
Denmark	6	59.818	-0.4862	13.02
Spain	23	29.882	-1.2300	55.61
Estonia	7	18.877	1.6301	18.70
Finland	14	49.150	-1.2056	19.60
France	7	42.560	0.2851	24.95
Germany	15	46.251	0.1058	7.82
Hungary	5	13.485	1.5252	26.60
Italy	6	35.685	-1.9250	40.26
Luxemburg	19	110.664	1.9902	15.40
Nederlands	4	50.792	-0.7255	13.20
Poland	30	13.653	1.6681	27.22
Portugal	3	21.738	-1.3550	38.15
Romaniy	9	9.490	3.4999	24.14
Slovenia	6	23.295	-0.9983	21.75
Switzerland	18	84.748	1.9156	8.51
United Kingdom	12	41.781	1.7292	20.68

4.2. Econometric results

Results of the multinomial logistic regression models for both periods are shown in Table 4.

Table 4. Regression models results

Immediately after studies (N=7767)		Baseline model			Augmented model		
Succession career = reference category		B	Std. Error	Sig.	B	Std. Error	Sig.
Employment	Intercept	1.550	.433	.000	2.692	.510	.000
	siblings	.142	.053	.007	.077	.054	.149
	age	.086	.018	.000	.057	.017	.001
	gender (mail)	-.273	.104	.009	-.210	.106	.048
	worked for FB	-1.029	.113	.000	-1.339	.122	.000
	start-up time	-0.017	.005	.001	-.006	.006	.290
	GDP per capita				.159	.043	.000
	GDP growth				.037	.065	.569
	youth unemployment				-.034	.006	.000

Table 4. continued

Immediately after studies (N=7767)		Baseline model			Augmented model		
Founder	Intercept	-2.622	.558	.000	-.195	.695	.779
	siblings	.136	.068	.044	.116	.068	.088
	age	.071	.022	.001	.071	.022	.001
	gender (mail)	.299	.137	.029	.396	.139	.004
	worked for FB	-.813	.144	.000	-1.130	.153	.000
	start-up time	0.062	.007	.000	.042	.008	.000
	GDP per capita				-.276	.071	.000
	GDP growth				.024	.103	.814
	youth unemployment				-.040	.009	.000

  

5 years after studies (N=7047)		Baseline model			Augmented model		
Succession career = reference category		B	Std. Error	Sig.	B	Std. Error	Sig.
Employment	Intercept	.052	.311	.028	.723	.353	.040
	siblings	.120	.040	.003	.095	.041	.021
	age	.071	.013	.000	.063	.013	.000
	gender (mail)	-.377	.082	.000	-.354	.083	.000
	worked for FB	-.962	.085	.000	-1.099	.088	.000
	start-up time	.018	.004	.000	.022	.005	.000
	GDP per capita				.005	.023	.831
	GDP growth				.023	.040	.566
	youth unemployment				-.021	.004	.000

  

Founder	Intercept	1.062	.322	.001	1.846	.367	.000
	siblings	.063	.041	.126	.077	.042	.064
	age	.004	.013	.781	.012	.013	.382
	gender (mail)	-.091	.084	.277	-.062	.084	.463
	worked for FB	-.708	.087	.000	-.781	.090	.000
	start-up time	.028	.004	.000	.017	.005	.001
	GDP per capita				-.173	.025	.000
	GDP growth				.098	.042	.018
	youth unemployment				-.009	.004	.027

### 4.3. Baseline model results

The control variables in the baseline model result in the most valuable conclusions. Higher number of siblings leads potential heir to choose any of the two alternatives to succession. The age of the respondent has an important impact to career choice intention: older respondents would to a greater extent intend to take over the family firm rather than search for an employment opportunity or start up a new business of their own. Regarding gender, we can conclude that men compared to women would have a higher probability for opting succession before the employment option in both observed periods. On the other hand, the respondents would exercise a significantly higher level of preference for a new start-up to succession immediately after their studies while they lean to succession intention in a period of five years after their studies. However, the result in the latter period is not significant. In compliance with our expectation, respondents who already have experience working for their family firm would highly prefer succession to both alternative possibilities as confirmed by highly significant regression coefficients ( $p < 0.001$  in all cases). Measuring the start-up time needed to start a new venture as a proxy for administrative complexity resulted in respondent's preference for founder to succession and succession to employment, immediately after finishing their studies. Five years after their studies, longer start-up time needed for establishing a new company leads to succession preference compared to both alternatives.

### 4.4. Augmented model results

We can see that higher GDP per capita results in potential heir's preference for employment over succession immediately after the studies. Five years afterwards, the resulting coefficient ( $B = 0.005$ ) becomes very low, not significant but still relevant to show a similar trend. When comparing succession career intention with new start-up alternative, higher GDP per capita leads students to prefer succession with high statistical significance in both periods. With these results, our first hypothesis is rejected since higher GDP per capita results with preferring succession to founding career and employment alternative to succession.

Testing GDP per capita growth rate did not give any significant results with the exception for comparison between succession intention and founding career intention, where the students with family business background originating from the regions with higher GDP per capita growth rate would prefer founding career to succession. Our second hypothesis is also rejected on this ground. Still, we can

see that the students from our sample would prefer both alternatives to succession if they detect higher GDP per capita growth rate.

The results for youth unemployment rate are highly significant for both observed periods. Higher unemployment rates among youth in a country will lead students from family businesses to choose succession before both alternatives (employment or new start-up). This finding stands for both tested periods. Therefore, we cannot completely reject our third hypothesis, since students would prefer succession over employment career as expected.

## 5. DISCUSSION AND IMPLICATIONS

The economic conditions of the investigated European countries are very different. Some of them are former socialist countries, which have experienced a centrally-planned economy in the not so distant history. In such conditions, young students might expect a stable regular job. Since the beginning of the transition period towards market economies in 1989, these conditions have changed or are still changing rapidly. On the other hand, several countries are experiencing stable market economic conditions. As expected, our data indicate that there are significant correlations between macroeconomic conditions of a country and career choice intention of the students with family business background in that country. In spite of covering such different economies within Europe, our significant regression results suggest that the findings may allow generalization to other regions of the world. For the purpose of discussion and implications, results of the augmented model from both observed periods are compared in *Table 5*.

The main finding is that higher GDP per capita leads students to employment option in the first place, succession intention in the second and lastly to a new start-up intention. This supports the findings by Olson et al. (2006) that students from the countries with higher GDP per capita highly appreciate jobs which allow them to have more time for family and leisure. Higher GDP per capita is regularly interpreted as a proxy for higher living standard in a country. Under more favourable economic conditions, students from business families prefer employment to succession and succession to new business start-up. On the other hand, lower GDP per capita may represent a push factor for a new start-up. These findings are inconsistent with Wenekers' (2005) results, which suggested that higher GDP per capita generates more spending and could lead to more start-ups. Therefore, this is an opportunity for further investigations and can also be related to cyclical nature of economic growth.

Table 5. Comparison of augmented regression models

Succession career = reference category		Immediately	After 5 years
		B	B
Employment	Intercept	2.692***	.723**
	siblings	.077	.095**
	age	.057***	.063 ***
	gender (mail)	-.210*	-.354***
	worked for FB	-1.339***	-1.099***
	start-up time	-.006	.022***
	GDP per capita	.159***	.005
	GDP growth	.037	.023
	youth unemployment	-.034***	-.021***
	Founder	Intercept	-.195
siblings		.116	.077
age		.071***	.012
gender (mail)		.396**	-.062
worked for FB		-1.130***	-.781***
start-up time		.042***	.017***
GDP per capita		-.276***	-.173***
GDP growth		.024	.098*
youth unemployment		-.040***	-.009*

Note: Correlation is significant at \* <0.05; \*\*<0.005; \*\*\*<0.001 level, respectively.

The fact that we do not detect any statistically significant correlation between the GDP per capita growth rate and career choice intention might lead to the conclusion that students are not responding to the country’s present and short-term economic conditions. However, GDP growth rate generates a significant coefficient value for the period of five years after the studies, indicating the importance of the medium-to-long-term trends in economic growth that have influence on career choice intention.

Youth unemployment rate is a particularly important macroeconomic factor when deciding for a career path. The highly significant results confirmed that high level of youth unemployment rate in the country is in favour of succession intention regardless of the period under analysis. Students with family business background, exposed to high youth unemployment in their country, tend to select more secure alternative, especially when comparing it with the volatile job market. Security, provided by the family business, is certainly the best solution under such circumstances. The regression coefficients are higher for the period

immediately after completion of the studies. To sum up, youth unemployment rate is found to be the most influential and consistent predictor for potential heir's career choice intention.

In contrast to our expectations, the number of siblings does not have a significant influence on career choice intention, suggesting that brothers and sisters as potential heirs are less likely to be competitors when it comes to taking over a family firm, particularly when the owner's succession plan is missing. The age partly confirms that older students intend to select an alternative to succession. They are more likely to be exposed to the effect of GDP per capita on career decision-making process. Similarly, men compared to women are more likely to select succession of family business when comparing with employment option. This might be influenced by inter-family relations. On the other hand, a male successor more likely intends to start a new venture than taking over the family firm, comparing to a female heir. These results are in accordance with the previous studies (e.g. Zellweger et al. 2011). Working for family firm has a significantly positive influence towards intending to choose the succession career path. This result is somehow expected and confirms that the entrepreneurial parent(s) should involve heirs into the family business as soon as possible. This is probably the most effective tool for achieving a successful family business transition between generations. The control variable for the 'start-up time needed' for a new firm creation in a country, used as a proxy for the administrative formalisation level, is found as a highly significant factor, which leads to heir's career intention of starting a new venture instead of taking over a family firm. Young students do not recognise the higher level of administrative formalisation as an obstacle for an entrepreneurial venture. This finding gives governments a high level of freedom for regulating the entrepreneurial environment in a country.

### **5.1. Limitations of the study**

Data used from GUESSS 2013/2014 survey are cross-sectional, which means it is an observational study at a single point of time. Further, the macroeconomic environment is changing on a yearly basis and this might influence respondents of the survey. A longitudinal study would better address the issue but would also raise the complexity and the cost of the study. We have addressed possible selection causality bias by eliminating the students who already have their own company.



## 5.2. Future research

Studies on family business heir's career choice intention are still scarce. Our results suggest the relevance and importance of assessing the correlations between economic predictors and family business heir's career decision on a longitudinal basis. In addition, to perform the research further it would be also useful to include additional macroeconomic variables as predictors and expand the sample of countries. Future longitudinal studies should also try to concentrate on actual career choice for the purpose of comparison with career choice intention studies similar to our research.

Explanatory models of higher level of complexity may be built by including other personal characteristics and environmental factors into the model. Among personal characteristic, field of study should be considered and more focused, since it offers different employment opportunities outside family businesses on volatile labour market at a single point of time. This may also influence an heir's career choice intention under similar economic conditions. Qualitative research can investigate why different variables influence career choice intention of a target group. The starting qualitative research may help in building a more predictive multilevel quantitative model, including different geographical and cultural characteristics. Results of these future studies may represent important guidelines for policy-making, educational systems, and labour market.

## 6. CONCLUSION

Our study links macroeconomic factors with intentions for family business succession. By showing statistically significant correlations, it brings up a good opportunity for effectively upgrading research models of family business heir's career choice intention. Statistically significant regression coefficients for control variables and previous researches suggest that more complex models may be used for the purpose of a better explanation of the correlation between different factors (personal, social and environmental) and intentions towards career decision. As such, our study extensively contributes to the research on family business succession.

By reaching the main goal of the study, which was the confirmation of the correlation between succession intention and economic situation in a country, we have paved the way for deeper investigation of causality effects between economic factors and students' career intentions. As specific to our test group of students, youth unemployment rate is used instead of mostly recognised general population unemployment rate.

Each young individual is confronted by career decisions when, most likely, very close to start their own career after finishing the studies. Students from families, which own and run businesses, are a very specific, but growingly important group of young people, who hold a heavy burden of future success of their family business. Their career choice is very complex, both on personal and family level, and very important also on national level, since small and medium sized family owned businesses constitute a majority of all companies on each country's market. The significance of understanding their career choice intention is consequently very high for today's societies where economic stability and economic growth largely rest on the survival of family businesses.

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