Family Firms’ Financial Decisions in Central-Eastern Europe

Family firms dominate globally and are becoming increasingly popular objects of scientific interest among academics from different fields. Undoubtedly, one of the reasons is their idiosyncrasy, which results from the coexistence of family and enterprise systems inside one organisation. A continuous overlapping of these two systems finds its consequences in specific family business features, widely examined by the research community.

It is important to highlight that substantial research on family businesses originates from institutions in the United States. In contrast, studies from Central and Eastern European countries are infrequent and do not have much recognition on a global scale. However, the business landscape in Central and Eastern European (CEE) countries stands apart due to its distinctive historical background, distinguishing them from Western countries. The enduring influence of communism and the transition toward a free market economy have significantly shaped the economic framework in these regions. These particular circumstances provide a basis for examining whether the findings from studies on financial decisions in family businesses, based on Western data, can be relevant to CEE countries. Consequently, **the main goal of this project is to identify the similarities and disparities in financial decision-making processes (such as mergers and acquisitions, corporate social responsibility, and digital innovation) between family and non-family enterprises in CEE countries and juxtapose these findings with existing research from other regions.**

This project focuses on three vital financial decisions: mergers & acquisitions (M&A), corporate social responsibility (CSR), and digital innovation. Companies actively project these decisions, representing deliberate choices made by managers or owners that significantly influence a company’s overall financial performance. Moreover, these decisions have received relatively little attention within the CEE context, leading to a notable research gap. The outcomes of this research hold promise for practical and intentional implementation in this area.

In order to explain and better understand the differences between the decisions of family and non-family firms, the socio-emotional wealth approach institutional theory, social identity theory, and self-categorisation theory are applied.

Achieving the research objective will be feasible through conducting a comparative analysis encompassing all CEE countries. The sample will include listed companies from Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia, and the Baltic states of Estonia, Lithuania, and Latvia. **Empirical quantitative research** will be undertaken using a selection of publicly traded companies originating from previously mentioned countries, as they exhibit significant levels of professionalisation and have adopted advanced approaches to management, planning, and financial strategies. Based on collected information, formulated hypotheses will be verified using respective statistical methods.

The results are anticipated to showcase differences and similarities in relation to existing (US and Western European) outcomes, thereby providing companies and legislators in CEE countries with recommendations on how firms can better achieve their (financial) goals. Furthermore, the intention is to develop the underlying theories by incorporating institutional settings.