



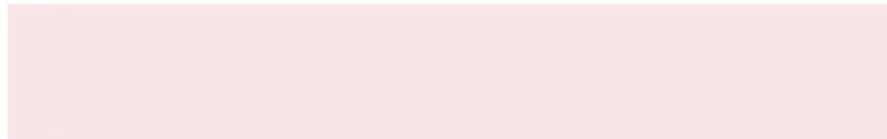
The Family Business in Spain (2015)

27-29 September 2017

**Are family businesses really
important?**

If so,

**Why do not we know more
about them?**



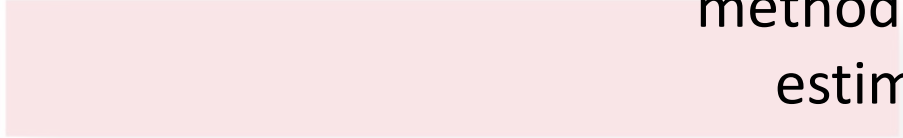
Difficult to estimate

Lack of a clear definition & operationalization

A small number of rigorous studies in the world

Lack of government statistics and secondary data

Lack of accepted methodology for estimation



Previous studies (1)

Studies	FB operationalization	Measurement approach	Outcomes
USA (Shanker & Astrachan (1996); Astrachan & Shanker, 2003)	Bull eye 3 levels definitions. Global estimation but not identification	Data from diverse statistics and census	Calculate the contribution of family business to GDP & employment
USA (Chang, Chrisman, Chua, & Kellermanns, 2008)	Ownership, family involvement in management & intention to pass to the next generation	Survey	Identification, relationship between economic development and the prevalence of family firms
The Netherlands (Flören, Uhlener & Berent-Braun, 2010)	Ownership & family involvement in management (GEEF)	Survey (1,500 private companies, not self-employed)	Identification, sectoral & age distribution, main characteristics, success factors, main outcomes
Sweden (Bjuggren, Johansson and Sjögre, 2011)	Ownership	Government tax information & data from listed companies	Identification & family business's contribution to GDP and employment

Previous studies (2) “Statistics for family businesses” COSME

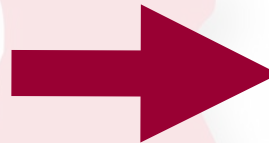
Country	FB operationalization	Measurement approach	Outcomes
Bulgaria (NSI Bulgaria, 2015)	Ownership	Re-design of the current Enterprise Inquiry including additional questions about enterprises owned by families	Identification; geographical & sectoral distribution; employ
Denmark (Danmark Statistik, 2014)	Ownership	A new administrative register has been established in 2015 holding information about the direct owners of companies	Identification; geographical, sectoral, size & legal form distribution; employ, value added
Finland (Statistics Finland & The Finnish Family Firm Association, 2014)	Ownership & Governance	Analysis of Finnish structural business and financial statement statistics & additional scrutiny of each firm by accessing web sites, phone calls or postal inquiry	Identification; economic significance of FB (GVA, employ, turnover, net investment); sectoral & geographical distribution; financial performance
Italy (UCV-EIC, 2016)	Ownership	Data from the Register of the Chambers of Commerce for legal information & AID BvD for economic-financial performance. Applied to limited Veneto enterprises with turnover bigger than 1 million of Euros and by the family name of all their business partners	Identification; geographical & sectoral distribution; age; concentration of ownership; temporal evolution of financial indicators
Malta (National Statistics Office, Malta, 2017)	Ownership	Survey on 2,588 companies	Identification; sectoral distribution; turnover & employ estimation; type of legal status
The Netherlands (Statistics Netherlands, 2017)	Ownership & Governance	Combine data from existing registries	Identification; sectoral, size & regional distribution; turnover, value added & employ
Poland (Lewandowska et al., 2016)	5 Level definition model based on Ownership, Identity, Management & succession	Survey on 2,000 companies	Identification; family business characteristics (size, age, legal form, business attitudes, financial situation, headcount, foreign expansion, succession)

Spanish Family Firm Institute

Network of Family Business Chairs



SABI
(Iberian Balance Sheet Analysis System)



The Family Business in Spain (2015)





The Family Business in Spain (2015)

Identification & Macroeconomic estimations (GVA & Employment) 2013

Economic and financial analysis of Spanish family business 2007-2013

Survey (529 FB) Overview of Spanish FB characteristics & challenges

Companies analysed (SABI)

SABI is an extended version of Amadeus for Spain and Portugal
Offers online information about more than 850,000 Spanish businesses obtained from the annual accounts registered by the businesses in the Companies Registers

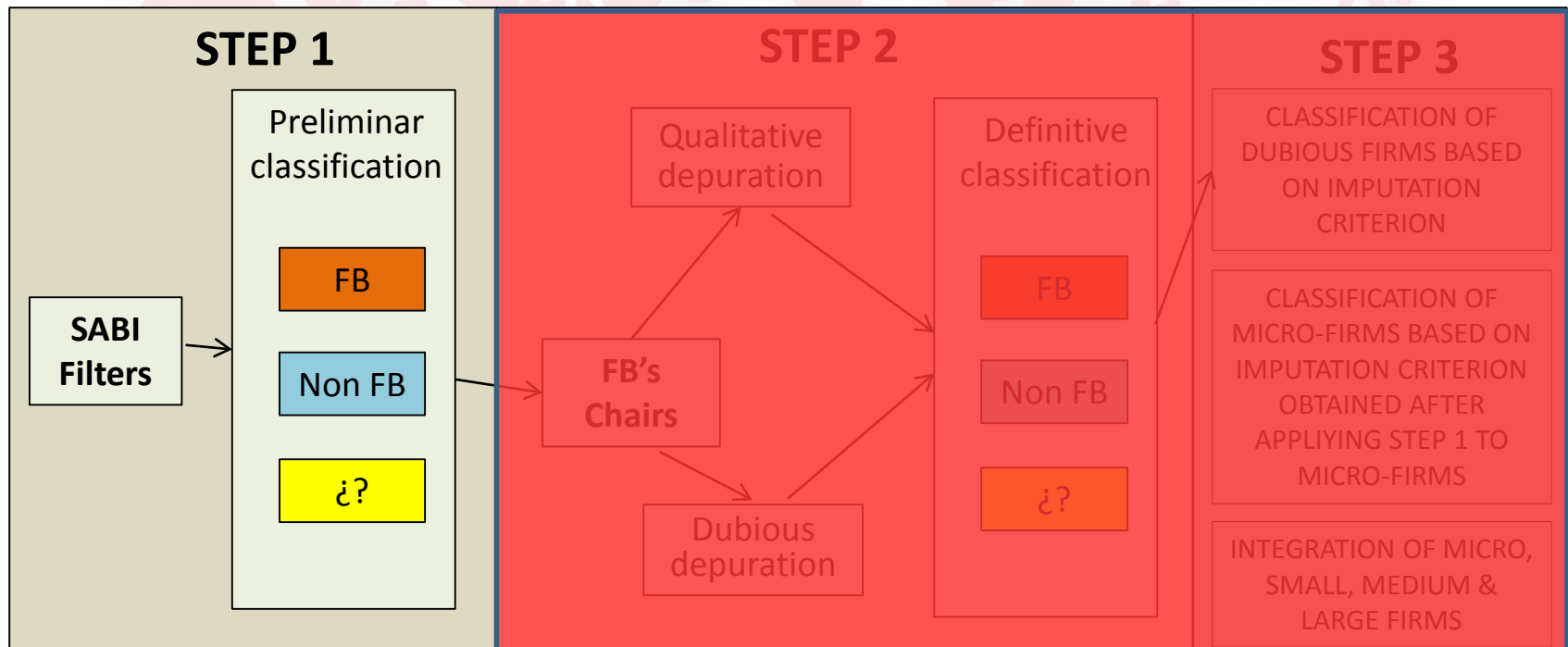
Individual companies (no consolidating firms)

Legal status: Public Limited Co. (plc) & Limited Liability Co. (llc)

Operating 2007-2013

Excluded companies

Companies with other legal status in SABI, Companies not included in SABI (Banks, Self-employed)



Detailed analysis

142,654 firms

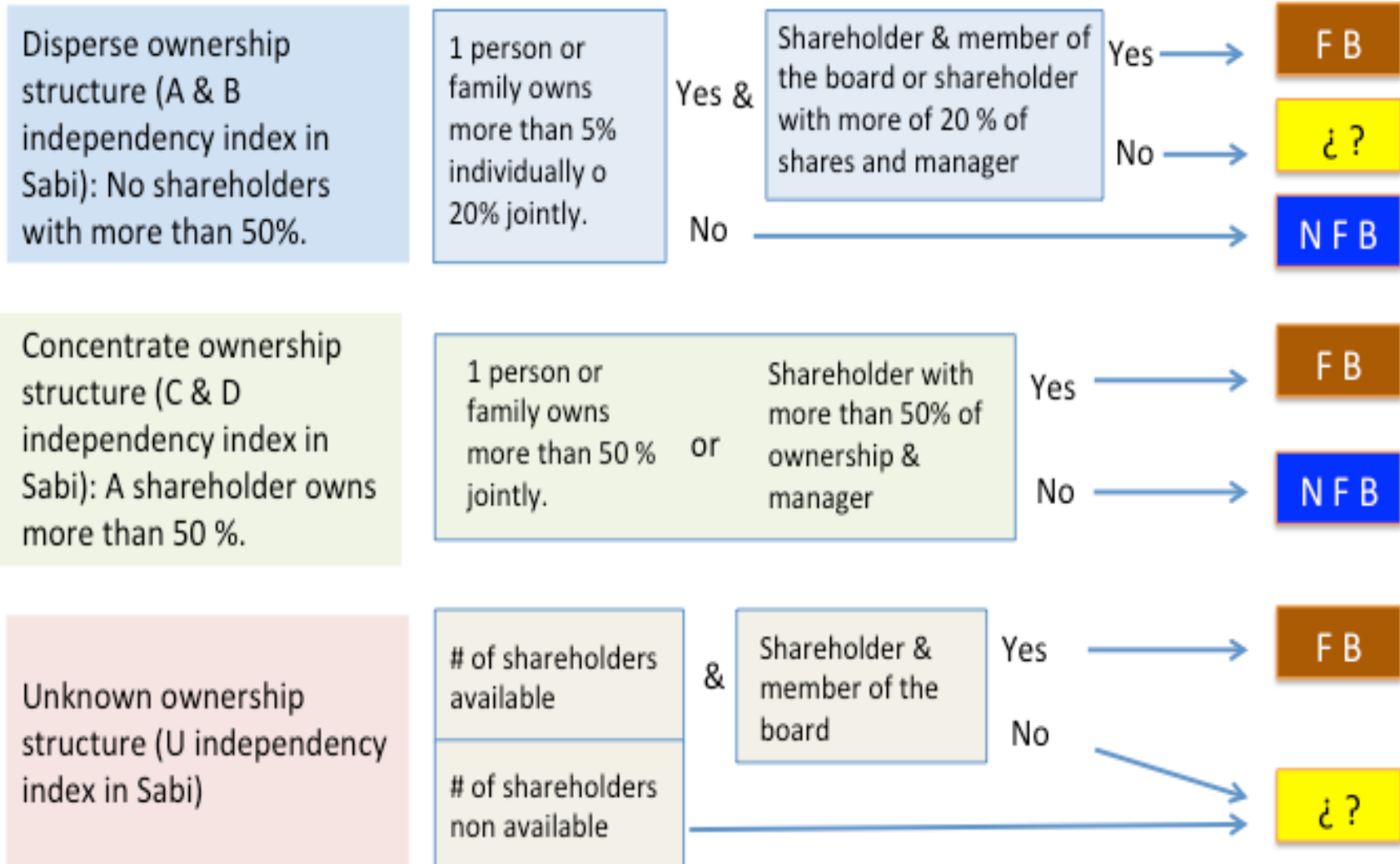
Public Limited Co. (plc) & Limited Liability Co. (llc)

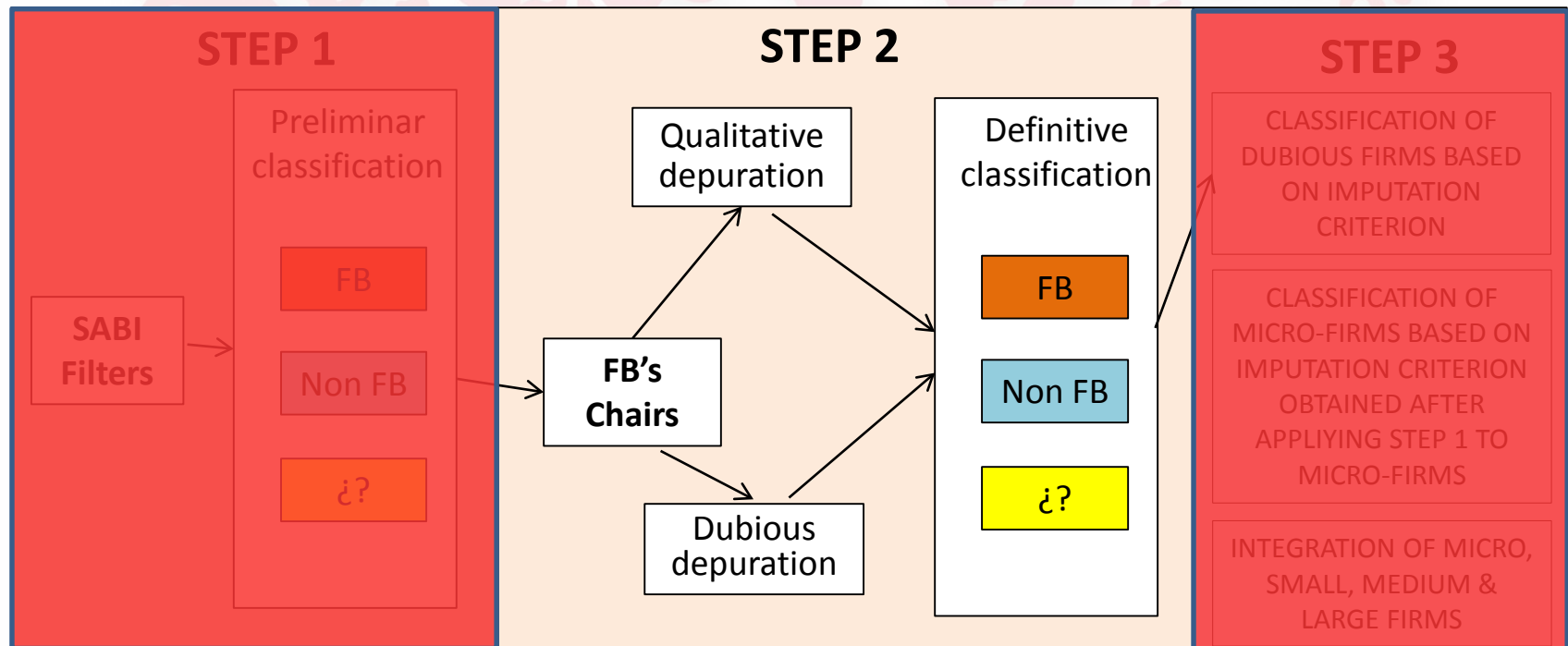
Operating 2007-2013

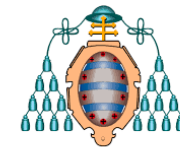
Minimum size: annual turnover above 2 million euros or a workforce of 10 or more in any of the three years in the period 2011-2013

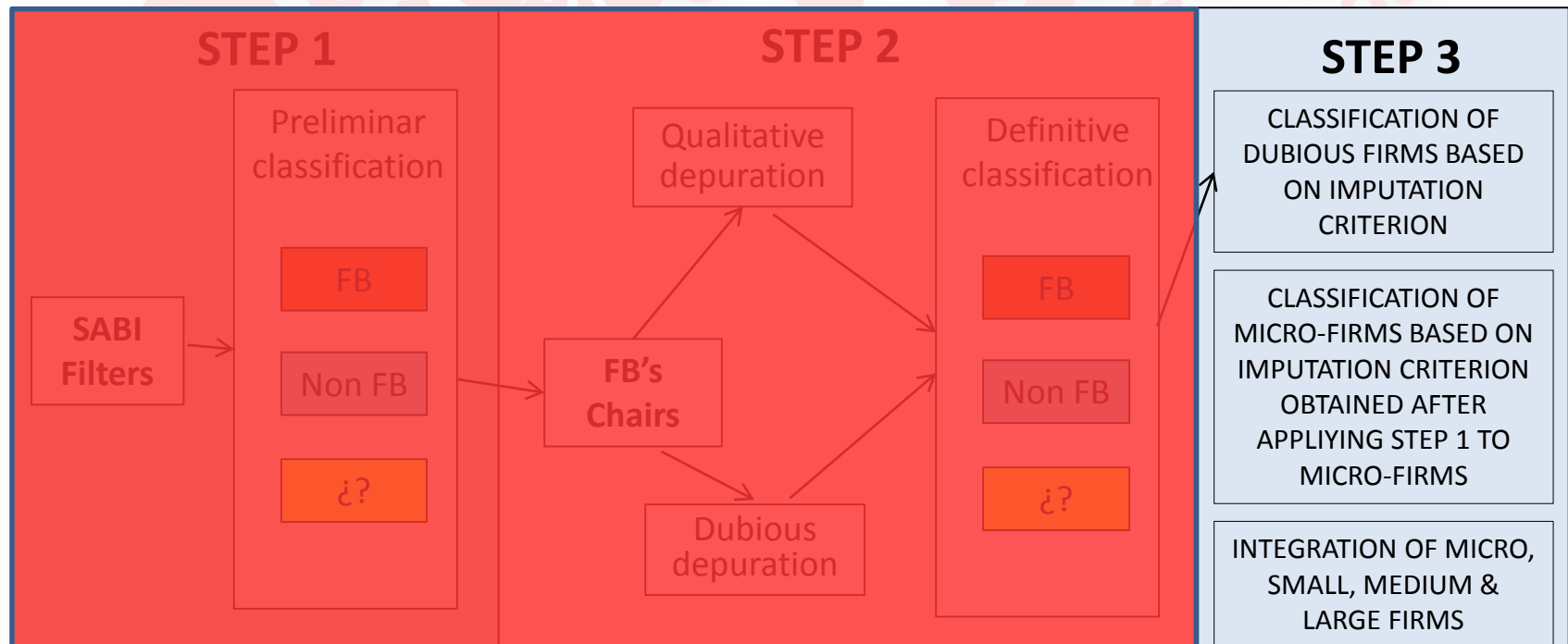
This figure is similar to that provided by the (DIRCE) (Central Business Register compiled by Spain's National Statistics Institute)

Automated classification using SABI filters









Imputation criterion

We distributed the dubious firms according to the percentages obtained for each group for the classified firms, on the supposition that their distribution between family and non-family businesses would be similar to that of the classified firms

Global estimation

Automated classification using SABI filters (Step 1) of firms with less than 10 employees, turnover below 2 million euros, and legal status of plc or llc & full information (105,873 -43,6%-)

We projected the percentage of firms classified as family businesses (90%) onto the total number of micro-enterprises obtained from DIRCE(Central Business Register compiled by Spain's National Statistics Institute)

Integration

Classification of firms in SABI after Phase III

	FBs	NFBs	dubious	% FBs in classified	Family dubious	Non-Family dubious	FBs Total	NFBs Total	Total
Andalucía	11.337	1.901	3.813	85,6%	3.265	548	14.602	2.449	17.051
...
PaísVasco	4.975	2.113	1.311	70,2%	920	391	5.895	2.504	8.399
SPAIN	94.585	24.358	23.711	79,5%	18.961	4.750	113.546	29.108	142.654

Estimated family and non-family micro enterprises

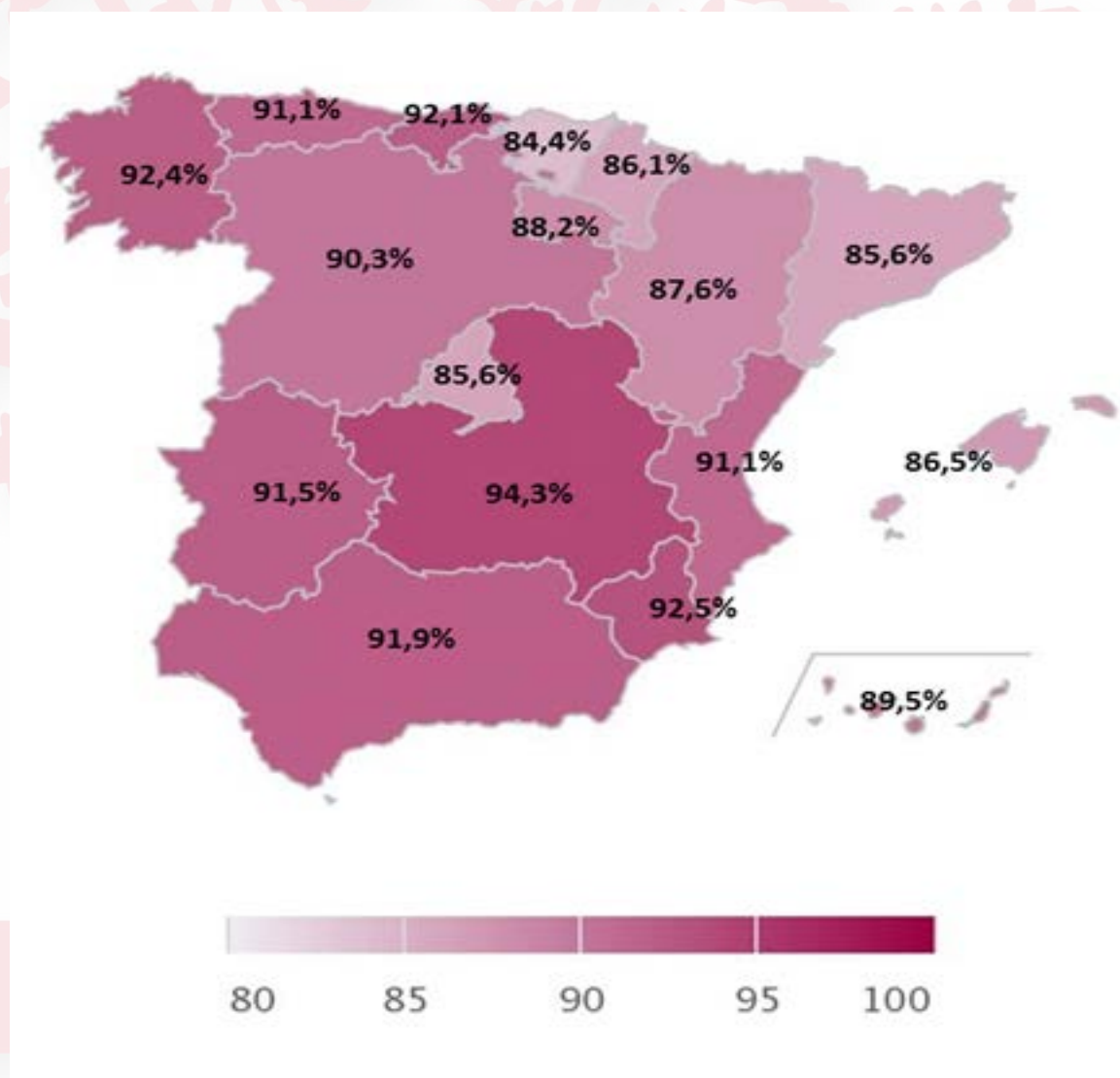
	Micro-enterprises DIRCE (adjusted without duplicated micro)	% FBs/ NFBs	Family Micro-enterprises	Non-Family Micro-enterprises
Andalucía	151.604	92,6%	140.334	11.270
Aragón	27.465	89,7%	24.627	2.838
...
SPAIN	1.078.987	90,0%	971.071	107.916

Estimation of the total number of FBs & NFBs (plc and llc)

	plc and llc with 10 employees or more			plc and llc with less tan 10 employees (micro)			Total firms (plc and llc)			total % FBs
	FBs	NFBs	All	FBs	NFBs	All	FBs	NFBs	All	
Andalucía	14.602	2.449	17.051	140.334	11.270	151.604	154.936	13.719	168.655	91,9%
...
País Vasco	5.895	2.504	8.399	36.662	5.354	42.016	42.557	7.858	50.415	84,4%
SPAIN	113.546	29.108	142.654	971.071	107.916	1.078.987	1.084.617	137.024	1.221.641	88,8%

Number of family business & regional distribution

89% of the firms



Global Value Added

GVA = labour costs + financial costs + resources devoted to the repayment of assets + taxes + annual profit

For the firms with a minimum of 10 employees or annual turnover above 2 million euros:

- 1. We calculated the total GVA of family and non-family firms in each region**
- 2. We calculated the average GVA per firm for family and non-family firms**
- 3. We obtained the GVA of both groups multiplying the number of firms*average GVA**

For the remaining firms :

- 1. we calculated the GVA of the micro enterprises whose information can be found in SABI (105,873 firms), individually for each region, and by business category (family or non-family).**
- 2. Using this value, we calculated the average GVA for each group of firms.**
- 3. We applied these average GVAs to the population of family and non-family firms (plc and llc) in each region, using the proportion corresponding to the family and non-family businesses calculated in the demographics section**

Integration

Gross Value Added (GVA). Firms with more than 10 employees or annual turnover above 2 million euros

	Average GVA FBs	Average GVA NFBs	# FBs	# NFBs	Total GVA FBs	Total GVA NFBs	Total GVA	%.
Andalucía	1.114	3.415	11.337	1.901	12.629.418	6.491.915	19.121.333	66,0%
...
País Vasco	1.571	7.715	4.975	2.113	7.815.725	16.301.795	24.117.520	32,4%
SPAIN	1.636	7.412	94.585	24.358	154.669.699	180.787.679	335.457.378	46,1%

Gross Value Added (GVA). Micro-enterprises

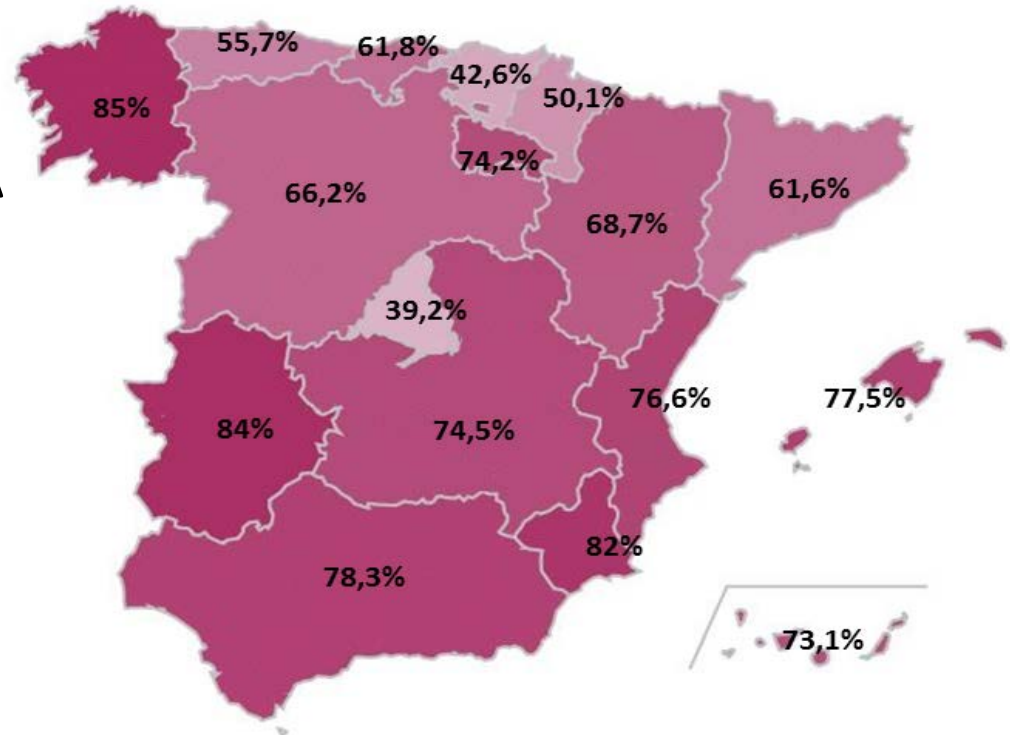
	Average GVA FBs	Average GVA NFBs	# FBs (adjusted)	# NFBs (adjusted)	Total GVA FBs (adjusted)	Total GVA NFBs (adjusted)	Total GVA	%.
Andalucía	92	54	140.334	11.270	12.976.260	606.515	13.582.775	95,5%
...
País Vasco	139	214	36.662	5.354	5.109.781	1.147.922	6.257.703	81,7%
SPAIN	111	152	971.071	107.916	107.791.905	16.370.746	124.162.651	86,8%

Gross Value Added (GVA). All companies

	GVA Micro FBs	GVA Micro NFBs	GVA Rest of FBs	GVA Rest of NFBs	GVA Total FBs	GVA Total NFBs	GVA Total	% of FBs GVA
Andalucía	12.976.260	606.515	12.629.418	6.491.915	25.605.678	7.098.430	32.704.108	78,3%
...
País Vasco	5.109.781	1.147.922	7.815.725	16.301.795	12.925.506	17.449.717	30.375.223	42,6%
SPAIN	107.791.905	16.370.746	154.669.699	180.787.679	262.461.604	197.158.425	459.620.029	57,1%

Contribution of FB to GVA & regional distribution

57% of the private GVA



Employment

For the firms with a minimum of 10 employees or annual turnover above 2 million euros, we made separate calculations for the employment generated by all family and non-family firms in each region, similar to those performed to estimate GVA

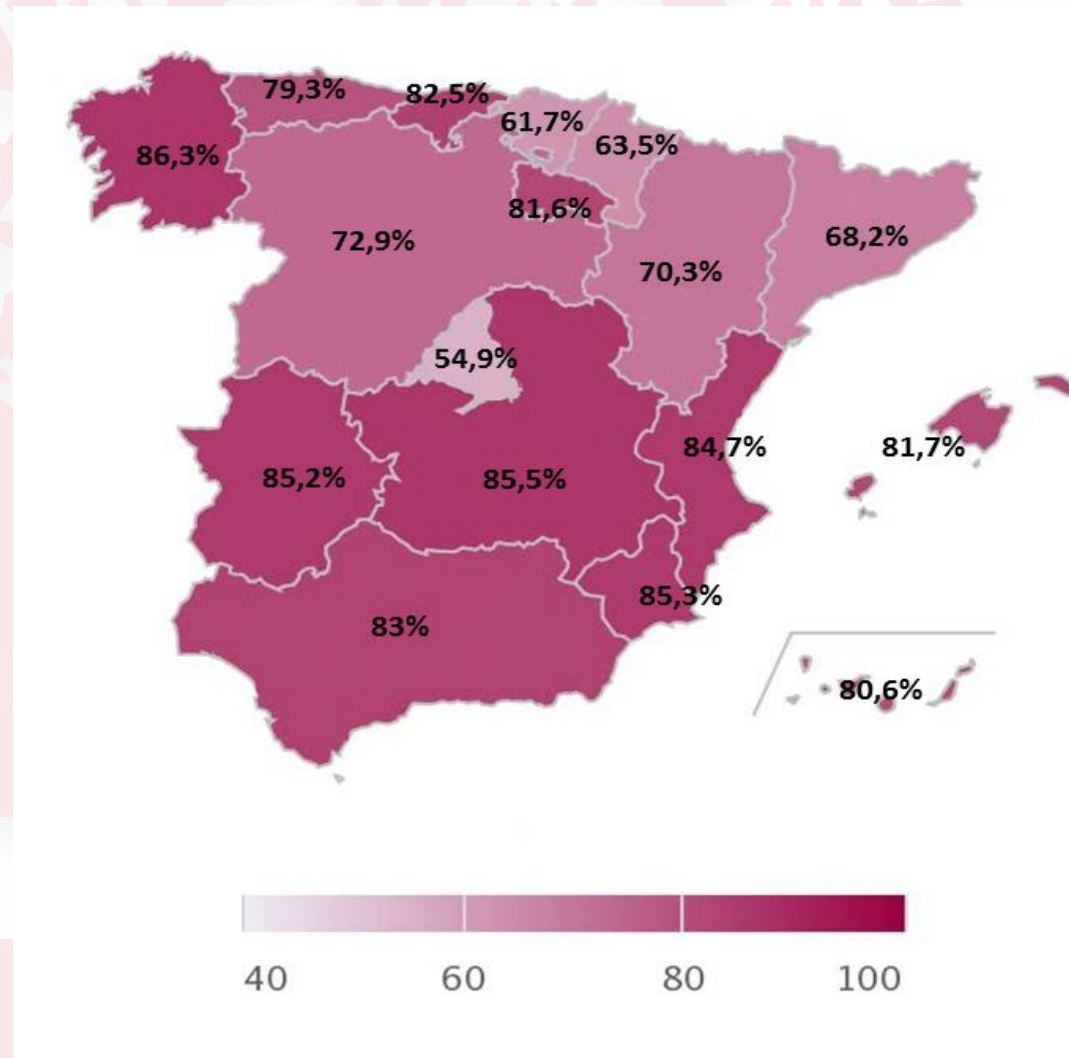
For the remaining firms :

1. we calculated the total number of employees of the micro enterprises whose information can be found in SABI (105,873 firms), individually for each region, and by business category (family or non-family).
2. Using this value, we calculated the average number of employees for each group of firms.
3. We applied these average values to the population of family and non-family firms (plc and llc) in each region, using the proportion corresponding to the family and non-family businesses calculated in the demographics section

Integration

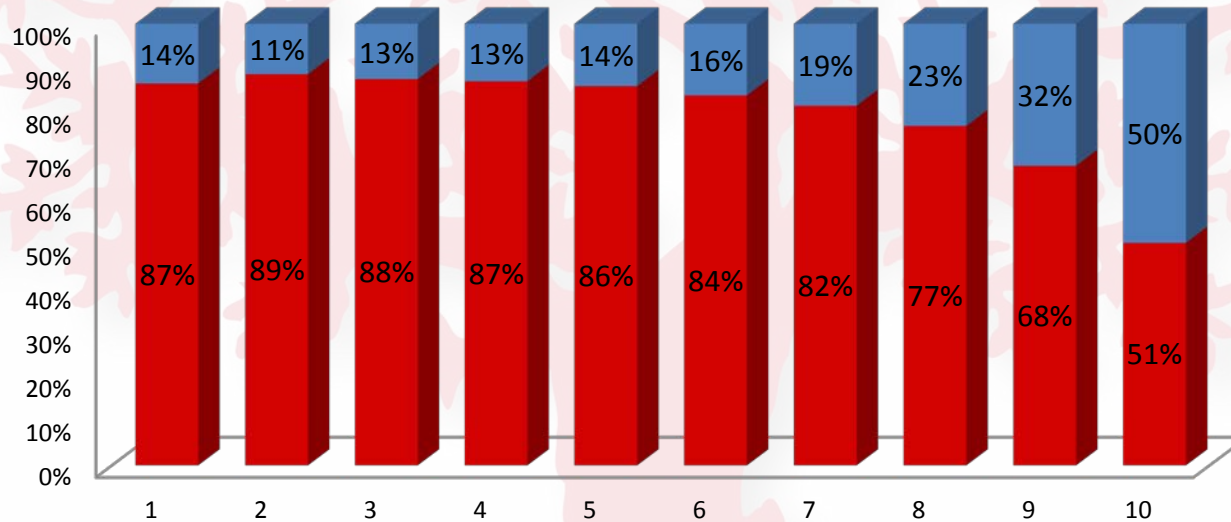
Contribution of FB to employment & regional distribution

67% of the private employment





PERCENTAGE OF FAMILY AND NON-FAMILY BUSINESSES BY DECILE (TURNOVER)



The number of family business decline when the size increase, but they represent more than 50% in the last decile

- ✓ **The calculations made using the firms' estimated GVA remain below the national and regional GDP (459,620, as opposed to 744,207). The discrepancy could be attributed to the exclusion of all of the firms that are not plc or llc, banks, and sole proprietor firms**
- ✓ **All the calculations for the number and weight of FBs in Spain were made taking a cautious approach, which is likely to have underestimated the number**



CONCLUSIONS



- 1. Family firms are the backbone of the Spanish economy, like in most countries**
- 2. Research in family business offers growing evidence that they behave differently**
- 3. Governments should pay attention to family business in their public policies but, before, they need to know more about these firms**
- 4. This study, like others, demonstrate that it is possible to do it**
- 5. It is time for these pilot and private initiatives to be replaced by official or governmental initiatives**



THANK YOU