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Family Firms in France
Macro Impact and Micro Insights

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Family Firms in France : Macro Impact and Micro Insights *

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Abstract

We construct a novel dataset that combines administrative and commercial data to examine the economic impact and performances of family-owned firms in France. The dataset covers a large and heterogeneous sample of both listed and privately held groups across different size categories. Our analysis describes that family firms contribute significantly to employment, value added, turnover, and trade. We differentiate between listed and privately held groups and further examine small, medium, and large groups. Family business groups are more productive than non-family groups, especially privately held ones. They offer more permanent contracts but pay lower wages. Internationalization is generally lower, particularly for non-listed groups. Family groups also show better asset efficiency and lower debt ratios, mainly among privately held groups. These findings vary across size categories.

JEL codes: G3

Keywords: Corporate control, family firms, economic impact, employment, trade.

1 Introduction

A significant number of firms worldwide are controlled or heavily influenced by a single shareholder or their family. Although it has long been recognized that these firms are widespread since the work of La Porta et al. (1999) and followed by the work on corporate governance by Aminadav and Papaioannou (2020), there are few studies analyzing their economic footprint beyond their prevalence in our economies.[1]

This paper investigates the economic impact of family firms by examining their contributions to aggregate economic outcomes such as employment, value added, turnover, and trade. Using matched administrative datasets and information on corporate controls of ultimate beneficial owners, we provide novel insights into both listed and privately held groups. While existing literature mainly focuses on listed family firms, the majority are privately owned (Villalonga and Amit, 2006; Amit and Villalonga, 2013).[2] Privately held firms are predominantly family-owned (Burkart et al., 2003; Bertrand and Schoar, 2006). The lack of specific statistical categories for family firms complicates the study of unlisted family businesses.

This paper makes three main contributions to the literature. First, it provides a detailed analysis of family businesses in France using a newly constructed dataset that merges administrative and commercial data. Our matched sample covers 83% of the total value added created, 80% of total employment, and 84% of total turnover of the French economy in 2021. Our approach allows us to offer a comprehensive macro- and micro-economic perspective on the contributions of family firms in terms of value added, employment, sales, and trade.

Second, it presents a thorough examination of the economic footprint of family firms, highlighting their contributions to aggregate economic outcomes. Family-owned groups rep-

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1. The study by Claessens et al. (2000) shows that over two thirds of firms in nine Asian countries are owned by families. Faccio and Lang (2002) also showed the prevalence of family firms in 13 Western European countries. In particular, in some countries like France, the share of family businesses is about 60%. Numerous studies have shown that it is prevalent in the United States (see, for instance, Anderson and Reeb, 2003; Villalonga and Amit, 2006). The study by Villalonga and Amit (2020) provides a detailed review of the prevalence, evolution, behavior, and performance of family and non-family firms.

2. A notable exception is Franks et al. (2012).

resent 71% of the matched sample and contribute to 69% of total employment and 65% of value added created. The economic footprint of family firms is therefore sizeable. Additionally, we show that among family-owned business groups, 33% are exporters and a higher share are importers reaching 47%. A similar pattern is observed in non family businesses, where 39% export and 53% import. The use of administrative data also allows us to precisely identify the contribution of family businesses at the subnational level, as we can locate their economic activities in establishments across commuting zones in France. We find dispersion of economic activities across areas in France in terms of value added, employment, and turnover.

Third, our paper fills a gap in existing research by focusing on both listed and unlisted family firms, thereby providing a more complete picture of their economic impact. Franks et al. (2012) provide one of the few comprehensive analyses that include both private and public companies, revealing that family firms represent 30% of public firms and 41% of private firms in their sample. In the sample used in this analysis, family businesses represent 60% of listed companies and 71% of unlisted groups. We find that unlisted family groups account for around 46% of value added and contribute to 55% of employment in France. Privately held family firms, despite their prevalence, have a proportionally smaller impact on value added compared to their contribution to employment, confirming that they are smaller in scale or less capital-intensive compared to publicly listed family firms, which appear to generate a higher economic output relative to their numbers. [3]

To assess the differences between family and non-family business groups, whether listed or privately held, we use a methodology that estimates conditional premia or penalties on various economic and financial outcomes. Our large sample also allows us to examine the effects across three asset categories: small, medium, and large groups.

We find that family business groups are, on average, more productive than non-family

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3. Note that the listed firms in the sample are heterogeneous, with a few smaller companies included, though these are uncommon. Typically, companies enter the stock market with the goal of rapid expansion, which is why they are generally much larger than their unlisted counterparts.

groups, consistent with the idea that they are better at managing labor relations and providing employee-friendly policies (Kang and Kim, 2020; Mueller and Philippon, 2011; Bennedsen et al., 2019). However, the productivity premium of family groups is only significant in privately held groups and does not translate into higher wages. Contrary to expectations, and in line with Sraer and Thesmar (2007) and Bassanini et al. (2013), we show that family business groups pay lower wages. As found by both studies, we also show that they offer more permanent contracts. This pattern is observed only for privately held groups and in the sample of small and medium-sized groups, as family groups behave similarly to non-family groups among listed groups and in the sample of large groups.

In terms of internationalization, and in line with findings from Fernández and Nieto (2005) and Gomez-Mejia et al. (2010), we observe that family groups, on average, have a lower propensity to internationalize compared to other groups. However, unlike previous studies, our findings reveal that the effects vary depending on the category and size of the family group. Non-listed and large family groups encounter some disadvantages in international trade and foreign affiliates, but these patterns are not uniform across all groups. For listed, small, and medium-sized family groups, there are often no significant differences compared to non-family groups. This highlights that the impact of family ownership on internationalization is more nuanced than earlier research suggests, reflecting risk aversion and financial strategies depending on specific group characteristics.

Regarding financial ratios such as return on assets, we confirm the findings by Anderson and Reeb (2003) and Villalonga and Amit (2006), who show the superior asset efficiency of family business groups. However, this result is only valid for privately held groups, while listed groups exhibit similar characteristics regardless of family ownership. Additionally, we find that family groups have lower debt ratios than non-family groups.

The rest of the paper is structured as follows. Section 2 defines the concept of family firms and describes the data sources and methodology used in this study. Section 3 presents the economic footprint of family firms in the French economy, including their contributions

to employment and value added. Section 4 examines the internationalization of family firms, focusing on their trade activities and global presence. Section 5 provides a microeconomic analysis of family firms, comparing their performance with non-family firms. Finally, Section 6 concludes.

2 Definition and data

Definition. There are many definitions of family businesses based on various criteria, such as capital ownership, control (voting rights), and family involvement in management. In this paper, we focus on control, for which we have detailed information from administrative datasets. We define a family business as one where the majority of decision-making rights are held by the individual(s) who founded the firm, acquired its share capital, or by their spouses, parents, children, or direct heirs. For listed companies, a family enterprise is defined as one where individuals or family members hold at least 25% of decision-making power through their voting rights. The dataset has therefore information not only on publicly listed companies but also on private held companies which constitute the vast majority of family business.

Data and construction. We develop an algorithm and construct a dataset on firms in the French private sector by merging several confidential, administrative firm-level databases. Matching firms across these datasets is straightforward because firms are identified by the same identification number (SIREN) in each of the dataset. We present the results for the year 2021, as we have precise firm-level information for that year. In ongoing research, we match the detailed firm-level information with the Orbis Historic provided by Moody's. This dataset includes historical financials and ownership information, and offers more detailed information regarding corporate controls at the level of the firm. This approach will enable the construction of a comprehensive panel dataset.

Identifying controlling shareholders from firm ownership structures is challenging. Ami-

nadav and Papaioannou (2020) provide an extremely detailed procedure for collecting information on ownership structure from Orbis data for listed firms, which is further extended by Fonseca et al. (2023). We follow an alternative approach that enables us to collect information on privately held companies, as well as detailed administrative firm-level characteristics from tax returns, customs data, and annual social data declarations. We begin by identifying the Ultimate Beneficial Owner (UBO) of French firms and then determine whether these UBOs are family-owned and publicly listed.

LIFI, our primary administrative dataset sourced from INSEE [4], provides information on the ownership of the Ultimate Beneficial Owner (UBO) of firms located in France. It also details the financial links between the UBO and its affiliates, both in France and internationally. To determine the structure of business groups, we analyzed both direct and indirect ownership links. This information is used to construct the structure of business groups, i.e., allocate in a quasi-exhaustive way firms and establishment who belong to each UBO. LIFI includes data on the shares of voting rights held by type of shareholders: individually-owned, business-owned, and state-owned. We use this information to differentiate between groups owned by individuals and other types of ownership.We proceed in five steps.

1. We first determine the direct and indirect ownership links between firms. We apply a 50% voting rights cutoff to identify controlled, as opposed to widely held companies. [5] For example, if Company A holds 50% of Company B, and Company B holds 50% of Company C, then Company A, Company B, and Company C are considered part of the same business group. This classification is made even if Company A does not directly hold 50% of Company C. The indirect link through Company B is sufficient to include all three companies in the group. Company A is the Ultimate Beneficial Owner (UBO) of the group. In Appendix B, we assess the validity of our algorithm

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4. INSEE: Institut National de la Statistique et des Études Économiques.
5. We follow the majority of the literature on corporate control, which relies on absolute voting-rights cut-off measures. Few studies, such as Zingales (1994) use the Shapley-Shubik power index to determine corporate control. We consider a 50% voting rights cutoff to determine the pivotal control in any direct linkages between firms.

and show that it accurately represents corporate control structures in France.

2. We follow the definition of the European Commission and acknowledge that it includes family ties and the presence of a family member in governance. However, the LIFI database focuses on individuals rather than families. Therefore, we have adopted a broader approach that includes patrimonial groups owned by individuals, while also verifying, when information is available, that they are indeed family-owned using data from the Orbis database and Faris (2024), as detailed in the step below. We define a business group as a family business if the UBO is held at least 50% by individuals when non-listed groups.[6] By exception, for listed groups, a single condition is set: the family must hold 25% of the voting rights. In some cases, the UBO, which is not a family business, holds a majority stake in a holding company that is fully owned by individuals. When the holding company is not the head of the group, the following formula is applied to calculate the ownership structure: $\text{VotingRights}_{\text{UBO}} = \gamma_{\text{UBO}\to\text{Holding}} \times \text{VotingRights}_{\text{Individuals}}$. The UBO voting rights are therefore calculated by multiplying the voting rights of the UBO in the holding company ($\gamma_{\text{UBO}\to\text{Holding}}$) by the total voting rights held by individuals in the holding company($\text{VotingRights}_{\text{Individuals}}$). When this value exceeds 50%, the group is classified as a family business. When a group is identified as a family business, whether through the UBO or a holding company, all entities within the group, as constructed in step 1, are classified as family-owned.

3. This information is complemented with information on ownership from Orbis. However, as noted by Aminadav and Papaioannou (2020), in their Internet Appendix B, unfolding the chain of control reveals also difficult in ORBIS because of gaps, inconsistencies, and some errors. We therefore enhance the dataset with additional information hand-collected by Faris (2024). The data are sourced from the Pappers webpage (https://www.pappers.fr/). This allows us to refine the definition to

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6. See the definition by the European Commission: https://single-market-economy.ec.europa.eu/smes/sme-fundamentals/family-business_en.

characterize family businesses as firms where decision-making rights are held by the individual(s) who founded the firm, acquired its share capital, or by their spouses, parents, children, or direct heirs. This refinement enables us to better characterize the group of family businesses.

4. We exclude business groups which have a legal business structure classified as associations and cooperatives. [7]

To summarize, LIFI allows us to determine whether each French firm is part of a business group and if it is owned by individuals. We continue to enhance the data with information from Orbis Historic and Pappers to determine the familial nature of the group.

We match this data with employee information from DADS (Déclarations Annuelles des Données Sociales) at the firm level using the firm's official identifier (SIREN). DADS provides data on firms' labor force, enabling us to compute employment, hours worked, and wage bills for each occupation at the plant, firm, and business group levels. We also use this data to identify the French headquarters of firms and business groups, as defined as the plant with the highest management wage bill. We merge this with firm-level balance sheet information from FARE, including variables such as revenue, value added, and employment and with detailed information on trade from the Custom dataset.

Sample selection. Our initial sample consists of 208,656 listed and unlisted groups in 2021, the final year of our dataset. This sample includes both foreign-owned and French-owned groups. In the appendix, we provide the composition of these groups in terms of foreign ownership across family and non-family business groups.

We exclude foreign-owned groups from the sample because they are not directly comparable to French-owned groups. There are several reasons for this: foreign-owned groups often have different governance structures, financing arrangements, and market strategies due to their ties to multinational parent companies. Additionally, their performance may

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7. The french legal business classifies associations as 9224 and cooperatives as 5458, 5558, 5658, 5196. We exclude around 150 business groups.

be influenced by decisions made at the global level, which can distort comparisons with domestically owned groups.

After removing the foreign-owned French affiliates, the sample is reduced to 192,010 groups. Due to data limitations on the shareholding structure of smaller groups, we further exclude groups with fewer than 10 employees.[8] This leaves us with a final sample of 95,055 groups, of which 0.48% are publicly listed.

Family-owned groups represent 71% of the sample, which is higher than the 54.1% reported by Aminadav and Papaioannou (2020) and the 60% reported by Faccio and Lang (2002) for France.[9]

3   Footprint of family firms in the French economy

Family firms' weights in the French economy. In Figure 1, we present the economic weight of family businesses in the sample. Since the sample is sourced from an administrative dataset and is representative of the French economy, the shares presented below accurately reflect the significance of family firms in the overall economy. We display the economic weight for value-added, sales, employment (headcounts and number of hours paid), and the share of the wage bill paid to workers, as they are important macro-economic indicators.

Panel A presents data for the full sample of business groups, showing that family businesses are prevalent and contribute substantially to the overall economy. Figure 1 displays their contributions in terms of hours worked (69%), employment (69%), value added (65%), and sales (67%).
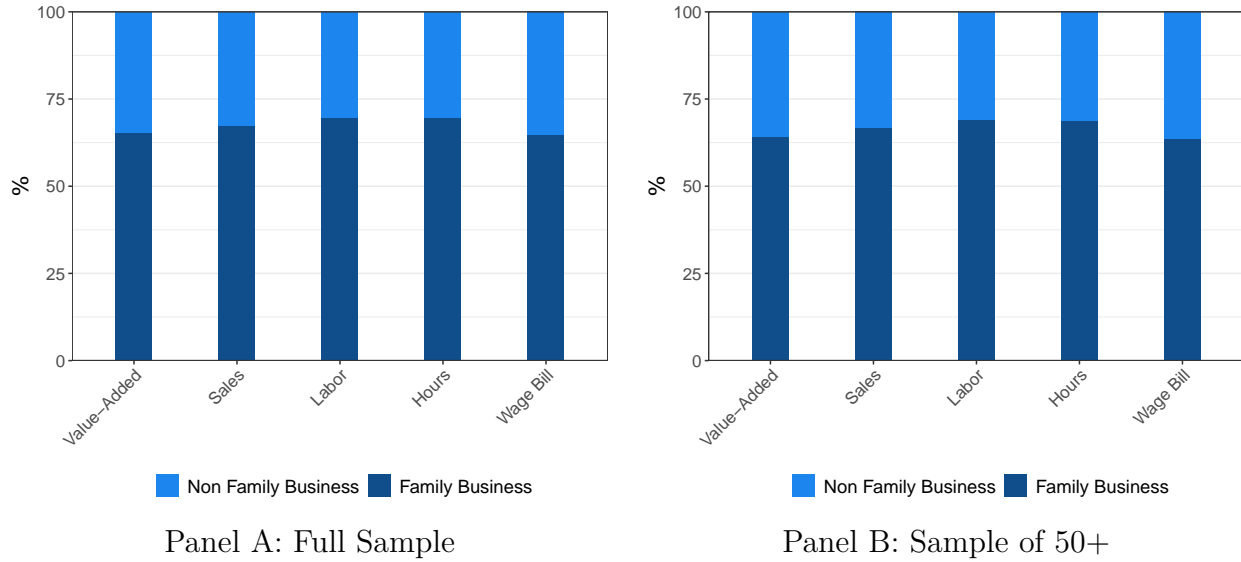
Panel B focuses on business groups with more than 50 employees.[10] In this subset, there

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8. The LIFI database provides good information on inter-company links but is less reliable for tracking ownership by individuals, especially in smaller groups.

9. The definitions of family ownership and firm size used by Aminadav and Papaioannou (2020) and Faccio and Lang (2002) differ from ours, but both studies highlight the continued prevalence of family businesses in Europe, particularly in France. It should be noted that these studies focus on listed companies, for which the prevalence of family firms in our data (60%) is similar.

10. We use this threshold to ensure that the analysis captures larger and more economically significant business entities, providing a clearer picture of their impact on the economy.

Figure 1 – Economic weights of family businesses in France

| Panel A: Full Sample | Panel B: Sample of 50+ |

are 22,564 business groups, which constitute 24% of the full sample. However, these groups represent a substantial share of aggregate employment and value added, accounting for 84% of total employment and 86% of total value added. As such, the magnitude of the weights should be similar to those shown in Panel A. Indeed, we find large contributions in terms of hours worked (67%), employment (69%), value added (64%), and sales (67%). [11]

The distribution of economic outcomes in the subsample closely mirrors that of the full sample, indicating that business groups with more than 50 employees significantly contribute to the overall economic impact of family businesses in France. This suggests that larger family groups play a crucial role in the weight and influence of family-owned businesses within the French economy.

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

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11. These figures represent the shares for groups with more than 50 employees. When considering all groups in the full sample, the shares of these '50+' family groups are 57% for hours worked, 58% for employment, 55% for value added, and 58% for sales.

contributions.

Table 1 – Size distribution of business groups (Full sample, % in parenthesis.)

	Number of BG		Value Added (100K)		Employment (100K)	
	Non-Family	Family	Non-Family	Family	Non-Family	Family
Total	27,216	67,839	2,423	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)

Notes: Total does not include micro-enterprises and foreign-owned business groups.
Sources: LIFI, DADS, FARE, Orbis, Pappers, 2021.

The overall distribution of business groups indicates that family-owned businesses represent 71% of the total number of business groups, while non-family businesses make up 29%. As shown above, family businesses contribute 65% of the total value added and 69% of employment, underscoring their significant role in the economy.

Turning to listed companies, family-owned businesses account for 60% of the total, contributing 61% of value added and 66% of employment. For non-listed companies, family-owned businesses constitute 71% of the total, contributing 67% of value added and 70% of employment. The distribution of non-listed companies is skewed towards family, as the economic weight of family businesses is in line with their prevalence among non-listed firms, albeit slightly lower for value added. These figures indicate that both listed and non-listed family firms, despite their prevalence, have a proportionally smaller impact on value added compared to their contribution to employment.

Interestingly, although privately held family groups make up about 99.6% of all family firms, they account for 71% of the value added and 79% of the employment generated by family firms in France. Their contributions to total value added and employment in the full sample is 47% and 55%, respectively. This discrepancy suggests that these firms may be smaller in scale or less capital-intensive compared to publicly listed family firms, which

appear to generate higher economic output relative to their numbers.

In Table 2, we present a breakdown of business group sizes based on the INSEE classification and report the results for the categories of SME (small and medium enterprises), ETI (intermediate-sized enterprises), and LE (large enterprises), as the Micro groups category is excluded from the sample. [12] In this table, we report the statistics for all firms in the matched dataset – without applying the threshold of 50 employees to select the business groups. This table provides a comparison between family and non-family business groups, highlighting their distribution across different size categories. We focus on the contributions of French business groups to value added and employment. While representing fewer groups in the sample the weights of large family and non-family business groups is an order of magnitude larger than those of other categories. The category of large business groups represents 0.08% of the sample and contributes to 42% of value-added and 33% of employment. This confirms the granular nature of the French economy as shown in Kleinert et al. (2015).

Table 2 – Size distribution of business groups (Full sample, % in parenthesis.)

Size Categories	Number of BG		Value Added (100K)		Employment (100K)	
	Non-Family	Family	Non-Family	Family	Non-Family	Family
SME	26,110	64,936	566	1,497	9.0	24.9
	(29)	(71)	(27)	(73)	(27)	(73)
ETI	1,045	2,806	637	1,233	8.0	20.0
	(27)	(73)	(34)	(66)	(29)	(71)
LE	61	97	1,220	1,812	11.7	20.6
	(39)	(61)	(40)	(60)	(36)	(64)

Notes: The size categories follow the INSEE definition, where SME for small and medium enterprises, ETI for intermediate-sized enterprises, and LE for large enterprises. The size of the group is computed at the group level. More details on the definitions can be found at: https://www.insee.fr/en/metadonnees/definition/c1079. The sample does not include foreign-owned business groups.
Sources: LIFI, DADS, FARE, Orbis, Pappers, 2021.

Family business are prevalent among SME, making up to 71% of groups of this size. These family-owned groups represent 73% of the value added and employment of SMEs.

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12. We follow the INSEE definition of firm size categories: https://www.insee.fr/en/metadonnees/definition/c1079. Notice that this categorization is different from the European classification: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Enterprise_size.

This indicates a strong economic presence of family businesses among SMEs.

The ETI category shows a even more skewed distribution, with family-owned ETIs comprising 73% of the total. These enterprises contribute slightly less to aggregate outcomes than their non-family counterparts relative to numbers, making up for 66% of value added and 71% employment.

In the LE category, family business are slightly less common, with 61% of large enterprises being family-owned. These family-owned LEs contribute 60% of the value added and 64% of employment in this category. This demonstrates the significant role of family businesses among the largest firms.

Sector-specific analysis of family firms' impact. Business groups are complex entities which can operate across many different industries. There are many ways to define the industry in which a business group belongs. We define the group industry as that contributing most to the group's value added. Since we do not have a specific industry classification for the business groups, we allocate the industry with the highest share of value added. While there are many alternative allocation criteria, our approach allows us to identify the industry where the most value is created. This approach uses the 2-digit industry code to assign an industry to each business group.[13] Figure 2 presents the distribution of top industries for family businesses in 2021 based on total sales. The sample includes all firms of groups employing more than 50 workers. Only *key* industries representing more than 3% of total sales are visualized.

There is also significant variation in the prevalence of family firms across industries, as documented for instance by Anderson and Reeb (2003). In Figure 2, we highlight the significant role of family businesses in key industries within the French economy. The graph shows that 26% of family businesses are in wholesale trade and 17% in retail trade. Moreover, the data indicate that family businesses are relatively more involved in industries such as

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13. INSEE definition (NAF rév. 2), see https://www.insee.fr/fr/information/2028155 for more details.

wholesale trade, retail trade, and manufacturing of food products compared to non-family groups. In these three industries, respectively 70%, 87% and 72% of groups are family-owned.

Figure 2 – Family and non-Family groups' key industries (2021, % of total sales)

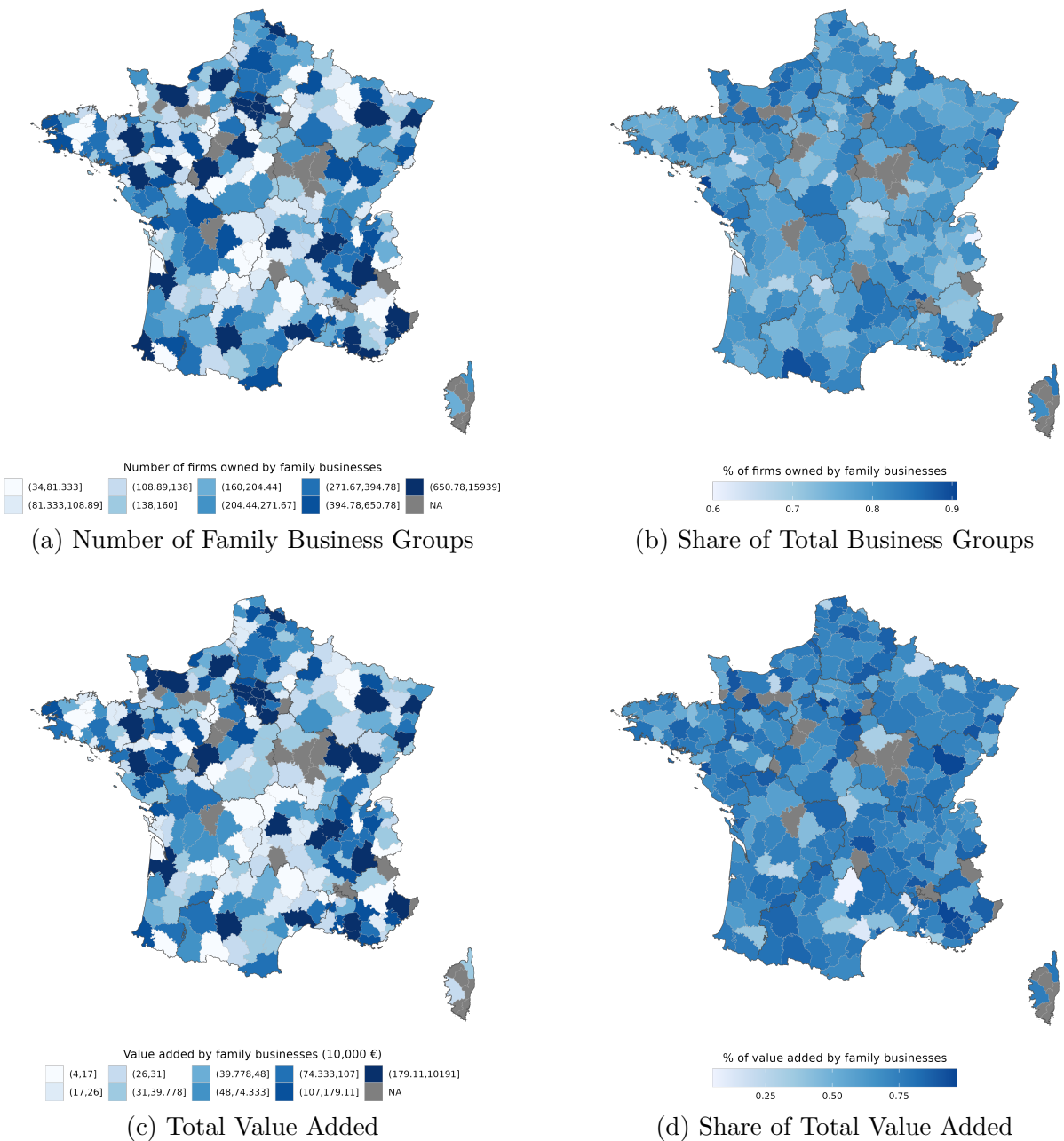(a) Family Business Groups   (b) Non-Family Business Groups
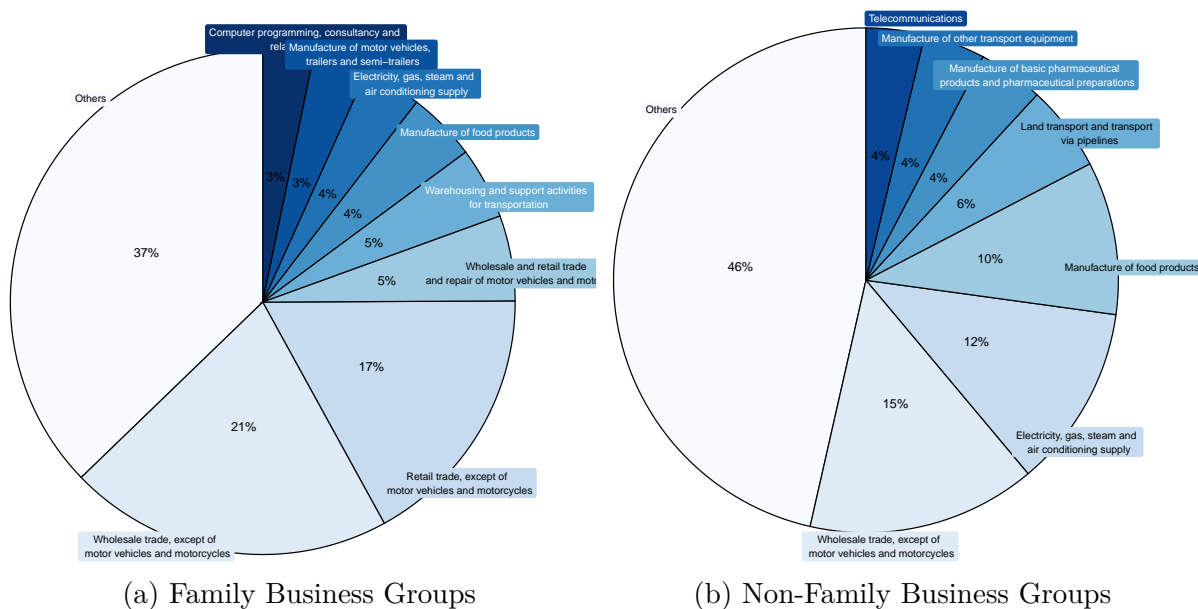
Notes: The sample consists of business groups with more than 50 employees. Only industries representing more than 3% of total sales are visualized. The industry classification of a business group is determined by the 2-digit industry code within the group that has the highest value-added. Foreign-owned groups and micro-enterprises are not included.
Sources: LIFI, DADS, FARE, Orbis and Pappers, 2021.

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.

Regional Analysis. We analyze the distribution of family businesses' economic activities across commuting zones (CZs) in France. We use the 2020 classifaction of CZs provided by INSEE. Commuting zones are particularly relevant for the economic analysis of rural areas because they encompass all counties, not just urban or metropolitan areas (Foote et al., 2016). The choice of CZs is principally guided by their usefulness as statistical units for analyzing labor market performance.

Figure 3 – Geographic distribution of family businesses and their regional footprint

Number of firms owned by family businesses
(34,81.333] (108.89,138] (160,204.44] (271.67,394.78] (650.78,15939]
(81.333,108.89] (138,160] (204.44,271.67] (394.78,650.78] NA

(a) Number of Family Business Groups

% of firms owned by family businesses
0.6   0.7   0.8   0.9

(b) Share of Total Business Groups

Value added by family businesses (10,000 €)
(4,17] (26,31] (39.778,48] (74.333,107] (179.11,10191]
(17,26] (31,39.778] (48,74.333] (107,179.11] NA

(c) Total Value Added

% of value added by family businesses
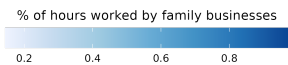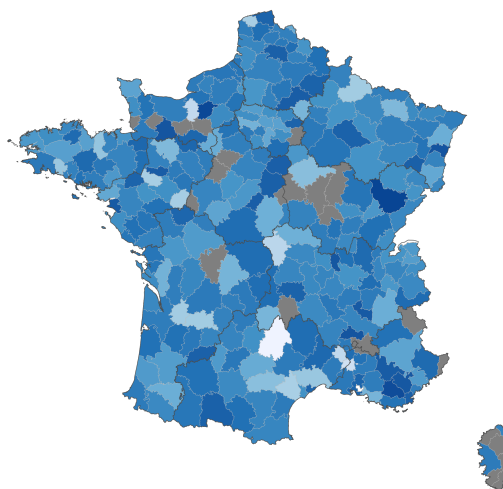0.25   0.50   0.75

(d) Share of Total Value Added

Notes: The sample includes groups with more than 50 employees. Value added (VA) is measured at the SIREN level and is attributed to the commuting zone (CZ) of its headquarter (HQ). SIRENs are family-owned if they are part of a family-owned business group. The number of family business groups are the number of SIREN in CZ that are part of family business groups. The HQ is defined as the establishment with the highest wage bill for managers, or the overall wage bill if manager data is unavailable. To ensure data confidentiality, the dataset does not display the footprint in CZs for which the data pertains to fewer than 10 firms. Foreign-owned groups and micro-enterprises are not included.
Sources: LIFI, DADS, FARE, Orbis, Pappers, 2021.

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Figure 4 – Geographic distribution of family businesses and their regional footprint (continued)

Millions of hours worked by family businesses

(1,6]   (8,9]   (11,14]   (21,29]   (50,1491]
(6,8]   (9,11]   (14,21]   (29,50]   NA

(a) Total Hours Worked

% of hours worked by family businesses

0.2   0.4   0.6   0.8

(b) Share of Hours Worked

Sales by family businesses (10,000 €)

(15,72]   (98.889,130.33]   (158.56,199]   (294.67,430.56]   (714.67,32347]
(72,98.889]   (130.33,158.56]   (199,294.67]   (430.56,714.67]   NA

(c) Total Turnover

% of sales by family businesses

0.25   0.50   0.75
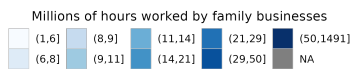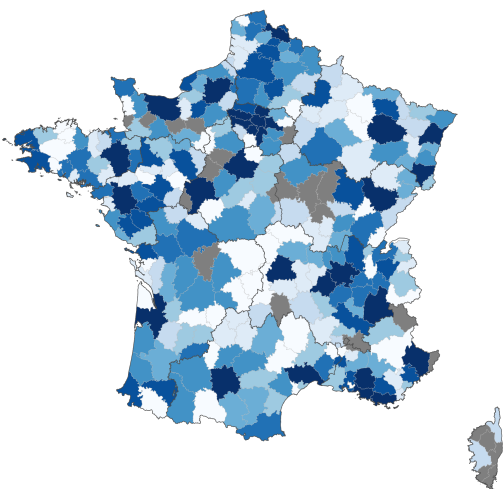
(d) Share of Total Turnover

Notes: The sample includes groups with more than 50 employees. Sales and hours are measured at the SIREN level and are attributed to the commuting zone (CZ) of its headquarter (HQ). SIRENs are family-owned if they are part of a family-owned business group. The HQ is defined as the establishment with the highest wage bill for managers, or the overall wage bill if manager data is unavailable. To ensure data confidentiality, the dataset does not display the footprint in CZs for which the data pertains to fewer than 10 firms. Foreign-owned groups and micro-enterprises are not included.
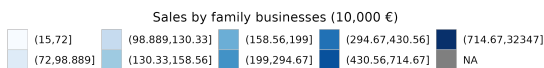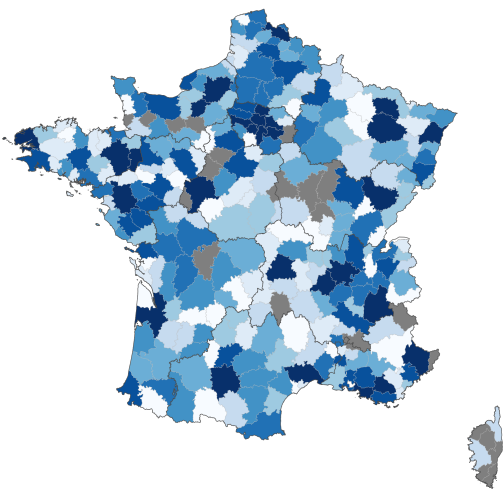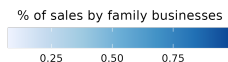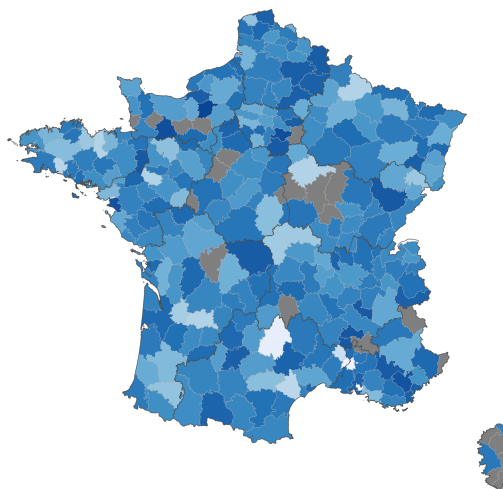Sources: LIFI, DADS, FARE, Orbis, Pappers, 2021.

We use different measures of economic outcomes: share of firms, hours worked, value added, and employment within each commuting zone, as well as the levels of these economic outcomes. The maps in Figures 3 and 4 visualize the dispersion of economic activities both in absolute terms and relative to the total economic activity of the commuting zone. [14] This provides a comprehensive view of the economic footprint of family businesses across various regions.

We show that while family businesses seem to be concentrated in a few commuting zones when visualizing the absolute level, the picture in shares reveals a rather significant dispersion of the regional footprint of family businesses. In terms of number, for instance, we find a notable concentration of family businesses in Île de France and other commuting zones across France, while their footprint in terms of share is more dispersed across commuting zones in France. In terms of value added, employment, and turnover, a similar pattern appears. Notably, some commuting zones, such as those in Saint-Lô, Besançon, and in the region of Provence Alpes et Côte d'Azur, show a distinct distribution wiht a prevalent footprint of family businesses.

4 Trade and the internationalization of corporate control

So far, we reported the activities of family groups in France. In the following we analyze the internationalization of family business.

International Trade. In Figure 5, we present the distribution of exporters and importers in France distinguishing between family and non-family businesses. Among business groups with more than 50 employees, 35% engage in exporting activities. Specifically, 33% of family-owned firms export, compared to 39% of non-family firms. The data indicate a

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14. To comply with the CASD data confidentiality guidelines, we exclude 13 commuting zones for which the data pertains to fewer than 10 firms.

higher proportion of importers, with 48% of business groups involved in importing goods in the overall sample. Within family businesses 47% of groups are importers, and this share is close for non-family businesses with 53% importing.

Figure 5 – Share of exporters and importers
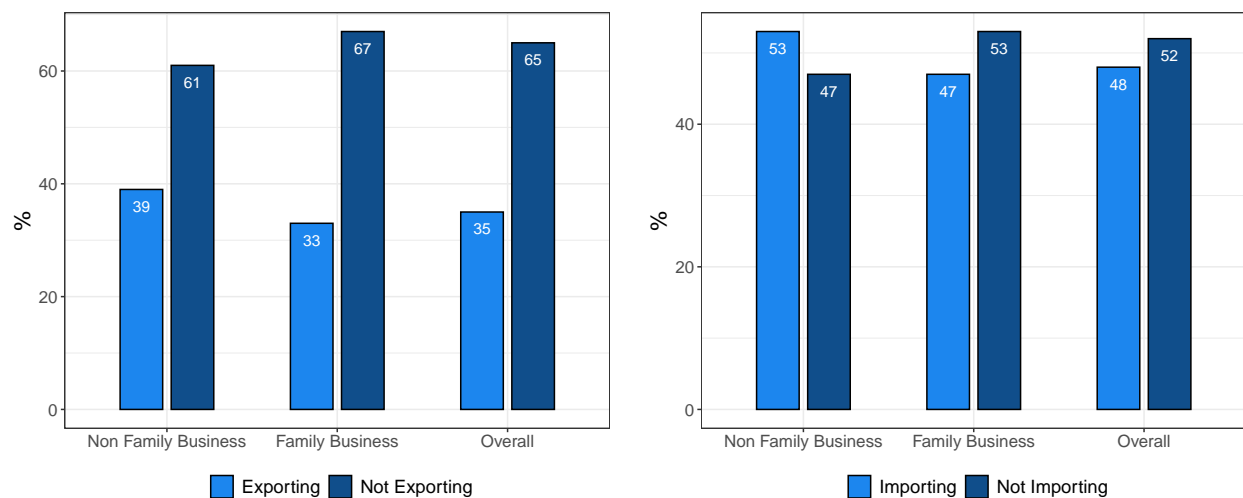
Panel A: Exporting Activities

Panel B: Importing Activities

Notes: The sample consists of firms with more than 50 employees, measured at the business group level. Foreign-owned groups and micro-enterprises are not included.
Sources: DGDDI, LIFI, DADS, FARE, Orbis and Pappers, 2021.

The findings above raise questions about the role of family businesses in international trade. Possible reasons for the lower share of importers and exporters could include risk aversion, strategic choices, limited resources (Fernández and Nieto, 2005), or a strong focus on domestic markets due to the additional cost and complexity of managing a geographically dispersed organization (Gomez-Mejia et al., 2010). In their meta-analysis, Arregle et al. (2017) focus on the role of family control and home country's institutional context. They show that the relationship between family firm and internationalization are explained by the roles of family control, internationalization types, and home countries' institutional contexts (i.e., minority shareholders protection and generalized trust of people from other countries). Another important dimension to consider is the socio-emotional wealth (SEW) theory, which suggests that family firms prioritize non-financial factors like reputation, emotional attachment, and political engagement. These SEW factors, closely tied to the family's identity and

legacy, tend to diminish when expanding into foreign markets due to a lack of familiarity with the family or its history. Consequently, the emotional incentives for internationalization are reduced, making family firms more hesitant to expand globally. This perspective is thoroughly detailed in a comprehensive survey by Arregle et al. (2017).

5 Micro-economic analysis: Family business premia and penalties

To assess the differences between family and non-family business groups, we use a methodology that estimates conditional premia or penalties on various economic and financial outcomes. The sample includes French business groups without foreign-owned French affiliates and is limited to groups with more than 10 employees.

The estimation is based on a cross-section of firms in 2021, allowing us to compare the performance of family groups to non-family groups right after the COVID-19 crisis. While previous studies have shown that family firms tend to be more financially resilient (Amore et al. (2022); Ding et al., 2021), we also examine other economic factors, including trade and labor outcomes. In ongoing research, we will extend this analysis using panel data to explore changes over time.

This approach is designed to isolate the impact of family ownership and provide a direct comparison between family and non-family business groups. We report the 'premia' using the following framework:

$$y_j = \beta FB_j + \omega_{k_{(j)}} + \gamma_{s_{(j)}} + \epsilon \tag{1}$$

In this model, y_j represents business group-level outcomes in categories such as the labor market (labor productivity, hourly wages and working conditions), internationalization and foreign presence (export and import rates, foreign affiliate presence), and financial ratios

(return on assets, return on equity and debt ratio). The variable FB_j indicates whether a business group is a family business or not. The regression includes 2-digit industry fixed effects ($\gamma_{s_{(j)}}$) to control for differences in group characteristics across industries, as well as decile indicators of total assets ($\omega_{k_{(j)}}$). By employing this fixed-effects model, we isolate the impact of family ownership on our economic and financial outcomes, providing a comparison between family and non-family business groups.

Our empirical analysis uses six distinct samples: the overall sample, the sample of listed firms, and the sample of privately held companies and three samples corresponding to small, medium, and large groups, classified by terciles of total assets. By dividing the overall sample into listed and privately held firms, as well as into size categories, we ensure a more precise comparison between firms with similar characteristics.

Labor productivity, wages, and working conditions. We begin by examining the labor market premium associated with family businesses. We focus on three key metrics: labor productivity, defined as value added per hour worked; the share of permanent contracts; and hourly earnings, which include compensation for working hours as well as commissions, bonuses, sick leave, paid leave, and bank holidays. We direct readers to Belot and Ginglinger (2024) for a more comprehensive analysis of the literature on family businesses and labor relations. Their paper offers both theoretical and empirical insights that complement the discussion presented here. Table 3 presents the percentage premia and penalties of family firms relative to non-family firms across these labor market outcomes.

Few studies have examined the relative productivity of family firms compared to non-family firms. We observe a positive productivity premium for family businesses in the overall sample. When split into listed and non-listed firms, non-listed family firms exhibit a positive premium compared to non-listed non-family firms, whereas labor productivity is similar across listed family and non-family firms. Size-based variations are also evident: small and medium family firms outperform their non-family counterparts, whereas productivity

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Table 3 – Labor productivity, hourly wages and share of permanent contracts

	Sample			Size		
	Whole	Listed groups	Non-Listed groups	Small	Medium	Large
Labor Productivity	0.067***	0.080	0.066***	0.165***	0.074***	0.008
	(0.006)	(0.100)	(0.005)	(0.013)	(0.012)	(0.009)
Share of Perm. Contracts	0.007***	0.006	0.007***	0.025***	0.012***	-0.006***
	(0.002)	(0.010)	(0.002)	(0.004)	(0.003)	(0.002)
Hourly Earnings	-0.051***	-0.111***	-0.051***	-0.017***	-0.048***	-0.073***
	(0.002)	(0.024)	(0.002)	(0.004)	(0.004)	(0.003)

Notes: The regressions using the full sample, as well as the subsamples of listed and non-listed firms, include 2-digit industry fixed effects and decile indicators of total assets. The regressions that split the sample by firm size categories only include 2-digit industry fixed effects.
Standard errors clustered at business group level. *** denotes statistical significance at the 1% level, ** at the 5% level, and * at the 10% level.
Sources: LIFI, DADS, FARE, Orbis and Pappers, 2021.

differences among large firms are negligible whether they are family-owned or not. The performance of family firms in terms of labor productivity is related to the importance of employee relations. According to Kang and Kim (2020) family firms have several comparative advantages in implementing employee-friendly policies over non-family firms. Family firms typically adopt a longer-term investment horizon compared to shareholders of non-family firms (Anderson and Reeb, 2003). The investment horizon and commitment of family owners enhance employees' perceptions of the firm's reliability, leading to lower employee turnover and increased motivation. Several papers support this argument. Mueller and Philippon (2011) document that family firms are particularly skilled at managing labor relations and experience fewer strikes than their widely held counterparts. Bennedsen et al. (2019) found that employees in family firms exhibit consistently lower absenteeism, which is a key driver of labor productivity. These studies point to a positive productivity premium of family firms compared to non-family firms. Sraer and Thesmar (2007) highlight a nuanced impact, showing that while founder-led family firms demonstrate higher labor productivity than non-family firms, productivity declines in family firms managed by professional executives.

Regarding wages, our findings indicate that family business groups generally offer lower hourly earnings compared to non-family business groups. This wage penalty is consistent

across the overall sample, as well as within both listed and unlisted firms, and persists across different firm size categories. This outcome is consistent with Sraer and Thesmar (2007), who analyzed approximately 1,000 French listed companies and found that family groups tend to pay lower average wages. Using a larger sample that includes non-listed firms, Bassanini et al. (2013) also identified a wage penalty in family businesses. They attribute the wage gap between family and non-family firms partly to differences in worker characteristics and wage-setting policies. Notably, Bassanini et al. (2013) find that when ownership transitions from non-family to family, incumbent workers experience a wage decrease, which is partially offset by a reduced risk of dismissal. This suggests that family ownership influences both wages and the broader employment package, particularly regarding working conditions and job security.

Our analysis focuses on employment stability, particularly through the prevalence of permanent contracts in the firm as an indicator of working conditions. The information on the type of working contract is retrieved from the administrative DADS files. We find statistically significant differences between family and non-family groups regarding the employment of workers under permanent contracts. In listed firms, there is no significant difference, while unlisted family groups exhibit a positive premium in the use of permanent contracts. Across firm size categories, small and medium family groups show higher shares of permanent contracts compared to their non-family counterparts, whereas large family groups experience a small, though statistically significant, penalty in this regard.

These findings appear to contrast with the results of Sraer and Thesmar (2007) and Bassanini et al. (2013), whose work is primarily based on samples of listed firms. However, neither of these studies directly analyzes the share of permanent workers in firms. Sraer and Thesmar (2007) examine the sensitivity of firm employment to industry sales shocks and therefore provide insurance across the business cycle to their workers. Bassanini et al. (2013) examine job security in family firms by considering separation rates, specifically rates of dismissals that capture the risk of job loss for permanent workers. They find that family

firms exhibit significantly lower dismissal rates compared to non-family firms. Moreover, in response to negative economic shocks necessitating downsizing, Bassanini et al. (2013) show that family firms prefer reducing hiring rather than implementing dismissals, unlike their non-family counterparts. This suggests a compensating wage differential mechanism, whereby family firms trade lower wages for higher job security. Their findings show that when ownership transitions between family and non-family firms, approximately half of the observed wage decrease is attributable to the reduced dismissal risk associated with family ownership.

Trade and the presence of foreign affiliates. We now focus on trade and the presence of foreign affiliates abroad. We distinguish between the extensive margin, which refers to the probability of exporting to or importing from abroad, and the intensive margin, which represents the value of trade as recorded in the French customs dataset. This analysis is limited to direct exports by the group from France, as these are the only data available in the administrative sources. For the presence of foreign affiliates, we also differentiate between the extensive margin, defined as the probability of having a foreign affiliate directly owned by the French group, and the intensive margin, which measures the number of (directly-owned) foreign affiliates, as reported by INSEE in the LIFI dataset. Table 4 and 5 presents the premia and penalties of family firms relative to non-family firms across these dimensions.

The data reveals several key patterns regarding the trade activities and foreign affiliate presence of family business groups compared to non-family groups. Our analysis indicates heterogeneous effects, with penalties observed in some areas and insignificant results in others.

On the extensive margin of exports, family business groups are less likely to export compared to non-family groups, though the penalty is small in the overall sample and for non-listed and large groups. For listed, small, and medium groups, the effect is not statistically significant, indicating that the probability of exporting is similar between family and non-

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Table 4 – Direct exports from and imports to French groups and their foreign affiliates

	Sample			Size		
	Whole	Listed groups	Non-Listed groups	Small	Medium	Large
Prob. to Export	-0.010***	-0.018	-0.010***	0.002	-0.007	-0.035***
	(0.003)	(0.040)	(0.003)	(0.004)	(0.006)	(0.006)
Exports Value	-0.315	-0.512	-0.342***	-0.458	-0.315***	-0.641**
	(0.258)	(0.511)	(0.030)	(0.285)	(0.114)	(0.254)
Prob. to Import	-0.011***	0.034	-0.011***	0.000	-0.015*	-0.040***
	(0.004)	(0.034)	(0.004)	(0.005)	(0.008)	(0.006)
Imports Value	0.083	0.236	-0.199***	0.145	-0.123	-0.202
	(0.266)	(0.465)	(0.030)	(0.140)	(0.078)	(0.299)

Notes: The regressions using the full sample, as well as the subsamples of listed and non-listed firms, include 2-digit industry fixed effects and decile indicators of total assets. The regressions that split the sample by firm size categories only include 2-digit industry fixed effects.
Standard errors clustered at business group level. *** denotes statistical significance at the 1% level, ** at the 5% level, and * at the 10% level.
Sources: DGDDI, LIFI, DADS, FARE, Orbis and Pappers, 2021.

family groups in these categories. On the intensive margin, family business groups do not face a clear disadvantage compared to non-family groups in the overall sample. However, the results differ across business categories and group sizes. Non-listed family groups show a disadvantage in export value, while no significant differences are observed for listed groups. In terms of size, both large and medium-sized family groups are at a disadvantage in export value, whereas small groups show no statistically significant differences from non-family groups.

On the extensive margin of imports, family business groups are less likely to import compared to non-family groups. The penalty is more pronounced for large groups, while it is very small in the overall sample and for non-listed and medium-sized groups. For listed and small groups, the effect is not statistically significant, suggesting that the probability of importing is similar between family and non-family groups in these categories. On the intensive margin, family business groups do not show a clear disadvantage in import value compared to non-family groups in the overall sample. However, non-listed family groups

display a disadvantage, whereas listed groups do not exhibit any significant differences.

These results contrast with previous research, which often describes family businesses as more risk-averse in internationalization. Our findings show that the effects vary depending on the category and size of the family business group. While non-listed and large family groups face some disadvantages in international trade and foreign affiliates, these patterns are not consistent across all groups. For listed, small, and medium-sized family groups, there are often no significant differences compared to non-family groups. This suggests that the influence of family ownership on internationalization is more nuanced than earlier research indicates, with risk aversion and financial strategies varying depending on specific group characteristics.

Table 5 – Presence and number of foreign affiliates

	Sample			Size		
	Whole	Listed groups	Non-Listed groups	Small	Medium	Large
Foreign Affiliates Presence	-0.034***	-0.026	-0.034***	-0.007***	-0.019***	-0.096***
	(0.003)	(0.037)	(0.003)	(0.002)	(0.004)	(0.006)
Number of Foreign Affiliates	-0.075	0.045	-0.177***	-0.562***	-0.450***	-0.381**
	(0.149)	(0.298)	(0.033)	(0.156)	(0.107)	(0.159)

Notes: The regressions using the full sample, as well as the subsamples of listed and non-listed firms, include 2-digit industry fixed effects and decile indicators of total assets. The regressions that split the sample by firm size categories only include 2-digit industry fixed effects.
Standard errors clustered at business group level. *** denotes statistical significance at the 1% level, ** at the 5% level, and * at the 10% level.
Sources: DGDDI, LIFI, DADS, FARE, Orbis and Pappers, 2021.

On the extensive margin, family business groups are less likely to have foreign affiliates compared to non-family groups. The penalty is larger among large groups than in small or medium-sized groups. However, for listed groups, the effect is not statistically significant, indicating similar probabilities of having foreign affiliates for family and non-family groups in this category. On the intensive margin, while family groups overall tend to have fewer foreign affiliates, the effect is insignificant in the overall sample. However, when analyzing by group size, the disadvantage becomes significant, particularly for small groups. This suggests a composition effect, where the overall insignificance masks the differences that emerge when

groups are categorized by size.

The limited international presence of family business groups is also evident in their reduced involvement with foreign affiliates. Establishing foreign subsidiaries requires substantial investment and navigating complex regulatory environments, which can be particularly challenging for family groups accustomed to operating within familiar domestic markets. The data suggests that this challenge is a significant barrier, especially for non-listed family groups, where the negative effects are even more pronounced.

Financial ratios. The results of studies that compare the economic performance of family and non-family firms have shown a diverse range of results. We analyze the performance of firms using three key financial indexes, including return-on-assets (ROA), return on equity (ROE) and the debt ratio. Table 6 presents the percentage premia and penalties of family firms relative to non-family firms.

Table 6 – Financial ratios

	Sample		
	Whole	Listed groups	Non-Listed groups
ROA	0.047***	0.286	0.046***
	(0.014)	(0.177)	(0.013)
ROE	-0.010	-0.026	-0.009
	(0.020)	(0.169)	(0.014)
Debt Ratio	-0.187***	-0.205**	-0.186***
	(0.026)	(0.084)	(0.020)

Notes: The regressions using the full sample, as well as the subsamples of listed and non-listed firms, include 2-digit industry fixed effects and decile indicators of total assets. The regressions that split the sample by firm size categories only include 2-digit industry fixed effects.
Standard errors clustered at business group level. *** denotes statistical significance at the 1% level, ** at the 5% level, and * at the 10% level.
Sources: LIFI, DADS, FARE, Orbis and Pappers, 2021.

The results, as displayed in Table 6, indicate a significant premium in ROA for family business groups in the overall sample and among non-listed groups. However, while listed family groups also show a positive ROA, the effect is not statistically significant. This

suggests that family groups generally benefit from a longer-term investment horizon and better alignment of management and shareholder interests. These findings are consistent with the work of Anderson and Reeb (2003) and Villalonga and Amit (2006), who emphasize the superior asset efficiency of family firms. However, as noted by Villalonga and Amit (2006), this superior performance is less common in firms with disproportionate voting rights.

While family firms tend to have higher ROA, their lower levels of debt mean this efficiency doesn't translate into higher ROE. The non-significant ROE coefficients reflect the fact that family firms, use less leverage, resulting in ROE levels similar to non-family firms. This outcome is more a reflection of their financial structure than of their business goals or efficiency.

The debt ratio shows a significant negative relationship for family firms across all samples. This finding suggests a more conservative financial strategy in family firms, potentially due to the desire to maintain control and reduce financial risk.

6   Conclusion

This paper provides a comprehensive analysis of the economic impact of family-owned firms in France, using a novel dataset that merges administrative and commercial data. Our findings highlight the significant contributions of family firms to the French economy, particularly in terms of employment, value added, turnover, and trade. By differentiating between listed and privately held family firms, we show distinct patterns in productivity, employment contracts, wages, internationalization, and financial outcomes.

Our study reveals that family-owned firms form a substantial part of the French economy, significantly contributing to both employment and value added. An important aspect of our analysis is the differing economic footprints of listed and privately held family firms. Among listed companies, family-owned firms have a notable impact on both value added and employment. In non-listed companies, family firms have a marked influence on employment

and value added. However, the impact of privately held family firms is more pronounced in employment compared to their contribution to value added, suggesting differences in scale and capital intensity.

Our study reveals important differences between family and non-family business groups in terms of economic and financial performance, with nuances depending on the group size and listing status. Privately held family groups exhibit a productivity premium and are more likely to offer permanent contracts. Listed family groups, on the other hand, exhibit less variation and behave more like non-family businesses in terms of labor productivity and contracts. This productivity advantage does not result in higher wages, as family groups tend to pay lower wages compared to their non-family counterparts. This pattern is found in small and medium-sized family groups, while large family groups tend to show similar behaviors to non-family groups in terms of productivity.

In terms of internationalization, family business groups generally have a lower levels of engagement in global markets compared to non-family groups, particularly in the case of non-listed and large family groups. Privately held family firms are particularly less engaged in international trade and foreign direct investment, which may reflect their more conservative approach to international trade and risk management. Nonetheless, these patterns are not consistent across all size categories, as smaller family groups often do not show statistically significant differences from non-family groups in terms of internationalization.

Regarding financial performance, family business groups display better asset efficiency and lower debt ratios, particularly among privately held groups.

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Appendix

A   Data

Table A.1 – Descriptive Statistics: Sample of Business Groups in the different samples

Variable	All Sample	Sample 50+	Sample No Micro	Percentage in 50+ Sample	Percentage in No Micro Sample
Number of Siren	343163	111014	232212	32%	68%
Number of BG	192010	22564	95055	12%	50%
Labor	9820800	7876547	9409190	80%	96%
Hours	16205765096	12977384466	15510422785	80%	96%
Total Sales	2704316272	2269790982	2592634861	84%	96%
Value Added	729091556	602072978	696508811	83%	96%

Notes: The sample "No Micro" excludes Micro-Enterprises, the sample "50+" are firms above 50 employees determined using the Business Group's total labor. Foreign-owned firms are not included in this table.
Sources: LIFI, DADS, FARE, 2021.

B   Validity and Comparison

To assess the performance of our algorithm in consolidating economic groups of firms, we compare our groups to those created by INSEE using LIFI data and to the groups described in the CEP (Contours des Entreprises Profilées) dataset. The CEP dataset, also maintained by INSEE, identifies groups of firms connected by financial and legal links. Until 2016, CEP focused on a limited number of groups, with data manually collected from annual statements. The LIFI groups are constructed using the same bilateral links and a similar method as ours, making them closely comparable. In contrast, the comparison to CEP is necessarily more limited due to its less extensive coverage, but it is perhaps more interesting as CEP employs a different methodology and is based on different data sources.

Perhaps unsurprisingly, our group construction closely matches that of INSEE. For instance, in 2016 roughly 99% of the head of groups detected by LIFI overlap with ours. Of the roughly 12,000 UBOs which do not overlap, about 4% are found in our groups although not at the top. The roughly 11,000 remaining UBOs are detected by our procedure but not by INSEE and consist of firms appearing at least once at the top of a binary link and never at the bottom. This pattern is consistent across time as our procedure systematically creates more groups than LIFI. This is mostly explained by the detection of small groups, classified as independent firms by INSEE.

It is reassuring to see that the groups we construct are also very similar to these defined in CEP. Overall, in 2021, we match 97% of all affiliates and 95% of head of groups in CEP, including cases where we aggregate several CEP groups into a single business group. The remaining 5% CEP groups match at least two of the groups we constructed. Among the 95% of groups we match, two thirds are perfectly identical. For the remaining third, 98% of groups differ by a single affiliate. On average, our procedure recreates slightly larger groups as 95% of differing groups strictly include their CEP counterparts, while the opposite only holds for 4.5% of groups. In rare cases (less than 1% of matched groups), both our procedure and CEP find affiliates missing in the other. All in all, our procedure closely matches CEP, with the obvious advantage of offering a larger coverage, especially for the earlier years.

Table B.1 – CEP comparison

| Year	Share matched	Links in LIFI	Links in CEP	Coverage of CEP
2019	95%	503,523	372,446	73.97%
2020	94%	532,880	419,226	78.67%
2021	97%	564,269	451,501	80.02%

Sources: LIFI, CEP, 2009-2021.

C Internationalization of corporate control

Figure C.1 show the distribution of family and non-family business groups with more than 50 employees, categorized by their engagement in multinational enterprise (MNE) activities. Among the family businesses, 81% are classified as French groups only operating in France (GFR-FRA), 15% are French groups owning a foreign subsidiary (GFR-MNE), and less than 4% are foreign-owned (GET-MNE). The distribution is markedly different for non-family businesses. Among non-family groups, 31% are foreign-owned, 51% are French groups only operating in France, and 18% are groups owning a foreign subsidiary.

This distribution highlights the significant difference in international engagement between family and non-family businesses. Non-family businesses are considerably more likely to have a multinational presence compared to family businesses. Conversely, family businesses are more inclined to operate solely within France or have limited international activities. The graph underscores the importance of considering the role of family ownership in shaping international business strategies, as this can significantly impact firm performance, innovation, and economic spillovers. Family businesses tend to maintain closer ties to their domestic market, which may influence their strategic decisions and competitive advantages differently from non-family businesses that pursue broader international engagements.

These observations align with the findings of Fonseca et al. (2023), who demonstrate a strong home bias in the market for corporate control, largely due to deeply-rooted informational frictions and behavioral/cultural barriers. Their detailed study further shows that cultural barriers, particularly linguistic differences, play a crucial role in explaining these patterns. This is especially evident among family businesses.

Figure C.1 – Foreign ownership
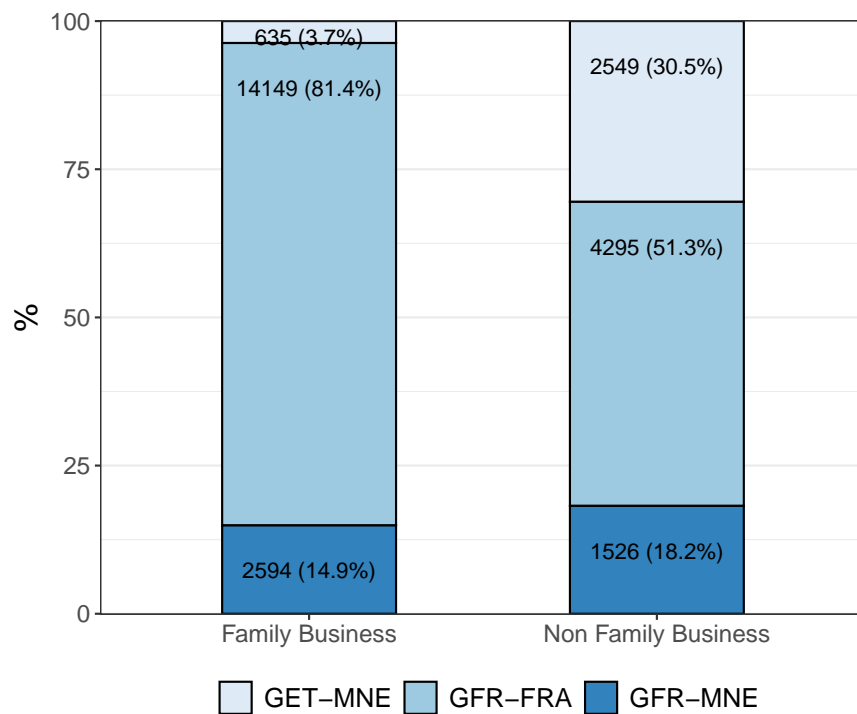
Notes: Sample of business groups with more than 50 employees. GET-MNE are groups with a foreign head of group and foreign affiliates, GFR-FRA are French groups operating only in France and GFR-MNE are groups with a French head of group and foreign affiliates. Micro-enterprises are not included.
Sources: LIFI, DADS, FARE, Orbis and Pappers, 2021.