POLISH SMALL AND MEDIUM-SIZED FAMILY BUSINESSES – TRAJECTORIES OF SUCCESS

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Introduction

With more than a thousand years of history, thirty-eight million inhabitants, being a member of the European Union from 1 May 2004, Poland plays an increasingly important role in the life of Europe. Since the transformation of the political system in Poland launched in 1989 when democracy was introduced, profound system and economic changes were started to allow the free establishment and operation of business activity by the citizens.

One of the key successes of the transformation is the intensive development of family businesses which dominate the sector of small and medium-sized enterprises and are increasingly becoming more visible among large business entities. The explosion of entrepreneurship in Poland that took place after 1989 meant that family businesses have been the subject of great changes and the symbol of Polish economic success. Creation and development of small and medium-sized family businesses in Poland, which are now one of the key sectors of the economy, was primarily the result of leaving a centrally planned economy and the creation of a free market economy, which is often referred to as the phenomenon of the 90s of the twentieth century.

However, this is excellent rate of creation and development of family businesses in the SME sector has also created many social and cultural challenges as well as the ones related to the management of these entities which are the subject of this article. These problems have consequences in the first two decades of the twenty-first century in Poland, primarily:
- in the development of small and medium-sized family businesses in conditions of low social capital and the risks of 'amoral familism' in Polish society;

- succession-related challenges associated with leaving of the founding generation and the transmission of companies to their second generation;

- increasing complexity of managing small and medium-sized family businesses in conditions of growing competitiveness and globalization.

Family businesses are currently an extremely valuable component of economic life in Poland, they also attract more and more interest from the scientific community and economic policy. In Poland, there are several universities and non-governmental organizations dealing with the issues of family business and demonstrating critical significance of this form of entrepreneurship for the development of sustainable economic and social development of the country. Research on family businesses allow to learn and to distinguish rules and regularities that can contribute to the development of a specific recipe for success that non-family entities might benefit from as well. Undoubtedly, family businesses have their own characteristic features that underlie their competitive advantage.

The importance of family businesses for Poland is also significant due to the fact that they can be a source of ethical conduct, sensitivity to the needs of another person, development of teamwork skills and the sense of community and loyalty. Their functioning will also show how work life and family life can be combined. Only in the case of small family businesses there is

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no complete separation of these two seemingly different forms of organization of social life, which is the family and household from the form of economic activity, i.e. a family business.
Polish family businesses that have developed over the last twenty-five years are the story of a success. Back in 1990, they constituted a few percent margin of the Polish economy, while today, in 2015, their contribution to GNP is estimated between 30-40%.

This article aims is to reconstruct this story of success and present the origins of development of Polish small and medium-sized family businesses that have arisen as a result of the transformation of political and economic system started in 1989. Both macro scale, i.e. the analysis of the causes of success on the scale of the entire economy, as well as and mezzo and micro scales, related to sectors, regions and the success stories of individual businesses are equally important.

The article presents a complex issue of defining and understanding the specifics of family business showing the nature and criteria for distinguishing these entities from other companies. It also refers to conditions of functioning of private enterprises in Poland in the socialist economy and an analysis of the development of small and medium-sized family businesses in transition. The article also indicates the sources of success and the issue of progressing succession processes in Polish family businesses. The article concludes with a comparative analysis of case studies of family businesses

Nature of family business

The first issue that must be considered is the way of understanding the family business, because there is no uniform definition. Multifaceted character and high diversity of the issue, combining two entities separate by nature, namely the family and the business in one body and the lack of uniform differentiation criteria, can be identified as reasons for this situation[58].

For this reason, in the literature of the countries where the research has been carried out for a long time, it is difficult to find universal and unambiguous definitions. Also in Poland, where the research on family business has been carried out for several years, many researchers demonstrate a diverse and multi-faceted approach to defining family business. The need to identify the family business research area has been aptly defined by I. Lansberg, who confirmed that it is the family that shapes a company in such a manner in which it would not be possible in case of family members working in companies that are not owned by the family[59]. It is this feature of family involvement in the business that makes a family business a different entity from the others and there is a need for research in this area[60].

In the literature of the subject there are many definitions of a family business which try to explain its specific social and economic character. A few examples are worth quoting:
'... a company can be classified a family business when identified with at least two generations of a family and when this link has had a mutual influence on company policy and the interests and objectives of the family'[61].
The family company has any legal form, the capital of the company is located in the whole or in decisive part in the hands of the family and at least one member of the family has a decisive influence over the management or he has a leading position, with a view to a permanent maintenance of the project in the hands of the family[62].

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[58] K. Safin, *Przedsiębiorstwo rodzinne – istota i zachowania strategiczne*, AE im. O. Langego, Wrocław 2007, ss. 17-18.
[59] I. Lansberg, *Managing Human Resources in Family Firms: The Problem of Institutional Overlap*, Organizational Dynamics, vol. 12, nr 1, 1983, s. 39-49.
[60] E. Miller, A.K. Rice, *Systems of Organizations: The Control of Task and Sentient Boundaries*, The Economic Journal, Vol. 78. No 312 (December 1968), ss. 937-939.
[61] R. G Donnelley, *The Family Business*, w: C.E. Aronoff, J.H. Astrachan, J.L. Ward (red.) , *Family Business Sourcebook*, Family Enterprise Publishers, Georgia 2002, s. 4
[62] P.A. Frishkoff, *Understanding Family Business*, Austin Family Business Program, 15 April 1995.

The family company is managed by means of family ownership and (or) managers with the intention of forming and (or) continuing the vision of the company by a coalition controlled by one or more members of the family in such a way that allows the maintenance of the vision between the generations[63].

Also Polish researchers present varied approaches in their definitions of family firms. The first group of definitions indicate the importance of the relevance of relationships between family and business sphere. A. Blikle indicates the need for a broad perception of the family business; 'Family business should be: the foundation of family life, managed with a significant share of the family, a place where the family builds their self-esteem and realizes their dreams, family values, from that the family is proud of should be protected, even in spite of the obvious economic arguments'. Also, A. Marjański, in a broad sense in the context of the family and the business concept of the family business, recognizes: 'The family business is the economic organization based on family ties and relationships, which tends to sustain decisive influence on the business in the future through participation in the ownership, management of the responsibility, with the intention of passing it on to future generations'. Another, also broadly approached view of family firms is suggested by E. Więcek-Janka: 'trigonal in its construction, market body – including family, business and individuals, which operates according to different but mutually adapted objectives and devotes its energy to their implementation with multigenerational perspective through management and control of its business and property'.

The second group of the definitions shows the concept of enterprise focused on supervision and ownership criteria. Ł. Sulkowski considers the family business: 'an economic entity of any legal form, where there has been a succession in the family or: at least two family members are working in the company; at least one family member has a significant influence over the management; family members have a significant or majority stake in the company'. Similar approach is proposed by J. Jeżak: 'The family business is a business entity in which the family has a dominant share in its ownership structure and key business decision making process and the family exercises their supervisory functions – with the intention of long-term development and for future generations'.[64]

A huge number of different definitions of family business is associated with taking many criteria of 'familism'[65]. These include, among other issues: ownership, management, family succession and self-awareness of the family business[66]. M.C. Shanker and J.H. Astrachan point out that the 'family business' terms are located on a continuum. The broadest definition adopt a very general and vague definition of a family business based on the following criteria: control over strategic decisions and the intention to leave the company under the control of the family. Slightly narrower 'family business' definitions indicate that the founder or their descendants run the company, which remains under the control of the ownership of family members. The narrow definitions, in turn, require in addition to these criteria: the direct involvement of the family in the management of the company of more than one person in the family and multi-generational company. Depending on the definition, family businesses produce 12%, 30% or 49% of the national income of the US economy (Table 1) [67]. There are, therefore, important differences, but

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[63] J. H Chua, J.J. Chrisman, P. Sharma, *Defining the Family Business by Behavior*, Entrepreneurship Theory and Practice, vol. 32, no. 4, 1999, s. 19-39.
[64] E. Więcek-Janka, Wiodące wartości w zarządzaniu przedsiębiorstwem rodzinnym, Wydawnictwo Politechniki Poznańskiej, Poznań 2013, ss. 33-35.
[65] R. A. Litz, "The family business: Toward definitional clarity." Family Business Review 8.2 (1995), ss. 71-81; Astrachan, Joseph H., Sabine B. Klein, and Kosmas X. Smyrnios. "The F-PEC Scale of Family Influence: A Proposal for Solving the Family Business Definition Problem." Family Business Review 15.1 (2002): 45-58; Sharma, Pramodita. "An overview of the field of family business studies: Current status and directions for the future." Family business review 17.1 (2004): 1-36.
[66] W. Handler, *Methodological issues and considerations in studying family businesses*, "Family Business Review", nr 2, 257-276.
[67] M.C. Shanker, J.H. Astrachan, *Myths and Realities: Family Businesses' Contribution to the US Economy – A Framework for Assessing Family Business Statistics*, "Family Business Review", vol. 9, no. 2, 1996, s. 107-119.

even if the narrow definition of family businesses is adopted, we have to deal with a significant group of economic entities.

Table 1. Definitions of family business by the degree of the involvement of the family

Criterion	Broad definitions	Intermediary definitions	Narrow definitions
Ownership structure	Significant family share	Control share of the family	Majority share of the family
Strategic and managerial control	Minimum strategic control	Strategic control and participation in management	Strategic control and full management
Intergenerational structure	Not required	Family succession is planned	Multigenerational entity
Involvement of family members	Low	Moderate	High
GDP share in the USA	49%	30%	12%
Employment in the USA	59%	37%	15%

Source: authors' study based on: M.C. Shanker, J.H. Astrachan, Myths and Realities: Family Businesses' Contribution to the US Economy – A Framework for Assessing Family Business Statistics, "Family Business Review", vol. 9, no. 2, 1996, s. 107-119.

In Poland, it seems reasonable to adopt the broad definition of the family business taking into account a number of factors affecting the identification of the company as a family. An important factor is the fact that a substantial portion of entities that are managed and are owned by the founders where succession has not been carried out yet.

In the study described in this article a multi-criteria definition following Chua, Jess H., James J. Chrisman and Pramodita Sharma has been adopted[68]: The family business is a business controlled and / or managed with the intention of shaping and implementing the vision of the company by the members of the family or by a small group of people several families in a manner that is potentially balanced for all generations of the family or families.

Situation of family businesses in Poland in 1945-1988 – before the system transformation

In Poland, the private business sector in which family businesses operate has a long tradition. However, after World War II, in which Poland suffered enormous human and material losses, it was under the influence of the Soviet Union for nearly fifty years, which meant that it was not a sovereign state that could decide of its own development. It was not a favorable period for the operation of private enterprises. At that time, a number of solutions aiming at mapping the existing solutions to the system centrally planned Soviet economy was launched. In addition to the issues of the lack of freedom and civil liberties, these solutions also had an impact on how the economy and the ways people could conduct their business. Also Polish solutions of centrally planned economy assumed that the state will be guiding almost all production, trade and services, and will also decide what and under what conditions should be produced and at what prices will be sold. Nationalization of all forms of economic activity and a high degree of isolation from the processes taking place in the global economy were aimed at. As a result, the level of Polish economy was far from the level of European countries where market economy functioned at that time.

[68] H. Chua, H. Jess , J. J. Chrisman, and P. Sharma, *Defining the family business by behavior*. "Entrepreneurship theory and practice", 23 (1999): 19-40.

After the Second World War, the private sector was nearly 70%[69], however after 2-3 years, the process of liquidation and nationalization of private companies, was started as private property did not fit into the new political system[70]. During this period, most private businesses including family businesses that managed to survive the war or start a business at the end of the Nazi occupation were closed. At that time, the role of private enterprises was marginal and the economy was dominated by state-owned companies. Family businesses operated only on the margins of the economy in the craft sector and small trade, limited only to small businesses. However, in comparison to other countries of the communist camp, private sector participation in the economy was not completely abolished in Poland, and compared to other countries, it had a significant contribution to the economy. This was the result of keeping a large part of small farms in private hands – so that employment in the private sector including agriculture amounted to approximately 1/3 of the total employment.

However, the share of private trade and commerce in the years 1950-1980 was less than 3% of the workforce. The situation of the size of enterprises was similar – more than 95% of the companies employed more than 50 people. It was only at the end of the eighties of the twentieth century that the share of employees in the private sector without agriculture fluctuated around 9%[71].

The private sector existed and was a limited extent tolerated by the state, only because the public sector has not been able to provide many goods and services, and private companies, at least in part, eased tensions in the market. Restrictive economic policy was due to ideological reasons that were more important than the economic and social factors. Reducing the development of entrepreneurship was of administrative nature because issuing permissions to run a business activity was controlled by the state.

In the eighties of the twentieth century the failure of the command system forced to attempt to reform the economic system, which resulted in, among others, increasing the amount of private businesses. First attempts to reform Polish economic system were made in 1982. Unfortunately, the reforms undertaken failed to introduce any significant changes in the system of Polish economy. Successive reforms taken by the new government in September 1988 led to making fundamental changes in economic policy, departing from the distribution system. In January gasoline tickets were abolished and in August 1989 the system of official prices for food was eliminated. The new solutions were designed to allow freedom starting economic activity, the same economic and fiscal conditions for all entities, regardless of the form of ownership, liberalization of rules governing the functioning of the economy and promoting the development of small and medium enterprises.

From the perspective of time, it is difficult to assess the reform program initiated by the communist government, since only part of the program was realized. Undoubtedly, a key advantage was allowing the citizens of Poland to start their own business. At that time many people took the decision to establish their own business. In the seven years (1982-1989) number of people employed in numerous private companies increased by 60% from 667,000 to 1,780,000. In 1988, the rate of entrepreneurship was 16 small private companies per 1,000 inhabitants, and their share in the Polish economy was very small and did not exceed the estimated 5% of economic entities who produced less than 2% of GDP[72].

Clearly, however, it was the beginning of the renaissance of small and medium-sized enterprises in Poland, which, despite doctrinal and ideological obstacles, survived, although their

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[69] M. Grabowski, P. Kulawczuk, *Odbudowa sektora małych i średnich przedsiębiorstw – analiza i rekomendacje*, w; Transformacja gospodarki nr 25, IBnGR, Gdańsk 1992.
[70] B. Nogalski, J. Karpacz, A. Wójcik-Karpacz, *Funkcjonowanie i rozwój małych i średnich przedsiębiorstw. Od czego zależy?* OPO, Bydgoszcz 2004, s. 22.
[71] M.E. Shaffer, *Poland*, w: D. Dyker (red.), *The National Economies of Europe*, Longman Publishing Group, Londyn 1992, s 242.
[72] W. Kamińska, *Wpływ transformacji na rozwój małych firm prywatnych w Polsce*, w: Przedsiębiorczość- Edukacja nr 2/2006, Uniwersytet Pedagogiczny w Krakowie , Kraków, ss. 55-64.

development was very slow and difficult and of little economic importance[73]. However, from the social perspective, role of private small businesses had a huge significance, it allowed to cultivate the ‘spirit of enterprise’ through the whole period of communism as well as helped the public recognize the fact that the socialized economy is not the only form of business management and that there is a viable alternative to full-time work a state enterprise in the form of running one’s own business, providing the owner with the feel satisfaction and pleasure not only in financial but also mental and social terms.

It should be mentioned that this extremely difficult period of communism was survived by a small group of companies which were clearly associated with their family character e.g.: A. Blikle confectionery company founded in Warsaw in 1896, the Felczyński bell-foundry founded in 1808, the Alexander studio of hats founded in 1901, or Kazimierz Sumera shoemaking business operating in Łódź since the late nineteenth century. But these were the exceptions, which thanks to the determination of their respective owners and commitment to family tradition, managed to survive. In contrast, it was only the middle of the eighties of the twentieth century, a time in which it was allowed to start family businesses without major restrictions for the first time, many of which have been successful and operate till today. But then, most entrepreneurs in Poland had no idea that they run a family business and no one used this very ‘family business’ term.

Development of family businesses in Poland after the political transformations of 1989

Transformations initiated in 1989 showed clearly that one of the most important factors affecting the system transformation and development of a market economy was private entrepreneurship. The analysis of the dynamics of the system changes observed in the 90s of the twentieth century in Poland confirms that the formation of new companies and their development were active agents of development and the creation of free market competition. J. Schumpeter's famous thesis that the creation and development of new companies are active agents of the process of capitalist competition was confirmed. The creation of new conditions in the economic sphere allowed to take new actions breaking existing patterns of running business. The changes included the creation of new business entities in the areas where private companies have not operated before, taking risks and seeking new solutions to meet emerging completely new needs of consumers.

According to studies conducted in Poland in many market sectors developing rapidly in the time of transition from centrally planned economy to the market economy in Poland, the share of family businesses rose rapidly. In the 90s of the twentieth century, in a period of deep economic transformation in Poland, there was a rapid growth of family businesses in many sectors, previously completely dominated by state ownership. As the research indicates, a very rapid emergence and development of family businesses in Poland in the 90 century were facilitated by a number of factors, among which the most important are:

- The wave of small entrepreneurship in the first half of the 90s leading to the creation of new business entities in 1990-2000.
- The surge in unemployment in the years 1990-1995 forcing families to take on new challenges in the form of starting a business.

Very high cost of capital associated with high inflation and fiscal policy in the period of economic reforms (1990-1999) facilitating the family accumulation and allocation of capital necessary to start a new business[74],

[73] B. Piasecki, *Przedsiębiorczość i mała firma. Teoria i praktyka,* Wydawnictwo Uniwersytetu Łódzkiego, Łódź 1997, ss. 110-119.
[74] McMillan, John, and Christopher Woodruff. "The central role of entrepreneurs in transition economies." *Pathways Out of Poverty*. Springer Netherlands, 2003. 105-121.

Highest position of the families in the study of social hierarchy in Poland persistent over many past decades[75], Low and steadily declining level of social capital and trust reinforcing the strength of family ties in the creation of new business ventures[76].

Cultural syndromes of 'social vacuum' and 'amoral familism' due to historical reasons (lack of Polish independence for more than two centuries, lack of civil society and democratic institutions) empower families in comparison with other social groups[77].
The rapid development of a large number of family businesses in many sectors in the 90s occurred thanks to the economic transformation and led to an increase in the share of family businesses in the economy from about 1-2% in the centrally planned economy to 20-40% of all entities in Poland[78]. This period contributed to a number of changes in the behavior of both individuals and entire social groups. Private entrepreneur, who under the previous regime was perceived very pejoratively, became an important figure of social and economic changes. It was noted that it was a group of social entrepreneurs that is characterized by a high degree of independent and unconventional thinking and can realize their ideas running his own business. Businesses existing in the previous system and new entities freshly created began to grow and enter new markets. Small and medium-sized enterprises revealed a number of features unique to them, such as efficiency and speed of both: in the area of range of products and services offered as well as the methods of management and organization. Flexibility and ability to make optimum use of resources and willingness to incur expenditure on development were demonstrated. There were also, although to a limited extent, attempts to establish cooperation and seek business partners. The expression of these changes was the improvement of the effectiveness and efficiency of the economy.

In this period companies functioned in a complex and unstable economic environment and to a large extent were dependent on macroeconomic conditions. However, already in 1995 Poland had over 2 million small and medium-sized enterprises employing about 60% of the economically active citizens by providing nearly half of the gross domestic product (GDP)[79]. The rapid development of small and medium-sized businesses was due to a number of factors that occurred since 1989, such as the relatively low or no competition and rising expectations of the society regarding the range of assortment and liquidation of shortages.

In December 1995, Poland had 2,107,110 business entities, of which 97.65% (2,061,291) were private companies, and only 2.3% (49,590) were state-owned entities[80]. A clear tendency to increase in the number of private companies and public sector entities decline was observed, there was also an increase in the number of small and medium-sized enterprises, which reached the average European level in 1994. Unfortunately, the level of 'mortality' of SME enterprises was also very high – over 40%, which means that out of 1,789,500 companies founded between 1995-1995, 718,024 were closed at the same time[81].

From today's perspective, it can be seen that ownership changes in the form of reducing the economic role of the state sector in favour of the private one and the emergence of new economic entities mainly in the SME sector accounted for some of the key elements in the economic transformation in Poland.

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[75] S. Nowak , Values and attitudes of the Polish people, „*Scientific American"* 245 (1981): 45-53.
[76] J. Czapiński et al., Social diagnosis 2011. Objective and subjective quality of life in Poland. Diagnoza Społeczna 2011. Warunki i Jakość Życia Polaków. „*Contemporary Economics"* 5.3 (2011): 1-461.
[77] S. Nowak , Values and attitudes of the Polish pe ople, „*Scientific American"* 245 (1981): 45-53; P. Sztompka, The cultural imponderables of rapid social change: trust, loyalty, solidarity. „*Polish sociological review"* (1998): 45-56.
[78] Udział zależy w znacznym stopniu od sposobu definiowania firm rodzinnych. Ł. Sułkowski, A. Marjański et al., Firmy rodzinne w polskiej gospodarce – szanse i wzywania, PARP, Warszawa 2009.
[79] Ministerstwo Przemysłu i Handlu, *Małe i średnie przedsiębiorstwa w gospodarce narodowej*, Warszawa 1995.
[80] Ministerstwo Przemysłu i Handlu, *Informacje statystyczne o sektorze małych i średnich przedsiębiorstw*, Warszawa 1996.
[81] B. Piasecki, A. Rogut, D. Smallbone, *Mocne i słabe strony małych i średnich przedsiębiorstw produkcyjnych w Polsce w 1995 roku oraz rekomendacje dla polityk*i, USAID GEMINI-PEDS Project, Łódź 1997.

At the beginning of political and economic transition beginning from the 90s of the twentieth century, family businesses did not yet play a significant role, although their importance started to grow quickly. The rapid development of the first wave of family businesses in the new market economy in Poland was facilitated by a number of economic, social and cultural factors. First of all the creation of family businesses was favoured by the tie of many economic circumstances, among which the most important were the collapse of most state-owned companies and a sharp rise in unemployment, which became a catalyst for small business. New economic entities rarely used significant credit support in the 90s. A general lack of capital, relatively high inflation and a significant credit costs favoured seeking one's sources of funding, in particular from the family resources.

Characteristics of contemporary family businesses

Contemporary economy of Poland is becoming more comparable in many areas with the economies of the countries with stable market economy, which is evident in the rates of inflation, interest rates and the stabilization of the labor market. Macroeconomic conditions affecting the functioning and level of development of enterprises are gradually improving. The share of the businesses in generating gross domestic product is approx. 75%, of which SME entities generate 48.5%, and micro-enterprises: 29.7%. Eurostat data shows that the share of the SME sector in Poland is on the same level as the average for the European Union countries and the sector of companies is a major factor in the development of the Polish economy[82].
In Poland there are approx. 1.79 million active businesses, which puts the Polish economy in the sixth place in the EU[83]. Small and medium-sized enterprises usually operate services (48.0%), trade (28.6%), construction (13.0%), while only 10.3% are engaged in industrial manufacturing. The survival rate of the first year companies is over 76% . In Poland in SME enterprises there are 6.3 million people employed - approx. 70% of all employees in enterprises. There dominates a high number of micro-enterprises with low levels of employment. The key factor in this situation is the large number of economic operations in the form of self-employment (1.3 million people)[84].

The first representative study of Polish family businesses conducted in 2009 confirmed that they are approx. 78% of all small and medium-sized enterprises[85]. Taking into account the results of the report of the Polish Agency for Enterprise Development[86] it can be concluded that the number of Polish small family businesses is almost 1,345 thousand entities employing more than 4,546 thousand employees and contirbuting to the creation of more than 37% of GDP.
The average age of a Polish family business is about 15 years. In terms of some of the structural features, such as the size of the company, number of employees, the scale of operations, the volume and extent of investments it is not significantly different from non-family businesses. Substantial differences are identified in the sphere of values, organizational culture, the level of public trust and a hierarchy of objectives. Regardless of the type of business all family companies have common characteristics, which indicate their identity, specific values, but also problems which must be addressed. Not all managers emphasize the family characteristics of the business assuming that they may be received negatively.

The specificity of family businesses is also manifested in the fact that they are characterized by a higher level of responsibility for the family, employees and relationships with the local communities in which they operate. The implementation of the long-term objective, i.e. the duration of the company over the generations, is evident in the desire to maintain and multiply

[82] Raport o stanie sektora małych i średnich przedsiębiorstw w latach 2012-2013, PARP, Warszawa 2014, ss. 9-13.
[83] Działalność przedsiębiorstw niefinansowych w 2012 roku, GUS, Warszawa 2014.
[84] Raport o stanie sektora małych i średnich przedsiębiorstw w latach 2012-2013, PARP, Warszawa 2014, ss. 24-29.
[85] Ł. Sułkowski, A. Marjański et al., *Firmy rodzinne w polskiej gospodarce –szanse i wyzwania*, PARP, Warszawa 2009, s 17.
[86] Raport o stanie sektora małych i średnich przedsiębiorstw w latach 2012-2013, PARP, Warszawa 2014.

the assets for future generations. Therefore, it is much easier to make decisions of long-term investments and not to focus on short-term profits.
An important feature of the modern family companies in Poland are succession processes which are being implemented in many companies. The time elapsed since the founding of the majority of Polish family businesses means that in the near future they will have to face the key succession challenge. Only approx. 15% of Polish family businesses are run by the second or the next generation of family ownership. These factors mean that the founders of companies are starting to think about the succession or are in the course of the succession process.

The importance of succession in Polish family businesses will grow in connection with the forthcoming generational change in companies established in the period of economic transformation in the nineties of the twentieth century.

Family as a source of success of Polish small and medium-sized enterprises

Family businesses are a special type of companies whose performance is affected by the imposition of the business sphere and the sphere of the family, it is believed that the sources of success and competitive advantage of small and medium-sized family businesses in Poland, 25 years after the start of the transformation, result from a combination of the two spheres. In large enterprises, in the majority of cases there occurs professionalization of management, which reduces the influence of the family on the functioning of the economic entity. For SMEs, the influence of the family is much stronger. Therefore, it seems that it is the strength of family ties in Poland in comparison with other social bonds, strengthens the position and stability of family SMEs.
The dominating model of the family in Poland has been shaped by a number of social, cultural and economic factors, whose effects should be considered in a long time scale. Changes in the structure and patterns of family life take place much more slowly than the changes in the field of technology, politics or even demographics. Among the most important factors influencing the family the following can be named:
- The tradition of a multi-generational self-sufficient family, Model of the traditional large family associated with the pro-independent national tradition and Catholic religion,
- The traumatic events of the war, which decompleted the family and made the roles of mothers the main link in ensuring the continuity and survival of families.
- Patriarchal patterns of power in the family, which, in practice, due to the absence of the father were replaced by the role of the mother,
- Demographic changes of the family caused by industrialization – a departure from the agrarian family to urban families,
- Work of women, birth control and changing economic conditions limiting large number of children in families,
- The development of new models of partnership family and new family roles.

Position of the family in relation to other social groups varies depending on the society. In the Polish society, the family is widely recognized as the most important group. This is confirmed by research results. Happy family life invariably enjoys the highest position among the goals in life[87]. The family is widely recognized as a key element of Polish national identity. Studies on the Polish adaptation of Value Survey by M. Rokeach conducted by P. Brzozowski indicate that the 'family security' occupies a very high position from among the 18 final values.
For this diagnosis from the end of the period of socialism one can add assertions about the condition of the family from the time of transition. R. Duliniec draws conclusions from the studies that the most important functions of a marriage are: caring, procreation, emotional and psychological community functions. The visible effect is that personal, mental and emotional

[87] D. Dobrowolska, *Wartości związane z życiem rodzinnym*, w: J. Komorowska (red.), *Przemiany rodziny polskiej*, IW CRZZ, Warszawa 1975, ss.260-278; M. Misztal, *Zróżnicowanie systemu wartości społeczeństwa polskiego*, Zespół Badań Socjologicznych nad Problemami Oświaty nr 25, IS Uniwersytetu Warszawskiego, Warszawa 1982; Z. Tyszka, *Rodziny współczesne w Polsce*, PWN, Warszawa1982.

functions are gaining on significance, at the cost of the material functions[88]. In the time of rapid social and political changes family has not lost its importance, quite the contrary it has become more important. Comparative study of Polish society carried out by the team of M. Ziółkowski shows that from 1988 to 1998 years the family values (parental values and subjectivity in the family) have gained[89]. In the categorization by R. Inglehart Poland belongs to tradition-oriented countries, in which the family and religion play an important role in maintaining social order[90]. Polish transformation period in the period 1989-2000 contributed to the commission of deep economic and social changes, which, however, concerned the family to very little extent[91].
The condition of contemporary Polish families is reflected in the research of family SMEs marked by certain characteristics, among which one could seek the reasons for the success, but also sometimes the failure of these entities. Among these characteristics likely to be a source of advantage, the ones connecting the company with the family have been primarily identified.
- The high activity of the members of the family in establishing the company and the use of family resources.
- High commitment of the founder and family members in the management of the property.
- Larger confidence resulting from the ties of blood, sharing the common values, shared responsibility for the company's name and brand.
- Solidarity in the organization reinforced by the commitment to family values.
- Family organizational culture motivation.
- Creation of a vision of development by the family.
- Particular attention to customers, suppliers and employees[92].

It is worth noting that even in Polish literature of the subject a number of weaknesses and dangers arising from family control over the SMEs are pointed out. The most important ones are: problems with the selection and motivation of employees, restrictions of the organizational development arising from the interests of the family, 'amoral familism' of organizational culture[93].

Comparative analysis of case studies of family businesses

Kręgliccy – restaurants and catering. Case study of a Polish family business

Company Kręgliccy – Restaurants and Catering is one of the hundreds of thousands of Polish family businesses that have arisen with Poland regaining its sovereignty in 1989. The company operates in Warsaw at 17 Foksal Street, where there is also one of their restaurants. The company is a public company and its owned by immediate family members.
Kręgliccy company operates in the catering industry and the subject of its business is a network of ethnic restaurants, each of which specializes in the national cuisine of a given country and providing catering services. The specificity of ethnic restaurants is that they serve the food and decor, food type and style of service based on the classic features of the culture of the country of origin of restaurants, and in order to get the right atmosphere in the interior furniture, music, lights and traditional paintings are used. The staff is often dressed in uniforms referring to the design of the restaurant.

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[88] R. Doniec, *Rodzina wielkiego miasta*, Wydawnictwo Uniwersytetu Jagiellońskiego, Kraków 2001, s. 60
[89] M. Ziółkowski, *Przemiany interesów i wartości społeczeństwa polskiego, Wydawnictwo Fundacji Humaniora*, Poznań 2000, s. 222-226)
[90] M. Ziółkowski, *Przemiany interesów i wartości społeczeństwa polskiego, Wydawnictwo Fundacji Humaniora*, Poznań 2000, s. 118-120.
[91] M. Ziółkowski, *O imitacyjnej modernizacji społeczeństwa polskiego*, w: P. Sztompka (red.) *Imponderabilia wielkiej zmiany. Mentalność, wartości i więzi społeczne czasów transformacji*, PWN, Warszawa-Kraków, 1999, s. 38-64.
[92] Ł. Sułkowski, A. Marjański, *Specyfika małych i średnich przedsiębiorstw rodzinnych – wnioski z badań empirycznych*, „Problemy zarządzania" vol. 8, nr 4(30) (2010), ss.9-28.
[93] Ł. Sułkowski, A. Marjański, *Firmy rodzinne – jak osiągnąć sukces w sztafecie pokoleń*, Poltext, Warszawa 2011, ss.142-143.

In the Kręglicki family there were no gastronomic traditions but at their home there was always good food and cooking was an important theme of the family. The idea for the business came from Marcin Kręglicki, known as 'the soul of the company' among friends who dreamed of owning a restaurant as a teenager. During a student trip to the cosmopolitan Holland, Marcin Kręglicki was charmed by Asian cuisine and began gathering cookbooks devoted to Asian cooking, he also started to collect chopsticks for eating meals. After returning to Poland and graduation, he strove to realize his dreams and in 1989 he launched a Chinese cuisine – Mekong with a Vietnamese partner. Marcin Kręglicki did not assume that his fascination with and respect to ethnic cuisines and the establishment of the first restaurant, were the beginning of his catering career which resulted in the creation of a family business. He did not think either that running the restaurant will not only be an idea for conducting business, but also the way of the life for his family members. His parents who are a lawyer and economist by profession played a significant role to help in the start of the business premise giving expert advice and assistance. In the first phase of the life of the company, the company was named Siesta, which has been renamed to Kręgliccy to emphasize the family nature of the business.

After two years his younger sister Agnieszka joined, starting as a waitress and then as a restaurant manager. She is currently the face of media projects of the business, hosts programs on television and in the newspapers and invites to explore the culinary diversity of the world. The idea of Agnieszka Kręglicka is the dissemination of the Slow Food movement in Poland and the promotion of Polish cheeses and fine vegetables. Agnieszka and Marcin Kręglicki – siblings with a culinary passion and restaurant verve and their growing business were then joined by Agneszka's husband Piotr Petryka, who deals with the smooth running of the company and is an expert in the field of wine, and Beata, Marcin's wife who is in charge of interior design.

In the early years of the company it was not easy to organize and run a restaurant with original Mexican cuisine. Political and economic changes in the early nineties of the twentieth century in Poland only initiated the development of entrepreneurship. Their company had big problems with buying products from abroad. In those days there were no specialized food products wholesale in Poland. As Marcin Kręglicki recalls they imported a container with food products, among others, jalapeno, grenadine and Masaka (corn flour for baking tortillas) from the United States themselves, which created a lot of problems. Currently in Poland, one can bring products from around the world it without any restrictions, also with the assistance of specialized companies.

Expanding the company was associated with the formation of new restaurants with a clearly defined character. The owners of company still have plenty of undiscovered flavors, and hence a lot of new ideas for new restaurants in their dreams and plans. The opening of each new restaurant has been associated with some unusual event, meeting a special person and trip to the country, which dishes will be served at the new restaurant. The company's development involved the creation of new restaurants, but also the necessary changes.

Kręglicki family company is now a network of six ethnic restaurants located in Warsaw and the Fortress – the nineteenth century defensive structure, where special events are organized. The company is also engaged in the provision of catering services for customers in Warsaw and surrounding areas. Theie restaurants are: Chianti – Italian cuisine, El Popo – Mexican cuisine, Meltemi – Greek cuisine, Santoria - light Greek cuisine, Opasły (Fat) Tom – their author's cuisine.

As part of catering operations Kręgliccy provide services for both private parties and corporate banquets and picnics. Receptions are held in restaurants, including a particularly suitable for this type of events, Fortress, opened in July 2006, as well as in areas proposed by the customers. The company is happy to take custom projects and new challenges. As pointed out by Piotr Petryka, one of the owners of the company, the quality of the offer is built by chefs from different parts of the world and experienced Polish crew. With original dishes from different parts of the globe, Kręgliccy company may propose an offer that meets the wishes of the most demanding customers.

Kręgliccy company is an example of joint ownership and management relations by several family members which is rare among Polish family businesses. In Kręgliccy restaurants 150 to 200 people are employed, including 6 family members. Agnieszka, Marcin and Piotr constitute the management of the company and, as they highlight it, are the 'holy trinity' to whose competencies belong the shared key decisions related to the development and functioning of the company. Each of the managers has their own area of responsibilities, with which they specifically deal, and Agnieszka is in charge of issues relating to Public Relations, Marcin deals with management activities and customer relations, while Piotr deals with personnel management, training and guiding the development and creation of the procedures necessary for the proper functioning company.

The organizational structure is determined by factors resulting to the nature of the business, the quality of service offered by restaurants is very dependent on the people they employ. There is a weak centralization of structures, each restaurant is run by a manager, having broad management responsibilities and whose salary is linked to the restaurant performance. The aim is to ensure the autonomy of the structure of the restaurant, while ensuring the standards, quality and operational model assumed by the owners. 'Kręgliccy' possesses a model of the functional structure in which there are managers, office in charge of accounting of the business and restaurants and catering. Owners note that with the development of the company it will be necessary to better formalize the organizational structure and further empower employed managers.

The company is an example of liberal culture in which there is a hierarchical behavior and familist character, but a high degree of autonomy transfer of decision-making to employees has been implemented. The occurrence of this type of organizational culture is primarily due to the personality of managers who want to keep the influence on key decisions in the company while as they observe with increasing scope of their operation the concept of 'key-ness' becomes more and more limited. Another factor that affects the possession of such a culture is to arrangement of the restaurants in seven different locations in Warsaw. Management of such entity requires delegating powers to the managers running restaurants and determining the strategic direction and development of organizational culture for the application of the desired organizational principles.

Organizational culture is seen as a necessary element to ensure the sustainable development of the company. 'Collegial' relations between the owners and the workers prevail in the company, they are based on the general principle of mutual responsibility. The company employs only high-class professionals. Marcin Kręglicki can find them in China, India or Brazil. In the company staff trainings are combined with getting the new experience by workers, for example – instead of the traditional Christmas bonus money – the owners will be able to take cooks for a cognitive journey to India. A unique manifestation of the specific culture of the organization is the Kręgliccy motto 'we do not do things the way others do'.
The Kręgliccy family restaurant strategy shows that strategy of diversification by creating a unique service that allows the achievement of customer loyalty and geographic market concentration by reducing activity to Warsaw has been chosen as a strategic option. The time horizon of the implemented strategy in the studied business is referred to a very long period of 10 years.

In the functional strategy of human resource management the issue of family is not significant. Several other Kręglicki family members work in their operations, but their employment was based on their qualifications and they do not perform any managerial functions. There have happened cases when family members who did not meet the requirements of the general staff were let go. Also, the remuneration and incentive system is one for all employees. In order to achieve a high level of skills of their employees trainings are carried out in the company, external companies hired to run such trainings.

Financial strategy is based on the use of the profits of enterprise development, in the early days family resources were applied to start the business and there was a gradual transfer to external financing in the form of loans and leases. Currently, the only means of external funds are derived from the European Union aid programs for SMEs. Family manifestation of the financial strategy is the ability to reduce the family's needs in order to enable faster development of the company.
Marketing strategy refers to the creation of high-level and diversified offer of operated restaurants, addressed to both individual clients and institutional customers. Business brand name is Kręgliccy, which appeared along with the increase of business and entry into the market of catering services, which resulted in the need for inclusion of all restaurants under one brand. Activities on the new brand strategy started in 2006 assumed using the name Kręglicki well-known in the media along the name Siesta. Currently, the company has only the name of the owners as the brand, which also serves to emphasize the family nature of the business.
The strategic objectives of the studied business were set out by the owners, with the help of external consultants and take into account both the business sphere and the family but, despite attempts, they have not been formalized in writing. Among the goals of the business, the owners point out to the need to maintain the highest standards and quality of service and appreciation of the restaurant guests, in order to achieve financial success and enable long-term development. Among the objectives of family, the following are mentioned: ensuring the family a high level standard of life, development opportunities, independence and the ability to develop creativity and talents of the owners.

The succession strategy of the business has not been formalized either, but transferring the ownership to the children is expected. The children enjoy freedom, have the right to choose their own path in life, and it only depends on them whether they will take over the family business. The owners are hoping that after the period of searching their own ways the children will decide to take over the family business in the future. The situation is diverse because children of Agnieszka and Piotr are still small and the process of succession can as of now be discussed only in relation to the daughters of Beata and Marcin. Olga and Kaja after a period of youthful rebellion are beginning to be interested in the family business and have the opportunity to learn about the family business from the ground up at work during the holidays as a waitresses in one of the restaurants.

One of the daughters, after graduating management studies at a university in Boston, decided to start a new program in 'Hotels and restaurants', which indicates that she sees her place in the family business. Due to the age of the owners (45-50) and the desire to run the company independently, the succession is anticipated to take place in several years. During this period, it is necessary for the successors to get external professional experience and work in the company, but not in the strict management board of the company.
The owners appreciate the importance of a brand which they based on their own name and they know that the reputation of their business ventures is crucial for effective competition with other players in a challenging market. By encapsulation of their interests with added value, the company enters the directory of capital's catering businesses which create popular places where citizens of Warsaw like to return. As Marcin Kręglicki says, he is lucky because he does what he likes and he does it exceptionally well and in the company of the family.
In the initial phase of the company's development and expansion in the creation of new dining options, the owners emphasized the ethnic character of their restaurants. The strategy of building a competitive advantage was invested in traditional national cuisines. Names of restaurants are closely related to the regions of origin of the food served there. The growth of the company was related to the creation of new places with a strong, unique character. Also, the initial name of the enterprise 'Siesta' pointed to new to new opportunities for customers' rest and good time customers.
With time, the family began to see the advantages of the family nature of their company. All restaurants are clearly identified as a family business accompanied by their name. This involves both opportunities and threats on the market. Family company is basically focused on multi-generational operation, duration, and building its position. This gives the stakeholders a

foundation for thinking about the continued cooperation and quality of cooperation. What the family company puts at stake is not only the image of the business and existence of the business but also the value of the surname. Family businesses are not only the basic resources, but also a strong commitment to family, tradition, values, culture and principles that express themselves in business.

Kręglicki family clearly emphasizes its commitment to the culinary art by leading an active PR. Agnieszka Kręglicka, as a face of the company, takes an active part in the social and culinary life. She is the author of many cookery books, TV programs. She oten visits the media as a nutrition expert. She is also a columnist for ‘High Heels’ magazine and the "Child" monthly and also a member and promoter of Slowfood Warsaw Organization. She organizes trade fairs for healthy food producers in the Fortress. All interviews, articles and programs represented by Agnieszka Kręglicka emphasize the quality of healthy, organic and high quality product. She can be regarded as an expert on culinary matters, which also strongly correlates with restaurant’s reputability. This translates into building the company’s brand image as a reliable and taking care of the highest standards of food.
The company is also strongly committed to investing in the appearance and design of their locations, which also lies in the hands of a family member Beata Kręglicka. The interiors are not only supposed to reflect the character of the cuisine, but above all to place the customers in the world of comfort and relaxation. The company also removes barriers to the use of the restaurant for customers with disabilities and trains waiters and restaurant staff in this area.
Beata stresses that, to have a good time, guests should feel comfortable and at ease. This also can be considered as an element of relationship marketing, because the staff themselves are trying to establish friendly, trusting and responding to all needs relations with guests. Maintaining the attractiveness of the place is a challenge in the catering industry, where competition is huge, and new competitors, offering a fresh and attractive product for the customers, appear on the market all the time. Repeatability of purchase can only be achieved through continuous maintenance of the highest standards and fair and friendly relationship with stakeholders.The company adds to the idea of a tasty nutrition in an elegant setting. This was the case of managing the remains of the Warsaw Citadel, or organize a bookstore-restaurant. All business projects of the Kręglickis have a wider context also related to the family character of the company.

Family business founded by Marcin Kręglicki 25 years ago, which he runs with his sister Agnieszka, wife, sister Beata and her husband Piotr Pertyka, is undoubtedly an example of the great well-deserved life success. Family business includes six ethnic restaurants erected in the center of Warsaw and provides catering services to major events and visits of important global VIPs; presidents, princes, generals.
The features deciding about the fact whether the business has a family character are ownership and whether the management is in the hands of the family and there is a desire to transfer the company to the next generation. Family character of the company is also manifested in the fact that three generations (the founders, their parents, and children) are involved in its operation and development. Kręgliccy company is an example of a family business in which there is joint ownership of the family with the management of many people.
Business owners are trying to keep balance and compromise between the needs of the company and the family. In their activities they on professionalism in business. Undoubtedly they are very busy. They also care about good PR of the company appearing in the media, talking about their culinary passions. But as they all stress an important, if not the most important, foundation of their success in life they find home and family.
The managers of the company constantly set new tasks for themselves and co-workers because they the kind of people who constantly look for new solutions, ideas and horizons. They constant look for new challenges and new ways of self-fulfillment. The Kręgliccy company is also an example of how pleasant occupation, i.e. occasional cooking for friends, adding to early socializing activities, was made by Marcin Kręglicki, a business activity by creating a family company. Business owners can, in the reality of maturing of capitalism in Poland not only start

a business, but through their own creativity and entrepreneurship build the foundations of its sustainable development ensuring its transmission to the next generation.

Meblo-Bud – Piotr Kuźnicki

The company was founded as a craft by Zdzislaw Kuźnicki in 1974, the father of the present owner, Piotr Kuźnicki. Throughout the whole duration of its existence the company acts as individual business company run by a physical person. In the early nineties it was given the name Meblo-Bud. The company has operated all the time at the same location in Ksawerów near Łódź.

The inspiration for the founding of the company was the need to increase the revenue needed to maintain the growing family. Zdzisław Kuźnicki, thirty years old at that time, was a carpenter by education and had professional qualifications, which at the time entitled him to open a workshop. In his premises he started the business activity of making furniture and window frames. His wifehas helped him since the beginning, she is still involved in running the business, and then in 1999 he was joined by his son Piotr and his wife. Only family savings were used to start the plant.

In the seventies of the last century, in his private land neighboring the house the founder started his carpentry craft workshop with his wife, who helped him in running the plant. At the time, finding buyers did not pose any problem, but there were huge problems with the purchase of raw materials and machinery for the production which were rationed.
As the company began grow, he hired several employees (also in this case, the authorities determined the employment limit), and expanded the plant machinery and implemented new emerging technologies.

Throughout all time of his activity he has been engaged in service activities in the field of performing custom carpentry, kitchen and housing furniture (cabinets, bookcases, libraries, tables, etc.) as well as joinery (windows, window sills, stairs). The plant is known for its high quality services and the will to undertake to perform unusual and individual products.
Meblo-Bud employs 11 people, of whom 8 people are employed persons and 3 persons are the members of the family (the owner, his wife and senior, who continues to help in running the company). The main manager is the owner, who spends most of his time on managing the production and is responsible for customer relations, measurement and valuation as well as for the purchase of materials. Other family members have their own responsibilities. The wife of the owner is engaged in the office and customer service for clients coming the plant as well as record keeping and tax settlements. The organizational structure is not formalized, with communication occurring only in oral form and the lack of written procedures. The key role is that of the owner, who keeps in his hands both the power and control over the workers. These features give the structure a flat and radiant character. It can be stated that the organizational structure in Meblo-Bud is a classic and most common type of organizational structure of the family business.

Referring to the organizational culture of the studied company it can be noted that it affects the development of values that integrate the family with the company and balances the goals and values of the family and business subsystems causing their mutual support. Common characteristic cultural patterns such as focus on: power, the owner-manager and limiting the autonomy of the workers, indicate a paternalistic culture.

It is noticeable in the company's strategy that the focus is on a specific group of customers, who are mainly those seeking furniture that due to the size and shape must be made on special order, which gives the possibility to use advantages of small scale of operations and the use of family factors, so it can avoid confrontation with the leader in the industry and can therefore benefit from its experience in creating the market offer. The time horizon of long-term planning in the studied entity is determined on a yearly basis. The strategy is not formalized and remains 'in the head' of the owner and his family members involved in running the business. After the succession, the strategy was modified. The company focused on the production of furniture, took action to acquire customers from Germany, which it managed and began working with other family businesses complementing its own range of products and services.

In the functional strategy of human resource management the issue of the family is important because management functions are exercised only by members of the family. Remuneration and incentive systems are different for family members and workers. There is a limited range of training for the staff but it stems from the need to implement new technical and technological solutions which the owner himself is not able to give.

Financial strategy takes into account the strong influence of the family and is based on the use of the use of the profits for the enterprise development. external financing in the form of a loan. is currently used.
In the marketing strategy there are no issues related with the brand because the company does not have one. The promotion is limited to a catalog and collection of pictures of taken and realized orders. The distribution of products to customers is mainly through the recommendation of the company by satisfied customers or by suggesting it by other companies or interior designers.

The company does not have a vision/mission, and strategic goals mention the survival and development of the business and generating profit to ensure the functioning of the company and the ability to secure the economic needs of the family and providing a decent retirement for leaving founder and his wife. These objectives have been identified by the owner, together with his family.

Succession strategy of the company was not formalized, but realized several years led to the transfer of the company to the successor on 1 January 2007. The founder remained in the company, but his role is assisting son in running the business. Preparation of a successor to take over the business was carried out by gaining skills in his father's company, the acquisition of formal education (graduated in management) and the gradual transfer of management. The final step in the process of succession was the legal acquisition of business founded by his father.
The analysis of the strategic process is focused on the finances of the company, which demonstrates the interest in the efficiency and survival of the company. Out of the methods used for the analysis intuitively used benchmarking and rudimentary information about competitors accidentally coming from the market can be mentioned. An important source of external information are customers of the company and its suppliers.
The family character of this entity is manifested primarily by working together in a company owned by the family. The company is the only source of family oncome and giving jobs to family members. The sense of 'the family' is very strong.

Summary

Contemporary Polish economy is characterized by high dynamics of changes of economic conditions and a variety of entities operating in it. It turns out that family businesses cope with them most successfully in the difficult environment. Over the past twenty-five years, since the start of political and economic transformation in Poland in 1989, they have had success in the market and society. Currently they account for the largest and most rapidly growing group of business entities. Despite the 45 years of the difficult post-war history and inhabitation of the development of private enterprises in the communist regime, Poles managed to keep the entrepreneurship 'gene', so that it could be triggered in the free Poland. Although twenty-five years is not much in the social and economic development of countries with market economies, this time in Poland was a time of breakthrough changes whose effects are seen on a regular basis and are of great importance for the future development of Poland. The transformation of political and economic system started in 1989, covered political, social and economic structures and contributed to the creation and development of the private business sector. But especially

noticeable was the 'explosion of entrepreneurship' of Poles characterized by dynamic development of small and medium family businesses. This was accomplished through the entrepreneurial initiatives of the Poles themselves, who began to create their own economic entities, often with the help of family members only and scarce resources gathered by the family. Family businesses are a special type of companies whose performance is affected by the imposition of the business sphere and the sphere of the family and their functioning has a huge impact on the development of entrepreneurship. Most family businesses that have managed to survive the starting period, are well organized entities, aware of the family nature of the business and the emerging tradition of the company, often producing goods and services of the highest quality. Family business entrepreneurs have mastered the strategy of finding market niches, which are not penetrated by 'giants' of economic activity. Unfortunately, despite the fact that Poland for 25 years has a free market economy, there is still a high risk of running a company, resulting not only from the risk of doing business, but also from unstable law and excessive fiscal burden. But Polish family businesses operating mainly in local markets have learned not only how to survive in the market, but mastered the development strategies and provide its customers with products and services, which global business could boast of as well.
Family businesses in Poland currently play a very important role in both macro and micro scale. Family businesses create most jobs and have almost half of GDP, and are a source of competition and development of the market mechanism. They can also compete with businesses from the most developed countries and have shown that they are able to cope with globalization processes in an increasingly integrating global economy.

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Abstract

The article presents a complex problem of defining and understanding the specifics of the family business showing the nature and criteria for distinguishing these entities from other companies. It also refers to conditions of functioning of private enterprises in Poland in the socialist economy and an analysis of the development of small and medium-sized family businesses in transition. The article also indicates the sources of success and the issue of progressing succession processes in Polish family businesses. The article concludes with a comparative analysis of case studies of family businesses.
Key words: family business, SME, Polish SME, Polish family business