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FAMILY BUSINESSES IN FRANCE: SOME MACRO INSIGHTS

Andrieu, Toubal, and Villanueva (2024) examines the macroeconomic role of family-owned firms in France, aiming to assess their contributions to key economic outcomes such as employment, value added, and trade. Family firms represent a substantial portion of the French economy, making up 69% of employment and 65% of the total value added. Our objective is to clarify the scale of this impact and identify the particular features that distinguish family businesses from non-family businesses in terms of their economic footprint.

Our analysis is based on a new dataset that combines administrative and commercial sources, providing a comprehensive view of both listed and privately held family firms. By linking firm-level information on ownership, financials, employment, and trade, we can measure family firms' contributions across different regions and industries. This dataset allows us to present detailed insights that are representative of the overall economy and to analyze differences by firm size and listing status.

We find that family firms contribute significantly to economic stability through higher shares of permanent contracts and broader regional employment distribution. Despite lower average wages, family firms exhibit strong productivity in privately held firms and higher asset efficiency. Our results suggest that family firms are an important driver of the French economy, with their impact varying across firm categories and reflecting distinct structural characteristics.

The French Sample

The sample includes data on 95,055 listed and unlisted business groups as of 2021, the most recent year in our dataset. The sample covers 83% of the total value added created, 80% of total employment, and 84% of total turnover of the French economy in 2021. Family-owned groups account for 71% of the sample. This share is slghlty higher than the 54.1% reported by Aminadav and Papaioannou (2020) and the 60% reported by Faccio and Lang (2002) for France as our analysis also includes non-listed groups. The share for listed groups remains comparable.

Footprint of Family Firms in the French Economy

Figure 1 highlights the contributions of family groups to value-added, sales, employment (headcounts, hours worked), and the wage bill.

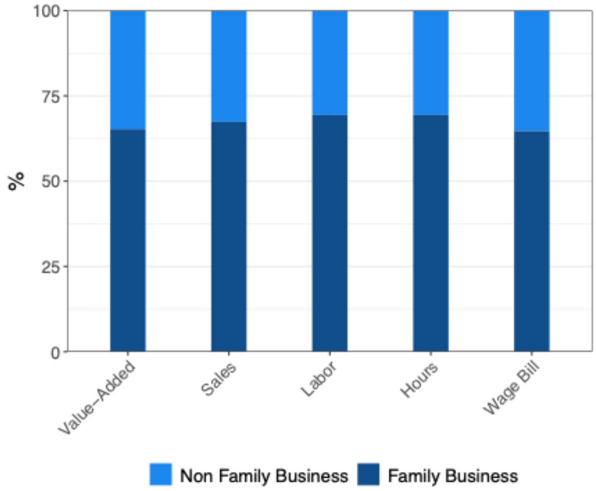
Panel A presents data for the full sample of business groups, showing that family businesses are prevalent and contribute significantly to the economy. Their contributions are notable in hours worked (69%), employment (69%), value added (65%), and sales (67%).

Family businesses significantly contribute to the French economy, particularly in employment, value added, and sales.

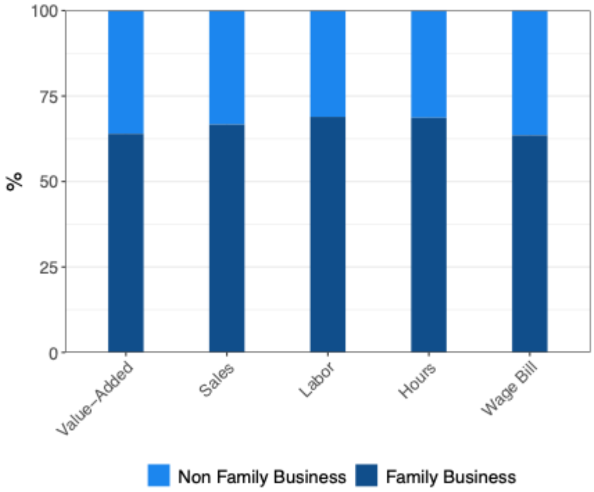
Panel B narrows the focus to business groups with more than 50 employees. This subset includes 22,564 groups, making up 24% of the full sample, but they account for 84% of total employment and 86% of total value added. The contribution of these larger groups closely aligns with Panel A, with similar shares in hours worked (67%), employment (69%), value added (64%), and sales (67%).

Figure 1 – Economic weights of family businesses in France

Panel A: Full Sample



Panel B: Sample of groups with more than 50 employees.



Sources: Andrieu et al. 2024.

A Comparison Between Family and Non-Family Firms

The data presented in Table 1 provide an analysis of business groups categorized by their family status and whether they are publicly listed or privately held. This table breaks down the distribution of these groups in terms of their number, value added, and employment contributions.

Family-owned businesses dominate in numbers and significantly contribute to employment, though their impact on value added is proportionally smaller, especially among privately held firms.

Table 1. Weights according to listed and Non-listed groups (2021, % in parenthesis)

	Number of Groups		Value Added (100K)		Employment (100K)	
	Non-Family	Family	Non-Family	Family	Non-Family	Family
Total	27,216	67,839	67,839	4,542	29	65
	(29)	(71)	(35)	(65)	(31)	(69)
Listed	183	277	840	1,305	7	14
	(40)	(60)	(39)	(61)	(34)	(66)
Non-Listed	27,033	67,562	1,583	3,237	22	52
	(29)	(71)	(33)	(67)	(30)	(70)

Source: Andrieu et al. (2024)

Family-owned businesses account for 60% of listed companies, contributing 61% of value added and 66% of employment. For non-listed companies, family-owned businesses constitute 71%, contributing 67% of value added and 70% of employment. The distribution of non-listed firms is skewed towards family ownership, with their economic weight largely aligning with their prevalence, although their contribution to value added is slightly lower.

Privately held family groups make up 99.6% of all family firms but contribute 71% of the value added and 79% of the employment generated by family firms. Their contributions to the total sample are 47% for value added and 55% for employment. This suggests that privately held family firms may be smaller or less capital-intensive compared to publicly listed family firms, which generate higher economic output relative to their numbers.

Andrieu et al. (2024) show that family businesses dominate small and medium enterprises, constituting 71% and contributing 73% of value added and employment. In the intermediate-sized enterprises category, family-owned enterprises make up 73% but contribute slightly less, with 66% of value added and 71% of employment. Among large enterprises, 61% are family-owned, contributing 60% of value added and 64% of employment, demonstrating the significant role of family firms even at the highest levels.

Sector-specific analysis of family firms' impact.

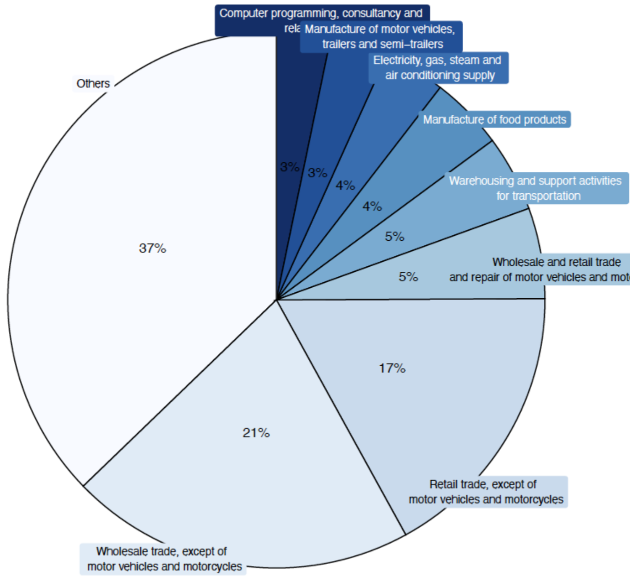
Family businesses vary widely across industries, with notable dominance in French wholesale trade, retail trade, and food manufacturing

Business groups are complex entities that often operate across multiple industries. To accurately determine the primary industry of each group, we calculate the share of total value added by each industry within the group. In the absence of a specific industry classification for business groups, we assign the group to the industry contributing the highest share of value added. While alternative methods exist, this approach helps identify where the group creates the most value, using a 2-digit industry code.

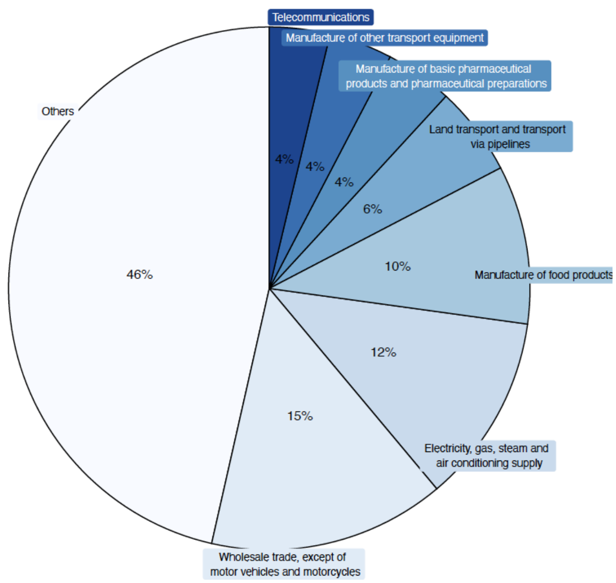
Figure 2 shows the distribution of top industries for family and non-family groups in 2021. The data indicate that family businesses are relatively more involved in industries such as wholesale trade, retail trade, and manufacturing of food products compared to non-family groups.

Villalonga and Amit (2006) examine the drivers of the distribution of activities across industries. They show that family ownership is higher in industries where the minimum efficient scale is small, the need to monitor employees is high, and investment horizons are long. Additionally, the study notes the relevance of dual-class stock, which is not permitted for all legal forms of firms in France.

Figure 2. key industries (2021, % of total sales)
A. Family groups



B. Non-Family groups



Notes: Sample of business groups with more than 50 employees. Only industries representing more than 3% of total sales are visualized. The industry classification of a business group is determined by the 2-digit industry code within the group that has the highest value-added.
Sources: Andrieu et al. 2024.

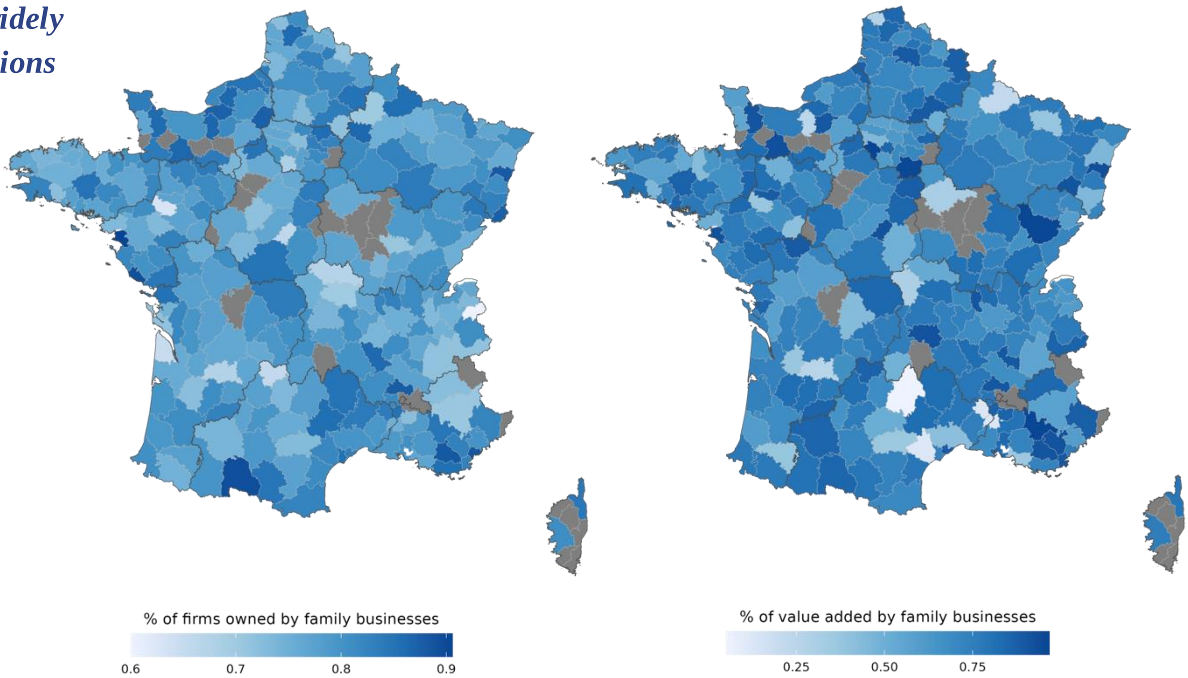
Regional distribution of value added

Andrieu et al. (2024) find that while family businesses in France are concentrated in specific commuting zones like Île de France, their economic impact is more evenly spread across regions. Using 2020 data from INSEE, their study examines firm share, hours worked, value added, and employment in each zone. Figures 3 and 4 depict this distribution for the share of the number of firms in the left panel and the share of total value added.

The picture in shares reveals a rather significant dispersion of the regional footprint of family businesses.

Family businesses' economic impact is widely distributed across regions in France.

Figure 3. Family businesses and their regional footprint.



Notes: Sample includes firms with more than 50 employees, measured at the business group level. Sales and hours are measured only at the SIREN level and are allocated to the CZ of the headquarters (HQ). HQ is defined as the establishment with the highest wage bill for managers, or the overall wage bill if manager data is missing. To ensure data confidentiality, the dataset does not display the footprint in CZs for which the data pertains to fewer than 10 firms.
Sources: Andrieu et al. 2024.

References

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FAMILY BUSINESS AND LONG-TERM INVESTMENT
Developing research on family-owned companies and their dynamics

Family businesses at all levels - global, European, and French - represent a significant portion of the economy in terms of numbers and business share.

What are these companies' performance, strategies, economic and social models? Are they equipped to meet the challenges of ongoing digital and environmental transitions? These are the questions that the new "Family Businesses and Long-Term Investment" Chair at the University Paris Dauphine - PSL aims to address.

This Chair is affiliated with the Dauphine Research in Management Laboratory (DRM) and the Dauphine Research in Economics Laboratory (LEDA).

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