



Press release

Munich, 20 July 2022

Listed family businesses are more successful Study of 17 countries shows founding families exert a crucial influence

Publicly traded family businesses in Europe do business with a longer-term perspective and more successfully than companies that are not family businesses – and the greater the influence of the founding family, the better their performance. This is the conclusion reached by the study “Listed family firms in Europe” commissioned by the Foundation for Family Businesses and authored by an international research team directed by Marc Steffen Rapp, Professor at the Marburg Center for Institutional Economics of the Philipps-Universität Marburg.

During the period under review, listed family businesses showed greater growth in employment. They also charted comparatively higher value creation per capita and were more profitable than firms that are not family businesses, as measured by the key indicators “return on assets” and “return on equity”. From the perspective of the capital market, it is also interesting that when it comes to total return (capital gains plus dividend yield), family businesses do considerably better at an average 7.0 percent than non-family businesses with 5.6 percent.

“Family companies focus on a long-term, solid approach when doing business. They think in generations, not quarters. This makes them a counter-model to large corporations with widely spread shareholdings, which are frequently concerned most of all with meeting investors’ short-term expectations”, notes Professor Rainer Kirchdörfer, Executive Board member of the Foundation for Family Businesses.

Dr Simone Bagel-Trah, Chairwoman of the Supervisory Board and the Shareholders' Committee of Henkel, explains the comparatively good performance of listed family firms this way: “A significant driver in economic success is entrepreneurial spirit, which is often deeply rooted in family companies in particular. In this context, listed family companies can bring together the best of two worlds – increased transparency and comparability with competitors combined with a long-term perspective and a corporate culture characterised by family values. As an anchor shareholder, a family has a special interest in the company being successful over the long term and staying competitive.”

Listed family businesses make up a substantial part of the capital market

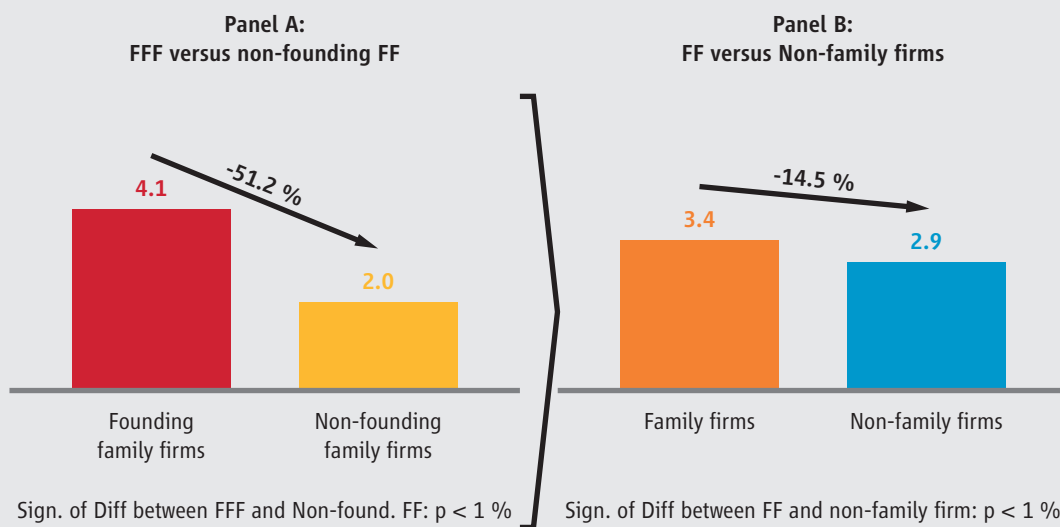
At 32 percent of all surveyed companies, listed family businesses make up a substantial part of the capital market. They even amount to more than 40 percent of companies in France, Germany, Greece, Italy and Portugal. By contrast, Finland, Ireland, the Netherlands and Great Britain have comparatively few family firms among their publicly traded companies.

Among family firms, those companies rate especially positively whose family founders continue to exert a crucial influence on the business. They make up more than 60 percent of listed family firms, and 20 percent of all the listed companies in the countries examined. These founding family

businesses grow more quickly in terms of revenue and employment. They are more profitable than other companies, generating an average annual overall return of 7.6 percent, whereas family firms in which the founders are not involved reach 6.3 percent.

For the study, the researchers looked at listed firms in the real economy from 17 European countries (15 EU members plus Norway and Switzerland) during the period 2007 to 2020. Their sample comprised a total of 6,702 companies and included 53,484 individual yearly results. It is thus the largest study of its kind.

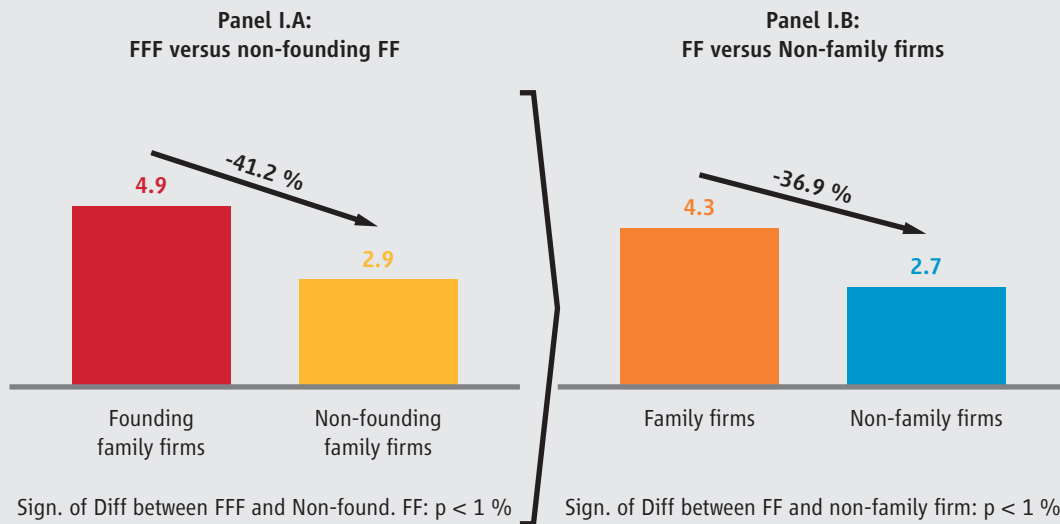
I) Graphic "Comparison employment growth, 2007 – 2020"



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II) Graphic "Comparison stock market performance, 2007 – 2020"

I. Stock Market Performance I (median annual total shareholder return in % over 2007-2020 period)



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The non-profit **Foundation for Family Businesses** is the most important promoter of academic research in this field and first port of call for politicians and the media in matters related to economic policy, legislation and taxation. Founded in 2002, the foundation is now supported by more than 500 companies that rank among the largest family businesses in Germany.

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