Unioncamere Veneto

eurosportello del veneto

Università Commerciale Luigi Bocconi

"Cattedra AIdAF - EY
di Strategia delle Aziende Familiari"
in memoria di Alberto Falck

The family business in Veneto: characteristic and performance

The results of an alternative Model elaboration

February 2017

Preface

The strategic and economic role played by family businesses in Italy is not yet supported by a structured set of statistical analysis and evaluations. In other terms, the great potential of this kind of business is strongly underestimated. MEPA project stems from the need of credible, comparable and systematic information on the role of the family businesses in the Italian economy. Therefore, the overall objective is to provide policy-makers and relevant stakeholders with statistical information and indicators about family businesses in Italy. The project foresees the elaboration of a statistic model and tools for data collection about FBs in Italy. Starting from a quantitative evaluation of this phenomenon, we will use quantitative and qualitative analysis and satellite accounts in order to analyze the specific contribution given by FBs on the national economic system in terms of demand for goods and services, operational interface with the supply of goods and services within the same economy of reference (like agriculture, housing, banking etc.), the economic performance within the economy, the amount of goods and services produced and the employment generated. They evaluate the sector in terms of its contribution to Gross Domestic Product (GDP), jobs, capital investment and tax revenues, and its role in the balance of payment.

On the bases of these methodologies, MEPA project will elaborate a model for data collection of FBs, which will be tested in Veneto as prototype and then, in a near future, at national level. This pilot project represents a specific assessment of these tools, in a region where FBs represent, for cultural and social aspects, a key component of the entire economic system.

Finally, great emphasis will be given to the dissemination phase: the final scope of the project is to provide results and statistical data about FBs to decision makers, stakeholders and institutions, offering usable and practical information.

Venice, February 2017

Contents

Introduction

This project stems from the need of credible, comparable and systematic information on the role of the family businesses (FBs) in Veneto region and in the Italian economy. The main objective is to provide policy-makers and relevant stakeholders with statistical information and indicators about FBs. In fact the strategic and economic role played by FBs in Italy is not yet supported by a structured set of statistical analysis and evaluations. UCV-EIC elaborated a statistic model and tools for data collection about FBs in Italy and involved the local Chambers of Commerce in order to collect specific data and to improve its available database. The project involved Bocconi University expertise (as subcontractor) to create the Veneto Observatory on FBs and to elaborate a statistic methodology for data collection and analysis, adapting the methodology used by AUB Observatory. Steering Committee and Project Coordination Team meetings were charged during all the project period to provide the effective management of the project, including the management of contacts with EU authorities.

The core of MEPA project is to create the model at regional level for the Veneto, collecting data about FBs coming from local Chambers of Commerce with over 1 million euros of turnover, in order to support the development of statistics for the first time in Veneto. UCV-EIC with Bocconi University elaborated a model for data collection of FBs, which was tested in Veneto. It is based on an algorithm able to identify FBs in the universe of registered enterprises into InfoCamere database. Thanks to the results of the project, it is possible to have a model (and therefore a permanent Observatory) for the analysis of small and medium sized companies listed in the Register of the Chambers of Commerce of Veneto region. We have the big chance to detect the performance-run family companies and to have information on ownership, governance, management, as well as the financial performance. This model has been tested on 22,440 corporations with a turnover of at least € 1 million whose registered offices are in Veneto. The 81.3%, thus 16,110, of these companies are family-controlled. More than the 80% is concentrated in four provinces, Vicenza (22%), Treviso (20.4%), Padua (19.9%), and Verona (19.1%). Family businesses are mainly focused on these sectors: manufacturing and in particular metal products (25%), mechanical engineering (15%) and fashion industry (13%).

The methodology is included into the research report in order to make it more comprehensive. The final research report collected all economic and social available information about the specific issue of Family Business: best practices for data collection and analysis, previous experiences at national and EU level, economic impact. Final research report includes literature analysis, best practices and impact evaluation, the process description, political framework, figures, graph, trends analysis and assessment of the future data collection sustainability.

Great emphasis was given to the dissemination phase: in fact the final scope of the project is to provide results and statistical data about FBs to decision makers, stakeholders and institutions, offering usable and practical information. UCV-EIC disseminated the results among stakeholders, private associations, trade organizations, public institutions, academic actors, etc. related to SMEs sector through institutional website, newsletters, social networks (UCV Facebook, Twitter), through viral marketing and the project website www.familybusinessmodel.eu.

The final event was organized in Venice (Italy) at Unioncamere Veneto Conference room on December 16th 2016, in order to give visibility to the results of the project and to valorise FBs importance among local and international stakeholders. The predominance of FBs in Veneto and the fact that their financial performance is above average makes it clear how important is studying this type of business. It is a computerized test that, working on the Companies Register archive, speeds up the identification operations through a set of defined parameters and lets you extend the search to a large sample of companies.

1. Towards a shared definition of family business*

1.1 Definition of family business

The family business is widely considered the dominant property structure around the world (La Porta et al., 1999; Minichilli et al., 2015; Morck and Yeung, 2003), and the research on this field has increased rapidly in the last decades to understand whether and in which aspects family businesses differ from other organizations.

Scholars in the field have examined the impact of family businesses on several aspects, such as executive compensation (Gómez-Mejia, Larraza-Kintana, and Makri, 2003), cost of debt (Anderson, Mansi, and Reeb, 2003), altruism (Schulze, Lubatkin, Dino and Buchholtz, 2001), diversification (Gómez-Mejia, Makri, and Larraza-Kintana, 2010), acquisitions (Miller, Le Breton-Miller and Lester, 2010), corporate governance (Anderson and Reeb, 2004), and corporate social responsibility (Berrone, Cruz, Gómez-Mejia and Larraza-Kintana, 2010), trying to find the key features that distinguish family firms from other ownership structures.

Thus, in order to identify a set of common representative characteristics and make a clear distinction from other types of companies many authors have attempted to re-organize and re-examine the existing definitions of a family business.

Depending on the criteria adopted by authors, several definitions of family firms have been proposed in the past decades. In particular, some authors proposed different definitions of family business taking often into

* by Guido Corbetta, Alessandro Minichilli and Fabio Quarato, AIdAF-EY Chair in Strategic Management of Family Business in memory of Alberto Falck Bocconi University.

consideration the family involvement in the company. For instance, according to Bennedsen et al. (2010), a family firm should meet at least one of the following criteria:

– more than 50 per cent of the property must be held by one or more families;
– one family must hold the actual control;
– the majority of management must be composed of members from the same family.

In the international context, one of the most accredited definitions of family firms is that attributable to Chua, Chrisman and Sharma (1999), which takes into consideration not only mere organizational elements, but also the fundamental importance of the family conducts. They proposed the following definition: "the family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua, Chrisman and Sharma, 1999: 25).

In other words, such definition identifies three elements as sine qua non conditions for a company to be considered a family business. Firstly, the firm must be governed and/or managed by a family. In particular, this means that the family must own a significant share of the firm's equity and be able to influence relevant strategic decisions, especially the choice of the Chairman of the Board of Directors and the CEO. Secondly, the family must be able to give the firm a strategic direction that is consistent with its vision of the business. Third, the business has to be sustainable across generations of the family or families, which entails that there must have been a transition from one generation of the family to the next one, or, in case of a founder-owned company, there must be plans for such transition. By this definition, a company is identified as a family-business because of the behaviour of the family, not only as major shareholder, but also as a group of family-members. In the words of Chua et al. (1999), "a family business is one because its vision is shaped and pursued by a dominant coalition controlled by a family or a small number of families".

On the other side, if we look at the Italian context, one of the most accredited definitions was stated by Corbetta (1995): "we are in the presence of a family business when one or more families, linked by close ties of consanguinity or affinity, make available to the enterprise financial capital, personal guarantees or collaterals and managerial skills". It is therefore crucial that:

– an efficient relationship between the longevity of the company and the evolution of the family is established

– the family participates and is involved in the decision-making process. If we depart from this condition, firms with a single shareholder would be mistakenly labelled as family-business;

– the family becomes one with the company.

Many other definitions of family firms have been proposed since the early 1980s. One of the first ones has been formulated by Davis (1983), which defines a family-business as "those whose policy and direction are subject to significant influence by one or more family units. This influence is exercised through ownership and sometimes through the participation of family members in management". This definition applies not only to small-size companies, but to any firm in which family members exert significant influence. In order to locate initial boundaries of family firms, Litz (1995) defined two different approaches:

1. ownership and control structures ("structure-based approach"), based on the organizational structure and control system. It is an objective criterion consisting of a sufficient concentration of ownership, allowing the family to exert control over the company's activities;

2. the relationship between family members and the company ("intention-based approach"): it is based on a necessary and sufficient condition under which the founder and / or descendants of the same family should be directly involved in company management. It is a much more subjective methodology that takes into account the way in which family dynamics tend influence objectives, strategies, decisions and, in general, the direction taken by family members. In this case the "behaviour" of every single family-business is characterized by uniqueness compared with all other companies.

Astrachan & Shanker (2003) identified three different types of family-business on the bases of generational transitions:

1. Large: the level of family involvement in the day-to-day operations of the company is not significant, but the family keeps control over strategical decisions;

2. Intermediate: both management and control (the majority of shares) are in the hands of the company's founder or family members;

3. Advanced: also active involvement of more than one generation in the company's management.

The same authors proposed a 3-point scale to measure the level of family involvement in the company:

- "power": the involvement of the family in the company's chain in order to identify the level of power exerted by the family. To what extent are family members involved in the ownership and management of the company?
- "experience": to what extent are multiple generations involved in the ownership and management of the company and what is the nature of their involvement?
- "culture": to what extent are family-values shared by the company?

These definitions among others frame the notion of family business on the bases of family involvement in the governance bodies, on the characteristics of the generational transitions and on the level of control exerted by the founding family through the ownership of voting rights.

In order to avoid considering the family business as a monolithic entity, Davis (2001) classified these companies according to the degree of family involvement in: (a) "family owned" when family members are involved only at the ownership level; (b) "family-controlled" when the family is involved both at ownership and governance levels; (c) "family managed" when family members are involved also in daily operations.

In an attempt to propose a clear framework of analysis, a recent review of the literature proposes four distinct macro-areas influencing the definition of a family-business:

1. Ownership and control (Astrachan et al., 2002): taking into account the percentage of shares held by the family;

2. Number and peculiar characteristics of family-members involved in the company's leadership (Davis and Tagiuri, 1985);

3. Generational transition (Donnelley, 1964): the number of generations that have been involved in the company's life, the level of their involvement, and how these generational transitions have been managed;

4. Management positions (Chrisman et al., 1999): number of family members holding management positions in the company.

The combination of the above macro-areas led to the adoption of different definitions of a family business since the 80's. Although the considerable effort in search of "clustering" family companies on the bases of their distinctive elements, at present there is no a common and generally accepted definition of what really family businesses are. Throughout the years different definitions of family business have been developed, each having as a reference one or more peculiar factors used as distinctive criteria (for more details see Appendix.1)

Notwithstanding the different meaning of the family business concept, scholars agree that the peculiar and unique characteristic that differentiates family firms from not family organisations is the simultaneous presence of two different and interrelated systems, the business and the family. The two dimensions have to be considered together in order to fully understand the family business structure. The family involvement within the firm, that gives family business their distinctive trait, is indeed reflected in several dimensions.

Family firms are characterised by a strong emotional overtone (Gomez Mejia et al., 2011) which is source of personal pride for their owners; moreover, family members are closely linked to the identity and the reputation of their firms, and they rarely leave companies during their life. Family members tend to share emotions within the business from intimacy and love to jealousy and anger, and their values permeate the entire organisations.

These elements influence how the companies are managed: family members usually act to preserve the socio-emotional capital and to maximize socio emotional returns. However, family goals and business goals can sometimes be different (Dyer, 1986) since the pursuit of non-economic objectives may impose strategic directions that are irrational from the financial point of view and that can undermine the sustainability of the company.

More recently, the Family Business Group (2009), an organization established by the European Commission, has formulated an official definition of family business. It is the first time that a regulatory body takes position in order to encourage functional policies for the development of family businesses. According to Family Business Group "a firm, of any size, is a family enterprise if:

1. the majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child, or children's direct heirs.

2. the majority of decision-making rights are indirect or direct.

3. at least one representative of the family or kin is formally involved in the governance of the firm.

4. listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 percent of the decision-making rights mandated by their share of capital

The implications of such a notion are the following:

- in order to be classified as family-business it is necessary and sufficient that only the majority of shares (and not all) is held by the family (>50% in case of non-listed companies, > 25% in case of listed companies);
- family firms can be also of large size and not necessarily small firms;
- the definition may encompass also "consolidated partnerships", in which the founders/owners are two or more individuals, not necessarily family members;
- it does not imply a static ownership structure: if the founding family sells the property to another family, it still remains a family firm, but at least one family member must cover a leadership or management position.

This definition is widely shareable, even though certain limitations and some parts are questionable. According to Corbetta (2010), the notion of family-business should be formulated so that family businesses are those companies where their performance and future are significantly dependent on the evolution of family members who invested in the risk capital and the decisions taken within it.

Finally, according to the definition adopted by the AUB Observatory on Italian Family Firms at Bocconi University, a firm can be labelled as family-business if:

- one or two families hold at least 50% of the capital (if not listed);
- one or two families hold at least 25% of the capital (if listed);
- the firm is controlled by another legal entity which satisfies one of the two criteria stated above.

So, according to this definition, companies are considered as family firms when: i) one or a few families, even when not bound by ties of kinship, hold the control of the company, even in the absence of an absolute majority of the equity; ii) the government can be exercised alternately by outside CEOs to which the family has entrusted the power to manage the company, mixed top management team (both internal and external members of the family) or exclusively by members belonging to the controlling family.

1.2 The diffusion of family-businesses worldwide

The myth of large multinational corporations created for a long time the belief that modern industrial systems would lead to the progressive decline of family businesses and to the transition of them into managerial firms. According to Chandler (1977), the development of the Big Business was made feasible by a reduction in family-control across firms.

While many theses are adverse to the survival of family-owned enterprises, family businesses continue to play a crucial role in the modernization of the advanced economies. In particular, the ability of the family to provide entrepreneurship is recognized as a key aspect in the development of Western capitalism. Between 1950 and 1960, alongside large companies concerned with mass production and small firms operating in niche markets, a different type of enterprise emerged. Workshops were transformed into small businesses specialized in a limited number of stages of the production cycle.

From the managerial capitalism point of view the family business can be considered as the initial stage of the evolution of an enterprise, a sort of "start-up" stage, a form of enterprise necessarily intended to be overcome to get into a mature stage, or that kind of businesses which, in order to survive, should remain at the margins of dynamic sectors. It is thought that this model is typified by small to medium size firms, by a process of slow growth, a "flat organization" and, in most cases, self-financed with a lower profitability than other managerial enterprises. In spite of this, there are actually many other very large and well-known family firms that compete at international level, both Italian and foreign; just think of companies like Ford, Samsung, Fiat, Erg, Barilla, Benetton, Prada, Mapei, Ferrero, Esselunga e Walmart (with revenues greater than the GDP of most countries in the world). These are not isolated cases of successful large family-businesses, and empirical evidence shows that the "equality" between family firms and small-medium enterprises is not always valid.

Starting from a general analysis, in a research conducted by Dreux (1990) and Gersick (1997), it was estimated that the population of businesses owned or controlled by families around the world is between 65% and 80%. According to the Family Firm Institute, family firms account for two thirds of all businesses around the world, and 70%-90% of global GDP annually is created by family businesses. Moreover, family businesses are expected to reinforce their prominence in the next 10-15 years, especially due to the growth of emerging economies, where large companies are often family firms (Elstrodt & Poullet, 2014).

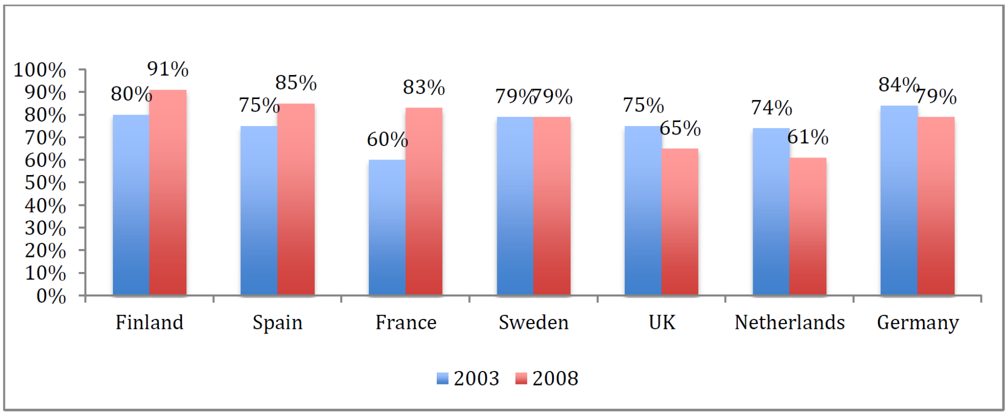
In a more recent research, Gomes-Mejia et al. (2011) found that the diffusion of family firms ranges between 20% and 70% around the world, depending both on the country of origin and the operational definition adopted in the study. For instance, in Asia and the Middle East they account for 95% of all firms (Kets de Vries, Carlock, and Florent-Treacy, 2007), while in the U.S. they represent around 70% of all publicly traded firms (Sirmon and Hitt, 2003). Contrary to common belief, family businesses are not only SMEs also in US: about a third of the Fortune Global 500 companies and of S&P 500 firms are founder or family controlled (Anderson & Reeb, 2003).

According to EY- Family Business Yearbook (2014) the distribution of family-business in the various continents is the following: 90% in North America and Middle East; 85% in Europe, Latin America and Asia-Pacific. According to the Family Firm Institute, the incidence of family-business as percentage of all companies is 85.4% in China (in private enterprises) and at least half of all companies in the US are family firms. In the private sector, family businesses account for 69% in Belgium, 76% in Spain, 79% in Sweden, 80-90% in US, 93% in Italy and 95% in Germany. Some snapshots about the relevance of family firms in Europe are the following:

– they represent 85% of all European companies (EY – Family Business Yearbook 2014)
– they create 40-50% of all employment (KPMG, 2013)
– European family businesses represent 1 trillion Euros in turnover (60% of all European companies) (KPMG, 2013)
– UK family firms generate 25% of the total UK GDP (PWC, 2012)

A comprehensive research about the presence of family-businesses in Europe was carried out by IFERA: Germany emerges as the country with the highest incidence of family-businesses (84%), while France with the lowest (60%). The most recent document reporting significant data on the diffusion of European family-businesses is the Family Business International Monitor, published by the Family Business Network in 2008. According to this data, Finland tops the list with a 91% incidence of family-businesses, while this figure amounts "only" to 61% in the Netherlands. As far as Italy is concerned, the research established a 73% incidence.

Figure 1.1 – *The incidence of family firms in some European Countries*



Source: data 2003 from IFERA and data 2008 from Family Firm Institute

Thus, these data allow exploding the (false) myth that large multinational corporations would lead to the progressive decline of family businesses and their transition into public companies. In 2014 the Economist dedicated an article to family firms entitled "There are important lessons to be learnt from the surprising resilience of family firms", showing that the proportion of Fortune Global 500 companies that can be considered as family companies increased from 15% in 2005 to 19% in 2014. According to Corbetta (2015), this increase depends on booming economies such as China, India, Brazil, and South Korea, where large companies are often family firms[1].

Finally, data show that family firms recognized good financial performance, even in time of crisis. According to the "Global Family Owned Businesses Index" calculated by CSFB, the value of family business shares increased after the 2009 more than the "Morgan Stanley Capital International" (MSCI) Index companies' shares.

1.3 The diffusion of family-businesses in Italy

According to the most recent EY – Family Business Yearbook (2014) there are approximately 784.000 family businesses in Italy – representing over 85% of all companies – a figure close to the ones observed in other Western-European

[1] The surprising resilience of family firms Lectio Inauguralis "AIdAF-EY Chair in Strategic Management of Family Businesses" in memory of Alberto Falck, 4th March, 2015.

countries (80%), Germany (90%), Spain (83%) e UK (80%). This figure is quite close to that of Family Firm Institute, which detects an incidence of 93%.

According to the AUB Observatory on Family Firms[2], the Italian businesses with a turnover exceeding the threshold of 20 million euro are 15,722, out of which more than 10,000 (65.1%) are family-controlled firms. This percentage is gradually increasing in smaller companies, passing from 59.0% in medium to large-sized companies (with turnover higher than 50 million euro) to 70.1% in the smallest companies (with a turnover of between 20 and 50 million euro). Table 1.1 provides the composition of firms in terms of ownership structures in Italy.

Table 1.1 – *Ownership structures in Italy*

OWNERSHIP STRUCTURE	Small companies		Medium and large companies		Total	
	N	%	N	%	N	%
Family Businesses	*6.047*	70,1%	*4.184*	59,0%	*10.231*	65,1%
Subsidiaries of foreign companies	*1.123*	13,0%	*1.473*	20,8%	*2.596*	16,5%
Coalitions	*490*	6,3%	*505*	7,1%	*995*	6,3%
Cooperatives and Consortia	*541*	5,7%	*398*	5,6%	*939*	6,0%
State/Local authorities	*259*	3,0%	*353*	5,0%	*612*	3,9%
Controlled by Investment/P.E. Funds	*115*	1,3%	*141*	2,0%	*256*	1,6%
Controlled by banks	*42*	0,5%	*38*	0,5%	*80*	0,5%
Controlled by foundations	*13*	0,1%	*0*	0,0%	*13*	0,1%
Total	*8.630*	100%	*7.092*	*100%*	*15.722*	100,0%

Source: AUB Observatory

Finally, we show that family firms recognized good financial performance. Also in the Italian context, the AUB Observatory found that family firms have had a significantly and consistently better performance than non-family firms during the financial crisis. Family businesses outperformed other types of companies in terms of employment (with a 5.3% CAGR between 2010 and 2014, versus 1.2% for non-family firms). This shows that even in time of financial crisis family controlled companies give a particular attention to employment policies

[2] The AUB Observatory, launched in 2009 by AIdAF (Italian Association of Family Businesses), by the AIdAF-EY Chair in Strategic Management of Family Business (Bocconi University), by the UniCredit Group, with the support of the Milan Chamber of Commerce (CCIAA) and Borsa Italiana, monitors all Italian family-owned businesses with turnover exceeding the threshold of € 20 million.

and they are fundamental in order to guarantee the sustainability of the Italian financial and welfare system.

Table 1.2 – *Employment growth rates in Italy*

Ownership Structure	Δ Employees 2010-11	Δ Employees 2011-12	Δ Employees 2012-13	Δ Employees 2013-14	CAGR Employees 2010-14
AUB family businesses	12,3%	0,3%	4,3%	4,5%	5,3%
Non-family businesses	3,1%	-0,2%	1,3%	0,7%	1,2%

Source: AUB Observatory

From a return on investment perspective, there is a persistent positive profitability gap between family and non-family businesses between 2007 and 2014: family businesses have recorded, on average, 1 point higher than non-family counterparts in medium and large sized companies, and 1.2 points in small-sized firms (source: AUB Observatory).

From a financial point of view, family businesses show to be less dependent from debt in comparison to non-family companies. In a ten-year-period Italian family business showed a lower level of debt than non-family ones. Moreover, in order to preserve profitability undermined by the crisis, family firms reduced considerably their leverage ratio[3].

These results are consistent with family business literature. For instance, Anderson and Reeb (2003) argue that family business outperform non family businesses in term of financial and market results. Gómez-Mejia, Cruz, Berrone and De Castro (2011) stated also that family businesses are less likely to bear additional risk trough debt. High level of debt could determine a reduction of the decisional autonomy of the family and the entrance of new players within the stakeholder system. Moreover, control risk increases with leverage because of the higher probability of bankruptcy, and family firms are debt averse due to the risk of losing control. Thus, the fear of losing the company control explains why family businesses tend to incur in low levels of debt and to preserve a sustainable financial position.

[3] Family firms with a turnover higher than € 50 million passed from a ratio of 6.7 in 2007 to 5.0 in 2014, while the ratio in firms between € 20 and 50 million passed in the same period from 7.9 to 5.7.

1.4 The diffusion of family-businesses in Veneto

According to the AUB Observatory on Family Firms, the Venetian Businesses with a turnover exceeding the threshold of 20 million of euro are 1,918, out of which 1,437 (74.9%) are family-controlled firms. This percentage is slightly higher in smaller companies, moving from 72.9% in medium and large-sized firms (with turnover exceeding 50 million euro) to 76.4% in smallest companies (with a turnover of between 20 and 50 million of euro). Table 1.3 provides the composition of firms in term of ownership structures in Veneto Region. When comparing these results with the whole Italian population of family firms, some important differences emerge between Veneto and the rest of Italy. For instance, the total percentage for small, medium and large family firms is larger compared to the average of the country (75% in Veneto vs 65% in Italy). Furthermore, when looking at the subsidiaries of foreign companies, the AUB Observatory indicates that their concentration in Veneto (8.7%) is almost half that of the whole country (16.7%). On the contrary, when looking at the other ownership structures, the percentages of Veneto look like being very similar to those of the rest of Italy.

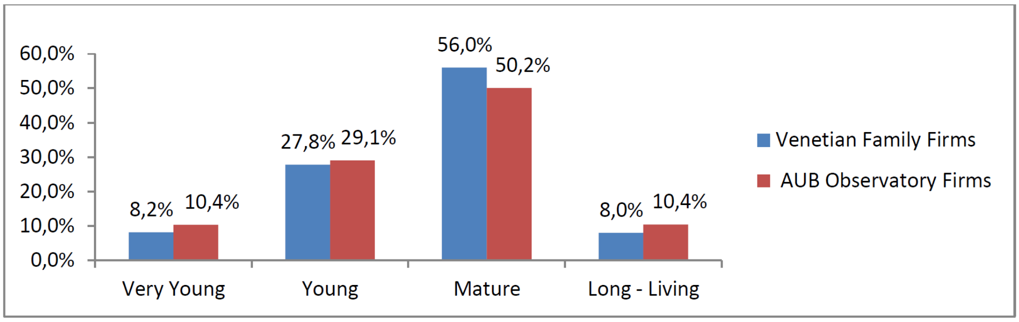
Table 1.3 – *Ownership Structures in Veneto*

OWNERSHIP STRUCTURES	Small Companies		Medium and Large companies		Total	
	N	%	N	%	N	%
Family Businesses	836	76,4%	601	72,9%	1437	75,0%
Subsidiaries of foreign companies	80	7,3%	87	10,6%	167	8,7%
Coalitions	65	5,9%	58	7,0%	123	6,4%
Cooperatives and Consortia	62	5,7%	33	4,0%	95	5,0%
State/Local Authorities	31	2,8%	28	3,4%	59	3,1%
Controlled by Investment/ P.E. Funds	13	1,2%	12	1,5%	25	1,3%
Controlled by banks	5	0,5%	3	0,4%	8	0,4%
Controlled by Foundations	2	0,2%	0	0,0%	2	0,1%
Total	1094	100,0%	822	99,8%	1916	100,0%

Source: AUB Observatory

When looking at the several stages of the life cycle for the Venetian Family Firms, the AUB Observatory indicates that the family firms in Veneto could be classified in groups that resemble really close the rest of their respective competitors in other regions of Italy. Indeed, the percentages of Venetian Family Firms, differentiated according to four different categories of their life cycle, are very similar to the rest of the Italian context, except for mature family firms that show a slightly higher concentration in Veneto compared to the other ones for the rest of Italy. Figure 1.2 provides a picture of the differences among Venetian firms and AUB ones according to their respective age.

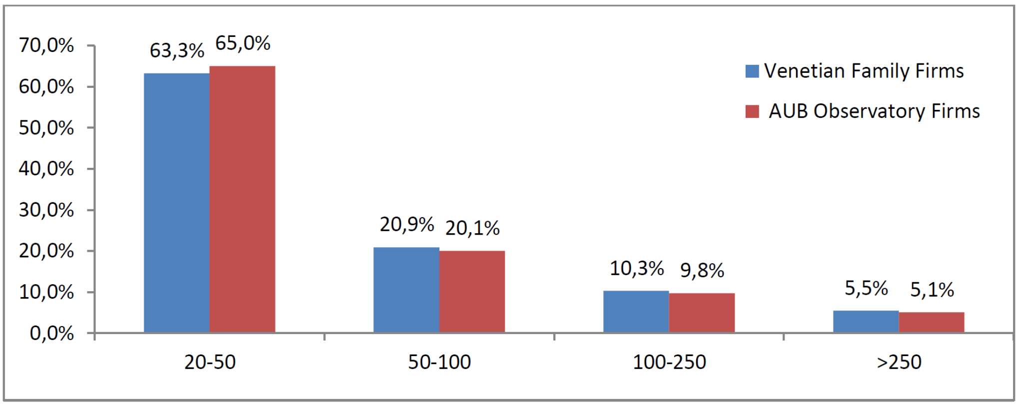
Figure 1.2 – Life Cycles of Venetian Family Firms vs AUB Observatory



Source: AUB Observatory

Moreover, according to the AUB Observatory, the same conclusions could be drawn when comparing the size of Venetian Family firms against their rivals in the rest of Italy. As a matter of fact, the AUB Observatory shows that the clusters of family firms in Veneto, differentiated according to the size of their yearly revenues, resemble almost identically the percentages for the other companies in the rest of Italy. Figure 1.3 provides a picture of the differences among Venetian firms and AUB ones according to their revenues in 2014.

Figure 1.3 – *Revenues Size of Venetian Family Firms vs AUB Observatory*

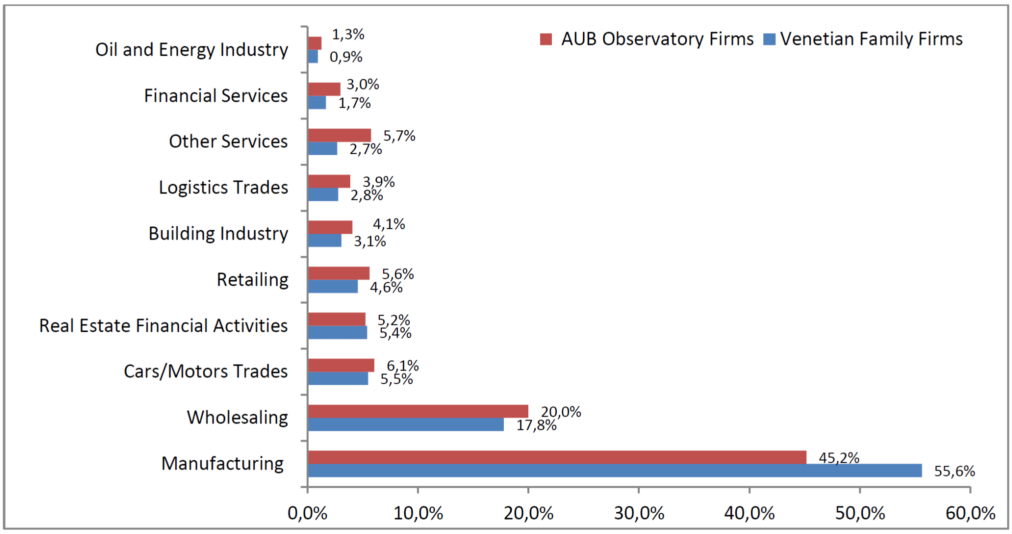


Source: AUB Observatory

In terms of business activities, results show that Venetian family firms are distributed among different business activities almost with the same proportions as the Italian population of family firms.

The only significant difference in this picture is represented by the manufacturing sector. As showed by the Figure 1.4, the Venetian Family Firms have been mostly engaged in the manufacturing sector and they represent the 55.6% of the production for the Venetian economy. On the contrary, for the AUB Observatory, the percentage of family firms engaged in the manufacturing sector are around 45.2%, hence displaying a significant gap among the two groups of firms of around 10 points.

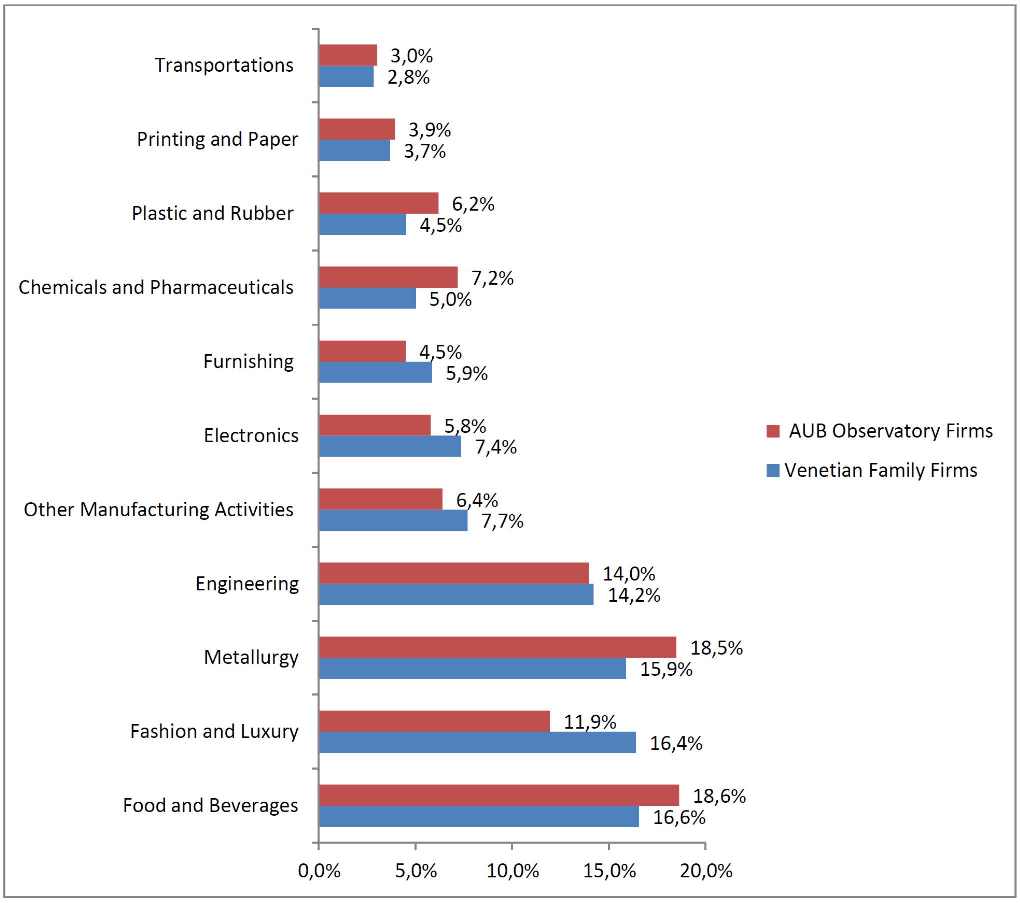
Figure 1.4 – *Industry breakdown of Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

However, despite this dissimilarity in the manufacturing industry, when looking more in details at its composition, data show that Venetian Family Firms and the other AUB firms have been engaged almost with the same proportions among all the different manufacturing activities, except for the fashion and luxury sector: Venetian Family Firms are more engaged in the fashion business (16.4%) compared to their other rivals in the Italian economy (11.9%), hence showing a gap of around 5 points. Figure 1.5 provides a picture of the percentages of family firms in Veneto versus the AUB firms within the manufacturing sector.

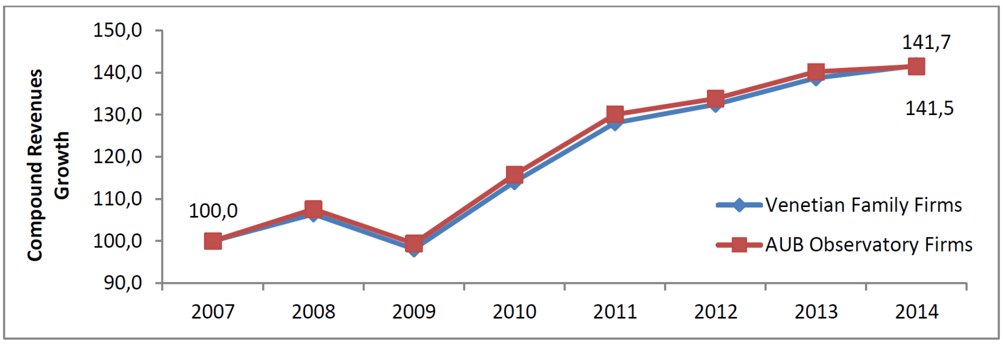
Figure 1.5 – *Breakdown of manufacturing sector in Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

From a growth perspective, Venetian Family Firms have been growing with the same path as the other AUB firms during the 2007-2014 period, as shown in Figure 1.6.

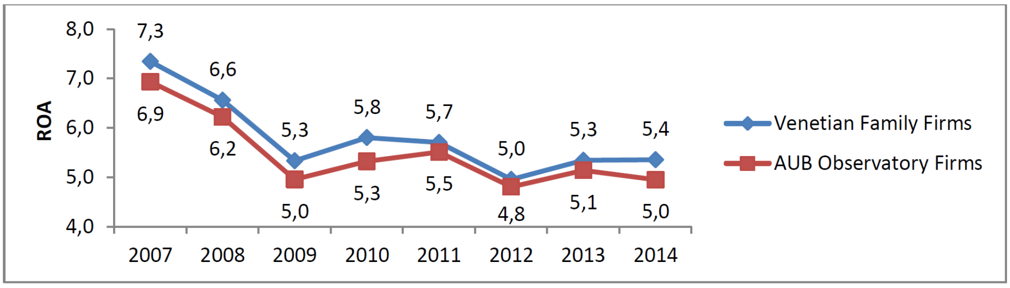
Figure 1.6 – *Compound revenue growth trend of Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

From a profitability perspective, the AUB Observatory indicates that, when considering the ROA path for the two groups of family firms, the Venetian Family Firms have been slightly outperforming their rivals in the Italian context, as shown by Figure 1.7.

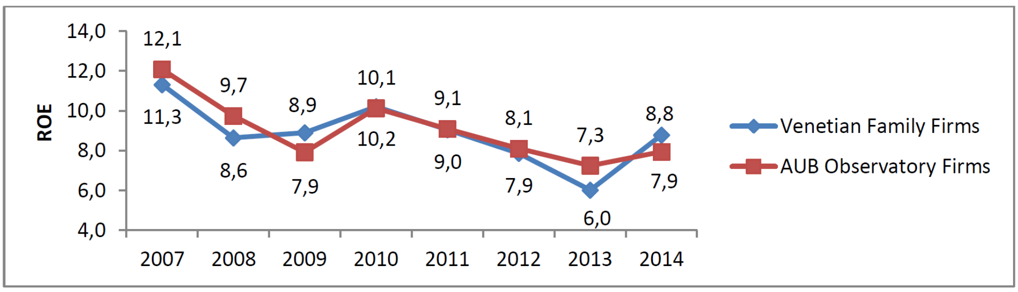
Figure 1.7 - *ROA trend of Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

On the contrary, when looking at the trend of ROE (Figure 1.8), the AUB Observatory shows that Venetian Family Firms have been following closely the same paths as the rest of their competitors in the Italian economy in the last eight-year-period. This latter result may be due to the fact that family firms in Veneto have preferred to use a higher amount of equity versus debt to re-capitalize themselves. This strategy may be likely pursued with the specific objective of getting ready to catch new opportunities during the years of the financial crisis.

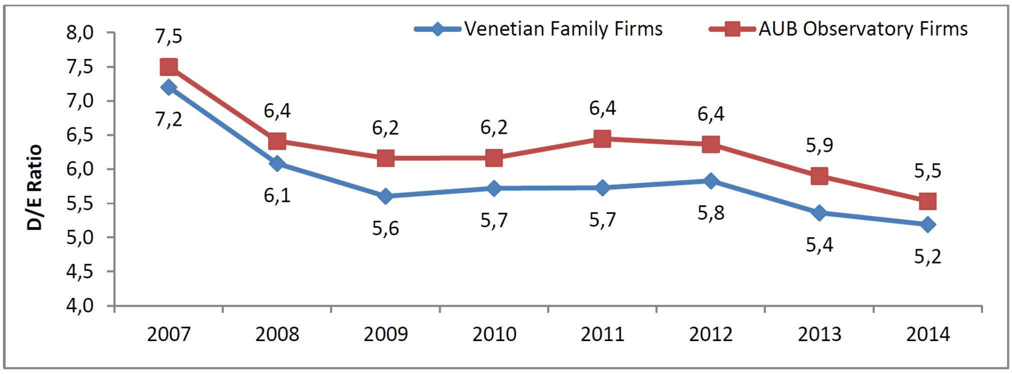
Figure 1.8 – *ROE trend of Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

From a financial point of view, looking at the D/E ratio starting from 2007, the amount of debt for all family firms in the whole Italian background has been rapidly decreasing hence confirming that, during the recent financial crisis, Italian Family Firms preferred to use less debt in order to safeguard their independence from the financial system. Moreover, data show that the Venetian Family Firms are much less dependent from debt in comparison to the other AUB family firms. As a matter of fact, in a seven-year-period from the beginning of the financial crisis to the last fiscal year available (2014), family firms in Veneto have been showing a lower level of debt compared to the other Italian firms. These results are shown in Figure 1.9.

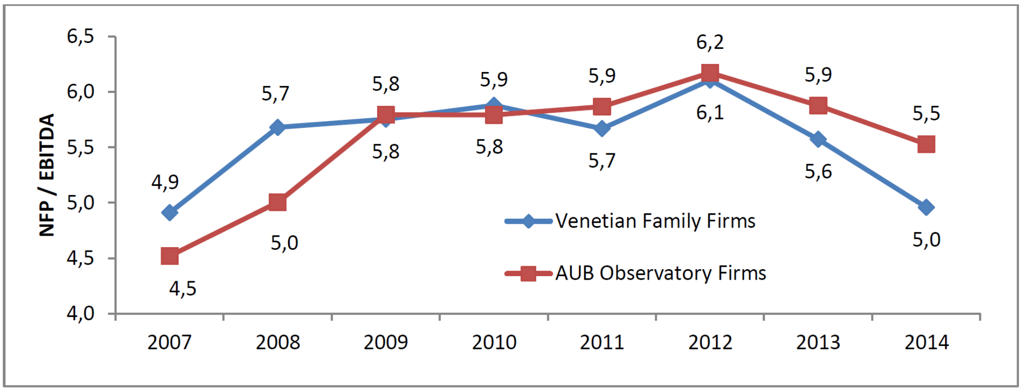
Figure 1.9 – *D/E of Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

When looking at the extent of pay-back ratio, despite the increase in size of the Net Financial Position / EBITDA ratio during the middle of the financial crisis, in the last couple of years the pay-back period of debt for Venetian Family Firms and AUB ones has been rapidly decreasing in its size. Specifically, when comparing the two groups of family firms, Venetian Family Firms have been leading the way against the AUB family ones as shown by Figure 1.10.

Figure 1.10- *NFP/ EBITDA of Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

Finally, AUB data indicate that the level of employment within Venetian Family Firms grew at a slower rate as compared to the other Italian family firms (CAGR of 5.3% in the period 2010-2014 for AUB versus 3.3% for Venetian Family Firms).

Table 1.4 – *Employment Growth rates of Venetian Family Firms vs AUB Observatory*

OWNERSHIP STRUCTURE	Δ Employees 2010-2011	Δ Employees 2011-2012	Δ Employees 2012-2013	Δ Employees 2013-2014	CAGR Employees 2010-2014
Venetian Family Businesses	6,0%	3,5%	4,3%	-0,6%	3,3%
AUB Family Businesses	12,3%	0,3%	4,3%	4,5%	5,3%

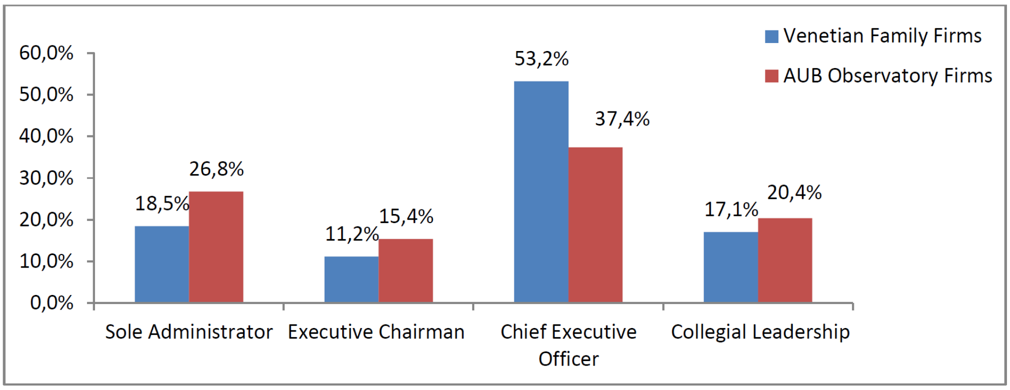
Source: AUB Observatory

Looking at the results presented above, it can be drawn some conclusions. From a growth prospective, family firms in Veneto resemble very similarly the other AUB family business firms within the Italian context. However, if other views are taken into account, Venetian Family Firms outperform the other AUB Family Firms. For instance, from a financial strength perspective, the family firms in Veneto prove to be more solid, since Venetian family firms opted for a higher amount of equity. In conclusion, from a financial performance prospective, the AUB indicates that Venetian Firms have slightly outperformed their competitors in terms of ROA.

From corporate governance prospective, the AUB Observatory classified the leadership structures of family firms into 4 different models: the Sole Director, the Executive Chairman, the CEO and the Collegial Leadership (more than 1 CEO). Among these models, the first and second resemble a much lighter corporate structure, while the latter ones tend to be more complex. When comparing family firms in Veneto against the AUB family firms, the Veneto region displays a substantial concentration of more structured models of corporate governance. As shown by Figure 1.11, the percentage of Venetian Family Firms (53.2%) led by a single CEO exceeds the percentage of the AUB family firms (37.4%) by more than 15 points. As a consequence, the Venetian Family Firms appear to choose in a much lower proportion the models of Sole Administrator and the Executive Chairman. On the contrary, the choice of the

Collegial Leadership model for Venetian family Firms appear to be very much in line with the preferences of the other AUB firms (17.1% vs 20.4%). In light of these results, it seems clear that family firms in Veneto prefer more structured leadership models, but with one CEO only rather than two or more CEOs.

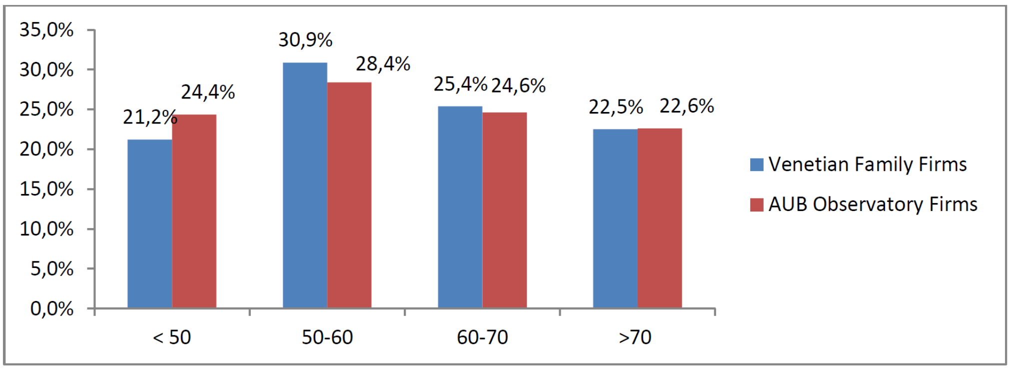
Figure 1.11 – *Leadership models of Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

When looking at the firm leader age, both in Veneto and the rest of Italy there is a high concentration of elderly leaders, with more than 1 leader out of 5 exceeding the 70 years old threshold.

Figure 1. 12 – Leader age of Venetian family Firms vs AUB Observatory

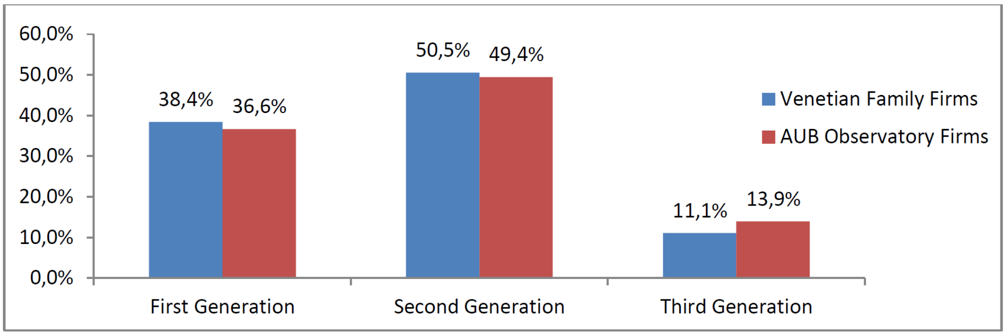


Source: AUB Observatory

As a consequence of the high diffusion of elderly leaders, data show that Veneto region as well as the other Italian regions is currently led by leaders coming mostly from the second generation. As shown by Figure 1.13, more than 50% of leaders belong to the second generation (for both Venetian and Italian family Firms). In light of this result, we can deduce that more Venetian Family

Firms will have to deal with the issue of the "generational passage" from the second generation to the third one in the next years.

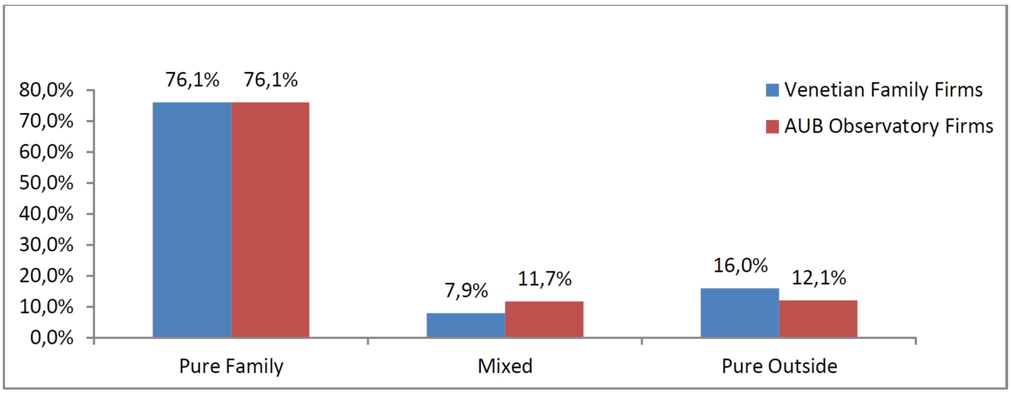
Figure 1.13 – *Leadership generation of Venetian family Firms vs AUB Observatory*



Source: AUB Observatory

When looking at the proportion of family firms with a family member in charge to manage the company, AUB data show that three-quarters of companies are led by leaders belonging to the controlling family. Also in terms of openness to no family managers, there are no significant differences among the Venetian and Italian Family firms[4].

Figure 1.14 – *Family leadership of Venetian family firms versus AUB Observatory*



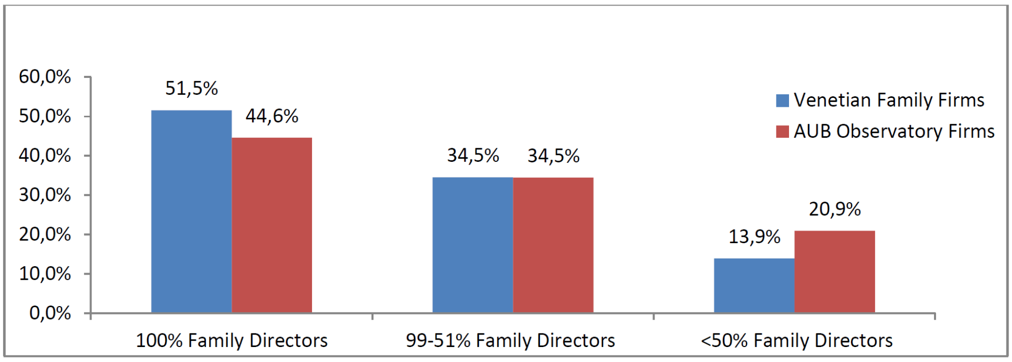
Source: AUB Observatory

This result is also confirmed looking at the percentage of family directors. As shown by the Figure 1.15, the number of family directors for family firms in Veneto largely exceeds the percentages for AUB ones. Therefore, boards of

[4] The "pure outside" model (non-family leader in case of individual leadership and 100% family CEOs in case of collegial leadership) is equal to 16% in Venetian Family Firms and 12,1% for the AUB ones.

directors in Veneto deem to be more closed than those of the other family firms in Italy.

Figure 1.15 – *Percentage of Family Boards Directors for Venetian Family Firms vs AUB Observatory*



Source: AUB Observatory

To sum up, by looking at the results presented above from corporate governance prospective, the Venetian family firms show some important similarities and differences with the Italian context. Regarding the former, when look at the family involvement in the boards of directors, the Venetian Family Firms more than other Italian family firms prefer keeping strong control on the board of directors, with limited acceptance for outsiders. On the contrary, from a leadership structure perspective, family firms in Veneto seem to opt for more complex and structured model of corporate governance compared to other family firms in Italy.

To conclude, some important conclusions could be drawn from the picture drawn so far. In particular, since Veneto resemble so close the rest of Italian context in terms of leader age, particular attention should be devoted, in the up-coming future to the generational passage. Specifically, given the large percentage of family firms still locked at the second generation, a greater openness to non-family members both in the leadership and boards of directors may be crucial to face (and overcome) the difficulties of the generational passage and hence preserve the strengths of family firms in Veneto.

2. MEPA project, data and methodology

2.1 MEPA project and objectives

The overall objective of MEPA project is to provide policy-makers and relevant stakeholders with statistical information and indicators about family businesses in Italy.

The Unioncamere Veneto Economic and Social Research Centre core activity is to provide information instruments concerning regional economy. Its main goal is to help and support enterprises, local institutions and economic operators in the choice of the best practices for the regional economic development, and in the resolution of problems connected to European Internal Market, globalization and internationalization.

For this reason, UCV decided to apply MEPA project in order to contribute to the availability and improvement of long-term reliable statistics on FBs at national and EU level.

The strategic and economic role played by family businesses (FBs) in Italy is not yet supported by a structured set of statistical analysis and evaluations. The great potential of this kind of business is strongly underestimated. MEPA project stems from the need of credible, comparable and systematic information on the role of the family businesses in Italian economy. Actually, Bocconi University (Milan) is the only institute studying FB in Italy, through the AUB Observatory, so UCV decided to involve them inside the MEPA project.

According to the AUB Observatory, across all continents, family businesses represent a key component of each area's economy, not only in terms of their numerical impact but above all thanks to their contribution to GDP and employment.

In fact, to sum up the main results of AUB Observatory, in Italy there are estimated to be around 784,000 family businesses – more than 85% of the total number of business – constituting around 70% of employment.

In terms of the impact of family businesses, the Italian context is in line with that of the main European economies such as France (80%), Germany (90%), Spain (83%) and the UK (80%), whilst the factor that sets Italy apart from these countries is the lesser recourse of family businesses to external managers: 66% of Italian family businesses are fully managed by family members, while this applies to only 26% of French family businesses and just 10% in the UK.

Italian family businesses are also set apart by their longevity: of the world's 100 oldest businesses, 15 are Italian and, of these, 5 – Fonderie Pontificie Marinelli (founded in 1000), Barone Ricasoli (1141), Barovier & Toso (1295), Torrini (1369) and Marchesi Antinori (1385) – are among the top ten oldest family businesses still active today.

In the small to medium-sized business segment (turnover >50€MIL), there are around 4,000 family businesses with an incidence of around 58% of total turnover for that segment and around 3 million workers.

In terms of distribution across different business sectors, family businesses monitored annually by the AUB Observatory – around 2700 businesses in its 5th edition – are primarily concentrated in Manufacturing (around 43%) and Commerce (28%), whilst Financial and Real Estate (12%), Services (8%), Construction (4%), Transport (3%) and Energy and Extraction (2%) are less significant.

From a geographical point of view, 74% of medium-sized and large family businesses are found in the northern part of the country, 16% in the south and 10% in the south and islands.

Numerically speaking, family businesses represent around 60% of the Italian shareholding market (with a total of around 190 companies recorded), accounting for around 25% its capital weight.

Specifically, medium-sized and small family businesses are listed, particularly in the Industrial and Consumer Goods sectors.

Almost 90% of family businesses are listed in the MTA (Mercato Telematico Azionario (screen-based stock exchange), of which around 30% in the STAR segment (medium firms), with the remainder found in AIM Italia (alternative stock exchange market).

In view of supporting family businesses in their ongoing survival and transition process and promoting their development at a time of rapid changes, AIdAF has created a community of skilled partners charged with the task of providing knowledge and information, entrepreneurial culture and growth and development opportunities for associated family businesses.

Therefore, MEPA project foresees the involvement of AIdAF - Bocconi expertise, as subcontractor, in order to create a Veneto Observatory on FB and to elaborate a statistic model for data collection and analysis. Currently, the AIdAF-EY Falck Chair in Strategic Management is the first endowed Chair in Bocconi's history and the only one focused on Family Business in Italy. The AIdAF-EY Chair has contributed to the publication of journal articles, books and case-studies and to the organization of conferences and workshops. Between 2008 and 2014 the researchers of the Chair published 30 articles on international journals.

Since 2009 the Chair has established the first Observatory on Italian Family Businesses (AUB), focused on the medium and large Italian family-owned companies. It is the first and unique initiative in Italy aimed at helping researchers, entrepreneurs, managers and institutions understand the specific characteristics and needs of this particular type of company. The contribution of the AIdAF-EY Chair will also be important in order to test the accuracy of the statistical model on the population of medium and large Italian FBs already monitored by the AUB Observatory.

This activity will bring for the first time to have an effective monitoring of the weight and the incidence of FBs, with a level of detail and quality higher than that can be detected through survey.

The introduction of this new Observatory represent a great innovation in a context where FBs represent the core of Veneto economic model (based on small and micro enterprises spread on the territory) and it will be the first comprehensive monitoring of the family controlled firms. This monitoring and methodology could be extended also to other regions or European Countries in order to provide comparisons and show similarities and/or differences between the different geographic areas.

It will become an useful tool both for local institutions and authorities and for entrepreneurs themselves, improving their capacity to obtain and use statistic data. Furthermore, the availability of the data also for policy makers and scholars can be an important opportunity to support the development of an entrepreneurial culture that is functional to growth and development of FBs in Italy and abroad.

Specific objectives of MEPA project are:

1. To create a Veneto Observatory on FB embedded into UCV system. The core idea of the project is to adapt the methodology used by AUB Observatory in Milan onto the specific context of Veneto Region and Italian North-East.

The Observatory aims to enhance the knowledge about the processes of management and governance of family businesses in order to be a point of reference for entrepreneurs and scholars. The Observatory wants to represent the state of the art in terms of empirical knowledge on major family businesses in our country. The Observatory is different from other researches on the field because of the continuous and not episodic data collection and information. This provides guidelines on major trends in progress and gives the possibility to make predictions on evolutionary scenarios in relation to the management of family businesses that could be of interest to various audiences, including academics, entrepreneurs, managers and policy-makers

In the Observatory a company is considered as a family-controlled companies if a family, or two families with equal joint equity control, holds (or hold) the power to appoint the Board of Directors, either directly or through holding companies. This means selecting the companies in which a family (or two) holds (or hold) the absolute majority of shares, except those listed, for which will be considered sufficient 25% of the share capital.

In particular, data published by Consob are used for listed companies, while for unlisted firms the Observatory relies on data, information and certified company registration obtained through databases available at Bocconi University (R&S Mediobanca, AIDA), as well as through other sources of information that may be necessary (for example CERVED).

Following these criteria, it has been possible to identify the family-controlled companies, while the remaining companies (subsidiaries of multinational companies, cooperatives, state-controlled companies, mixed coalitions, etc.) are considered as a control sample.

In this way we can build a longitudinal database that takes into account the mobility of family businesses over time, allow to catch the dynamics and discontinuity that Italian companies have experienced during the economic crisis.

The list of companies has represented, year by year, the basis for the extraction and encoding of data of different types:

• Data related to the ownership of the companies, through the collection and coding of the data in the "Ownership Structure" filed at the Chamber of Commerce;

• Data on the composition of the governance structure, and in particular on the Board of Directors and the leadership models, as codified in the "Company registration certificate" (Italian “visura camerale”) of the Chamber of Commerce.

• Financial data related to the growth, profitability and indebtedness of the companies in the study, as extracted from AIDA (Computerized Analysis of Italian Firms).

• Data regarding the M&A activities and the degree of internationalization through FDIs (foreign direct investments), as extracted from Zephyr (Comprehensive M&A data with integrated detailed company information) and Orbis (Company information around the globe).

Consistent with the general approach so far presented, the results of the Observatory are various and are generally disseminated both in the academic community and the entrepreneurial context through various ways, including:

• an annual report;

• the realization of insights on the most represented industries in the Observatory;

• the realization of various seminars, cycles of meetings and academic events that facilitate the circulation of the results among academics, analysts, consultants and specialized press.

2. To elaborate a statistic model for data collection and analysis about FBs. The model will be inspired by the methodology implemented in Milan by Bocconi University. UCV will involve local Chambers of Commerce in Veneto in order to collect specific data and improve its available database. This system, managed at national level by Infocamere, will provide important data and information aiming at helping local companies and sectors in market analysis. Facing the difficult context due to the international crisis, enterprises will be supported by a structured system of data collection and information providing.

This network will help to identify the main risk factors and to give tools to solve them. This could be used in a territorial marketing approach, able to valorise specific territories and sectors.

3. To test this model in Veneto context, improving the regional system of business data collection. The specific focus of analysis will be corporations and partnerships in Veneto (estimated value: 180.000). Considering that the main goal of the project is to valorise Family Business in Veneto, the project will provide not only a structured research, but also a support path for local businesses: in this way UCV will involve Trade Associations, local authorities and institutions, clusters districts and other stakeholders. These key actors will be involved in a first phase of problem analysis and to map their specific needs, in order to design the Observatory in an effective way. Then, these actors will be involved in order to promote to SMEs the development of the project in each phase. This will contribute to valorise Family Business at institutional level, encouraging its capacity of lobby.

4. To promote the role and the economic contribution of FBs in regional and national context.

This will be achieved by the activation of the dedicated web page and by a set of reports and data diffused among stakeholders and economic authorities (Chambers of Commerce, Region of Veneto, Municipalities, Associations, Sectoral Organisations, etc.). The aim of the project is to share the model for data collection and evaluation with the network of Chambers managed by Unioncamere at national level and, in a further step, at EU level. UCV proposes itself as national referent for Italian research centres. In this way, the system of evaluation and economic analysis will be improved, giving new tools and instruments to assess economic performances by local businesses. Finally, credit institutes will be involved in order to assess economic indicators (qualitative and quantitative) generated by FBs, in order to improve their capacity to credit access and – on the other hand – to invite banks to develop new specific tools for SMEs credit access.

The main outcome of this project will be the capacity to provide enterprises and stakeholders of data and analysis on family businesses at local level. This improvement of the regional statistic system will allow to take a implement policies and intervention.

To sum up the principal aims of the project are:

- Extend a systematic statistical studies relating to the family business to the countries which have not yet been carried out on.
- Valorise the data collected by Infocare and by Chambers of Commerce, for individuate the Family business.
- Develop a statistical model (algorithm) for identify and catch all the information about the Family business in Veneto region and in Italy.
- Analyse the economic and financial performance of family business (propriety, governance, management, economic and financial results).
- Extend and promote the statistical model to the national level, after testing on the regional level, in this case on Veneto dataset.
- Give to the principal policy makers the trusted and comparable indicators about the contribution of Family business on the national economy, so they could have important information useful for their decisions.
- Realise a permanent Observatory of Family business, both on regional scale and national scale, so that could be an important opportunity to support the growth of entrepreneurial culture that is fundamental for the development of the family business in the world.

2.2 About the studies: UCV-EIC model presentation

UCV-EIC with Bocconi University elaborated a model for data collection of FBs, which is going to be tested in Veneto in November. The model has been inspired by the methodology implemented (explained in the previous chapter) by Milan AUB Observatory. It is based on an algorithm (designed by Bocconi), to identify FBs in the list of registered enterprises from Infocamere database.

In particular Bocconi University provided to present and explain its model elaboration for analysis of Italian FBs and UCV-EIC proposed to simplify and automate the AUB algorithm in order to improve the data collection and to extend the firms analysis.

In fact, AUB Observatory included only the enterprises with 20 million euros of turnover and the data collection is not automatic and it is based on ad hoc analysis of the company registration reports (Companies Register of the Chambers of Commerce).

The field of observation related to MEPA project is represented by the universe of capital-based companies enrolled to the Register of the Chambers of Commerce. It is a public register, stipulated in the Civil Code, which had complete implementation from the beginning of 1996, with the Law associated with the reorganisation of the Chambers of Commerce and the following implementing Regulation.

The Business Registration can be defined as the registry of the enterprises: you can found in fact data concerning constitution, changes, cessation, of all the enterprises with any juridical form and sector of economic activity, with headquarters or local units on the national territory, as well as the other subjects established in Law.

The Companies Register thus provides a complete picture of the legal situation of each enterprise and it is a fundamental file for the elaboration of indicators of economic and entrepreneurial development in every area of affiliation. The information that can be accessed through this service concern: 6 million recorded enterprises in Italy; 10 million people (entrepreneurs, shareholders, directors, auditors); 900,000 financial statements of corporations applied for every year.

The sources used from the UCV observatory are: Companies Register of the Chambers of Commerce (http://www.registroimprese.it/en/web/guest/il-sistema-camerale) for information concerning joint-stock companies and form of ownership and AIDA BvD (https://aida.bvdinfo.com/version-2016929/home.serv?product=AidaNeo) for economic-financial performance of companies.

The starting point for the analysis of MEPA Project is the data set of the AUB Observatory (AIdAF, UniCredit e Università Bocconi) on the Italian family business. AUB Observatory and methodology to analyse the family businesses performance needs some steps to build a dataset of Italian FBs. According to them the Italian family companies with an annual turnover exceeding 20 million euro are considered to be:

– One or two families hold at least 50% plus 1% of the capital (if not listed);
– One or two families hold at least 25% of the capital (if listed);
– The firm is controlled by another legal entity which satisfies one of the two criteria stated above.

In case of mono-business groups: Parent companies were considered if:

i) the company is a financial holding company;

ii) there is only one relevant (operating) subsidiary with revenues exceeding 20 million €);

iii) the consolidation area of the controlling company substantially equals the dimension of the larger controlled firm. In case of inclusion of the parent company in the list, all subsidiaries have been excluded from the analyses, both on the first level and on subsequent levels.

In case of multi-business groups:

- Parent companies have been excluded (in many cases financial holding companies).
- Operating subsidiaries from the second level of the control chain have been included.
- Financial holding companies on the second level (sub-holding, identified through the 2007 ATECO code) were included in the following cases:

i) if companies controlled by them by at least 50% and with revenues higher than 50 million € operate in the same industry;

ii) if there is only one company, controlled by at least 50% and with revenues higher than 50 million €.

iii) Controlled firms at third and higher levels of the control chain were excluded from the analysis, since information about them is already comprised in the consolidated balance-sheets of the second-level controlling companies.

Data and information about the governing bodies and firm leaders was collected through the encoding of the "Company Profile"- an official filing registered at the Italian Chamber of Commerce (Source: Chamber of Commerce, Industry, Agriculture and Artisanship of Milan). For this reason, it was necessary to make some methodological choices to guarantee the analysability of the data:

iv) The "familiarity" of the Sole Director, the Chairman, the CEOs, and the members of the Board of Directors has been detected based on the affinity with the family name of the controlling owner. As a matter of fact, data could be slightly underestimated.

v) It was only possible to partially mitigate the underestimation problem in case of spouses who share the controlling owner's permanent address.

vi) The same methodology was used to assess the "familiarity" of the shareholders.

After the first two meetings the team UCV-EIC and Bocconi University provided to build a new automatic algorithm and text it on a sample of about 2,000 Veneto enterprises with 20 million € of turnover, thanks to Infocamere data base. UCV-EIC identified the parameters that could help to create this algorithm and make a comparison analysis with the AUB Observatory data set.

Starting from a subset of 2,000 corporations based in Veneto region which are a source of AUB Observatory, Unioncamere Veneto has created a new dataset, linking the information of Infocamere on ownership. Since the success rate was very high (around 90% of AUB family business were family business also for the UCV algorithm) it was decide to proceed with a wider database.
The new sample is composed by the Venetian enterprises (only limited company) with a turnover bigger than 1 million of Euros and by the name of all their business partners.

The new data set was subjected to a thorough quality control of data, by doing the following these steps: elimination of duplication, verification of the completeness and accuracy of information, sample testing with historical certified company registration.

The amount of this sample is 22,440 enterprises with 83,302 business partners.

The choice to select only the limited companies (in according also with AUB observatory) is due to the availability of the principal management indicators, inside the Infocamere database, since these information could be useful to do a comparison analyse between the family and no family businesses.

In according with the AUB observatory criteria, the family businesses are defined as:

- a limited company, in order to be classified as family-business, must be held necessary by one family that has the 50% (+1) of shares (only one person or more people with the same surname (relatives bond));
- a limited company, in order to be classified as family-business, must be held necessary by two or three families that have the 25% of shares each (one person or a group of with the same surname (relatives bond));
- moreover a limited company, could be classified as family-business, even if it is held by one other enterprise (always with the 50% (+1) of shares) but this enterprise is ascribable to a natural person (the first condition);

2.3 The algorithm: a family business definition

For the creation and definition of the algorithm were used the following information: company tax code, social security number, member tax code name and surname (or corporate name) of business partners and the ownership quota of the singular member. Furthermore some new functional variables have been created for the correct identification of the nature of the shareholders (natural and legal person, for example the variable surname and the ownership quota) and of the ownership of the business.

According to the UCV Observatory the share capital societies have been considered family business distinguishing the typology of ownership structure.

Particularly:

Case 1: corporate structure composed only of individuals (natural person)

Companies owned at least 50% (+1) by one family;

The subsidiaries at least 25 percent by two different owners (two different family names);

The subsidiaries at least 25 percent owned by three owners (three different family names);

Case 2: corporate structure composed of legal persons

The subsidiaries at least 50 percent (+1) owned by a family business;

Case 3: mixed company structure or joint enterprise (natural and legal persons)

It was used the same criteria of the previous cases:

Companies that are at least 50% (+1) owned by one natural person;

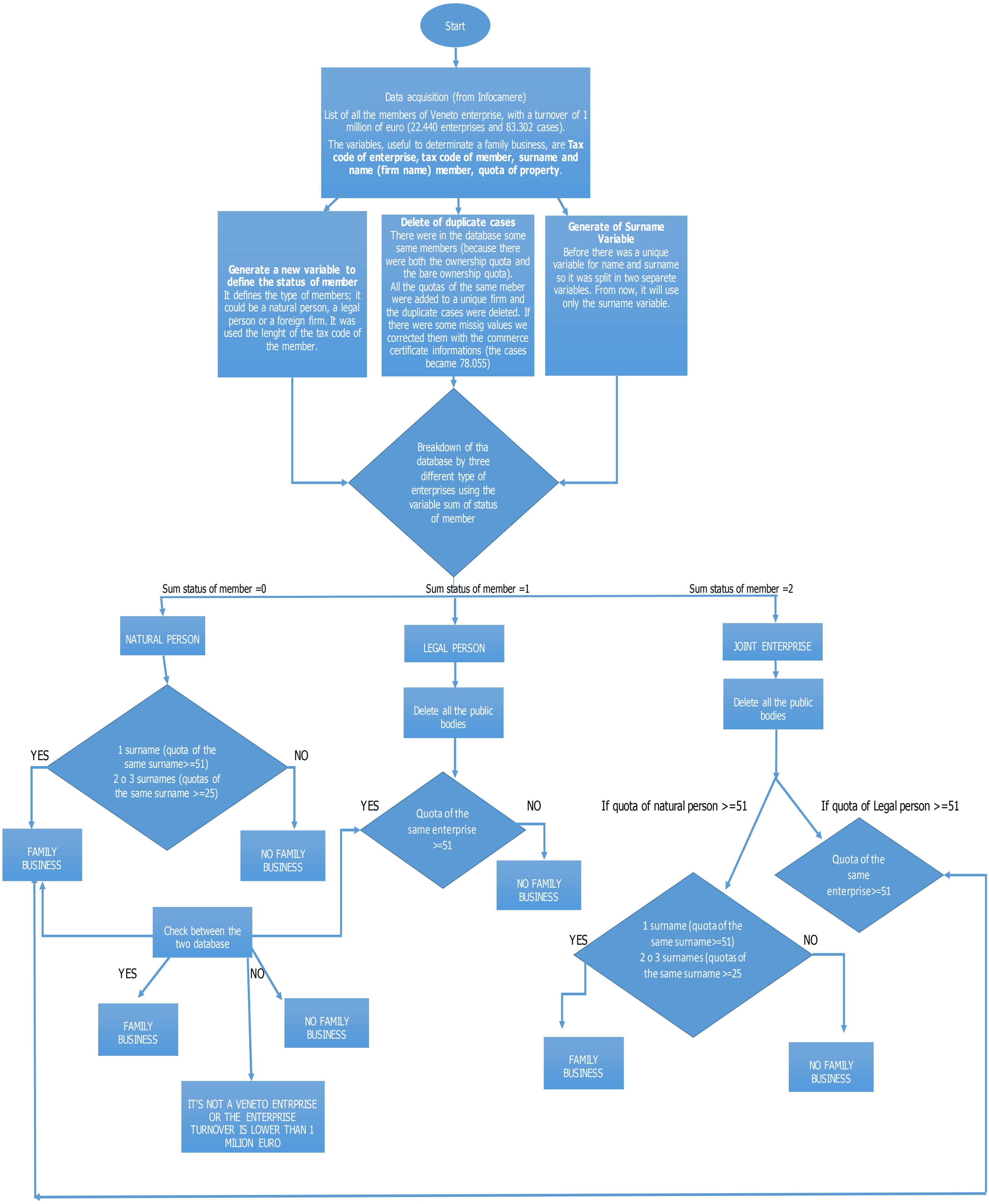
The subsidiaries at least 25 percent by two different owners (two different family names of natural person);

The subsidiaries at least 25 percent owned by three owners (three different family names of natural person);

Companies owned at least 50 percent (+1) by a legal person, which is, itself considered a family business.

The following diagram explains better the steps of the algorithm.

Figure 2.1 – *Diagram of UCV-EIC algorithm*



It's important to underline some weak points of the algorithm before to procced to the presentation of the results. In fact, since it was used the surname variable to understand the family relationship there were identified two different limits:

a) it underestimated the familiarity presence because it is not able to find the family affinity between husband and wife (since in the database is not present the information about the residence of the family components).

b) it overestimated the familiarity presence because it sums the quota of the same surname and in some cases these surnames (of the different members) are not connected by a family link, but simply the same surname.

This problem is been noticed and accepted since the two error rates can be balanced for each condition.

The algorithm is been applied to a clean dataset, in fact before to go ahead the database was cleaned and normalized from the presence of errors with the following operations:

- delete of duplicate cases (there were some members repeated with the same information);
- sum to every member the ownership quota and the bare ownership quota, so it was possible to have the real quota;
- fill some missing values with the information available in other database;
- standardisation of some variables.

Moreover, to check all the correction there were calculated some variables and did some tables; for each companies it was calculated:

1. the sum of the all the quotas, to identified some anomalies (a numeric variable "sommaquote");
2. a dichotomous variable to filter the case, with the sum of the quota out from the interval between 97 and 103% (1.774 cases).

Table 2.1 – *Distribution of the enterprises after the corrections*

	Frequency	Percentage
Values inside the range	22,252	99.2
Values out the range	94	0.4
Missing value	94	0.4
Total	22,440	100.0

Source: elaboration UCV on Infocamere database

These results show it was possible to work with a very completed database since the missing values and the enterprise with an ownership quota out from the interval (less than 97% and more than 103%) are very few respect the entire sample.

Instead, another variable created and useful to find the family business, is the variable "TipoSocio", which identified the nature of the ownership structure.

In fact, thanks to this variable it was possible to divide the entire database in three different groups: enterprise controlled by a natural person, by a legal person and by natural and legal person (joint holding).

Table 2.2 – *Distribution of the enterprises by the category of owner*

	Frequency	Percentage
Natutal person holding	15,249	68.0
Company holding (legal person)	3,206	14.3
Joint holding	3,985	17.8
Total	22,440	100.0

Source: elaboration UCV on Infocamere database

Moreover, it was calculated also the number of the different owners: around ¼ of the firms has only one owner and ¾ of the firms have at least 4 different owners.

Table 2.3 – *Distribution of the enterprises by the number of owners*

N° of owners	Frequency	Percentage	Cumulate
1	4,586	20.4	26.2
2	7,951	35.4	47.3
3	4,400	19.6	63.2
4	2,650	11.8	76.2
5	1,179	5.3	83.1
6	574	2.6	87.0
7	274	1.2	89.9
8	213	0.9	92.6
9	105	0.5	93.7
10 e più	508	2.3	100.0
Totale	22,440	100.0	

Source: elaboration UCV on Infocamere database

These tables show the distribution of the Venetian enterprises and they are useful to understand that the database is composed principally by firms controlled by natural person. Moreover, the most of the Venetian enterprises are controlled by few owners, principally one, two or three owners.

3. The results and the future developments

3.1 The family business in Veneto

In the previous chapter it was introduced the definition of UCV-EIC algorithm and in the follow paragraphs are showed the results of the application of it at the available database. As it was explained after few meetings and a long discussion Unioncamere-Eurosportello Veneto and the University of Bocconi defined the final methodology identifying the FBs and they built this algorithm, with the idea to apply it, first of all to the Veneto universe (because in this case is the available database) but, in the future also to in the universe of registered enterprises in Italy. The aim of this project is, in fact, to measure the Family Business contribution, in the begging, to the regional economy of Veneto and later to the national level.

The first step was to apply the algorithm to the limited companies with more than 1 million € of turnover database, previous explained and afterwards to study some economical index of identified family business, thanks to a merge with the AIDA database.

Then, to summarize, the work of UCV-EIC was to apply the algorithm to Venetian database, composed by 22,440 enterprises in 2015; after to have identified the family business, it was merged to another database (AIDA) with the economical index.

The next tables will show the results achieved with the application of the algorithm.

Table 3.1 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by the algorithm partition. Year 2015*

	Frequency	Percentage	Cumulate
Family Business	16,110	71.8	71.8
Not Family Business	3,352	14.9	86.7
Controlled by foreign enterprises	344	1.5	88.3
n.i.[5]	2,634	11.7	100.0
Total	22,440	100.0	100.0

Source: elaboration UCV on Infocamere database

The main result is that the algorithm identified that the business fabric is composed by almost 72% of family business.

Table 3.2 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by the algorithm partition and type of owner. Year 2015*

	Natural Person	Legal Person	Joint enterprise	Total
Family Business	14,570	370	1,170	16,110
Not Family business	679	1,319	1,354	3,352
Controlled by foreign enterprises	0	47	297	344
n.i.[5]	0	1,470	1,164	2,634
Total	15,249	3,206	3,985	22,440

Source: elaboration UCV on Infocamere database

The Table 3.1, instead, shows that the family business are mostly enterprises controlled by natural person or they are joint enterprises.

[5] It was not possible identify which kind of owner in 2,634 cases. The reasons are:

- and/or they are controlled by other enterprises with a turnover less of 1 million of euros
- and/or registered office is allocated out of the Veneto region.

Table 3.3 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by the algorithm partition and class of turnover. Year 2015*

Class of turnover	N. analysed enterprises	N. family business	weight of family business
1 - 2,5 millions of euro	10,215	8,837	86.5
2,5 - 10 millions of euro	7,037	5,686	80.8
10 - 20 millions of euro	1,339	951	71.0
20 - 50 millions of euro	809	474	58.6
over 50 millions of euro	406	162	39.9
Total	19,806	16,110	81.3

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

The family business in Veneto are mostly small firms, in fact there is a very high percentage of FBs among the firms with a low turnover (lower of 2,5 million of euros and between 2,5 and 10 millions of euros). So it was discovered (or better confirmed) that in Veneto the FBs are mostly small and medium enterprises.

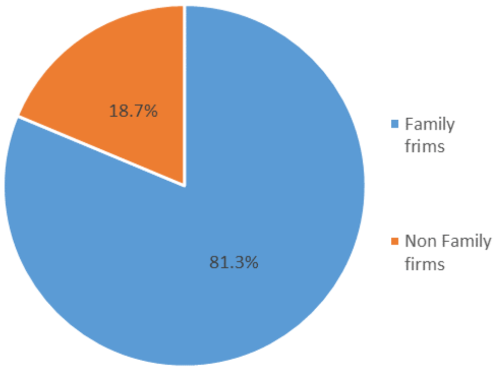
3.2 The firms included in the Observatory: the population

It was already said that the algorithm, first of all, was applied to the Infocamere database and the following step was to merge the result to a dataset through balance data (AIDA database) in order to analyse the financial performance of FBs and comparing them with other firms. This link was done by Bocconi University, because it had the instruments and the data of the business performance of the all enterprises.

In this paragraph will be presented some descriptive analysis calculated after the merge between the two dataset. The main information are about the age of the firms, the province of the headquarter and the distribution of the sector. It's knew that the target population consists of all the 22,440 companies with revenues of over € 1 million with office headquarter based in

Veneto. The analysis was carried out on 19,806 firms[6], out of which 16,110 are family controlled firms (81.3%).

Graph 3.1 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by the algorithm partition. Year 2015*



Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

Moreover, the business structure of family firms is more fragmented than that of no family firms.

Table 3.4 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by class of turnover after the application of the algorithm. Year 2015*

	Total		Family Firms		No Family Firms	
	N	%	N	%	N	%
1-2,5mln	10,215	**51.6%**	8,837	**54.9%**	1,378	**37.3%**
2,5-10 mln	7,037	**35.5%**	5,686	**35.3%**	1,351	**36.5%**
10-20 mln	1,339	**6.8%**	951	**5.9%**	388	**10.5%**
20-50 mln	809	**4.1%**	474	**2.9%**	335	**9.1%**
>50 mln	406	**2.0%**	162	**1.0%**	244	**6.6%**
TOTAL	**19,806**	**100.0%**	**16,110**	**100.0%**	**3,696**	**100.0%**

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

About 80% of Venetian firms has the office headquarter in 4 provinces: Vicenza, Treviso, Padova and Verona.

[6] The same reason explained in the note 5.

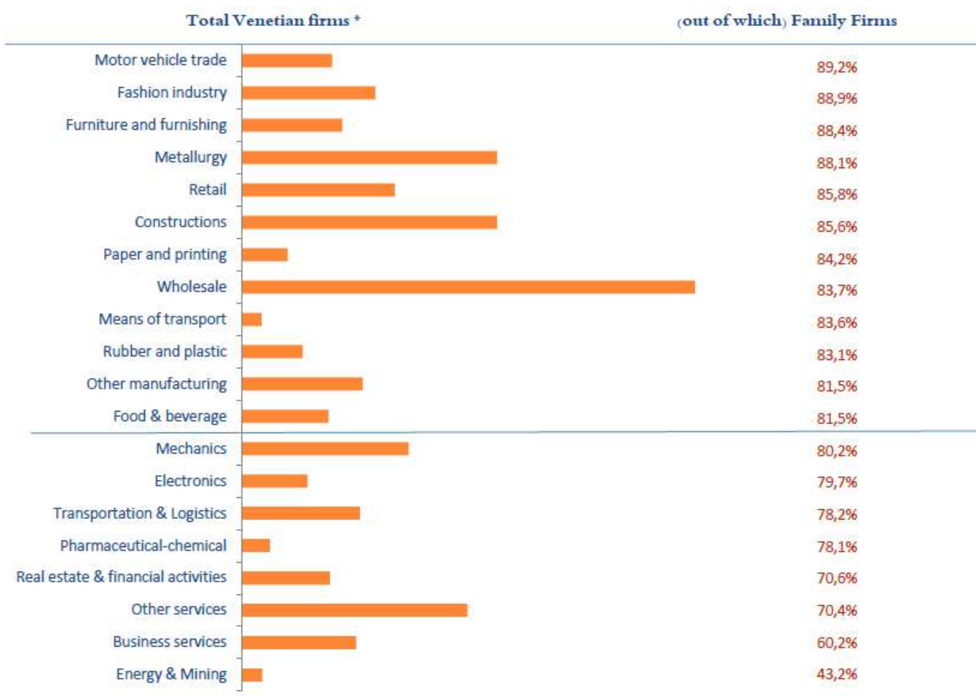
Table 3.5 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by provinces after the application of the algorithm. Year 2015*

Province	Total		Family Firms		No Family Firms	
	N	%	N	%	N	%
Vicenza	4,289	21.7%	3,547	22.0%	742	20.1%
Treviso	3,925	19.8%	3,280	20.4%	645	17.5%
Padova	3,920	19.8%	3,204	19.9%	716	19.4%
Verona	3,799	19.2%	3,070	19.1%	729	19.7%
Venezia	2,720	13.7%	2,081	12.9%	639	17.3%
Rovigo	651	3.3%	527	3.3%	124	3.4%
Belluno	502	2.5%	401	2.5%	101	2.7%
TOTAL	**19,806**	**100.0%**	**16,110**	**100.0%**	**3,696**	**100.0%**

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

Instead the distribution of the FBs by the sector shows that the higher level of family business is recoded inside the sector of the motor vehicle trade and the fashion industry.

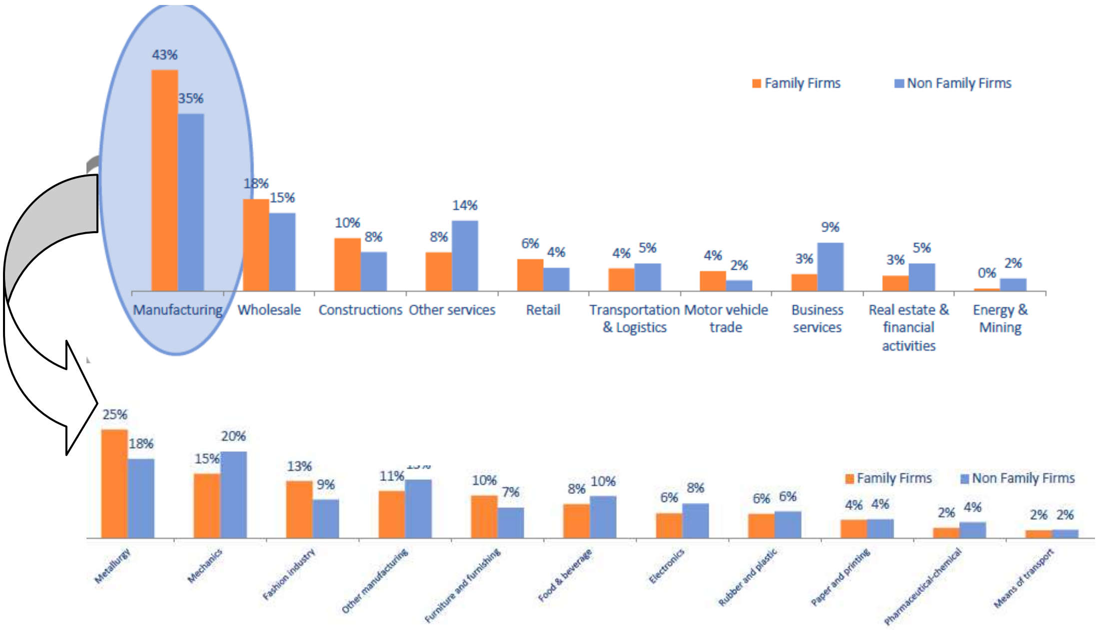
Graph 3.2 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by sector after the application of the algorithm. Year 2015*



(*) N= 19.758. For 48 firms the Ateco 2007 code was not available.

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

Graph 3.3 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by sector after the application of the algorithm and a special view inside the manufacturing sector. Year 2015*



Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

The Family business are more active in the manufacturing industry and in particular, the FBs inside the sector of metallurgy, mechanics and fashion industry.

Graph 3.4 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by class of age after the application of the algorithm. Year 2015*

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

There is no substantial difference in terms of age between family and no-family firms.

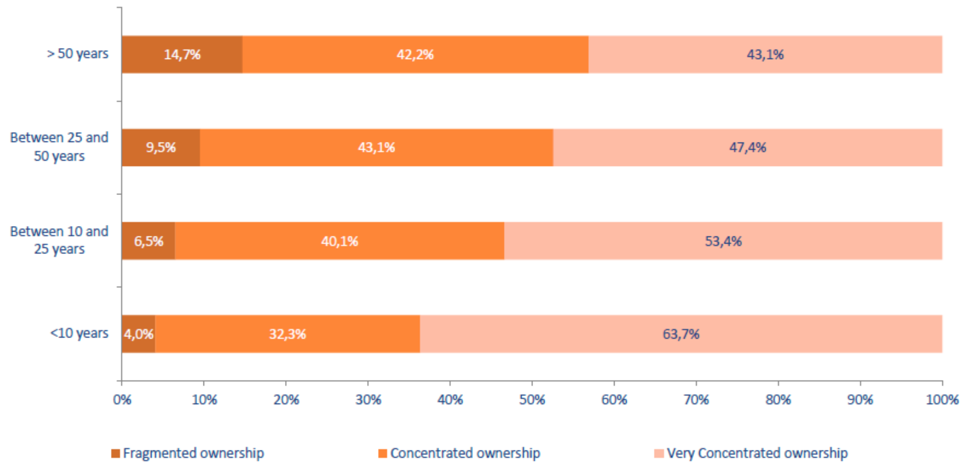
Table 3.6 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by concentration of ownership after the application of the algorithm. Year 2015*

Ownership	Family Firms		No Family Firms	
	N	%	N	%
Fragmanted	678	4.4%	642	18.4%
Concentated	6,060	39.2%	1,344	38.5%
Very Concentrated	8,722	56.4%	1,500	43.1%

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

The percentage of firms with concentrated ownership is much higher in family firms (56.4% vs 43.1%).

Graph 3.5 – Veneto. *Distribution of the limited companies with more than 1 million € of turnover by class of age and concentration of ownership after the application of the algorithm. Year 2015*



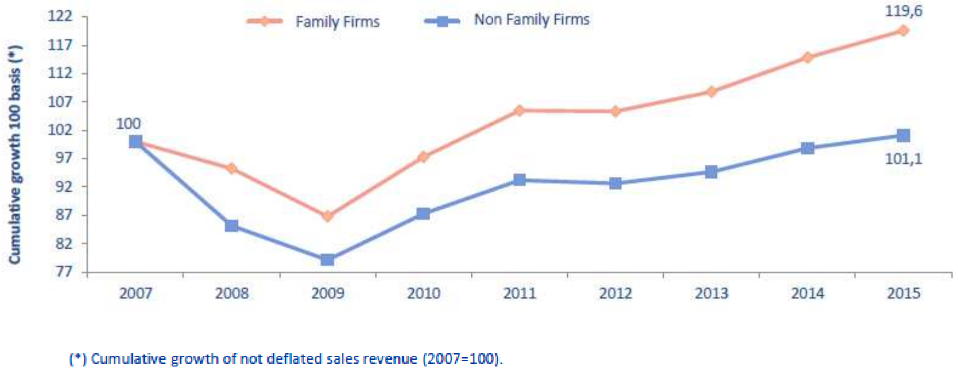
Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

There is an inverse relationship between the concentration of ownership and corporate longevity of family firms.

3.3 Family businesses economic performance

In this last paragraph, instead will be presented the most important economical measurement of the healthy and richness of the FBs, found inside the database, such as the growth rate, ROE, NFP/EBITDA and financial charges. There are many graphs and tables that are showing the distribution among the year for the most important economical indexes.

Graph 3.6 – Veneto. *Cumulative growth of the limited companies with more than 1 million € of turnover after the application of the algorithm. Year 2007-2015*



Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

Table 3.7 – Veneto. *Growth trend of the limited companies with more than 1 million € of turnover after the application of the algorithm. Year 2008-2015*

The growth trend	2008	2009	2010	2011	2012	2013	2014	2015
Family Firms	-4.7%	-8.9%	12.1%	8.4%	-0.1%	3.3%	5.5%	4.1%
No Family Firms	-14.8%	-7.1%	10.3%	6.8%	-0.6%	2.2%	4.4%	2.3%

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

The family-controlled firms grew more than no-family firms and the larger FBs (>50 mln €) showed the highest growth rates in sales revenue.

Graph 3.7 – Veneto. *Cumulative growth of the limited companies with more than 1 million € of turnover by class of turnover after the application of the algorithm. Year 2007-2015*

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

The Venetian companies showed a growth in operating profitability since 2012, among these, the FBs have a greater operating profitability.

Graph 3.8 – Veneto. *ROI of the limited companies with more than 1 million € of turnover after the application of the algorithm. Year 2007-2015*

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

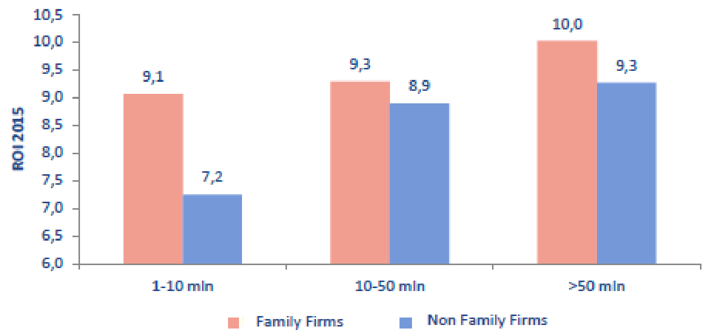
In 2014 the net profitability of Venetian firms showed a reversal, starting to growth again and moreover the FBs had a greater net profitability than no-family firms.

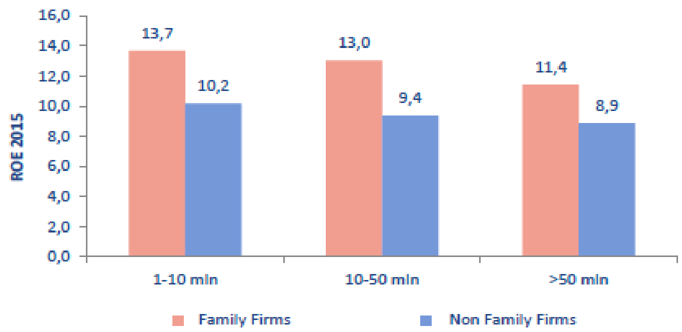
Graph 3.9 – Veneto. *ROE of the limited companies with more than 1 million € of turnover after the application of the algorithm. Year 2007-2015*

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

There is a positive relationship between firms size and operating profitability, while larger firms have a lower return on equity, the FBs have a greater profitability in each size class.

Graph 3.10 – Veneto. ROI and ROE *of the limited companies with more than 1 million € of turnover after the application of the algorithm. Year 2015*

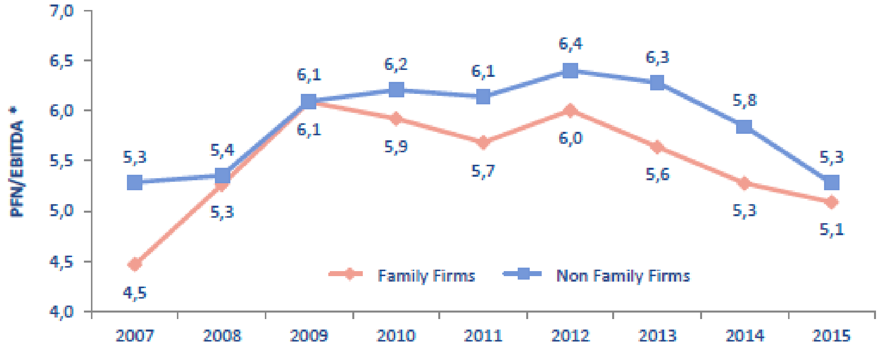




Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

In terms of NFP/EBITDA, the ability of Venetian firms is improving (-1 point in the last 3 years and the FBs instead showed a PFN/EBITDA ratio lower than the no-family firms. Over 1/3 of FBs has cash exceeding debt and the percentage of FBs with a negative EBITDA is structurally lower than the no-family business. Moreover, among the largest firms, the FBs showed a lower ability to repay debt.

Graph 3.11 – Veneto. PFN/EBITDA *of the limited companies with more than 1 million € of turnover after the application of the algorithm. Year 2007-2015*



(*) The basis of calculation is composed by companies with both NFP and EBITDA positive values.
NFP = Financial Debt - Cash and cash equivalents (Source: Aida).

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

Despite a strengthening of the capital structure, Venetian companies showed a high leverage: for every euro of equity, about 5 are provided by third parties instead the FBs recorded a weaker capital structure than the no-family firms. Also a size increases, the debt ratio of all companies reduces (no difference between FBs and no-FBs).

Graph 3.12 – Veneto. Debt/Equity *of the limited companies with more than 1 million € of turnover after the application of the algorithm. Year 2007-2015*

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

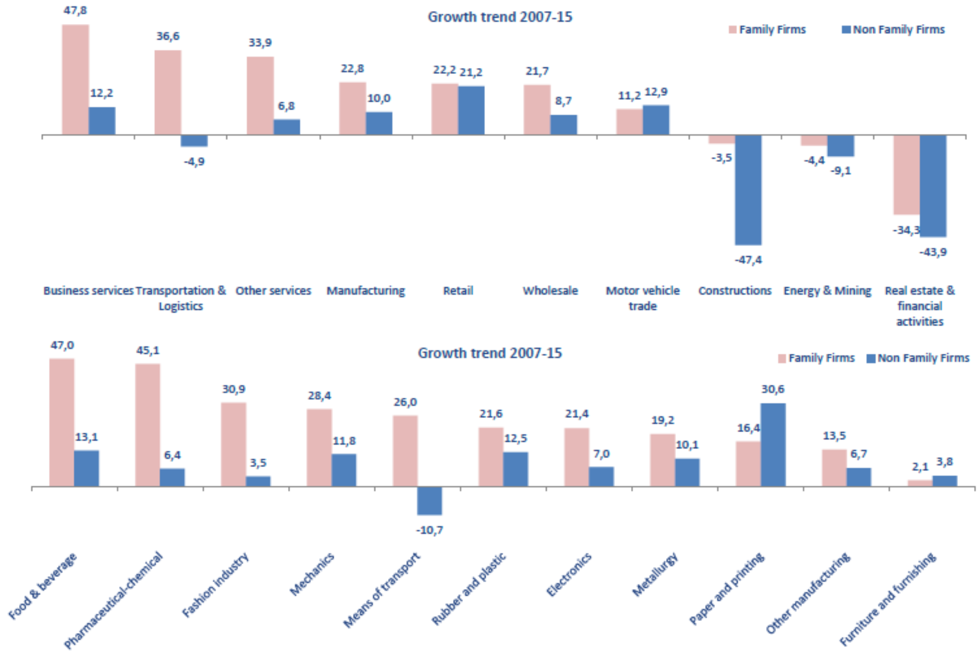
After peaking in 2008, the cost of the financial charges (in terms of percentage of sales) declined, reaching the lowest level in 2015. But the FBs showed a lower incidence of financial charges compared to the no-family firms. Moreover, the incidence of the financial charges is lower for FBs in each size class.

Graph 3.13 – Veneto. Financial charges/turnover *of the limited companies with more than 1 million € of turnover after the application of the algorithm. Year 2007-2015*

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

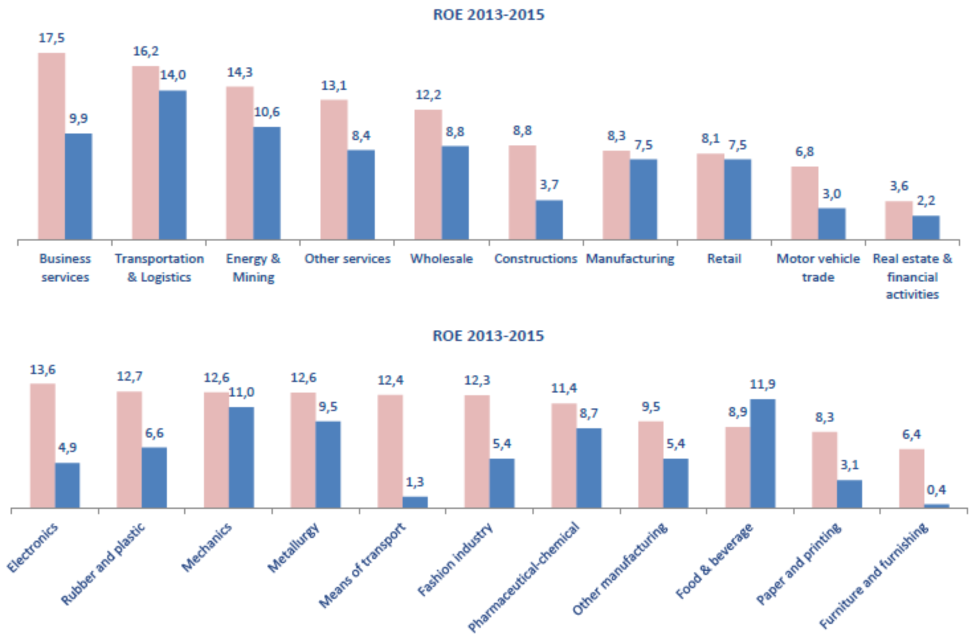
In this last part of the paragraph was put the same indexes dived by industry of the single enterprises.

Graph 3.14 – Veneto. The growth *trend of the limited companies with more than 1 million € of turnover by industry after the application of the algorithm. Year 2007-2015*



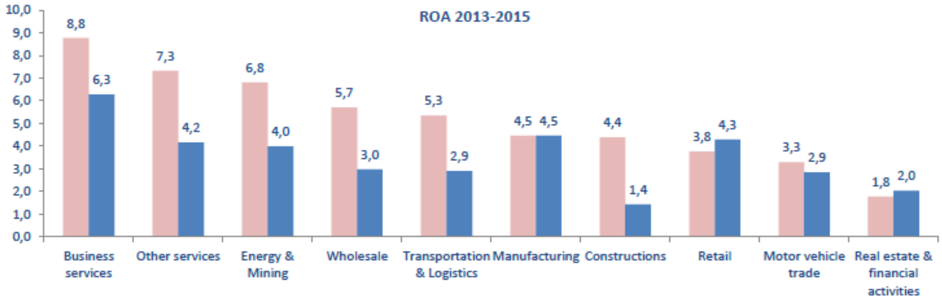
Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

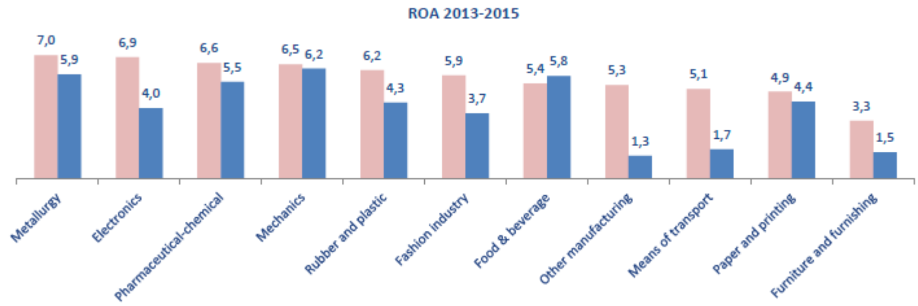
Graph 3.15 – Veneto. The net profitability *of the limited companies with more than 1 million € of turnover by industry after the application of the algorithm. Year 2013-2015*



Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

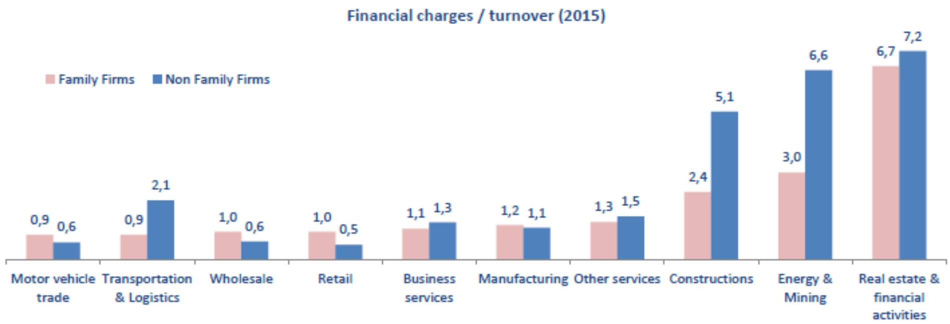
Graph 3.16 – Veneto. The operating profitability *of the limited companies with more than 1 million € of turnover by industry after the application of the algorithm. Year 2013-2015*

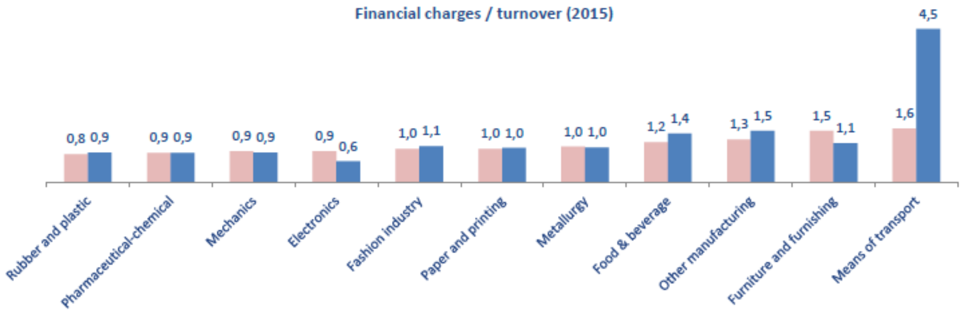




Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

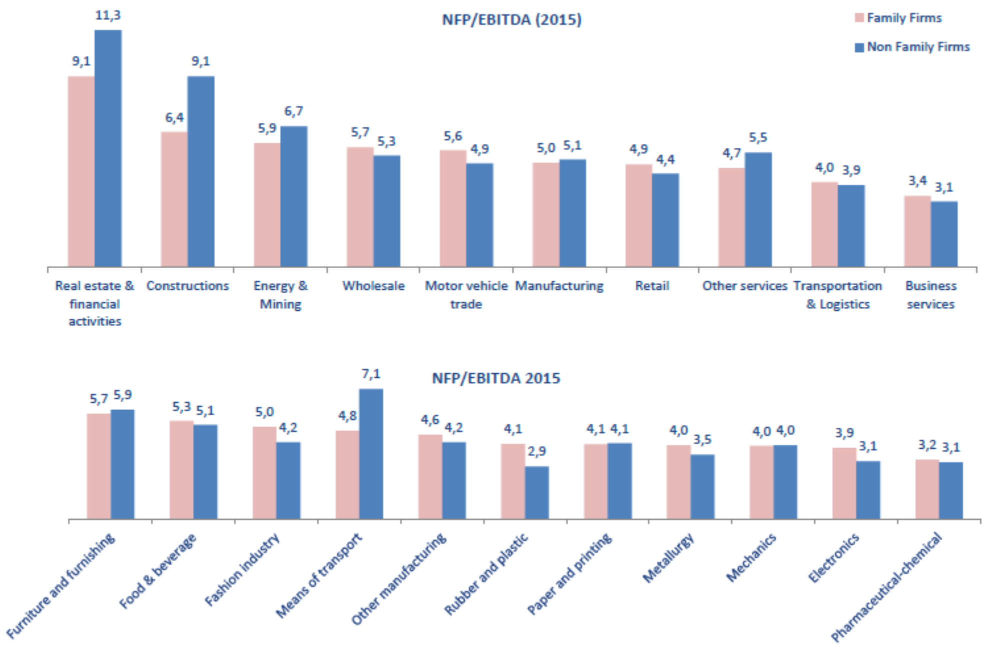
Graph 3.17 – Veneto. The incidence of financial charges *of the limited companies with more than 1 million € of turnover by industry after the application of the algorithm. Year 2015*





Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

Graph 3.18 – Veneto. The ability of repay debt *of the limited companies with more than 1 million € of turnover by industry after the application of the algorithm. Year 2015*



Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

Graph 3.20 – Veneto. The Leverage *of the limited companies with more than 1 million € of turnover by industry after the application of the algorithm. Year 2015*

Source: elaboration UCV and Bocconi University on Infocamere and AIDA database

4. Conclusions

After the presentation and the explanation of the UCV-EIC algorithm, it is time to sum up all the previous results and to try to define a future working plan and maybe to develop an updating plan for this helpful project. In fact, this was an opportunity to discover the registry and economic situation of the Italian and Venetian Family business and from this first analysis it could be possible to improve of sure the algorithm but also to create a panel database, which could be updated with future data and new information.

During these months it was create this algorithm, thanks to the rules possible to of course there are some potential and some limitations on using this algorithm:

- the algorithm lets to reduce the time to individualise and select the family business (less than 1 month);
- the application of this algorithm reduces the necessary human resources ;
- with the algorithm it is possible extend the reference population (until 200,000 limited companies on the national level);
- the algorithm is working very well with the enterprises with a low turnover (between 1 and 20 millions of euro);
- instead the algorithm is working a little worst with the enterprises with a bigger turnover (over 20 millions) , so in the future it needs an improvement of the algorithm;
- moreover the algorithm is working on statutory financial statements and not on the consolidated accounts of the limited companies.

After these considerations about the reported weaknesses and the strength of the new algorithm, it is possible to say that the Bocconi and the UCV-EIC models are complementary, since the two models put together:

- ✓ Try to have a major accuracy on the bigger family enterprises with a fragmented ownership and with a more complex owner structure (as holding or controlled by foreign enterprises).
- ✓ Try to have a greater representation of the regional and national business fabric, in particular at high density of SMEs.

The future aims, after of course the improvement of the algorithm, will be to apply it to all the Italian regions, so it will be possible to have a complete e clear overview of the family business situation, both about some descriptive analysis and about economic and financial performance.

Reference Literature

Alcom, P, B. 1982. Success and sun-ival in the family-owned business. New York: McGraw-Hill.

Anderson, R.C. & Reeb, D.M. 2003. Founding-family ownership and firm performance: evidence from the S&P 500. The journal of finance, 58 (3): 1301-1328.

Anderson, R.C. & Reeb, D.M. 2004. Board composition: balancing and firm performance: evidence from the S&P 500. Journal of Finance, 58(3): 1301-28.

Astrachan, J.H., Klien, S. B. & Smyrnios, K. X. 2002. The F-PEC scale of family influence: A proposal for solving the family business definition problem. Family Business Review,15(1), 45–58.

Astrachan, J.H. & Shanker, M. C. 2003. Family businesses contribution to the U.S. economy: A closer look. Family Business Review, 16: 211–219.

Babicky, J. 1987. Consulting to the family business. Journal of Management Consulting. 3(4). 25-32.

Barnes, L.B. & Hershon, S. A. 1976) Transferring power in the family business. Harvard Business Review. 54(4). 105-114.

Bennedsen, M., Pérez-González, F. & Wolfenzon, D. 2010. The governance of family firms. Corporate governance: A synthesis of theory, research, and practice: 371-390.

Berrone, P., Cruz, C., Gomez-Mejia, L.R. & Larraza-Kintana, M. 2010. Socioemotional Wealth and Corporate Responses to Institutional Pressures: Do Family-Controlled Firms Pollute Less? Administrative Science Quarterly, 55 (1): 82-113.

Carsrud, A.L. 1994. Meanderings of a resurrected psychologist or lessons learnt in creating a family business program. Entrepreneurship Theory and Practice, 19(1): 39-48.

Chandler, A. 1977. The Visible Hand. The Managerial Revolution in American Business. Cambridge: Harvard University Press.

Chrisman, J., Chua, J. & Litz, R.A. 2004. Comparing the agency costs of family and non-family firms: Conceptual issues and exploratory evidence. Entrepreneurship Theory and Practice, 28, 335-344.

Chrisman, J.J., Kellermanns, F.W., Chan, K.C. & Liano, K. 2010. Intellectual foundations of current research in family business: An identification and review of 25 influential articles. Family Business Review, 23: 9-26.

Chua, J.H., Chrisman, J.J. & Sharma, P. 1999. Defining family business by behavior. Entrepreneurship Theory and Practice, 23: 19-39.

Corbetta, G. 1995. Le imprese familiari: Caratteri originali, varietà e condizioni di sviluppo. Milano. Egea

23

Corbetta, G. 2011. Le aziende familiari: Strategie per il lungo periodo. Egea, Milano.

Davis, P.S. 1983. Realizing the potential of the family business. Organizational Dynamics, 12(1): 47-56.

Davis, J.H., Schoorman, F.D. & Donaldson, L. 1997. Toward a stewardship theory of management. Academy of Management Review, 22: 20-47.

Davis, J.A. & Tagiuri, R. 1985. Bivalent attitudes of the family firms. Paper presented at the Western Academy of Management Meeting, March 29.

Davis, P.S. & Harveston, P.D. 2001. The phenomenon of substantive conflict in the family firm: a cross-generational study. Journal of Small Business Management, 39(1): 14-30.

Del Giudice, M. & Maggioni, V. 2011. Affari di famiglia. Problematiche gestionali e modelli imprenditoriali emergenti nei nuovi family business. Egea, Milano.

Dreux, D.R. 1990. Financing family business: Alternatives to selling out or going public. Family Business Review, 3, 225-243.

Donckels, R., & Fröhlich, E. 1991. Are family businesses really different? European experiences from STRATOS. Family Business Review , 3(2): 149-160.

Donnelley. R. 1964. The family business. Harvard Business Review, 42(4): 93-105.

Dyer, W.G. 1986. Cultural change in family firms: Anticipating and managing business and family transitions. San Francisco, CA: Jossey-Bass.

Dyer, W.G. 1994. Potential contributions of organizational behavior to the study of family-owned businesses. Family Business Review, 7, 109-131.

Dyer, W.G. 2006. Examining the "family effect" on firm performance. Family Business Review, 19 (4): 253-273.

Dreux, D.R. 1990. Financing family business: Alternatives to selling out or going public. Family Business Review, 3 (3): 225-43.

Gallo, M.A. & Sveen, J. 1991. Internationalizing the family business: Facilitating and restraining Family Business Review. 4(2): 181-190.

Gersick, Kelin E., Davis, J.A., McCollom, M.H. & Lansberg, I. 1997. Generation to generation: Life cycles of the family business. Harvard Business School Press.

Gómez-Mejia, L.R., Cruz, C., Berrone, P. & DeCastro, J. 2011. The bind that ties: Socioemotional Wealth Preservation in Family Firms. Academy of Management Annals, 5 (1): 653-707.

Gómez-Mejía, L.R., Makri, & Larraza-Kintana, M. 2010. Diversification decisions in family controlled firms. Journal of Management Studies, 47 (2): 223-252.

Gómez-Mejia, L. R., Larraza-Kintana, M. & Makri, M. 2003. The determinants of executive compensation infamily-controlled public corporations. Academy of Management Journal, 46 (2): 226-237.

Handler. W.C. 1989. Methodological issues and considerations in studying family businesses. Business Review. 2(3): 257-276.

Holland. P. G. & Oliver, J. E. 1992. An empirical examination of stages of development of family business. Journal of Business & Entrepreneurship. 4(3): 27-38

Kets de Vries, M. F. R., Carlock, R.S. & Florent-Treacy, E. 2007. Family Business on the Couch: A Psychological Perspective. Chichester. Wiley.

Klein S., Astrachan, J. & Smyrnios, K. 2005. The F-PEC scale of family influence: Construction, validation, and further implication for theory. Entrepreneurship Theory and Practice, 29(3).

La Porta, R., Lopez-de-Silanes, F. & Shleifer, A. 1999. Corporate Ownership Around the World. Journal of Finance, 54 (2): 471-517.

Lansberg, I, S. 1983. Managing human resources in family firms: The problem of institutional overlap. Organizational Dynamics. Summer. 39-46.

Leach, P., Kenway-Smith. W..,Hart, A., Morris, T.. Ainsworth, J.. Beterlsen, E.. Iraqi, S., & Pasari, V. 1990. Managing the family business in the U.K.: A Stoy Hayward survey in conjunction with the London Business School, London: Stoy Hayward.

Lymar, F. 1991. Customer servicew: Does family ownership make a difference?. Family Business Review, 4(3): 303-324.

Litz, R. A. 1995. The Family Business: Toward Definitional Clarity. Family Business Review, 8: 71-82.

Miller, D., Le Breton-Miller, I., Lester,R., & Cannella, A. 2007. Are family firms really superior performers?.The Journal of Corporate Finance, 13: 829–858.

Minichilli, A., Brogi, M. & Calabrò, A. 2015. Weathering the storm: Family ownership, governance, and performance through the financial and economic crisis. Corporate Governance: An International Review. doi: 10.1111/corg.12125

Morck, R. & Yeung, B. 2003. Agency Problems in Large Family Business Groups. Entrepreneurship: Theory & Practice, 27 (4): 367-382.

Pratt, J. H. & Davis. J. A. 1986. Measurement and evaluation of the population of family owned and home based businesses. U.S. Small Business Administration Report No. 9202-AER-85. Washington, DC: Government Printing Office

Re, P. 2014 . La gestione dell'innovazione nelle imprese familiari. Giappichelli Editore, Torino.

Rosenblatt. P.C. deMik. L., Anderson, R.M., & Johnson, P.A. 1985. The family in business: Under- standing ami dealing with the challenges entrepreneurial families face. San Francisco: Jossey-Bass

Sciascia, S. & Mazzola, P. 2008. Family involvement in ownership and management: Exploring nonlinear effects on performance. Family Business Review, 21: 331-345.

Sharma, P., Chrisman, J.J. & Chua, J. H. 1997. Strategic Management of the Family Business: Past Research and Future Challenges. Family Business Review, 10: 1-35.

Schulze, W.S., Lubatkin, M.H., Dino, R.N. & Buchholtz, A. (2001). Agency relationships in family firms: Theory and evidence. Organization Science, 12 (2): 99-116.

Sirmon, D.G. & Hitt, M.A. 2003. Managing Resources: Linking Unique Resources, Management, and Wealth Creation in Family Firms. Entrepreneurship Theory and Practice, 27 (4): 339-358.

Stem. M. H. 1986. Inside The family-held business. New York: Harcourt Brace Jovanovic

Tagiuri, R. & Davis, J.A. 1992. On the Goals of Successful Family Companies. Family Business Review, 5: 43-62.

Tagiuri, R. & Davis, J.A. 1996. Bivalent attributes of the family firm. Family Business Review, 9: 199–208

Family Firm Definitions

Author	Year	Definition
Donnelley	1964	A business in which there must be identified at least two generations of the same family, whose ties are to be influencing corporate policies that the interests / family goals
Barnes, Hershon	1976	A company in which an individual or members of a single family hold a controlling stake
Alcorn	1982	Lucrative enterprise that may take the form of a sole proprietorship or corporation and in which a family must be active in the management of the business
Davis	1983	Families are those in which the strategic and operational aspects are subject to significant influence by one or more families, the influence is exerted through the ownership
Rosenblat	1985	A company in which the majority of the capital or the control is in the hands of a single family and at least two members of this are active in the management of the business
Pratt & Davis	1986	A business in which two or more family members influence their management through the exercise of family ties, or managerial roles of property rights
Stern	1986	A business owned and managed by members of one or two families
Babycky	1987	Is the kind of small company started by one or a few people who have a business idea, who work hard to ensure their development and that, with the help of resources, are able to ensure its growth while maintaining the majority of the share
Lansberg	1988	A business in which the family members have legal control of the property
Handler	1989	Organization in which the main operational decisions are influenced by family members in the management structure or in the board of directors
Leach	1990	A company in which more than 50% of the votes are controlled by a family and / or a de facto family controls the company and / or a significant portion of managers are members of the same family
Donckels &Frohlich	1991	A company in which members of the same family own at least 60% of the stake
Gallo & Sveen	1991	A firm in which a single family owns the majority of share and therefore has total control
Lyman	1991	A firm in which the property should be held completely by the members of the same family

Holland & Oliver	1992	Any business in which decisions regarding ownership or management are influenced by relationships between members of one or more families
Carsrud	1994	Family business is when it comes to one or a few families linked by kinship or affinity hold shares of venture capital sufficient to ensure control of the company
Corbetta	1995	We are in the presence of a family business when one or more families, linked by close ties of consanguinity or affinity, make available to the enterprise financial capital, personal guarantees or collaterals and managerial skills
Litz	1995	Is considered family firm a company where ownership and management are concentrated in the hands of a single-family unit. Is the family business where family members are committed to achieving and / or maintaining an organization centered on kinship ties
Tagiuri & Davis	1996	A business in which two or more family members influence the management
Sharman, Chrisman & Chua	1997	Is defined family business that activity of enterprise that is managed with the intention of forming, developing and supporting a shared vision over time by a dominant coalition controlled by members of the same family or by a small group of families
Chua	1999	Is considered to be a family run business with the aim to model and pursue the vision of the ruling family, not necessarily the main shareholder in order to make it sustainable in the intergenerational level.
Astrachan & Shanker	2003	Family business is the business in which the family has control over the strategic activities and participates in the same business (broad definition), the owner must have the intention to convey the firm and to the heirs of the founder or his heirs must be involved in the management (definition media), multiple generations in the firm and at least one member of the controlling family must be involved in the management (narrow definition)
Villalonga & Amit	2006	A family business is when: (1) One or more families hold a significant part of the capital; (2) family members have significant control over the company, which is parallel to the distribution of capital and voting rights between non family shareholders, with possible statutory or legal restrictions; and (3) top management positions are held by family members.