

# **Overview of Family Business Relevant Issues**

## **Country Fiche Belgium**

**Authors:**



**Research Centre for Entrepreneurship EHSAL-K.U. Brussel**

Wim Naudts

Johan Lambrecht

**Project Co-ordination:**

**KMU FORSCHUNG AUSTRIA**  
Austrian Institute for SME Research



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This study has been elaborated with reasonable care. The authors and the project co-ordinator do not, however, accept responsibility for printing errors and/or other imperfections and potential (consequential) damage resulting thereof.

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## 1 Introduction

Although research shows that the total entrepreneurial activity in Belgium is low<sup>1</sup>, entrepreneurship is high on both the political and the policy agenda. Many of the policy initiatives with regard to entrepreneurship essentially try to improve the aforementioned low entrepreneurial activity. Initiatives focus on such items as the available financial resources for starting entrepreneurs, the involvement of female, senior and young entrepreneurs and the development of an entrepreneurial mindset.

However, in the relevant policy documents little reference is made to the specific situation of family businesses. To a certain extent, this contrasts with the fact that societal interest in family businesses in Belgium has increased in the past years, resulting in growing press coverage, an increase in research on the matter and development of specific family business training schemes<sup>2</sup>. It can therefore be expected that in the near future family businesses will become more prominent in entrepreneurial policy as well.<sup>3</sup>

A specific defy within the Belgian context is the institutional framework with regard to economic policy and policy on entrepreneurship. This framework is somewhat more complex than in most other European countries. The specific Belgian federal structure is marked by a division of competences between three types of central government: the federal government, the three regions (Flemish Region, Walloon Region and Brussels Capital Region) and the three communities (Flemish Community, French Community and German-speaking Community). All three types of institutional actors have competences with regard to economic policy, entrepreneurship and family business related issues. Different than in most types of federalism there is no hierarchy between these actors. Moreover, each type of actor has exclusive competences, for which only that actor is competent on its territory.

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<sup>1</sup> Crijns, H., et. al., 2007, *Ondernemerschap in België en in Vlaanderen. Resultaten van de global entrepreneurship monitor 2006*, Leuven-Gent: Vlerick Management School.

<sup>2</sup> The Flemish government even sponsors a television format focusing on the day by day functioning of a family business; see for instance "Vlaamse tv-zenders ontdekken ondernemer", 25/01/2005, De TIJD.

<sup>3</sup> The Flemish ministry for economy, science and innovation for instance is currently working on a white paper on family businesses that is expected to be made public in the near future.

## 2 Understanding of “family businesses” in the national context

As is the case in most European countries, Belgium does not have one generally accepted definition of family businesses. As mentioned in the previous chapter, there are few specific policy initiatives or regulations with regard to family businesses. Moreover, the competency for the development of policy initiatives is shared by different independent institutional actors that do not necessarily share the same view or the same vocabulary. As a result, a clear-cut definition at policy level is lacking.

The past decades, family businesses in Belgium have become increasingly popular as a research topic. The Research Centre for Entrepreneurship at EHSAL-K.U. Brussel for instance explicitly focuses on family businesses in its mission statement. At the University of Antwerp, the department of applied economics also deals with research on family businesses. A challenge faced by all involved researchers is to find an acceptable and useful definition of family businesses. Belgian researchers sometimes develop own definitions and criteria. Often they also make reference to international literature. Some scholars for instance use the criteria of the Stockholm School of Economics<sup>4</sup> in which the family business is defined as an organization having at least three family members active within the company or as an organization where at least two generations have had control over the company or where the next generation is prepared to enter the company. Belgian research also makes reference to the criteria developed by the International Family Enterprise Research Academy (IFERA)<sup>5</sup>.

The Belgian corporate governance code for non-listed companies, the so-called *Code Buysse*, defines family businesses as businesses where, amongst others, the shares are held by several family members or several branches of the family or businesses where, within a single branch, several generations are involved in various roles in the company. The fact that the code explicitly states *amongst others* indicates that this is a non-exhaustive, open definition of family businesses.

Sometimes, more elaborate combinations of criteria are used. Vicindo DataMarketing, currently part of the Bertelsmann conglomerate, for instance uses the following criteria to define family businesses in Belgium:

- the name of a director is part of the name of the company;
- at least two directors have the same name;
- at least two directors (that do not have the same name) live at the same address;
- one of the directors lives at the same address of the company.

Companies that fulfill at least one of these criteria are considered to be a family business.

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<sup>4</sup> See for instance Baeten, X. and V. Dekocker, 2007, *Verloning in familiebedrijven*, Leuven-Gent: Vlerick Management School.

<sup>5</sup> IFERA, 2003, “Family Business Dominate”, in: *Family Business Review*, 16, 235-239.

Other authors do not use a binary but a more dynamic approach to the definition of family businesses, for instance by using a continuum with family business and non-family business at both sides. In this case the F-PEC scale<sup>6</sup> is often used.

In order to define family businesses, entrepreneurs are sometimes asked in survey research if they perceive their own company as a family business. A 2000 article that appeared in the economic newspaper De TIJD under the title *Not every family business is a family business*<sup>7</sup> however reports on the difference that exists between entrepreneurs' own interpretation of the family character of the enterprise and the objective criteria used to qualify an enterprise as a family business. These objective criteria do not always collide with the own perception of the family character.

Belgian research sometimes considers sole proprietors and one-person enterprises as family businesses. In addition, it is very widely accepted by Belgian scholars that also listed companies and non-SME's can be family businesses. It goes without saying that this results in a substantial heterogeneity among organizations seen as family businesses in Belgium.

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<sup>6</sup> Astrahan, J.H., S.B. Klein and K. Smyrnios, 2002, "The F-PEC Scale of Family Influence: A Proposal for Solving the Family Business Definition Problem", in: *Family Business Review*, 15(1), 45-58.

<sup>7</sup> "Niet elk familiebedrijf is een familiebedrijf", 13/10/2000, De TIJD.

### 3 Importance of family businesses for the national economy

Although a lot of quantitative information on entrepreneurship is made accessible through different organizations<sup>8</sup> and institutions, few data is available on the specific issue of family businesses in Belgium. This goes hand in hand with the fact that there is no universally accepted definition of family businesses.

The Belgian *Instituut voor het Familiebedrijf*<sup>9</sup> and the *Institut de l'Entreprise Familiale*<sup>10</sup> estimate the amount of family businesses in Belgium to be as high as 70%. Both institutes, that work closely together, refer to research conducted by the International Family Enterprise Research Academy (IFERA)<sup>11</sup>. These numbers also circulate in the Belgian press<sup>12</sup>. Research by Vicindo DataMarketing among Belgium's 100,000 biggest companies, using different criteria than the IFERA research, indicates that 52% of the 100,000 biggest Belgian companies can be qualified as family businesses<sup>13</sup>.

Also according to the *Instituut voor het Familiebedrijf*, family businesses account for 55% of Belgium's gross national product. With regard to employment, the Institute argues that of the organisations with less than 100 employees, 70% are family businesses. In organisations with 100 to 500 employees this percentage is 45% and in the category of organisations with more than 500 employees 35% can be considered as family businesses.

It is commonly accepted that family businesses are active in all sectors of the economy. Among fast growing companies in Flanders (referred to as *gazelles*) more than half are pure family businesses. In the Walloon region, family businesses account for about 40% of the gazelles<sup>14</sup>. According to Van Wymeersch (Facultés universitaires Notre-Dame de la Paix de Namur) these figures clearly illustrate the importance of family businesses and even more important demonstrate the inherent dynamics of these businesses.

The importance of family businesses in society is also reflected in the amount of press coverage they receive. A short analysis of the archives of the main Flemish newspapers shows that the term *familiebedrijf* (family business) is used 10,121 times. In comparison, for the same period of time the term *beursgenoteerd* (listed on stock exchange) is "only" used 4,611 times<sup>15</sup>.

<sup>8</sup> See for instance the website of the Belgian National Bank (<http://www.nbb.be>), the statistics website of the federal public service for economy (<http://ecodata.mineco.gfov.be>), the statistics website of the Flemish government (<http://aps.vlaanderen.be>), the publications of the Brussels Capital Region (Brussels Institute for Statistics and Analysis) and the website of the Walloon government (<http://statistiques.wallonie.be>).

<sup>9</sup> For more information see <http://www.familiebedrijf.be>.

<sup>10</sup> For more information see <http://www.entreprisefamiliale.be>.

<sup>11</sup> IFERA, 2003, "Family Business Dominate", in: Family Business Review, 16, 235-239.

<sup>12</sup> "Le secret des entreprises familiales", 02/10/2006, La Libre ; "Travailler en famille, le bonheur?", 20/06/2002, Tendances.

<sup>13</sup> "Helpt ondernemingen is "familiebedrijf"", 11/05/2002, De TIJD ; "Travailler en famille, le bonheur?", 20/06/2002, Tendances.

<sup>14</sup> "Les 400 grandes PME à forte croissance", 19/10/2006, Tendances.

<sup>15</sup> Analysis of February 12<sup>th</sup> 2008 based on the archives of De Morgen (1998-now), De Standaard (1998-now), De Tijd (1988-now), Gazet van Antwerpen (1996-now), Het Belang van Limburg (1993-now), Het Laatste Nieuws (1999-now), Het Nieuwsblad (1998-now) and Het Volk (2000-now).

## 4 Characteristics of family businesses

As mentioned before, due to the lack of a common definition it is hard to draw an overall picture of the situation with regard to family businesses in Belgium. Some information has been made available through research, but as different researchers use different definitions, the available data do not always cover the same factual situation. In addition, some data on family businesses are made available through specific networking organizations that specialize on family business issues.

The part of family businesses in the total amount of businesses has been estimated between 52 and 70 percent, depending on the criteria used. The economic importance of the Belgian family businesses is said to account for 55% of the gross national product (as compared to 40% for the United States of America). One Belgian family firm (Delhaize) has an annual turnover of more than three billion euro. Another five Belgian family firms have a turnover between one and three billion euro (Colruyt, Vandemoortele, UCB, Bekaert and Ackermans en van Haaren).

In the next paragraphs we will focus on four specific family business related issues that have been dealt with extensively in Belgian family business research. These issues represent some of the main concerns of family businesses. A first issue is that of succession in the family business, an issue that accounts for a substantial part of the Belgian family business literature. A second issue is that of governance within the family business. A third, and closely related, issue is that of the complexity of the family business structure. Finally, a fourth issue focuses on the legal treatment of family businesses in Belgium.

The first issue is an issue that gets a lot of attention in the family business research in Belgium, namely that of succession. It is estimated that 28% of the Belgian SME's (less than 250 employees) will be confronted with the transfer of ownership and/or management within 10 years.<sup>16</sup> It has been extensively argued that succession in family businesses differs from succession in non-family businesses<sup>17</sup>. Often, succession within the family will be more emotional than a purely strategic sell-out. The family business and the family itself tend to become intertwined. The safeguarding of the family character of the business regularly becomes the family's main objective. Selling-out to a non-family member is sometimes perceived as failure<sup>18</sup>. In order for business families to cope with the difficulties that might occur in the process of succession, a substantial amount of publications, instruments<sup>19</sup> and consulting services have been made available.

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<sup>16</sup> Lambrecht, J. and W. Naudts, 2007, *Overdracht en overname van KMO's in België*, Brussel: FOD Economie, SVO EHSAL-K.U. Brussel.

<sup>17</sup> Lievens, J., 2001, *Opvolging in het familiebedrijf*, Tielt: Lannoo; Voordeckers, W. and A. Van Gils, 2003, *Governance in het Vlaamse familiebedrijf*, Brussel: Instituut voor het Familiebedrijf; Lambrecht, J. and L. Baum, 2004, *Naar een familiedynastie*, Tielt: Lannoo; Lambrecht, J. and J. Lievens, 2006, *Het roer uit handen. Doorgeven van het familiebedrijf*, Heverlee: LannooCampus; Lievens, J. and J. Lambrecht, 2007, *Met uw familiebedrijf naar de champions league*, Roeselare: Roularta Books.

<sup>18</sup> Mickelson, R. and C. Worley, 2003, "Acquiring a family firm: a case study", in: *Family Business Review*, 16(4), 251-268.

<sup>19</sup> For instance the *Succession scorecard*, developed by the Belgian *Instituut voor het Familiebedrijf* and also available in English see: <http://www.scorecardsuccession.com>.



In the existing literature, the issue of succession is addressed from different points of view. It is looked at from the stance of the transferor, but also from the point of view of the successor and even from the company's perspective. These different ways of looking at the same reality bring forth different elements that need to be dealt with adequately in order to safeguard the success of the transfer for all involved parties.

A second issue that gets full attention in Belgian research is that of governance within the family business<sup>20</sup>. Governance in family businesses is said to be different from governance in non-family businesses because of the specificity of the family relations. The family business is thereby symbolized as the crossing of three circles: one that represents the family, one representing the shareholders and one representing the business. Within the family, individuals look for safety and wellbeing. But the same individuals often prefer return on investment in their capacity as a shareholder. As member of the business, in turn, they may prefer continuity or steady growth. According to family business experts, the main challenge lies in combining the strengths of these three circles.

Closely related to the issue of governance is the matter of the complexity of shareholder and management structure in family businesses<sup>21</sup>. Mostly as a result of inheritance, these structures tend to get more complex: more shareholders, more branches of the family involved in the management, more family directors... This increased complexity often leads to tensions within the organization. By pruning the family tree, for instance by limiting the number of family directors or streamlining the shareholder structure, the organization can try to overcome this complexity. It goes without saying that rationalizing the family business structure is not always that simple. However in order to safeguard the future of the business, according to Belgian research, it can be quite indispensable.

A last important issue is the legal treatment of family businesses in Belgium. As mentioned before, very few, if any, regulation exists that focuses specifically on family business. The fact that existing legal initiatives do not take into consideration the specific situation of family businesses may lead to certain problems. In what follows, we will evoke two examples, one successful and one of which the outcome is currently uncertain.

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<sup>20</sup> Van den Berghe L. and S. Carchon, 2002, "Corporate Governance Practices in Flemish Family Businesses", in: *Corporate Governance: An International Review*, 10 (3), 225 -245; Voordeckers, W. and A. Van Gils, 2003, *Governance in het Vlaamse familiebedrijf*, Brussel: Instituut voor het Familiebedrijf; Lievens, J., 2004, *Governance in het familiebedrijf*, Tiel: Lannoo; Van den Heuvel, J., A. Van Gils and W. Voordeckers, 2006, "Board Roles in Small and Medium-Sized Family Businesses: performance and importance", in: *Corporate Governance: An International Review*, 14(5), 467-485.

<sup>21</sup> Lambrecht, J., J. Lievens and E. Beens, 2007, *De familieboom snoeien*, Heverlee: LannooCampus.

A successful example of a law that takes into consideration the specific needs of the family business, without however being limited to family businesses, is that of the lowered inheritance tax. Before the introduction of this law, the transfer of an enterprise to the heir(s) was subject to the regular progressive inheritance tax rates. This often meant that the heir(s) had to pay a substantial amount of money which was not always immediately available. In order to promote the intra-family transfer of SMEs and ensure the continuity of these SMEs the inheritance tax rates were lowered to 3%<sup>22</sup>, and in certain cases even to 0%. The lowered tax rate is subject to some conditions: the enterprise has to continue its activities for at least five more years, employment within the enterprise can not decline with more than 25% and the capital base has to remain the same.

The lowered inheritance tax is not limited to family businesses, as it is also possible for people outside the family to inherit. However, in most cases it will be the close family (mostly the children) that profits from the lowered inheritance tax. It has to be stressed that the conditions to which the lowered tax is subjected are quite strict. According to the region, not respecting the conditions can lead to severe consequence, such as the obligation to fulfil the regular progressive tax after all<sup>23</sup>.

A second example of a situation with legal consequences that is of great importance to family businesses is that of the long-awaited acquisition law (in Dutch: *overnamewet*, in French: *loi sur les offres publiques*). This law is an implementation of a 2004 European directive and implies that shareholders that gain more than 30% of a company's shares have to engage in a public offer on the remaining shares. Although this rule only applies to listed companies, it could have far-reaching consequences for the family businesses among them. In practice, in most listed family businesses contracts exist between the different family shareholders. These contracts allow for a balancing of the influence and interest of the different family and non-family shareholders. Public offers could endanger these carefully established balances. FBNet, a lobby-organisation representing the most influential family businesses, has taken the lead in the protest against the new law. The issue even got mentioning in the new federal government agreement<sup>24</sup>.

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<sup>22</sup> The normal rate depends on both the relation between the deceased and the heir and the inherited amount of money. Rates vary between 3% (e.g. the heir is a son or daughter and the amount is below 50,000 €) and 65% (e.g. the heir is not family and the amount is more than 125,000 €)

<sup>23</sup> "Vangnet met voorwaarden. Uw familiebedrijf overdragen vrij van successierechten", 15/03/1008, Netto.

<sup>24</sup> The exact wording of the government agreement however gives little indication on how the matter will be dealt with, and is to a certain extent contradictory. ("*De regering zal de bestaande belemmeringen inzake overdracht van familiale ondernemingen wegwerken door zo snel mogelijk de betreffende Richtlijn om te zetten*").

## 5 Institutional actors and their strategies, policies and initiatives

	Explanation
<b>institutional features</b>	
name of the actor	Instituut voor het Familiebedrijf (IFB) <i>Family Firm Institute</i>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input checked="" type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input checked="" type="checkbox"/> network/family business specific organisation: private NGO. <input type="checkbox"/> others, namely:
address	President Kennedypark 37, 8500 Kortrijk, Belgium
contact person	Jozef Lievens
telephone	0032(0)56/23.51.22
web-page	<a href="http://www.familiebedrijf.be">http://www.familiebedrijf.be</a>
e-mail	<a href="mailto:info@familiebedrijf.be">info@familiebedrijf.be</a>
<b>content based features</b>	
name of the strategy/initiative/regulation	Scorecard opvolging <i>Succession Scorecard</i>
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input checked="" type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	A succession's success is determined by a wide range of factors. The Succession Scorecard brings these factors together so that the entrepreneur can see at a glance where he stands. The scorecard is based on national and international research on succession.
initiation	2006
contents/description of the initiative/measure	The Succession Scorecard aims at being a unique contact point with regard to succession in family businesses. A website approach was adopted ( <a href="http://www.scorecardsuccession.be">http://www.scorecardsuccession.be</a> for the website in English) in order to give family entrepreneurs as much access as possible to this contact point. This website includes a self-test, with which the family entrepreneur can check how he scores on the scorecard.

	Explanation
<b>user based features</b>	
eligibility criteria/target group	Family businesses
Promotion tools/information strategy	The organisation itself has a website and is closely connected to other organisations like the <i>Institut de l'entreprise familiale</i> and <i>FBNet Belgium</i> . The initiative has it's own website in three languages (Dutch/French/English).
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: sponsoring
costs for participants/members	Free of charge
<b>Performance based features</b>	
evolution	Interest for the scorecard has grown in the past years. The scorecard has been translated in English and French and a variation of the scorecard for the diamond sector was created. The scorecard has also been exported to the Netherlands ( <a href="http://www.scorecardopvolging.nl">http://www.scorecardopvolging.nl</a> ) where an adapted version has been made available for a wide audience in cooperation with the Dutch <i>Centrum van het Familiebedrijf</i> .

	Explanation
<b>institutional features</b>	
name of the actor	<b>Studiecentrum voor Ondernemerschap Ehsal-K.U. Brussel</b> <b>Research Centre for Entrepreneurship Ehsal-K.U.Brussel</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input type="checkbox"/> support service provider (information, advice, education) <input checked="" type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation: private NGO. <input type="checkbox"/> others, namely:
address	Stormstraat 2, 1000 Brussels, Belgium
contact person	Prof. Dr. Johan Lambrecht
telephone	0032(0)2/210.16.01
web-page	<a href="http://www.svobrusse.be">http://www.svobrusse.be</a>
e-mail	<a href="mailto:johan.lambrecht@hubrusse.be">johan.lambrecht@hubrusse.be</a>
<b>content based features</b>	
name of the strategy/initiative/regulation	Onderzoek over familiebedrijven <i>Research on family firms</i>

	Explanation
<b>content based features</b>	
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input checked="" type="checkbox"/> others, namely: research
objective	The Research Centre for Entrepreneurship at EHSAL-K.U. Brussel has a twenty five year history of research on entrepreneurship, SMEs, and family business in Belgium and abroad, resulting in more than 200 publications. The core activity is independent scientific policy-oriented research.
initiation	1983
contents/description of the initiative/measure	Since its foundation the Research Centre for Entrepreneurship carries out independent scientific policy oriented research on entrepreneurship, family businesses and SMEs. The Centre can look back at an experience of almost 25 years in scientific policy oriented research on small business, entrepreneurship and family business. During those years the Centre carried out hundreds of research projects for local, regional, federal, European and international organizations (public and private principals).
<b>user based features</b>	
eligibility criteria/target group	The Centre conducts fundamental as well as applied, policy oriented research aimed at a large audience of scholars, students, entrepreneurs and government officials.
Promotion tools/information strategy	The Centre has a website. Collaborators of the Centre are involved in education. The Centre is best known through its publications.
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely:

	Explanation
<b>Performance based features</b>	
evolution	The research conducted by the Research Centre for Entrepreneurship has resulted in more than 300 publications (articles in scientific journals, books, research reports, papers, more popular articles). The Centre is Belgian's longest active research centre carrying out scientific policy oriented research on small business, entrepreneurship and family business. The Centre is embedded within two academic organizations, namely EHSAL (which is associated with the Catholic University of Leuven) and K.U. Brussel. The Centre also takes part in the European Network for Social and Economic Research.

	Explanation
<b>institutional features</b>	
name of the actor	<b>Commission Buysse, commission aimed at the establishment of a corporate governance code for non-listed companies in Belgium.</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies) <input checked="" type="checkbox"/> others, namely: ad hoc commission, consisting of representatives from employers' organisations and experts
web-page	<a href="http://www.codebuysse.be">http://www.codebuysse.be</a>
e-mail	<a href="mailto:info@codebuysse.be">info@codebuysse.be</a>
<b>content based features</b>	
name of the strategy/initiative/regulation	Code Buysse, corporate governance code for non-listed companies in Belgium.
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input checked="" type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:

	<b>Explanation</b>
<b>content based features</b>	
objective	The Code Buysse is a corporate governance code for non-listed companies. It contains recommendations on good governance for non-listed companies. The Code Buysse includes a specific chapter on family businesses.
initiation	A draft code was presented on 21/03/2005, the final code was adopted on 21/09/2005.
contents/description of the initiative/measure	The code contains a specific chapter with recommendations for family businesses. The code advocates the adoption of a family charter and the creation of a family forum. Furthermore the code offers advice on resolving conflicts and preparing succession within the family firm. The code was developed in close cooperation with the employers' organizations Unizo and UCM.
<b>user based features</b>	
eligibility criteria/target group	The Code is non-binding. Following the code is a company's free choice.
Promotion tools/information strategy	The Code Buysse has received a great deal of press coverage. The code has been made available online and through employers' organisations.
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	Implementation of the Code is free of charge.
<b>performance based features</b>	
evolution	Although the code is highly promoted by different organisations, 2006 research shows that only 25% of the Belgian entrepreneurs know of the existence of the Code Buysse. Only 7% actually implemented the code. It has to be stressed that this research was conducted only shortly after the code was launched. The popularity of the code has probably increased since. The innovative aspect of the code is that it specifically focuses on family businesses in a distinct chapter.

	Explanation
<b>institutional features</b>	
name of the actor	<p><b>Flemish Region: Flemish ministry of finance and budget</b>  <b>Brussels Capital Region: Administration finance and budget</b>  <b>Walloon Region: DG Economy and Labour</b></p>
nature of the actor	<p><input checked="" type="checkbox"/> government  <input type="checkbox"/> employers' organisation  <input type="checkbox"/> support service provider (information, advice, education)  <input type="checkbox"/> research centre  <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies)  <input type="checkbox"/> others, namely:</p>
address	<p>Flemish Region: Koning Albert II-laan 19 bus 6, B1210 Brussels, Belgium  Brussels Capital Region: Vooruitgangstraat 80, B1000 Brussels, Belgium  Walloon Region: Av. Gouverneur Bovesse 103-106, B5100 Jambes, Belgium</p>
telephone	<p>Flemish Region: 0032(0)2/553.54.25  Brussels Capital Region: 0032(0)2/800.33.90  Walloon Region: 0032(0)81/32.04.10</p>
web-page	<p>Flemish Region: <a href="http://www.vlaanderen.be/belastingen">http://www.vlaanderen.be/belastingen</a>  Brussels Capital Region: <a href="http://www.ecosubsibru.be">http://www.ecosubsibru.be</a>  Walloon Region:  <a href="http://fiscalite.wallonie.be/">http://fiscalite.wallonie.be/</a></p>
e-mail	<p>Flemish Region: <a href="mailto:internethoofdredacteur@fb.vlaanderen.be">internethoofdredacteur@fb.vlaanderen.be</a>  Brussels Capital Region: <a href="mailto:gbeelen@mrbc.irisnet.be">gbeelen@mrbc.irisnet.be</a>  Walloon Region: <a href="mailto:cellule.fiscale@cf.gov.wallonie.be">cellule.fiscale@cf.gov.wallonie.be</a></p>
<b>content based features</b>	
name of the strategy/initiative/regulation	<p>Verlaagde successierechten (in Dutch) - Droits de succession réduits (in French) - Lowered inheritance tax</p>
type	<p><input checked="" type="checkbox"/> fiscal regulation/tax law  <input type="checkbox"/> labour law/social security law  <input type="checkbox"/> company law  <input type="checkbox"/> awareness raising measures  <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar  <input type="checkbox"/> education/training measures  <input type="checkbox"/> information/advice  <input type="checkbox"/> business transfer support instruments  <input type="checkbox"/> financial support  <input type="checkbox"/> marketing  <input type="checkbox"/> networking  <input type="checkbox"/> others, namely:</p>



	Explanation
<b>content based features</b>	
objective	Entrepreneurial families often have a substantial part of their capital invested in their company. When the company passes over by inheritance, the heir(s) are confronted with inheritance taxes. If these taxes are high, the heir(s) will in some cases be obliged to sell the company in order to be able to pay for the taxes.
initiation	Flemish Region: 01/01/1997 Walloon Region: 01/01/1998 Brussels Region: 01/01/1999
contents/description of the initiative/measure	Before the introduction of lowered gift taxes, the transfer of an enterprise to the heir(s) was subject to the regular progressive inheritance tax rates (varying between 3 and 65% depending on the relation between the deceased and the heir as well as on the inherited amount). This often meant that the heir(s) had to pay a substantial amount of money which was not always immediately available. In order to promote the intra-family transfer of SME's and ensure the continuity of these SME's the inheritance tax rates were lowered to 3, and in certain cases 0%. The lowered tax rate is subject to some conditions: the enterprise has to continue its activities for at least five more years, employment within the enterprise can not decline with more than 25% and the capital base has to remain the same.
<b>user based features</b>	
eligibility criteria/target group	The company has to be an SME. SME's are defined as enterprises with less than 250 employees, with an annual turnover of less than 40 million EUR and of which no more than 25% of the shares is owned by a large enterprise. The heirs do not necessarily need to be family, although in most cases they will be. The heirs have the obligation to continue the enterprise.
Promotion tools/information strategy	Widely communicated through a diversity of channels (employers' organisations, governmental organisations, lawyers, tax consultant, popular press,...)
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	No cost.
<b>performance based features</b>	
evolution	As inheritance taxes are a regional competency, it was up to the regions to decide how they wanted to put things in practice. The Flemish Region was the first to develop concrete legislation. It was then followed by the two other regions: the Walloon Region and the Brussels Capital Region. Although the general outline of the inheritance tax regulation is the same, the concrete modalities differ among the regions.

	Explanation
<b>institutional features</b>	
name of the actor	<b>Hasselt University - KIZOK</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input type="checkbox"/> support service provider (information, advice, education) <input checked="" type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (private NGO) <input type="checkbox"/> others, namely:
address	Agoralaan, Building D, 3590 Diepenbeek, Belgium
contact person	Dr. Tinne Lommelen
telephone	0032(0)11/26.86.34
web-page	<a href="http://www.uhasselt.be/onderzoek/instituten/teams_p_inst/KIZOK.asp">http://www.uhasselt.be/onderzoek/instituten/teams_p_inst/KIZOK.asp</a>
e-mail	<a href="mailto:tinne.lommelen@uhasselt.be">tinne.lommelen@uhasselt.be</a>
<b>content based features</b>	
name of the strategy/initiative/regulation	<i>KIZOK – Research Centre for Entrepreneurship and Innovation</i>
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input checked="" type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input checked="" type="checkbox"/> others, namely: research
objective	KIZOK is one of eight research institutes of the Hasselt University. KIZOK is set up within the faculty of Applied Economic Sciences in order to concentrate the research efforts on entrepreneurship and innovation. KIZOK strives to be an independent research institute in which fundamental and applied scientific research are accompanied by customized services for companies and policy makers on the one hand, and educational programs on entrepreneurship and innovation on the other.
initiation	2005
contents/description of the initiative/measure	As one of its core research topics, KIZOK focuses on corporate governance in family companies (e.g. functioning of board of directors, link between corporate governance and limitations in investments and finance).

	Explanation
<b>user based features</b>	
Promotion tools/information strategy	Website, publications, research and education activities.
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: research projects and University research funds
<b>performance based features</b>	
evolution	KIZOK wants to use its expertise by participating in applied research projects. At the moment KIZOK participates in the Interreg IIIA project 'Strategic Innovation in the Euregion Maas-Rijn'. This project specifically aims at strengthening and broadening of the innovation capacity of SMEs in the region. Additionally, the KIZOK staff is involved in teaching.

	Explanation
<b>institutional features</b>	
name of the actor	<b>FBNet</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input checked="" type="checkbox"/> network/family business specific organisation (private NGO) <input type="checkbox"/> others, namely:
address	President Kennedypark 37, 8500 Kortrijk, Belgium
contact person	Jozef Lievens
telephone	0032(0)56/23.15.22
web-page	<a href="http://www.fbnet.be">http://www.fbnet.be</a>
e-mail	jozef.lievens@fbnet.be
<b>content based features</b>	
name of the strategy/initiative/regulation	FBNet, forum for successful family firms in Belgium

	Explanation
<b>content based features</b>	
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input checked="" type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input checked="" type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input checked="" type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	FBNet is a networking organisation that aims at transferring knowledge to and among entrepreneurs in family firms.
initiation	FBNet Belgium was created in 2005 and in the same year became member of the Family Business Network (FBN).
contents/description of the initiative/measure	FBNet facilitates the exchange of knowledge and experience via seminars and networking. The emphasis is on the owners and management of large Belgian family businesses. Furthermore FBNet supports knowledge projects concerning family businesses. FBNet also strives to promote a strong position and a positive image for the Belgian family businesses. Its goal is to strengthen and emphasize the positive societal role played by the family business.
<b>user based features</b>	
eligibility criteria/target group	Persons who have demonstrated a great merit or engagement in the field of family business can become members.
Promotion tools/information strategy	Website and word of mouth.
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input checked="" type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: sponsoring
costs for participants/members	The membership fee is 1,100 euro a year (VAT excluded)
<b>performance based features</b>	
evolution	Not much information on the functioning of FBNet is made public. FBNet has about five meetings a year. Most members originate from large family firms, some are even listed on the stock exchange. Currently FBNet has around 80 members. FBNet's executive committee is chaired by Paul Buysse. The organisation is currently lobbying for the adaptation of a Belgian M&A law in order to prevent negative side effects on family business.

## 6 Future issues

The past years, awareness on the importance of family businesses for the Belgian economy in general and for entrepreneurship in specific has increased. However, the mindset of politicians and policymakers is still to a certain extent influenced by the old ways of thinking about family businesses, resulting in some reluctance when dealing with the matter.

Most policymakers and even scholars do not seem to be 100% at ease with the issue of family businesses. Although the existing figures illustrate the importance of these businesses and qualitative research shows their potential and added value, little policy action is undertaken that takes into consideration this information. It is quite remarkable that, in the Belgian policy context, when the importance of family businesses is stressed, this is often done with reference to foreign examples. As if no sufficient examples within the Belgian context exist.

The Belgian think-tank *Itinera Institute* for instance, refers to the German economic situation, identifying German family businesses as one of the main reasons for the success of the German economy<sup>25</sup>. This however does not lead the Belgian author to overcome his reluctance towards family businesses, even not after evoking, seemingly surprised, that “*the family character of German SME’s apparently does not constitute an obstacle [...] to professionalism*”<sup>26</sup>. When it comes to summing up the lessons that can be drawn from the German experience, the same author does not make any more reference to the importance and the contribution of family firms.<sup>27</sup>

A mature and self-confident attitude towards family businesses in Belgium is a necessary first step towards valuable research and the successful elaboration of policy measures. The implementation of these policy measures can only take place when the different institutional actors work together with a shared ambition and a shared vision. This constitutes a major challenge within the Belgian institutional framework.

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<sup>25</sup> Ibrecht, J., 2007, *En de winnaar van de globalisering is ... de Duitse KMO*, Brussel: Itinera Institute.

<sup>26</sup> Ibid, p. 6.

<sup>27</sup> Ibid, p. 8.

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