



**Doctoral School of
Business
Administration**

THESIS COLLECTION

TIBOR ZOLTÁN HAJDU

FIDUCIARY ASSET MANAGEMENT

THE FORM OF TRANSGENERATIONAL WEALTH TRANSFER

for his Ph.D. thesis

Supervisor:

Prof. Dr. János Lukács
university professor

Budapest, 2024

Institute of Accounting and Law, Department of Accounting

THESIS COLLECTION

TIBOR ZOLTÁN HAJDU

FIDUCIARY ASSET MANAGEMENT

THE FORM OF TRANSGENERATIONAL WEALTH TRANSFER

for his Ph.D. thesis

Supervisor:

Prof. Dr. János Lukács
university professor

Associate Supervisor:
Dr. Attila Wieszt, Research Fellow,
Corvinus Center of Family Business

© dr. Tibor Zoltán Hajdu

Table of contents

1. Research background and rationale for the topic.....	4
2. The methods used.....	6
2.1. The research question.....	6
2.2. A breakdown of the research question. Hypotheses and propositions.....	7
2.3. The chosen methodology	8
3. Results of the thesis	13
3.1. The revealed literature correlations.....	13
3.2. Key findings	13
3.3. Own model.....	15
3.4. Answering the research questions	16
3.5. Summary of conclusions	18
4. Main references	19
5. Own publications on the topic	21

1. Research background and rationale for the topic

The aim of my doctoral thesis is twofold. The first is to interpret and analyse the fiduciary asset management (trust) form of transgenerational wealth transfer in the context of family/family-type business succession. On the other hand, I aim to explore the process model of the fiduciary asset management (trust) structure of generational wealth transfer.

The present doctoral research does not aim to describe a phenomenon or a process, but to explore the underlying causal links and to examine the conditions of its application and the process of its adaptation in the socio-economic institutional context. The research analysis will focus on the exploration and understanding of the interrelationships and interactions between individual-level variables - values, behaviors, motivations, attitudes and actions - and contextual institutional variables - organisational, corporate, economic, legal. Examining the functionality of the institution of trust as a separate fiduciary figure from the person of the settlor and the beneficiary in the succession of family businesses.

I have identified four essential attributes of the fiduciary form and process model of transgenerational wealth transfer that mark the place of this research in the literature: the family business, business succession, transgenerational wealth transfer and fiduciary asset management (trust).

Research on *family firms* has become a focus of interest in recent decades and has become a research area in its own right (Gersick et al., 1997, Chrisman et al., 2008, Benavides-Velasco et al., 2013). There is no single definition of family firms (Astrachan et al., 2002). This is because the family is a complex and heterogeneous variable. *The succession of family businesses* is characterised by the idiosyncratic and unique nature resulting from different family and business situations, the wider range (numerosity) of those involved in the process and the incumbent emotional attachment, which can lead the head of the family away from rational decision-making (Zellweger, 2017). *Transgenerational wealth transfer* is an institution related to succession, the intergenerational transfer of family wealth in the succession process. Its essence is a strategy of intergenerational wealth preservation and wealth creation. It is a critical success factor for the succession of the family business. It can be understood in a dynamic model of succession (Habbershon & Pistrui, 2002). *Fiduciary asset management* is a key instrument of intergenerational transgenerational wealth transfer. In situations where (1) the transferor has significant wealth or (2) a complex/complicated family situation (Langbein, 1997). The main advantage of trusts in these situations is that they settle the future relationship between the contracting parties (the settlor and the trustee), but most importantly between the third party named in the contract, the beneficiary and the settlor.

Based on my review of the international literature, it has become clear to me that *there are no explicit models for the management of family business assets and the process of transgenerational wealth transfer*. The reasons for this can be found in the different structures of national economies, socially different traditions and legal systems. There are succession systems with different degrees of freedom and regulation, representing different legal structures and norms.

One of the reasons for the research problem is the different conceptualisation and the different understanding of the basic variables. (1) *There is no exact definition of family business*. (2) The definition of the content of family business is not clear. (3) *The concept of family and the development paths differ across economies*.

Another problem of the research stems from the specific social, economic and legal environment in Hungary: (1) The Hungarian SME and family business development trajectory is different from the *organic development* trajectory like as other former socialist countries. (2) *Lack of institutional experience*. Lack of legal structures for some succession options other than the statutory succession system. (3) The possibilities for intergenerational transfer of wealth are determined by the *specificities of domestic development*. There is a lack of experience of change and transition, and a systematic lack of preparation, because the first generational change is only now taking place.

Due to the different terminology, the different understanding of the basic variables and the specific social, economic and legal development in Hungary, it was not possible to conduct a systematic review of the literature in the classical sense, to interpret and adopt a general model. The literature review was therefore carried out on the basis of a typology I have outlined. In the conceptual network, transgenerational wealth transfer is the process of intergenerational transfer of wealth management, and trusts are the institutional framework for wealth management. Its design and operation are determined by family and corporate attributes, external environmental and internal operational indicators of transgenerational wealth transfer. In my doctoral dissertation, I summarize and synthesize research according to this line of thought (my typology) and identify critical points that need to be understood and addressed in order to apply fiduciary asset management as a transgenerational wealth management form. Following my summary conclusions, I set out a process model of the fiduciary asset management structure associated with the succession of family businesses.

The institution of trusts is at the interface of economics and law. Behind the contractual form or unilateral trust (asset order), the essence is a trust for a purpose. Fiduciary asset management (trusts) can be used for a variety of economic purposes (transactional, tax,

succession, social purpose, etc.). My research area is the intersection of institutional and family/family-type business succession and generational wealth transfer. Fiduciary asset managements are a new legal institution in Hungary, which is mainly similar to the Anglo-Saxon trust.

To theoretically ground my research, I explored the intersection of fiduciary asset management and transgenerational wealth transfer, focusing primarily on its functionality and economic content. Accordingly, a trust is a transfer of the rights to dispose of property to a trustee for a specific period of time and for a specific purpose or task. In substance, I interpret a trust as a time-shifted forward exchange transaction where a fiduciary obligation arises between the two dates of transfer and release. The fiduciary obligation covers the preservation and appreciation of the total value of the transferred assets, the aggregate value of the portfolio of assets. In the context of succession to family businesses, I have examined the process of transgenerational wealth transfer. My starting point was the common attribute of family firms in the literature, the transgenerational nature and the intention to survive in the long term (Chua et al., 1999, Zellweger, 2017). In order to logically explore the applicability of fiduciary asset management, I identified, parameterized and systematized the variables that influence the process of transgenerational wealth transfer and the choice of the fiduciary form, as well as the critical points that contribute to the understanding of the transgenerational fiduciary asset management form and its application.

2. The methods used

The present research investigates the question of what logics are activated in decisions about transgenerational wealth transfer and in the choice of trusts (fiduciary asset management) as a form of transgenerational wealth transfer, and how, what factors and variables are at play in the specific situations of individual actors. I interpret trust wealth management as an institutional form of transgenerational wealth transfer and as a structural process of generational wealth transfer (succession). My research is based on a pragmatic philosophy of science.

2.1. The research question

Research on fiduciary asset management is currently mainly concerned with the legal consequences, while research on the economic content, the causal relationships and the analysis and investigation of the substance of fiduciary asset management is lagging behind. Yet, from a more rigorous point of view, the essential content of the institution is an economic act, the

management of assets for a limited period of time. I considered it my primary goal to take the first exploratory steps in the research of the topic, which consists of building a theory interpreting the domestic conditions and placing the general problem definitions of international research into the Hungarian context. In the course of my research, I sought answers to the following three questions: (1) What is the internal, organisational and external, environmental context in which transgenerational wealth transfer is embedded? (2) What indicators determine the choice of the institutional form of trust wealth management for transgenerational wealth transfer? (3) Can fiduciary asset management (trust) be a realistic and effective alternative to the succession of (family) businesses and transgenerational wealth transfer in Hungary?

My research question was formulated as follows: **What are the factors that help to build and sustain a fiduciary asset management (trust) for the purpose of transgenerational wealth transfer?**

2.2. A breakdown of the research question. Hypotheses and propositions.

In order to answer the research question, I first formulated logical relationships that served as a starting point for detailed data collection and analysis. In particular, I had to pay attention to the limited availability of quantitative data, the relative novelty of the institution of trusts, the adaptability of international experiences to Hungary and the fact that the use of trusts in generational wealth transfer is at the interface of law and economic approaches. I explore the research question with the following propositions and hypotheses.

The likelihood of using a fiduciary asset management (trusts) as a transgenerational wealth transfer form increase if:

Proposition 1.a.: No potential successor with the right skills or motivation.

Proposition 1.b.: Family members cannot agree on the transfer of property and the distribution of management positions in the company.

Proposition. 2: The family business portfolio includes more than one company.

H1: The majority of the assets are shares (corporate investment, business).

Effects that can have an impact on the process and time needed to establish a fiduciary asset management as a transgenerational wealth transfer form:

Proposition 3: A holding company structure facilitates the transfer of asset.

Proposition 4: The degree of corporate professionalisation facilitates the successful completion of the establishment process.

Proposition 5: The role of the general and non-tradeable intangible asset group in the business of the enterprise affects the financial and time resource requirements of the transfer.

Proposition 6: The existence and elaboration of a family agreement (constitution) reduces the financial and time resources needed for its establishment.

Due to the impact of the operation of fiduciary asset management as a transgenerational wealth transfer form:

Proposition 7.a.: The introduction of fiduciary asset management (trusts) reinforces the professionalisation of the family ownership subsystem.

Proposition 7.b: The introduction of trusts weakens the family corporate identity of family beneficiaries.

Proposition 7.c: The introduction of fiduciary asset management weakens the ability to use family resources in the company for the benefit of the company.

Proposition 8.a.: The introduction of fiduciary asset management will strengthen the further professionalisation of the business.

Proposition 8.b: The size and operation of at least one firm in the family business portfolio requires professionalisation.

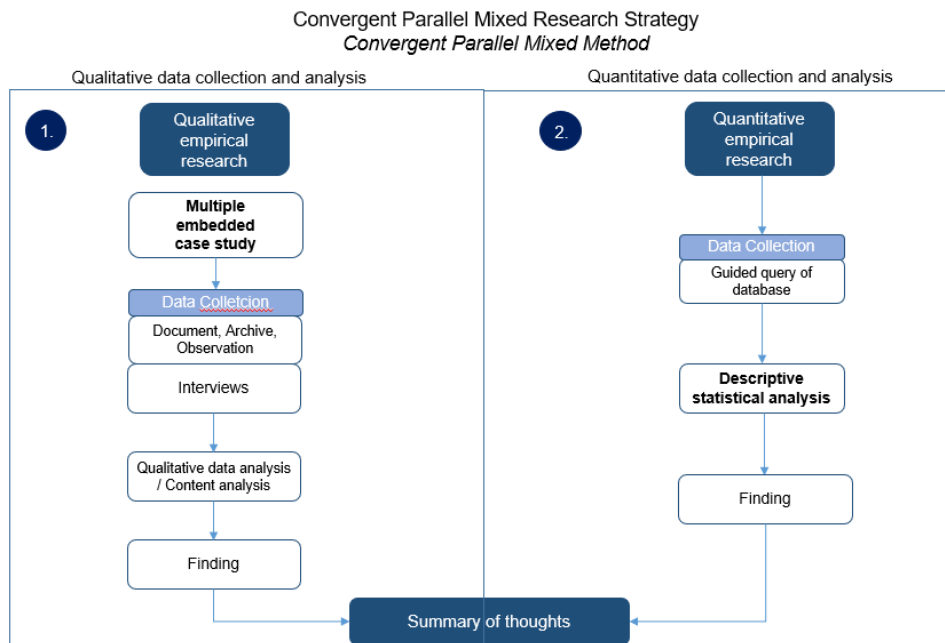
Proposition 9: The introduction of fiduciary asset management has a value-preserving and value-enhancing effect on the assets under management.

H2: In the case of fiduciary asset management, the portfolio of assets under management is dominated by corporate investments (shares).

2.3. The chosen methodology

Previous research has not provided a comprehensive overview of the use of trusts as a tool for transgenerational asset transfer in Hungary. Therefore, I aimed at applying a research method that would provide a coherent and clear picture of the family/family-type business founders' perception of generational wealth transfer (succession-inheritance) and, based on this, their strategic aspirations for the construction and sustainable operation of the fiduciary asset management form. For these reasons, I decided to use a *mixed research method*. I investigated the functionality of fiduciary asset management in the context of transgenerational wealth transfer through two phenomena, the indicators (variables) that determine the process of wealth transfer and the characteristics of the assets under management. Given the complexity of the topic, I used the *convergent and parallel* mixed research method (Creswell, 2014) (See Figure 1!).

Figure 1: The research strategy used



Source: own editing

The rationale for this choice was that (1) due to the nature and complexity of the topic and the relatively young institutional set-up of fiduciary asset management, the two methodologies could generate primary data in a complementary way (rather than one underpinning the other); (2) there is no published data, or the data are not public, but confidential. Fiduciary trust contracts are not publicly recorded by the MNB. (3) Due to the confidentiality of the data, the availability of empirical quantitative data was limited, but primary data could be extracted from databases by targeted queries. (4) Due to the limited availability of data, inductive inferences could be drawn by processing well-chosen cases. The qualitative and quantitative research approaches could be carried out in parallel by processing well-chosen cases and by targeted queries of databases. The quantitative data were therefore collected and processed in parallel with the qualitative approach and inductive inferences. The data collected was then 'triangulated'.

This choice was also supported by my *pragmatic philosophical* approach to *science*, according to which the causal relationships behind certain socio-economic-corporate phenomena and the mechanisms that operate them cannot be investigated using quantitative methods alone. I affirm the compatibility of philosophical paradigms and methodologies, the weight (priority) of which is determined by the research questions posed to the central phenomenon of research. I have therefore defined my research strategy in terms of a mixed

research method, following from my pragmatic philosophy of science. A combination of case studies and descriptive statistical analysis after a guided query of databases.

In my dissertation, I used the *qualitative* method to test the research question and the formulated propositions through *multiple embedded case study* research. In the qualitative empirical research, I conducted 21 in-depth interviews in six cases. The process model I set up for the succession of family/family-type businesses and the fiduciary asset management structure related to the transgenerational transfer of wealth is composed of three main phases: preparation, establishment and operation. The transgenerational wealth transfer takes place in two dimensions in parallel. The corporate/corporate line represents the portfolio of assets under management. The family line is the internal structure and defines the relationship between the assets under management, the transferor (incumbent) and the beneficiary/heir family members. The interviews were selected in such a way that I observed all three levels of involvement in order to achieve theoretical saturation: the incumbent/trustee level, the beneficiary/heir (successor) level, and the trustee/corporate agent level.

Additional circumstances justified the use of *a case study* research strategy. In 2018-19, I was fortunate enough to be involved in the non-business trust administration of a group of companies owned by a businessman in Hungary's Forbes Top 100. This particular case provided me with the opportunity to fully explore, interpret and systematise the process of setting up a trust and to follow the operation of the assets under management in a transgenerational wealth transfer situation. I used my experience there to develop my research approach. In order to avoid one-sidedness and to ensure *self-reflection* (epokhé), I considered it important to allow sufficient time to elapse from the time of my active involvement and to ensure objectivity.

In my research, I followed the principle of *purposive* rather than random (or large) *selection* (Creswell, 2014, Horváth & Mitev, 2015). The sampling was purposive, the cases were selected on the basis of a theoretical sample. I expanded the sample size to reach *theoretical saturation* (Horváth & Mitev, 2015, Creswell, 2014). For the reason of multiple embedded case study research, I followed the criteria of Miles & Huberman's (1994) sample selection typology in *selecting the sample size and preparing the interviews*. I started my case study research in the summer of 2022. Since three years had passed between my previous practical experience and the start of my research, the conditions for an objective approach were given, to avoid one-sidedness and to allow for self-reflection ("bracketing" of prior knowledge).

The availability of primary data on trusts as a form of transgenerational wealth transfer is *limited*. Therefore, my chosen method to answer my research question is primarily case study research. Throughout the qualitative data collection phase, I followed the criteria of *qualitative*

data collection (multiple confirmation, internal logical validity, generalizability and reliability). I used a *case study protocol* (Yin, 2003) for the research. The primary data sources for the case studies were interviews and documents, and secondary sources were direct observations, archival data and direct experience.

The interviews were conducted in a form-bound *protocol* (Yin, 2003). I used a semi-structured interview method with *open-ended questions*. This interview method was the one that "opened up" the interviewee and gave the opportunity to quickly unpack and flow a large amount and quality of information content. The interviews were conducted *in a three-way structure*. In the first part of the interview, the role of the interviewee in the past, in the process of building up the trust and in the period before, was clarified and reviewed. In the second part, the interviewee's role in the present operation, in the operation of the institution used, was understood and analysed. In the third part, the interviewee's perception, evaluation and interpretation of the institution (fiduciary) was discussed.

The case study was analysed *using a general* analytic strategy. The information obtained during the case study was systematically and analytically classified and categorised. The information was grouped and organised into themes, and reviewed the potential relationships between the data (flowcharting). For a general analytical strategy based on theoretical assumptions, I applied pattern matching and logic model analysis techniques (Yin, 2003). In my research area, the design and operation of a trust, a transgenerational wealth transfer form, I found no explicit model in the literature. Based on my own conceptual framework and the literature review based on that, I was able to construct an implicit process model for the transfer of a family business into a trust, consisting of a sequential series of steps and decisions.

In the quantitative independent research phase, I investigated the subject of the transgenerational wealth transfer, the assets under management. The assets under management are the sum of the assets placed in trust by the settlor incumbent and are separate from the trustee's own assets. Under the Hungarian legislation in force, the assets under management created in the course of the asset transfer are not a separate legal entity, but separate records must be kept for them (principle of separation of assets, Article 6:312 of the Civil Code). I have examined the assets under management through an analysis of its variables. I have started from the assumption that the trusts are a subset of corporates with main profile wealth (asset) managements. My hypotheses derived from the research question suggest that fiduciary asset management is an appropriate transgenerational wealth transfer form if the dominant share of the assets is business entities (partnership interests). On the other hand, the trustee will use trusts as a transgenerational wealth transfer vehicle to achieve the succession if a significant

proportion of the assets in the trust portfolio are businesses (company shares) and their weight in the value of the total assets (portfolio) is decisive. The evidence is provided *by means of a descriptive statistical analysis*, comparing the characteristics and the indicators of assets managed by two populations - those which are generally engaged in asset management and those which manage trust (fiduciary asset management) in the form of independent legal entities.

There is no primary public data available on trusts, either on the assets managed or on the trustees. Although the Magyar Nemzeti Bank (MNB) keeps records on fiduciaries, access to these records is limited for research purposes. Only the catalogue of professional fiduciaries is directly available, but data on their portfolios can only be derived from secondary sources. With the help of my theme leader, I was in the fortunate position of being able to retrieve specific data for the set of firms and criteria I had identified from the closed database of Opten Informatikai Kft. (OPTEN), which manages a comprehensive Hungarian database of company information. Therefore, I carried out my research by using *(secondary) databases created* from OPTEN's company information database *by collecting* data according to specific criteria. I identified the firms involved in asset management, defined the characteristics of the portfolios managed and drew conclusions on fiduciary asset management.

In order to test the functionality of the transgenerational wealth transfer fiduciary asset management form, I conducted an analysis and tests of the hypotheses for the assets under management by means of *two data tables compiled on the basis of the variables I defined*. By comparing the asset portfolios of legal person fiduciaries engaged in non-business activities and asset managers engaged in asset management as their main activity (TEÁOR 64.20). The data tables contained a range of nominal (binary) and scale variables, structured to allow for analysis and comparison of the assets under management. Given the multiple leverage ownership and direct-indirect ownership options, *the critical point of analysis* was to determine the actual stake (influence) of the trustee in the asset. The data tables included the aggregated number of assets per trustee and the aggregated financial and value data (subscribed capital, equity, fixed assets, turnover, operating profit, etc.) of the assets per trustee, determined on the basis of the effective shares in the assets.

I compared the two groups, fiduciary asset management firms and firms that generally manage assets on a business basis, using Shapiro-Wilk and Mann-Whitney tests, Boxplot (histogram) distribution tests, for different sets of asset portfolios with different numbers of items, based on different specific value indicators defined as the ratio of shares and holdings.

3. Results of the thesis

There was no explicit model for the function and process of fiduciary asset management (trusts) form in the international literature on the transgenerational transfer of wealth. This is due to different economic development, social and societal traditions and different legal systems. However, on the basis of the international literature review carried out according to my preliminary typology, a model of the structural design and functioning of fiduciary asset management (trusts) has emerged for me.

3.1. The revealed literature correlations

In the course of a systematic literature review according to my preliminary typology, I have identified the following *critical points* and made the following *assumptions* for the successful application of fiduciary asset management (trusts) as a form of transgenerational wealth management.

1. The contradictory paradox of *value preservation vs. value enhancement* in asset management can be resolved if the strict asset preservation responsibility approach is shifted towards modern portfolio-based management.
2. In managing the investments and risks of a portfolio of assets, a "*prudent investor*" approach should prevail over a "*prudent man*" approach.
3. Fiduciary asset management (trusts), where the trustee must act in the *best and not the exclusive interests* of the beneficiary, based on the principles of discretion and impartiality.
4. A fiduciary asset management (trust) is an *intermediate institution* wedged between the settlor / owner (family member) and the property. It may be a natural person, but typically exists in an organisational and operational (governance) structure separate from the owner and the estate and in the form of a separate legal entity.
5. *Multiple agency situations* arise: dual agency in the owner-asset (wealth) manager-corporate manager relationship, and dual principal-agent in the trustee-beneficiary-asset (wealth) manager relationship.
6. The trustee's organisational structure and decision-making structure, as well as the overall asset management policies set out, are a counterweight to the risks associated with *agency costs*.

3.2. Key findings

My main findings based on the literature review are.

1. Family businesses *become heterogeneous* after the first generation, due to multiple successions from the point of view of family ownership. Family ties are loosened, and monolithic communities can develop into conflicts of interest.
2. The *content of the family* is also changing. The classical norm-religious value system is being replaced by a different concept of the family due to the different developments in different societies.
3. *The variables of succession resulting from the attributes of the natural person* or community of persons - the personality, will and abilities of the transferor (incumbent) and the heir (successor), the degree of family embeddedness, the internal structure of the family - limit the realistic succession alternatives for a given situation.
4. As companies grow, they become larger, more opaque and complex, and they *move away from* the family. The family is no longer in control in the same way as in a smaller one-person/founder-run business.
5. A common attribute of family firms is their transgenerational and long-term survival intentions (Zellweger, 2017). Succession strategies and wealth transfer alternatives are determined by *the 'institutional matrix'* of external variables of wealth transfer and by *specific variables* arising from the structure and functioning of the family and the wealth (business).
6. With the separation of ownership (assets) and control (management), the *agency problem* also appears in the family business, increasing agency costs. Multiple ownership also leads to *conflict* between family members and the associated costs. This justifies the use of intermediaries, the wealth management wedge ("fiduciary asset management wedge").
7. *Trust* is the cornerstone of social, societal and business relationships (Carney, 1998). Trust will also be the cornerstone of the separation of family and wealth and the separate management/ operation of wealth.
8. The appearance of the forms and the application of the *wealth management wedge* ("fiduciary asset management wedge") are influenced by the legal institutional system (legal regulation) and by historical characteristics and traditions specific to a given society.
9. In developing, emerging legal systems, in transition economies such as post-change Hungary, *the adaptation of institutions* is also possible because the economy and its institutional systems are in the process of being developed.
10. One *form of the wealth management wedge*, which is widespread in the world, is the trust, the Hungarian equivalent of which is the fiduciary asset management. The institution was

introduced into the Hungarian legal system by Act V of 2013 (Civil Code). The content of the regulation follows the portfolio approach to asset management.

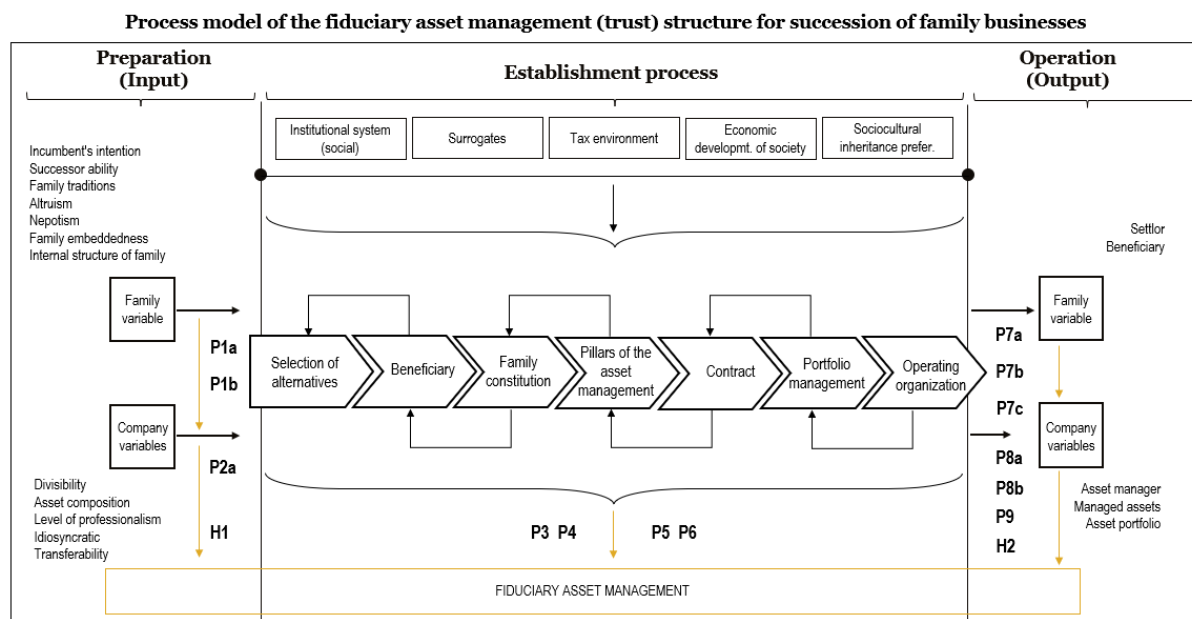
11. Trusts (fiduciary asset management) *can be linked to situations of* transgenerational wealth transfer. These situations may be caused by (1) the characteristics and specialties of the particular situation of the asset (enterprise) or (2) the life situation and characteristics of the natural person in the settlor (founder) and/or the beneficiary (heir) positions.

3.3. Own model

The theoretical framework of my research is based on the critical points, assumptions and main findings identified in the literature review conducted according to my typology, and defined as follows.

1. Trusts *are a realistic alternative form of* transgenerational wealth transfer. It can be a means for the founders of a family/family-type business to develop an intergenerational succession strategy.
2. The transfer of the family/family-type business into a fiduciary asset management (trust) is a sequence of steps and decisions for which a *process model can be created*.
3. *There are three main phases* in the process model: preparation, establishment and operation (maintenance).
4. The establishment phase consists of further *stages*, the process is *not linear*. The output of each stage affects the input variables of the next stage of the process or feeds back to previous stages (iteration).
5. In parallel, there are two dimensions putting family business into fiduciary asset management (trust) form. The *corporate/firm line* represents the portfolio of assets under management, while *the family line* defines the internal structure, the relationship between the assets under management, the transferor and the beneficiary family members.

Figure 2: Process model of the fiduciary asset management (trust) structure for succession of family businesses



Source: own editing

6. *The choice of* a transgenerational wealth transfer trust is determined by an institutional matrix of external objective environmental variables and an internal set of indicators that can be linked to the family-firm specificity.
7. Fiduciary asset management is a *realistic* instrument of transgenerational asset transfer in Hungary. It can be linked to family and personal life situations, as well as to wealth and business situations. Particularly in view of the current generational change of the generation that changed the system.

3.4. Answering the research questions

After incorporating the propositions and hypotheses developed on the basis of the research question of the dissertation into the process model and proving them, I have the following *results* and findings.

Consistent with Propositions 1.a and 1.b of my conceptual theoretical framework, I find that in the cases studied, family characteristics - *the ability and motivation of potential successors and the ability of family members to agree among themselves* on the distribution of property and the transfer of corporate control positions - affect the use and likelihood of trusts as a form of transgenerational wealth transfer.

In relation to Proposition 2, I found in the cases studied that the portfolio of family/family-type businesses typically included *more than one shareholding (company)* and this had an

impact on the choice of fiduciary asset management (trust) form by the settlor, on his strategy of transgenerational wealth transfer.

Based on the evidence for my research hypothesis (H1) on the composition of assets under management, it was reasonable to argue that, in cases where the family/family business consists of multiple corporate shareholding (corporate investment) assets, fiduciary asset management (trusts) can be a *realistic and effective alternative form of* transgenerational wealth transfer to generational wealth transfer.

A process model, placed within my theoretical framework, relating to the stages in the development of a trust structure:

In relation to the corporate characteristic Proposition 3 in the cases studied, I found that *the form of business operated in the holding structure has no correlation, and generally no effect*, on the process of trust administration. It does not shorten the timeframe or simplify the content of the fiduciary asset management (trust) establishment process.

In relation to the corporate characteristic Proposition 4 of fiduciary asset management (trust) in the cases studied, I found that the progress of *corporate professionalisation*, also due to a long operational history, and its presence in several corporate dimensions (governance, organisational, reporting systems, etc.) facilitated the successful completion of the fiduciary asset management (trust) by the company/group.

The importance of the general and non-tradeable asset class in the business of family/family-type businesses tends to influence the financial and time resource requirements of placing the business in trust. Proposition 5 can be generalised with the sui generis addition that the general and non-tradeable intangible asset group is significant for transfers where the trust is specifically designed to ensure sustainability and the continuation of the business.

In relation to Proposition 6 of the family characteristic associated with the family constitution stage of the trust structure process model design phase, I could neither confirm nor reject the effect of *the family agreement (constitution)* on reducing the financial and time resource requirements of fiduciary asset management (trust) structure design from the cases examined.

Consistent with the Proposition 7.a. of my conceptual theoretical framework, I find that the use of the transgenerational wealth transfer trust form of succession affects the ownership community of family members, *enhancing the professionalization of the family's ownership subsystem*.

In relation to Propositions 7.b and 7.c, which express family influence, it was clearly identified from the cases studied that trusts *did not weaken the beneficiaries' family corporate identity* or the use of family resources in the company or for the benefit of the company.

In the cases examined in relation to Proposition 8.a, which expresses corporate/wealth effects, I found that *the use of fiduciary asset management reinforces the professionalisation of the firm*. However, the degree and weight of professionalisation varies depending on the purpose of the transfer or other purpose (tax, etc.) and is influenced by the identity of the settlor and trustee.

In none of the cases examined did *the size and operation of* any of the businesses in the portfolio of assets under management necessitate professionalisation, and I therefore rejected Proposition 8.b.

Consistent with Proposition 9, in the cases examined, I found that fiduciary asset management (trusts) had a *value-preserving and value-enhancing effect* on the assets under management. The actual equity value of the assets under management was in all cases significantly higher than the initial capital value of the assets under management.

Based on the evidence of my research hypothesis (H2) on the composition of the portfolio of assets under management, the claim that the portfolio of assets under management is dominated by company shares was accepted.

3.5. Summary of conclusions

My research confirms that fiduciary asset management (trusts) are an effective way to carry out transgenerational asset (wealth) transfers. With socio-economic development, the function of asset preservation is being pushed into the background and is becoming a risk- and portfolio-oriented asset management, whose primary objective is to ensure the long-term (but at least for the period defined by the settlor) sustainability of the assets. Sustainability, which also means in particular the management of holdings, means active asset management rather than passive asset preservation. Nevertheless, the family character can be preserved, mainly through succession to management positions, but this succession must, first and foremost, become a classic agency position, rather than a position of personal attitudes, relationships, nepotism and altruism.

4. Main references

- Blumentritt, T. P. (2016). Bringing successors into the fold: the impact of founders' actions on successors. *Entrepreneurship Theory and Practice*, 40(6), 1261-1267.
- Boxx, K. E. (2012) Too many tiaras: Conflicting fiduciary duties in the family-owned business context. *Houston Law Review*. 49(2), 233-289. URL.
- Burkart, M., Panunzi, F., & Shleifer, A. (2003). family firms. *the journal of finance*, 58(5), 2167-2201.
- Carney, M. (1998) The competitiveness of networked production: the role of trust and asset specificity *Journal of management studies*, 35(4), 457-479.
- Carney, M., Gedajlovic, E., & Strike, V.M., (2014) Dead Money: Inheritance Law and the Longevity of Family Firms, *Entrepreneurship: Theory & Practice*, 38(6), 1261-1283.
- Carr, J.C., Chrisman, J.J., Chua, J.H., & Steier, L.P., (2016). Family Firm Challenges in Intergenerational Wealth Transfer. *Entrepreneurship: Theory & Practice*, 40(6), 1197-1208.
- Chandler, G. N. (2015). control structures used in family business to manage wealth: operationalization of antecedent and outcome variables. *entrepreneurship Theory and Practice*, 39(6), 1305-1312.
- Chrisman, J.J., Chua, J.H., & Litz, R., (2003) A unified systems perspective of family firm performance: an extension and integration *Journal of Business Venturing*, 18(4), 467-472
- Chrisman, J.J., Chua, J.H., Pearson, A.W., & Barnett, T. (2012). family involvement, family influence, and family-centered non-economic goals in small firms. *entrepreneurship: theory & practice*, 36(2), 267-293.
- Chua, J.H., Chrisman, J.J., & Sharma, P. (1999) Defining the Family Business by Behavior. *Entrepreneurship: Theory & Practice*, 23(4), 19-39.
- Ellul, A., Pagano, M., & Panunzi, F. (2010). inheritance law and investment in family firms. *American Economic Review*, 100(5), 2414-50.
- Friedman, L. M. (1964) The dynastic trust. *The Yale Law Journal*. 73(4), 547-592.
- Gedajlovic, E., & Carney, M. (2010) Markets, hierarchies, and families: Toward a transaction cost theory of the family firm. *Entrepreneurship Theory and Practice*, 34(6), 1145-1172.
- Gersick, K.E., Davis, J.A., McCollom Hampton, M., & Lansberg, I., (1997) *Generation to Generation: Life Cycles of the Family Business*. Boston: Harvard Business Review Press ISBN 0-87584-555-x.
- Gersick, K. E., Lansberg, I., Desjardins, M., & Dunn, B. (1999). Stages and transitions: managing change in the family business. *family business review*. 12(4), 287-297.
- Gilding, M., Gregory, S., & Cosson, B. (2015). motives and outcomes in family business succession planning. *entrepreneurship theory and practice*, 39(2), 299-312.
- Habbershon, T.G., & Pistrui, J. (2002). Enterprising families domain: Family-influenced ownership groups in pursuit of transgenerational wealth. *Family Business Review*, 15(3), 223.
- Halbach Jr, E. C. (2000). uniform acts, restatements, and trends in American trust law at century's end. *California Law Review*. 88(6), 1877-1922.
- Hammond, N. L., Pearson, A. W., & Holt, D. T. (2016). The quagmire of legacy in family firms: definition and implications of family and family firm legacy orientations. *Entrepreneurship Theory and Practice*, 40(6), 1209-1231.
- Jaskiewicz, P., Uhlenbruck, K., Balkin, D. B., & Reay, T. (2013). Is nepotism good or bad? Types of nepotism and implications for knowledge management. *Family Business Review*, 26(2), 121-139.

- Johnson, P., & Parker, S. (1996) Spatial variations in the determinants and effects of firm births and deaths, *Regional Studies*, 30(7), 679-688.
- Kellermanns, F.W., & Eddleston, K.A., (2007) A family perspective on when conflict benefits family firm performance. *Journal of Business Research*, 60(10), 1048-1057.
- Langbein, J. H. (1995) The uniform prudent investor Act and the Future of Trust Investing. *Iowa Law Review*. 81, 641-669.
- Lee, K. S., Lim, G. H., & Lim, W. S. (2003). Family business succession: Appropriation risk and choice of successor. *Academy of management Review*, 28(4), 657-666.
- Lubatkin, M. H., Durand, R., & Ling, Y. (2007). The missing lens in family firm governance theory: A self-other typology of parental altruism. *Journal of Business Research*, 60(10), 1022-1029.
- Marcus, G. E. (1979) Law in the development of dynastic families among American business elites: The domestication of capital and the capitalization of family. *Family Business Review*, 4(1), 75-111.
- Marcus, G. E. (1985) Spending: the Hunts, silver, and dynastic families in America. *European Journal of Sociology/Archives Européennes de Sociologie*, 26(2), 224-259.
- Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995) An integrative model of organizational trust. *Academy of management review*, 20(3), 709-734.
- Menchik, P. L. (1980). Primogeniture, equal sharing, and the US distribution of wealth. *The Quarterly Journal of Economics*, 94(2), 299-316.
- Michael-Tsabari, N., Labaki, R., & Zachary, R. K. (2014) Toward the cluster model: the family firm's entrepreneurial behavior over generations *Family Business Review*, 27(2), 161-185.
- Morck, R., & Yeung, B. (2003) Agency problems in large family business groups, *Entrepreneurship theory and practice*, 27(4), 367-382.
- Parker, S. C. (2016). Family firms and the "willing successor" problem. *Entrepreneurship Theory and Practice*, 40(6), 1241-1259.
- Schulze, W.S., Lubatkin, M.H., & Dino, R.N., (2003) Toward a theory of agency and altruism in family firms, *Journal of Business Venturing*, 18(4), 473-490.
- Sharma, P., & Manikutty, S. (2005). strategic divestments in family firms: role of family structure and community culture. *entrepreneurship theory and practice*, 29(3), 293-311.
- Steier, L. P., Chrisman, J. J., & Chua, J. H. (2015). Governance challenges in family businesses and business families. *entrepreneurship theory and practice*, 39(6), 1265-1280.
- Strike, V. M. (2012) Advising the family firm: reviewing the past to build the future, *Family Business Review*, 25(2), 156-177.
- Stewart, A. & Hitt, M.A. (2012) Why Can't a Family Business Be More Like a Nonfamily Business? Modes of Professionalization in Family Firms, *Family Business Review*, 25(1), 58-86.
- Suess, J. (2014). family governance-Literature review and the development of a conceptual model. *journal of family business strategy*, 5(2), 138-155.
- Wiklund, J., Nordqvist, M., Hellerstedt, K., & Bird, M. (2013). Internal versus external ownership transition in family firms: an embeddedness perspective. *Entrepreneurship Theory and Practice*, 37(6), 1319-1340.
- Zellweger, T.M., (2017) *Managing the Family Business - Theory and practice*, Edward Elgar Publishing Inv. ISBN 978 1 78347 070 9.
- Zellweger, T., & Kammerlander, N. (2015). family, wealth, and governance: an agency account. *entrepreneurship theory and practice*, 39(6), 1281-1303.

5. Own publications on the topic

Hajdu, Tibor Zoltán *Fiduciary asset management: as a means of founders' transgenerational succession strategy* Economy and Finance English-Language edition of Gazdaság és Pénzügy 9: 3 pp. 189-213., 25 p. (2022)

Hajdu, Tibor Zoltán *Fiduciary asset management: a tool for the founders' intergenerational succession strategy* Economy and Finance 9: 3 pp. 197-221., 25 p. (2022)

Lukács, János; Hajdu, Tibor Zoltán *Fiduciary asset management and the future of family businesses as a means of generational change*, In: Corvinus University of Budapest, Department of Accounting (ed.) Focus on change or international trends in finance and accounting education and research. János Bosnyák Memorial Conference and other research findings, Budapest, Hungary: Corvinus University of Budapest (2021) 246 p. pp. 218-235., 18 p. Conference proceedings (Book excerpt) | Scientific papers

Drótos, György; Hajdu, Tibor *The role of fiduciary asset management in business companies, with special reference to family businesses*, In: Békés, Balázs (ed.) The Handbook of Fiduciary Asset Management, Budapest, Hungary : Wolters Kluwer (2020) 495 p. pp. 275-345., 71 p.