

An Empirical Study of the Relationship between Entrepreneurial Competences and Innovativeness of Successors in Family SMEs

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Background and Purpose: In the recent period, scholarly interest for family entrepreneurship and succession has been increasing while the question of innovative capability of family SMEs and of innovativeness of founders and successors is relatively unexplored. Little is known about the factors, which are positively correlated, or affect innovativeness of successors in family SMEs. This research explores the relationship between entrepreneurial competences of the founders in family SMEs and innovativeness of their successors.

Design/Methodology/Approach: The target group were family SMEs of the first and the second generation – their founders and successors in Slovenia. As our research includes two independent samples with mostly ordinal data, we used univariate (analysis of means, variance, reliability index Cronbach alpha, t-test) and multivariate (simultaneous analysis of more variables, correlation) statistical methods to study the two constructs - entrepreneurial competences of the founders and innovativeness of successors, to test the positive correlation between the two.

Results: Results indicate that entrepreneurial competences like creativity, attitude toward risk-taking, attitude toward negotiations, technical knowledge and skills and marketing knowledge and skills of the founders in family SMEs positively correlate with innovativeness of successors. The results of this study indicate that entrepreneurial competences of founders are important factor for fostering innovativeness of successors.

Conclusion: This paper links the two studied constructs and presents a valuable contribution for entrepreneurship theory; therefore, the results could be used for a further scientific research as also for practical implications.

Keywords: *Entrepreneurial Competences; Innovativeness; Successors; Founders; Family SMEs; HRM*

1 Introduction

According to Antončič, Auer Antončič, and Juričič (2015), 83 % of companies in Slovenia are family businesses – micro, small, medium-sized and large. The importance of family business is significant in most of economies in terms of GDP creation and employment, e.g. in Slovenia they create 69 % of entire sales and 70 % of employments. The interest for research on the field of family entrepreneurship and mostly the issues of succession is increasing

since the nineties, but research on the field of innovativeness of family SMEs is very limited (Letonja, 2016; Cefis and Marsili, 2006).

The theoretical framework of our paper is laying in the resource-based theory (RBT) in connection with entrepreneurship theory (family business) – it is important for RBT, that production resources due to their tacit dimension and social complexity cannot be replicated. Tacit, socially complex production resources are on the field of entrepreneurship theory often linked to the founder and his firm.

According to Itami (1987; in: Širec, 2009; Letonja, 2016) these are idiosyncratic resources, having a higher value when used within the firm than outside the firm. Tacit resources are difficult to be observed, described or evaluated, but they have a large impact on competitive edge of the firm (Itami, 1987, in: Širec, 2009; Letonja, 2016). Many production resources, which enable heterogeneity, are socially complex and dependent on historical circumstances. Such a socially complex production resource are entrepreneurial competences, entrepreneur's experiential knowledge and skills or expert knowledge. They are allowing entrepreneurs to exploit business opportunities more effectively than others. Described production resources are not easy to emulate and competitive companies cannot just create entrepreneurial competences (Širec, 2009).

In this paper, we limit our research to the transfer of entrepreneurial competences of the founder of the family SME to the second generation of family SMEs. The transfer of the family firm between the first and the second generation is found to be the most problematic generational transfer (e.g., Miller et al., 2003) as only 30 % of the family firms survive this phase (Duh, Letonja and Vadnjal, 2015). The focus of our research are micro, small and medium-sized family SMEs.

The main goal of our research is to increase our understanding of the role of entrepreneurial competences of the founder of a family SME in successors' innovativeness. The main research question is: "Are the entrepreneurial competences of the founder in a family SME an important factor for fostering innovativeness of successors in family SMEs?" We begin our paper with the theoretical framework, then the methods – sample and data collection and description of measures are presented. We continue with the results, discussion and end our paper with conclusions - contributions, implications for theory, practice, limitations, and future research opportunities.

2 Entrepreneurial competences

Entrepreneurial competences, as perceived by Forster, Parrer and Woess (2013) are determined by personal characteristics. Some of these characteristics, e.g. willingness to take risk and pro-activity are important for an aggressive competitive behaviour and are prominent characteristics of successful founders (Preisendoerfer, 2002; in: Forster, Parrer and Woess, 2013). The path of a successful entrepreneur is likely to lead from personal to leadership competences (Forster, Parrer and Woess, 2013). Development of entrepreneurial competences is an individual, multi-stage and complex process. According to Kurowska-Pysz (2014) not everyone has the aptitude and ability to be a competent entrepreneur, but many skills associated with this function can be improved, developed with help of personal or general training.

Entrepreneurial competences of founders, which are

positively associated with the next generation, and entrepreneurial orientation of family SMEs, are crucial for the smooth and effective implementation of the succession and for innovation and survival of family SMEs in the hands of the next generation. Entrepreneurial skills are associated with the founder and leader of the organization (Mullins, 1996, in: Vidic, 2012). Below we present different definitions of entrepreneurial competences as seen by different authors.

Chandler and Jansen (1992, in: Vidic, 2012) have identified the entrepreneurial competences as: the ability to organize and motivate (effective delegation, the on-going development of the organization, setting and coordination of targets, monitoring, impact and management, mobilization and allocation of resources and maximization of results); the ability to recognize opportunities (identification of unmet needs, search for products and services that will bring benefits for customers, identification of products and services that customers want, exploitation of high-quality business opportunities); leading organizations to the harvest (conceptualization of the new business, regardless of the circumstances, avoiding collapse, personal development); technical and functional skills (experience in technical and functional areas, mastering of technical fields); political skills (integration of people with significant resources, support personnel and the integration of complementary teams).

Man and co-authors (2002, in: Vidic, 2012) analysed publications of various authors (Bird, 2002), and distilled the factors of entrepreneurial competences into six categories: competences related to identifying and exploiting market opportunities; competences related to interpersonal relationships - communication, confidence, connection set-up, interpersonal skills; conceptual abilities related to different conceptual skills, which are reflected in the behaviour - decision-making, understanding of complex situations, risk-taking and innovativeness; organizational skills - managing external and internal human, physical, financial and technological resources, including training, team building, employee management and controlling; strategic skills - the ability to set-up, manage and evaluate strategies; the abilities of belonging, leading the entrepreneur to insist his/ her business.

Litz and Kleysen (2001) linked factors of entrepreneurial competences with innovativeness and identified them as: divergent thinking (Guilford, 1963), attitude toward risk (Glassman, 1986), cognitive mode (Kirton, 1976), intrinsic motivation, appropriate skills in domain creativity skills (Amabile, 1988), political courage (Maute and Locander, 1994), self-esteem, autonomy and openness (West and Farr, 1989), the energy charge, talent and creativity of individual members of the family (Kanter, 1988), family culture, freedom, flexibility, inter-generational respect and family atmosphere (Kanter, 1988). Ganzaroli and co-authors (2006) also linked factors of entrepreneurial compe-

tences with innovativeness and among them they placed: attitude to problem solving, managing entrepreneurship, social relationships, attitudes to risk, attitudes toward routine, perseverance, focus, motivation, commitment, negotiation skills, attitude towards teamwork, creativity, communication skills, technical, commercial, administrative knowledge and skills. As Širec says (2009) entrepreneurial competences enable entrepreneur to exploit business opportunities more effectively than the others. Such productive resources, of course, are not easy to imitate and competitors cannot just create entrepreneurial competences. Entrepreneurial competences change over time and can be obtained (Bird et al., 1995, in: Vidic, 2012). According to Mullins (1996), an entrepreneur can extend his/ her entrepreneurial competences through synergistic effects to the group.

Onstenk (2003) notes that entrepreneurial competences can be combined into the ability of managing business activities and solving business problems. In the family SMEs, founders transfer their entrepreneurial competences to the next generation and that is positively related to the development of entrepreneurial competences of the next generation and their innovativeness, leading to the greater competitiveness of family SMEs. In our study we follow Ganzaroli and co-authors (2006), who placed between the factors of entrepreneurial competences as the source of innovation (as already mentioned) the following competences: attitude to problem solving, managing entrepreneurship, social relationships, attitudes to risk, attitudes toward routine, perseverance, focus, motivation, commitment, negotiation skills, attitude towards teamwork, creativity, communication skills, technical, commercial, administrative knowledge and skills.

3 Innovativeness

Innovativeness is based on knowledge; a new way of doing things must be based on a new way of looking at things (Marcati et al., 2008). Innovation is the single business activity that most closely relates to economic growth (Soriani & Huarng, 2013; in: Peljko et al., 2016).

Definition of innovativeness which relates to the individual and not to the company, was written by Hurt, Joseph and Cook (1977); Hurt and Teigen (1977); Rogers and Schoemaker (1971), who understand innovation as the degree to which individuals, in comparison with others in a social system, relatively early adopt something new. Kim (1997) and Lall (1992) defined innovation as "the skills and knowledge needed for effective absorption, control and improvement of existing and creation of new technologies, products and processes", which is understood as a definition, which also refers to the level of the individual. Innovativeness is considered as a component of human personality. There are two different constructs - general and specific innovativeness (Kirton, 2003; Midg-

ley and Dowling, 1993, in: Marcati et al., 2008). General innovativeness refers to the openness and creativity of the individual, to his willingness to follow new paths and to a specific level of creativity in the cognitive style - that is the way in which individuals mentally process information, make decisions, solve problems. Specific innovativeness relates to the assumption to be the first in adapting innovation in a specific field (Goldsmith and Hofacker, 1991, in: Marcati et al., 2008). Verhees and Meulenbergh (2004) have interpreted innovation and the willingness of the business owner to obtain information on innovation and adapting it to both - the supplier markets and customers, and thus portray innovation as a personality characteristic of creativity and conscious decisions on the level of openness to novel ideas. In addition, the authors derive from the insights of Kirton (1976, in: Verhees and Meulenbergh, 2004), that the kind of creativity and decision-making is very individual and varies from adaptive to innovative. Adapters are doing things better within the accepted (given) frame of thinking while innovators prefer to do things differently, because they redefine the problem, moving away from established patterns and frames. As the study of Peljko et al. (2016) reveals, entrepreneurs should invent in their companies and stimulate innovative behaviour among their employees, which leads to synergies and higher innovativeness of companies (as well family firms) (Letonja, 2016).

4 Entrepreneurial competences of founders and innovativeness of successors in family SMEs

Our assumption is that entrepreneurial competences of founders in family SMEs can be passed to the successors and increase innovativeness of successors in family SMEs. With our assumption, we are in line with Man et al. (2002) who say that entrepreneurial skills change over time and can be obtained and with Mullins (1996), who associates entrepreneurial competences with the founder and manager of an organization.

Our main hypothesis is:

H: "Entrepreneurial competences are positively related to the level of innovativeness of the founders and of the successors in family SMEs."

Since based on our data it is almost impossible to test our main hypothesis, we will partially test it with the following three sub-hypotheses:

H₁: "Entrepreneurial competences of the founder in a family SMEs affect innovativeness of successors in family SMEs."

H₂: "Entrepreneurial competences of the founder, such as creativity, attitude toward risk-taking and attitude to-

ward negotiations affect innovativeness of successors in family SMEs."

H₃: "Entrepreneurial competences of the founder, such as technical knowledge and skills and marketing knowledge and skills affect innovativeness of successors in family SMEs."

5 Methods

5.1 Sample and data collection

We adopted a quantitative empirical research approach, which was focused on entrepreneurial competences of the founders in family SMEs as one of the factors influencing innovativeness of successors in family SMEs. We grouped family SMEs into two groups – family SMEs of the first generation and family SMEs of the second generation. In the family SMEs of the first generation, the founders are strongly involved into management and daily operations of the firm, they are active and employed, while successors are already involved, but not actively, they are students and pupils and not employed yet in the family firm. In the second generation of family firms, successors are already formally involved in the family firm and they are employed, the management and ownership of the firm was already partly or entirely transferred from the founders to the successors, while founders are retired, but still active in a firm.

Empirical research on innovativeness of successors in the family SMEs in Slovenia was performed by survey method. To obtain data, we prepared and used two separate survey questionnaires - one for the founders of family SMEs, the second for the successors in the family SMEs. We designed closed-ended questions, well suited for the verification of the survey, as they are enabling generalization (Zelenika, 2000). Closed-ended questions do not allow in-depth answers, what is their weakness, but they enable quicker answers by respondents and are easier to process (Easterby-Smith et al., 2005, in: Štrukelj, 2015). The Likert scale was used in the questionnaires. It is suitable for further statistical analysis because already at the level of the variables (questions or arguments) it provides ordinal measurement level. We could also analytically check the validity and reliability of the shaped scales (Hlebec, 2009). Questionnaires were sent to a random sample of 408 family SMEs. We received 206 fully completed questionnaires from 103 family SMEs – 103 for the founders and 103 for the successors. After conducting the online research, primary data was controlled and edited. For processing and analysing data, we used the statistical program IBM SPSS Statistics 22 and used as well MS Excel 2013.

To make the concept of family business operational (e.g., Lambrecht and Lievens, 2008) we define a family

business as a business where the founder/ owner/ manager considers the business as a family one. Therefore, the first question was, "do you consider your firm as a family firm?" Using this approach, applied by Chua, Chrisman, Sharma (1999) and Sharma, Chrisman, Chua (2003), we avoid threat, that answers would not be representative, as they include answers of different interest groups from SMEs (Letonja, 2016).

All founders and successors from the 103 family SMEs declared their firms as family SMEs. The average age of the family SME in our research is 23.5 years. In the sample, the first generation family SMEs prevail in comparison to the second-generation family SMEs. Over half of the sample are micro firms, followed by small and medium sized firms. Although micro firms prevail in the sample, the average number of employed is 30, which is the size of a small firm and these firms employ on average three family members. Our sample is dominated by the SMEs from service industries (almost half of the firms), followed almost equally by the production firms and trading firms. The sample involves firms from all but one statistical region of Slovenia (Zasavje) and the distribution of the sample is broadly consistent with number of firms in statistical regions of Slovenia (SURS, 2015). The average revenues of these family SMEs in the recent five years (2010 – 2014) were 3.6 mio EUR, showing an increase of 32.6 % in revenues in this period. Male founders prevail in the sample and less than 20% of the sample are female founders. Most of the founders are still active and employed in their family SMEs. In 27 (26.2%) cases the management was transferred to the successors and in 20 (19.4%) cases entire ownership has been already transferred to the successors. The successors in our sample are mostly men, while female successors are represented by almost two fifth of the sample. Most of the founders finished technical high school or vocational school and most of the successors finished bachelor degree in business or a high school. Most of the successors do not have previous working experience from other companies (43.7 %).

5.2 Description of measures

Innovativeness of successors was measured with the help of Douglas N. Jackson's personality inventory (JPI, *Jackson Personality Inventory*), which was adapted by Mueller and Thomas (2000) from Jackson (1994). JPI is a measure of the propensity to innovativeness and conceptually it is synonymous for creativity. Innovativeness scale is very similar to the various indicators of the creative personal style for different types of personalities, especially to the sub-scale of originality by KAI Mueller and Thomas, 2000). JPI guide, in which innovativeness is defined as the tendency to think and act creatively, uses this construct, because the innovativeness, creativity and initiative are defined as one of the permanent characteristics of entre-

Table 1: Basic demographic characteristics of the sample: founders/ successors

Source: Letonja, 2016.

Variable	Structure of answers/ characteristics	
Family business	Yes, the SME is a family business	100,0 %
Average age of a family SMEs	103 family SMEs	23.5 years
Average number of employed in a family SMEs	All employed	30.26
Average number of employed family members in a family SME	Employed family members	2.77
Dominant activity of the family SME	production (28) services (48) trade (27)	27.2% 46.6% 26.2%
Region	Podravska (12) Osrednjeslovenska (36) Obalno-kraška (15) Others	11.6% 35.0% 14.6% 38.8%
Average revenues of a family SME	average revenues in EUR, 2010 average revenues in EUR, 2014	2.694.052 3.572.927
Gender – founder	male (85) female(18)	82.5% 17.5%
Gender – successor	male (63) female (40)	61.2% 38.8%
Transfer of management and/ or ownership	management (27) ownership - entirely (2) ownership – partially (5) management and ownership (20) plan to transfer management (15) plan to transfer ownership (4) do not plan transfer of management or of ownership in the next 5 years (30)	26.2% 1.9% 4.9% 19.4% 14.6% 3.9% 29.1%
Generation of the family SME according to transfer of management and ownership	The first generation (82) The second generation (21)	79.6% 20.4%
Education founder	Vocational (19) High school – techn. (27) High school – general (14) Bachelor degree – business (12) Bachelor degree – techn. (14) Other (17)	18.4% 26.2% 13.6% 11.7% 13.6% 16.5%

Table 1: Basic demographic characteristics of the sample: founders/ successors (continued)

Source: Letonja, 2016.

Education successor	High school – techn. (16) High school – technical (23) Bachelor degree - business (35) Other (29)	15.5% 22.4% 34.0% 18.1%
Successor's working experience prior to employment in a family SME	No prior working experience before employing in a family SME (45) Work in another company – internship up to 3 months (13) Work in another company over one year – different industry (23) Other working experience (22)	43.7% 12.6% 22.3% 21.4%

Table 2: Coefficient of reliability of the construct on the field of innovativeness of successors

Coefficient of reliability – successors	
Cronbach's Alpha	Number of Items
.764	11

preneurs (Mueller and Thomas, 2000; Timmons 1978). Adjectives used by Jackson (1994) in the JPI describe entrepreneurs who are innovative, with the words: imaginative, inventive, enterprising, original, inventive and forward-oriented. Definition of the individual who reaches on a scale JPI (Jackson, 1976) higher number of points is that it is creative and inventive individual, capable of original thinking, motivated to develop new solutions to problems, that appreciates new ideas, likes to improvise.

The scale for measuring innovativeness of individuals contains eight items, for example: "I often surprise people with my new ideas," or "I like to experiment with different ways of doing the same things." Studies have confirmed the reliability and validity of JPI to measure the generalized risk-taking (Jackson, 1976). Further research has also supported reliability (Howell and Higgins, 1990) and the validity of the scale JPI (Jackson, 1976; Sexton and Bowman, 1984).

For measuring innovativeness of successors in family SMEs, we used 11 variables. The coefficient of reliability (Cronbach alpha) is 0.764, which means that the reliability of the construct in the field of innovativeness of successors is good (coefficient between 0.70 and 0.90).

Entrepreneurial competences of the founders in fam-

ily SMEs, which are positively associated with the next generation, and the entrepreneurial orientation of family SMEs, are the following variable that is crucial for the smooth and effective implementation of the succession and innovativeness and survival of family SMEs in the next generation. Entrepreneurial skills change over time and can be obtained (Man et al., 2002). According to Mullins (1996), an entrepreneur can extend his entrepreneurial skills through synergistic effects to the group. In family SMEs, founders pass their entrepreneurial skills on to the next generation and thus influence the development of entrepreneurial skills of the next generation and their innovativeness, resulting in increased competitiveness of family SMEs. In our study we follow Ganzaroli, Fiscato and Piliti (2006), which define the following factors of entrepreneurial competences as the source of innovativeness: "The attitude to problem solving; managing entrepreneurship; social relationships; attitude to risk; attitude to the routine; persistence; focus; motivation; work commitment; negotiation -skills; attitude to teamwork; creativity; communication skills; technical, commercial, administrative knowledge and skills."

In the construct on the field of the factor "entrepreneurial competences of the founder," the mean value of

Table 3: Descriptive statistics of variables of the construct on the field of innovativeness of successors
Source: Letonja, 2016.

Variable	Statement – argument
V1	I often surprise with novel ideas
V2	I am often being asked to help people in creative activities
V3	I am more satisfied if I develop a novel idea as if I master a skill
V4	I prefer work which requires original thinking
V5	Usually I do not continue with work as I was used to do
V6	I prefer the work which requires inventiveness as skills and practice
V7	I am a very creative person
V8	I like to experiment with different styles of doing the same things
V9	In the recent 5 years I developed / started to market 0, 1, 2, 3-5, more than 5 new lines of products and services
V10	In the recent 5 years I developed / started to market 0, 1, 2, 3-5, more than 5 new processes
V11	In the recent 5 years the changes in production / services/ process lines

Measured on the Likert scale from 1 – I do not agree at all to 5 – I fully agree; exception V9 and V10, measured on the Likert scale from 1 – In the recent 5 years I developed 0 new lines of products and services/ new processes; 2 – In the recent 5 years I developed 1 new line of products and services /processes; 3 –In the recent 5 years I developed 2 new line of products and services /processes; 4 – In the recent 5 years I developed 3-51 new line of products and services /processes; to 5 – In the recent 5 years I developed more as 5 new lines of products and services/ processes.

Table 4: Coefficient of reliability of the construct on the field of entrepreneurial competences of founder in a family SME

Cronbach alfa – entrepreneurial competences of founder	
Cronbach's Alpha	Number of Items
.879	16

variables is between 3.51 (“administrative knowledge and skills”; V24) and 4.38 for the variable “dedication to work” (V25). The next highest mean value has the variable “persistence” (V20), 4.34, while the variable “attitude towards entrepreneurship” (V13) has the mean value of 4.27. The values of standard deviations are between 0,638 and 1,096. Except for the variable “administrative knowledge and skills” (V24), where the standard deviation exceeds 1.0, for the other variables in the construct in the field of the factor “entrepreneurial competences of the founder,” the value of the standard deviation is less than 1.0 and a dispersion of responses is consistent.

6 Results

In our research, we studied the relationship between the entrepreneurial competences of founders and innovativeness of successors in family SMEs. The correlations between the variables of both constructs are presented in table 6.

Our research revealed that between the two constructs, innovativeness of the successor in family SME, measured by 11 variables and entrepreneurial competences, measured by 16 variables, exist 27 positive correlations, ranging between weak to medium strength.

As shown in the table 6, the following seven variables of entrepreneurial competences of the founders positively, although mostly weakly, correlate with the variable of innovativeness of successors “I often surprise with new ideas” (V1): the “founder’s attitude to entrepreneurship” (V13), his “persistence” (V20), “technical knowledge and abilities” (V22), “commercial knowledge and skills” (V23), “work commitment” (V25), “motivational skills” (V27) and the founder’s “creativity” (V19). Only creativity correlates with a medium strength with the ability of the successor to surprise with the new ideas.

The following four variables of entrepreneurial competences of the founders positively correlate with the variable of innovativeness of successors “In the last five years I have developed / commercialized/ started to market 0, 1,

Table 5: Descriptive statistics of variables of the constructs on the field of factors of innovativeness of successors – entrepreneurial competences of founders in family SMEs

Source: Letonja, 2016.

Variable	Statement/ argument	N	Mean	Standard Deviation
V12	Attitude to problem solving	198	4.19	.669
V13	Attitude towards entrepreneurship	200	4.27	.638
V14	Social relationships	198	4.02	.719
V15	Attitude to risk	201	3.88	.804
V16	Attitude to routine	198	3.57	.936
V17	Attitude to negotiations	200	3.97	.859
V18	Attitude to team-work	201	3.94	.864
V19	Creativity	199	4.13	.816
V20	Persistence	201	4.34	.689
V21	Focus	198	4.27	.796
V22	Technical knowledge and skills	200	4.00	.908
V23	Commercial knowledge and skills	200	3.97	.891
V24	Administrative knowledge and skills	199	3.51	1.096
V25	Work commitment	200	4.38	.684
V26	Communication skills	200	4.15	.788
V27	Motivational skills	198	4.18	.779

Table 6: Correlation between entrepreneurial competences of founders (V12 – V27) and innovativeness of successors (V1 – V11) in family SMEs

Source: Letonja, 2016.

Innovativeness of successors		V12	V13	V14	V15	V16	V17	V18	V19
I often surprise with novel ideas (V1)	Pearson Correlation	.070	.219*	.086	.168	.022	.038	.052	.328**
	Sig. (2-tailed)	.492	.030	.401	.098	.834	.712	.611	.001
	N	98	98	97	98	97	97	98	98
I am often being asked to help people in creative activities (V2)	Pearson Correlation	-.040	.010	.104	.077	.056	.163	.114	.116
	Sig. (2-tailed)	.702	.921	.314	.456	.592	.114	.269	.262
	N	96	96	95	96	95	95	96	96

Table 6: Correlation between entrepreneurial competences of founders (V12 – V27) and innovativeness of successors (V1 – V11) in family SMEs (continued)

Source: Letonja, 2016.

I am more satisfied if I develop a novel idea as if I master a skill (V3)	Pearson Correlation	.241*	.097	-.108	.141	-.139	.083	.013	.242*
	Sig. (2-tailed)	.017	.344	.294	.166	.173	.420	.902	.016
	N	98	98	97	98	97	97	98	98
I prefer work which requires original thinking (V4)	Pearson Correlation	.190	.213*	.067	.158	-.098	.304**	.136	.192
	Sig. (2-tailed)	.061	.035	.515	.121	.340	.002	.182	.058
	N	98	98	97	98	97	97	98	98
Usually I do not continue with work as I was used to do (V5)	Pearson Correlation	.176	.155	-.033	.340**	.151	.182	.109	.180
	Sig. (2-tailed)	.085	.130	.749	.001	.143	.076	.286	.078
	N	97	97	96	97	96	96	97	97
I prefer the work which requires inventiveness as skills and practice (V6)	Pearson Correlation	.029	-.134	-.051	.189	-.044	.045	.029	.243*
	Sig. (2-tailed)	.776	.187	.620	.061	.670	.662	.776	.015
	N	99	99	98	99	98	98	99	99
I am a very creative person (V7)	Pearson Correlation	.118	.218*	.074	.218*	.027	.112	.113	.266**
	Sig. (2-tailed)	.245	.031	.470	.031	.796	.275	.269	.008
	N	98	98	97	98	97	97	98	98
I like to experiment with different styles of doing the same things (V8)	Pearson Correlation	.186	.218*	.068	.103	-.157	.086	.163	.241*
	Sig. (2-tailed)	.067	.031	.508	.314	.124	.402	.108	.017
	N	98	98	97	98	97	97	98	98
In the recent 5 years I developed / started to market 0, 1, 2, 3-5, more than 5 new lines of products and services (V9)	Pearson Correlation	.049	.069	.100	-.046	-.080	.123	.130	.094
	Sig. (2-tailed)	.648	.526	.359	.671	.460	.257	.226	.383
	N	88	88	87	88	87	87	88	88

Table 6: Correlation between entrepreneurial competences of founders (V12 – V27) and innovativeness of successors (V1 – V11) in family SMEs (continued)

Source: Letonja, 2016.

In the recent 5 years I developed / started to market 0, 1, 2, 3-5, more than 5 new processes (V10)	Pearson Correlation	.011	.126	.228*	.074	.130	.143	.217*	.186
	Sig. (2-tailed)	.918	.255	.039	.507	.246	.199	.048	.092
	N		83	83	82	83	82	83	83
In the recent 5 years the changes in production / services/ process lines... (V11)	Pearson Correlation	.069	.084	.183	.147	.143	.054	.227*	.205
	Sig. (2-tailed)	.530	.444	.094	.181	.190	.622	.036	.060
	N		85	85	85	85	85	85	85

Innovativeness of successors		V20	V21	V22	V23	V24	V25	V26	V27
I often surprise with novel ideas (V1)	Pearson Correlation	.239*	.186	.296**	.200*	.092	.202*	.147	.263**
	Sig. (2-tailed)	.018	.067	.003	.049	.368	.047	.148	.009
	N	98	98	98	98	98	98	98	97
I am often being asked to help people in creative activities (V2)	Pearson Correlation	.044	.107	.185	.163	.223*	.056	.158	.258*
	Sig. (2-tailed)	.673	.301	.071	.112	.029	.589	.123	.012
	N	96	96	96	96	96	96	96	95
I am more satisfied if I develop a novel idea as if I master a skill (V3)	Pearson Correlation	.155	.012	-.025	.037	-.023	.040	.062	.087
	Sig. (2-tailed)	.129	.904	.803	.716	.826	.695	.547	.399
	N	98	98	98	98	98	98	98	97
I prefer work which requires original thinking (V4)	Pearson Correlation	.121	.019	.022	-.008	.026	.104	.114	.141
	Sig. (2-tailed)	.234	.852	.827	.939	.803	.306	.264	.168
	N	98	98	98	98	98	98	98	97
Usually I do not continue with work as I was used to do (V5)	Pearson Correlation	-.050	-.006	.088	-.005	.058	-.072	.107	-.015
	Sig. (2-tailed)	.627	.955	.392	.962	.573	.481	.299	.883
	N	97	97	97	97	97	97	97	96

Table 6: Correlation between entrepreneurial competences of founders (V12 – V27) and innovativeness of successors (V1 – V11) in family SMEs (continued)

Source: Letonja, 2016.

I prefer the work which requires inventiveness as skills and practice (V6)	Pearson Correlation	.008	.023	-.026	-.047	.050	.056	.094	.079
	Sig. (2-tailed)	.936	.822	.798	.644	.622	.580	.355	.440
	N	99	99	99	99	99	99	99	98
I am a very creative person (V7)	Pearson Correlation	.160	.166	.137	.009	.173	.064	.160	.193
	Sig. (2-tailed)	.117	.103	.178	.926	.088	.531	.116	.058
	N	98	98	98	98	98	98	98	97
I like to experiment with different styles of doing the same things (V8)	Pearson Correlation	.101	.132	.059	.066	-.012	.146	.134	.247*
	Sig. (2-tailed)	.320	.196	.562	.515	.908	.153	.187	.015
	N	98	98	98	98	98	98	98	97
In the recent 5 years I developed / started to market 0, 1, 2, 3-5, more than 5 new lines of products and services (V9)	Pearson Correlation	.088	-.009	.093	.218*	.001	.044	.085	-.019
	Sig. (2-tailed)	.415	.930	.390	.041	.996	.681	.429	.864
	N	88	88	88	88	88	88	88	87
In the recent 5 years I developed / started to market 0, 1, 2, 3-5, more than 5 new processes (V10)	Pearson Correlation	.133	.040	.358**	.299**	.110	.183	.183	-.019
	Sig. (2-tailed)	.231	.717	.001	.006	.322	.097	.098	.867
	N	83	83	83	83	83	83	83	82
In the recent 5 years the changes in production / services/ process lines... (V11)	Pearson Correlation	.088	.058	.187	.094	-.043	.112	.100	-.044
	Sig. (2-tailed)	.425	.595	.087	.393	.696	.308	.362	.690
	N	85	85	85	85	85	85	85	84

2, 3-5, more than 5 new processes" (V10): the founder's "social relationships" (V14), his "attitude to teamwork" (V18), "technical knowledge and abilities" (V22) and "commercial knowledge and skills" (V23). Only the last two variables of entrepreneurial skills correlate with a medium strength.

Between innovativeness of successors, measured by "I'm a very creative person" (V7) and the three variables of entrepreneurial competences of the founders: "attitude to entrepreneurship" (V13), "attitude to risk" (V15) and the founder's "creativity" (V19), there are positive, weak correlations.

As well among the innovativeness of successors, measured by "I want to experiment with different ways of doing the same things" (V8) and the following three variables of entrepreneurial competences: "founder's attitude to entrepreneurship" (V13), his "creativity" (V19), "motivational skills" (V27), there are positive, weak correlations.

As shown in the table 6, all other variables of innovativeness of successors correlate positively with at least one of the variable of entrepreneurial competences, and these correlations are mostly weak, while there are no correlations between the variables of entrepreneurial competences "attitude to routine", "focus" or "communication skills" and variables of innovativeness of successors.

7 Discussion

The study confirmed that there are many positive correlations between entrepreneurial competences of the founders of family SMEs by individual sources of these competences and innovativeness of successors in family SMEs.

Based on the analysis with correlation we can say that the transfer of entrepreneurial competences of founders partially positively correlates with innovativeness of successors in family SMEs. Among the variables of innovativeness of successors (V1 – V11) and the variables of transferring entrepreneurial skills of the founders in family SMEs exist 27 positive correlations. Strength of these correlations ranges between weak to medium. Based on this finding we can partly confirm the hypothesis H1: "*Entrepreneurial competences of the founder in a family SME affect innovativeness of successors in family SMEs.*"

In particular, the following entrepreneurial competences of the founders are highlighted, which are positively, medium strongly associated with innovativeness of successors: the creativity of the founder (V19), the founder's attitude to negotiations (V17), the founder's attitude toward risk (V15), technical (V22) and commercial (marketing) knowledge and skills (V23) of the founder. Another important entrepreneurial skill is the attitude of the founder toward entrepreneurship and his motivational skills, although their correlations with the variables of innovativeness of successors are weak. Based on these findings we can confirm the two hypothesis: H2: "*Entrepreneurial*

competences, such as creativity, attitude toward risk-taking and attitude toward negotiations affect innovativeness of successors in family SMEs," and H3: "*Entrepreneurial competences, such as technical knowledge and skills and marketing knowledge and skills affect innovativeness of successors in family SMEs.*"

8 Contributions, implications for theory, research, practice and economic policy

The findings of our research have both theoretical and practical implications. The scientific contribution of our paper is a filled literature gap in the relation of entrepreneurial competences of the founders in family SMEs and innovativeness of successors. While family entrepreneurship and succession have become more often subject of research and from the nineties in the past century the interest for research in the area has been growing (De Massis, Frattini, & Lichtenhaler, 2013; in: Letonja, 2016), the question of SMEs capability for innovating remains relatively unexplored (Laforet, 2102; Laforet, 2013; in: Letonja, 2016). Research on innovativeness in family firms is limited and unfinished, although very important, as innovations affect business operations of companies, their growth and sustainability (Cefis & Marsili, 2006; in: Letonja, 2016). The research in the past revealed that creativity of the succeeding generations is affected by creativity of the predecessors and that there is correlation between the generation in control and innovation (Laforet, 2013; in: Letonja, 2016), but there has been no research on factors which affect innovativeness of successors in family SMEs.

From a theoretical perspective, our study contributes to definition of factors, which are affecting the innovativeness of successors in family SMEs. With our study we focused on entrepreneurial competences of the founders and proved which of entrepreneurial competences of the founders in the family SMEs are positively related to innovativeness of successors.

Entrepreneurial competences of founders of family SMEs come from various sources of entrepreneurial competences. Our research question was: "Are the entrepreneurial competences of the founder in a family SME an important factor for fostering innovativeness of successors in family SMEs?" Our study confirmed that there are many positive correlations between entrepreneurial competences of the founders of the family SMEs by individual sources of these competences (creativity, attitude toward negotiations, attitude toward risk, technical and commercial knowledge and skills; as well attitude toward entrepreneurship and motivational skills) and innovativeness of successors in the family SMEs.

The findings of our research indicate that entrepreneurial competences of founders are important factor for

fostering innovativeness of successors. Our findings correspond with the findings of Mullins (1996), which entrepreneurial competences of an entrepreneur (e.g. founder) can be extended to the group (e.g. successors) through synergistic effects and of Man et al. (2002) who say that entrepreneurial skills can be obtained.

9 Limitations and future research opportunities

Our study is of exploratory nature and it has some limitations. The study was limited to Slovenia as one of the transitional economies. From the legal aspect, Slovenia is not a transitional country anymore, but from the economic-development point of view, it is still a transition economy. From the economic-development point of view, transition means the crossing from the routine to innovative economy and society, which Slovenia has not achieved yet (Verbič & Polanec, 2014; in: Letonja, 2016). As the research in this area in transition economies is rare, the results of our study cannot be directly compared with any other country in transition but the research can be extended to these countries.

The research results cannot be generalized to any population of enterprises, as they are limited to the family SMEs. Further on the study was limited only to one of the factors affecting innovativeness of successors in family SMEs. Future research opportunity could be connection of additional variables, such as family culture, management style of the founders, social capital of the founders, and other measures, such as innovativeness and family SMEs performance.

Our research was quantitative. Our assumption is that in the future a qualitative research approach, using case study research methodology (e.g., Yin, 2003; in: Letonja, 2016), which has been widely accepted in family business research (e.g., Chirico, 2008; in: Letonja, 2016) could contribute to the verification of the individual constructs and factors such as entrepreneurial competences of the founders and their interconnectedness and its impact on the innovativeness of successors.

10 Conclusion

The research interest for innovativeness of family SMEs is growing, but the field of innovativeness of successors and factors affecting their innovativeness has remained unexplored. Our study revealed that in Slovenia founders pass their entrepreneurial skills to the next generation, which is positively related and affects the development of entrepreneurial competences of successors and their innovativeness, leading to greater competitiveness of family SMEs.

Since our research reveals some positive correlations between entrepreneurial competences of the founders in

family SMEs and innovativeness of successors in family SMEs, it should be stressed that there is a gap in the field of knowledge transfer in that direction from academia to the practice. The national strategy for developing SMEs sector in Slovenia should focus on findings of our research to improve the performance of family SMEs in Slovenia. It is widely recognized that innovativeness influences companies' growth, therefore this knowledge should be included into the educational process as well.

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