

# **Overview of Family Business Relevant Issues**

## **Country Fiche France**

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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

Despite that, whatever the definition adopted, family businesses account for the majority of French enterprises, it is only relatively recently that they became a topic in public and policy discussion in France.

Until the 1980's, the French debate focused on the development of a managerial capitalism and large industry. Family firms were mostly seen as archaic enterprises. Then, economic crisis and unemployment growth favoured the development of an interest for SMEs, the well-known concept of 'small is beautiful'. Policies were developed in favour of SMEs, based on a size aspect whatever the status or enterprises. SMEs are assumed to share common advantages and handicaps due to their small size, whatever the structure of ownership.

The first reason why family businesses were 'discovered again' in the 90's is clearly connected with policy debate on tax issues, namely capital tax and inheritance taxes. Representatives of family businesses advocated for the decrease and/or suppression of taxes that endangered family businesses transmission. The second and more recent reason is the increasing awareness in France as regards sustainable development. As opposed to purely 'capitalistic' enterprises, family business would be the exact model of a 'sustainable' enterprise, with a long-term vision and with a high corporate social responsibility involvement, due to their specific governance resulting from the fact that they are family businesses.

If of course the issue of transmission still constitutes an important issue of the discussions on family business, the role they play in maintaining and creating jobs as well as their good economic performance, including capacity for adaptation, innovation and internationalisation are increasingly highlighted. The necessity to develop specific policies for family businesses now comes on the agenda.

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

There is not any legal or official definition of family businesses in France. Therefore, several definitions have been adopted for lobbying or research purpose.

As a matter of fact, the non-official but maybe the most commonly accepted basis<sup>1</sup> for a definition could be the following: a family business is an enterprise in which a (or several) family(ies) has (have) a significant control of both the property and the management.

The term family has two important consequences. First, self-employed are not family businesses. Second, the enterprise has been founded with the intention to be transmitted to next generations. This last criterion has an important consequence. This means that one should exclude sole proprietors or companies owned by several members of a family, if the enterprise has not been founded in this perspective. Therefore, from a purely statistic point of view a family business could be qualified as such only from the second generation. But from a policy point of view as transmission to the second generation exactly constitutes the most difficult transmission cap, it would certainly be nonsense to exclude first generation enterprises from the benefice of policy schemes.

The concept of control, as regards both ownership and management has also to be defined. Must control of ownership be understood as owning 51% of the capital or directly or indirectly 51% or more of the votes? Does control of the management automatically mean that one or several members of the family must manage the firm?

Some examples of very large enterprises in which families have still an important influence although their capital is ‘opened’ would advocate for a widest definition. As regards ownership, it is in this case admitted that a family is controlling it as far as no other shareholder has a more important part of votes. But this definition is sometimes considered as too ‘lax’ and a minimum of 20% of the capital or of the votes is proposed. As far as management is concerned, it is also admitted that a family can control it without being the manager. This means that even if the top manager(s) are not member(s) of the family, the family exerts a real and strong influence on the strategy of the enterprise.

When created in 1995, ASMEP (See §5) defined a patrimonial enterprise, term that was preferred to family business, as an enterprise in which the managing entrepreneur owns at least 50% of the capital, on his/her own or with members of his/her family or with friends.

For the Henokiens (see § 5), apart from the age, the concept of family business is more restrictive: enterprises must be managed by a descendant of the founder and the family must own the company or be the majority share holder.

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<sup>1</sup> ALLOUCHE José, AMANN Bruno, ‘L’entreprise familiale : un état de l’art’ (Family business : the state of the art), 1999.

Actually, main policymakers (ministry, ASMEP and employers' organisations) would be in favour that France would adopt the definition of GEEF that is the following:

*"A firm, of any size, is a family enterprise, if:*

- 1. The majority of votes is in possession of the natural person(s) who established the firm, or in possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.*
- 2. The majority of votes may be indirect or direct.*
- 3. At least one representative of the family or kin is involved in the management or administration of the firm.*
- 4. Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the right to vote mandated by their share capital."<sup>2</sup>*

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<sup>2</sup> Explanatory note: A typical characteristic of listed companies is the fragmentation of ownership. The largest shareholder (or block of shareholders) often holds less than 50 % of the votes. In such companies a shareholder (or block of shareholders) can exert conclusive influence over key aspects of corporate governance without holding the majority of all the votes of the company. Point four in the definition refers to companies where a family does not hold the voting majority but through its ownership can exert conclusive influence.

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

There is no official data on family business in France. Therefore, figures mostly rely on surveys or research works and are only estimate. Statistics on the place of family business in the French economy is still poorly developed.

The importance of family businesses in the French economy depends of course of the definition adopted as shown below.

Source & year	Definition	Weight
FBN International (1) - 2007	Majority of votes (direct or indirect, and at least 25% for listed enterprises) in the hands of the founder or the person who acquired the firm or their spouses, children, parents or indirect heirs. One member of the family at least involved in the management of the firm.	± 80 % of total number of enterprises 49% of total employment
PWC (2) - 2006	Enterprises managed by a person from the family that owns all or part of the shares	75% of total number of medium-sized enterprises 20% of total number of large enterprises (3000 employees & +)

Sources: (1) FBN International, 'Family Business Monitor', July 2007.  
(2) PriceWaterhouseCoopers, 'Enquête sur les entreprises familiales françaises' (Survey at French family businesses), 2006.

As regards size-class distribution of family business, it must be stressed that family businesses are not only SMES, they do exist in all size-classes.

A study on the 500 French largest private enterprises in manufacturing industries showed that the part of family owned enterprises increased from 47.6% in 1982 to 49.2% in 1992<sup>3</sup>. Furthermore, these family businesses accounted for nearly 49% to nearly 59% of turn-over, in 1982 and 1992 respectively. Another study, concerning enterprises listed on the French stock exchange between 1994 and 2000, revealed that one-third were controlled by the founder and another third by heirs of the founder<sup>4</sup>.

<sup>3</sup> ALLOUCHE José, AMANN Bruno, 'Le retour triomphant du capitalisme familial ?' (The triumphal return of family capitalism ?), 1995.

<sup>4</sup> SRAER D., THESMAR D., 'Performance and behaviour of family firms: evidence from the French stock market', INSEE, Série documents de travail du CREST, N°20 04-24, 30 September 2004.

## 4 Characteristics of family businesses

As academic research on the typology of family business is still poorly developed, there are few data in this domain. As said before, family businesses would be present in all size classes, with prevalence in very small enterprises (VSEs, less than 10 employees) and SMEs. As regards sector of activity and regions, it seems that family businesses are especially important in regions with a long industrial tradition (such as the North and east of France and the region of Lyon) and especially important in agro-food industries, luxury industries, manufacturing industries and trade. But as there is no official definition of family businesses, it is not possible to get more insight in the topic.

According to a survey conducted in 2002 by Faccio & Lang<sup>5</sup>, 62% of family businesses, - defined as enterprises controlled for more than 20% by a family - are managed by a family member. According to the pilot FBN International monitor of July 2007<sup>6</sup>, this is the case of 88% of the surveyed enterprises, but it has to be noted that the share of first generation family businesses is as high as 88% in the sample. 67% of the family businesses surveyed by PWC declare that at least one family member has a management responsibility within the enterprise<sup>7</sup>.

On the other hand, interesting studies have been conducted on the relative performances of family businesses. The previously quoted study conducted on the 500 French largest private enterprises in manufacturing industries<sup>8</sup> demonstrates that family owned businesses are on average far more profitable than non-family ones.

The fact that family firms outperform widely non-family firms as regards profitability is confirmed by a study concerning enterprises listed on the French stock exchange<sup>9</sup>. It also shows that wages were lower in family firms and, last but not least, that employment is 'much less sensitive to industry shocks' in enterprises controlled by the heirs of the founder.

Allouche & Amann<sup>10</sup> also showed interesting results as regards wage and human resources policy. First of all, the average monthly wage of managers of family-owned enterprises is on average 20% less than in non-family business. Second, on the opposite, average wage of middle management is 10% higher. Finally, the wage range is narrower in family businesses than in non-family ones. Furthermore, social expenses beyond compulsory ones are on annual average 40% higher in family-owned businesses. Last, vocational training expenses and activities are also more developed. This is confirmed by data from the members of ASMEP<sup>11</sup>: 79% of them spend more

<sup>5</sup> ALLOUCHE José, AMANN Bruno, 'L'actionnaire dirigeant de l'entreprise familiale' ('The manager share-holder of the family business), *Revue française de gestion*, 2002/5, N°141, pp. 109-130

<sup>6</sup> FBN International, 'Family Business Monitor', July 2007

<sup>7</sup> PriceWaterhouseCoopers, 'Enquête sur les entreprises familiales françaises' (Survey at French family businesses), 2006.

<sup>8</sup> ALLOUCHE José, AMANN Bruno, 'Le retour triomphant du capitalisme familial ?' (The triumphal return of family capitalism?), 1995.

<sup>9</sup> SRAER D., THESMAR D., 'Performance and behaviour of family firms: evidence from the French stock market', INSEE, Série documents de travail du CREST, N°20 04-24, 30 September 2004.

<sup>10</sup> ALLOUCHE José, AMANN Bruno, 'Le retour triomphant du capitalisme familial ?' (The triumphal return of family capitalism?), 1995.

<sup>11</sup> ASMEP, survey conducted in 2004.

than 1.5% of the total gross wages for vocational training; 1.5% being the legal obligation.

A survey conducted in 2006 amongst 102 French family businesses<sup>12</sup> reveals the attachment of these enterprises to the 'family model'. Although only 5% of the surveyed entrepreneurs say there are no conflicts sources within the family, they are all willing to keep the business as a family business. Conflicts mainly concern the choice of managers, the fact that active and passive (i.e. non-managers) members of the family have different priorities and that the transmission is insufficiently prepared. It must be stressed also that 85% of the members of ASMEP wish to transmit their enterprise to a member of their family<sup>13</sup>.

This survey also reveals an important specificity of French family businesses as compared to Anglo-Saxons' ones: only 20% of the surveyed enterprises have defined internal rules and procedures to organise family relationships. Therefore, 78% don't have procedures defining the conditions to join the business, 74% don't have any family chart or shareholders agreement, 85% don't have any procedure for conflict resolution, and 81% do not have an independent from the board family council.

Transmission is of course an important issue for family businesses. Although, more and more frequently anticipated, it is to be stressed that this transmission is not always effectively prepared. In the PWC survey<sup>14</sup>, 58% of the surveyed enterprises anticipate a modification of the capital structure in the five coming years and 19% in the coming 6 years or more. But slightly more than 71% of enterprises with a turnover of € 100 millions or more have made valued the enterprises and only 53% of enterprises which turnover is less than € 100 millions. Furthermore, tools are relatively badly known: more than 50% of surveyed managers declare they don't know very well existing techniques of valuation in their sector of activity and almost one third don't know the phases of a cession process.

Besides data, experts in family businesses also are worth mentioning to understand the characteristics of French family businesses<sup>15</sup>. Interestingly enough, the mentioned characteristics for French family businesses tend to be confirmed by international literature<sup>16</sup>.

Family businesses are enterprises with low level of distribution profits, the enterprise being always the priority towards shareholders. These enterprises have a long-term vision. Family businesses also show a relative aversion for debts, a will to keep their labour force as well as 'fidelity' towards clients and suppliers. This common culture of family businesses is also put forward to explain that mergers between family businesses have higher success rates than other types of mergers.

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<sup>12</sup> PriceWaterhouseCoopers, 'Enquête sur les entreprises familiales françaises' (Survey at French family businesses), 2006.

<sup>13</sup> ASMEP, Survey conducted in 2004.

<sup>14</sup> PriceWaterhouseCoopers, 'Enquête sur les entreprises familiales françaises' (Survey at French family businesses), 2006.

<sup>15</sup> In particular Mr Jacques-Henri Bourdois, general director of the French chapter of FBN international.

<sup>16</sup> See for instance, KENYON-ROUVINEZ Denise., WARD John L., 'Les entreprises familiales' (Family businesses), Ed. PUF, Coll. Que-sais-je ?, Paris, 2004.

In general, family businesses are more integrated in their local environment. This means not only that they are more reluctant to dismiss employees, but also that they tend to develop more local development activities (those kind of activities that are nowadays considered as corporate social responsibility) such as sponsoring in the fields of sport, culture or welfare.

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

	Explanation
<b>institutional features</b>	
name of the actor	<b>FBN-France</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: NPO <input type="checkbox"/> others, namely:
address	8 rue Royale – F – 75008 PARIS
contact person	Mr Jacques-Henri BOURDOIS (executive director)
telephone	33 1 49 26 46 62
web-page	<a href="http://www.fbn-france.fr/">http://www.fbn-france.fr/</a> (not operational yet)
e-mail	Jh.bourdois@fbn-france.fr
<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 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	FBN France is the French chapter of FBN international. It is first and foremost a networking organization for family business owners.
initiation	1998
contents/description of the initiative/measure	Activities are focused on advocacy, education and research. Five themes: family or non-family managers, next generation, family constitution, external growth, enterprise and family.

	Explanation
<b>user based features</b>	
eligibility criteria/target group	<p>Eligibility criteria:</p> <ul style="list-style-type: none"> <li>• The family has reached at least the second generation in terms of ownership, management or involvement, with a solid intention to pass on the business</li> <li>• The family has a controlling ownership interest in the firm</li> <li>• Persons involved/nominated are members of owner family</li> <li>• The turn-over is at least equal to € 50 000 000</li> </ul> <p>The board has a final right to refuse an application.</p>
Promotion tools/information strategy	Press, lobbying at national level and at European level
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input checked="" type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	Membership fees: € 3500 per enterprise
<b>performance based features</b>	
evolution	<p>FBN France declares to be the most important family businesses organisation in France.</p> <p>100 members (enterprises)</p>

	Explanation
<b>institutional features</b>	
name of the actor	<b>ASMEP (association des moyennes entreprises patrimoniales / association of patrimonial medium-sized enterprises)</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: NPO <input type="checkbox"/> others, namely:
address	18 rue Boissière – F – 75116 PARIS
contact person	Mrs Bénédicte MICHON (executive director)
telephone	33 1 56 26 00 66
web-page	www.asmep.fr
e-mail	contact@asmep.fr
<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 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	Securing everlastingness of patrimonial enterprises. Promoting the development of medium-sized enterprises
initiation	1995
contents/description of the initiative/measure	Lobbying: especially on fiscal issues, ASMEP advocates for the suppression of ISF (impôt sur la fortune / capital tax) and more generally for a real policy in favour of transmission as well as a policy in favour of medium-sized enterprises: creation of a specific status for these enterprises which are neither SMEs nor LSEs. Annual seminar Cooperation with universities (development of specialised Masters) Annual Reward for patrimonial and family business Annual reward for the best university research work on patrimonial enterprises

	Explanation
<b>user based features</b>	
eligibility criteria/target group	Enterprises with 250 to 4999 employees where family have the majority of share and/or a real power in the management of the enterprises. ASMEP defines LSEs as enterprises with 5000 employees and more.
Promotion tools/information strategy	press releases, website
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input checked="" type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
<b>performance based features</b>	
evolution	<p>600 members.</p> <p>The President and founder of ASMEP, Mr Yvon Gattaz, is a former President of MEDEF the largest French employers' organisation. It seems that the actual government should give support to his ideas through, for example, the development of a European Small business act and the creation of a specific fund for the financing of innovation in medium-sized enterprises.</p> <p>The target of ASMEP is larger than family business on one hand, including patrimonial enterprises, and smaller on the other as 'excluding' SMEs.</p>

	Explanation
<b>institutional features</b>	
name of the actor	<b>Les Hénokiens – association d’entreprises familiales et bicentennaires (the henokiens – association of family and bicentenary companies)</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: NPO <input type="checkbox"/> others, namely:
address	9 rue de la Paix – F - 75002 PARIS
contact person	Gérard Lipovitch (public leader)
telephone	33 01 41 40 05 21
web-page	www.henokiens.com
e-mail	info@henokiens.com
<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 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	<p>The objective of the Association is the development of its membership throughout the world around a common philosophy: the value of the concept of the family company, real alternative to the multinationals.</p> <p>To show the adaptability of some of the oldest and most experienced companies in the world, while proposing answers to the questions that numerous managers have raised on the initiatives that should be taken to maintain, to develop or to hand down their company to future generations, under the best possible conditions.</p>
initiation	1981

	<b>Explanation</b>
<b>content based features</b>	
contents/description of the initiative/measure	<p>In 1981, the idea of creating an association of bicentenary family companies came from the Chairman of Marie Brizard, a descendant of the creator (in 1755) of the first anisette. He decided to place it under the aegis of the patriarch Henok (or Enoch).</p> <p>It is not a brotherhood; the sectors in which the members carry on their activities are in fact highly diversified: craft industries, trades, services, publishing, heavy industry... Nor is it a businesses club (certain firms may even be competitors). The Henokiens do not exchange services, they exchange only ideas. through general meetings and visits of plants and premisses of members</p>
<b>user based features</b>	
eligibility criteria/target group	four criteria: minimum age of 200 years, they are managed by a descendant of the founder, the family still owns the company or is the majority share holder and good financial health.
Promotion tools/information strategy	<p>Press; Internet site;</p> <p>Newsletter in French and English that can be download on the website</p> <p>Series of documentaries which will be broadcast in 2008 on France 5 and on TV5MONDE.</p>
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input checked="" type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	From euros 3000 to 4500 per year depending on the turnover of the enterprise.
<b>performance based features</b>	
evolution	40 members: 15 Italian, 11 French, 4 German, 2 Dutch, 1 from Northern Ireland, 4 Japanese, 1 Belgian and 2 Swiss.

	Explanation
<b>institutional features</b>	
<b>name of the actor</b>	<b>BM&amp; S</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 <input checked="" type="checkbox"/> others, namely: marketing consultancy firm
address	3 avenue Robert Schuman – F – 75007 PARIS
contact person	Bruno BIZALION
telephone	33 1 45 55 09 83
web-page	www.efc-centenaires.fr
e-mail	contact@ef-centenaires.fr
<b>content based features</b>	
name of the strategy/initiative/regulation	Les entreprises familiales centenaires (centenarian family businesses)
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 checked="" type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	To develop amongst centenary family business the use of their positive image amongst public opinion as a marketing tool.
initiation	2007
contents/description of the initiative/measure	Creation of a trademark and a specific logo for centenarian family businesses
<b>user based features</b>	
eligibility criteria/target group	100 years old and more family business, still owned and controlled by the family
Promotion tools/information strategy	Internet, press
source of funding	<input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input checked="" type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	Annual fee of 500 to 10 000 euros depending on their turn-over
<b>performance based features</b>	
evolution	Potentially there would exist around 1300 centenarian family businesses in France. Around 25 are members of EFC.

	Explanation
<b>content based features</b>	
name of the strategy/initiative/regulation	<b>Loi n°2005-882 du 2 août 2005 en faveur des petites et moyennes entreprises (Law n°2005-882 dated 2 August 2005 in favour of SMEs)</b>
type	<input type="checkbox"/> fiscal regulation/tax law <input checked="" 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:
objective	Part of the law aims at improving legal protection of collaborating spouses as well as their social security rights
initiation	2006
contents/description of the initiative/measure	When a spouse has a regular activity in the family business, he/she must now choose between 3 possible legal statuses: employee (wage earner), partner or collaborating spouse. A collaborating spouse must be legally married with the entrepreneur, must not be a partner of the enterprise and must not perceive any payment for his/her activity in the enterprise. Collaborating spouse has no personal responsibility vis-à-vis third persons. In case of divorce the judge can decide that the entrepreneur will be the only responsible for debts and securities. The law also set the obligation for collaborating spouses to be affiliated to the pension scheme which the entrepreneur depends of.
<b>user based features</b>	
eligibility criteria/target group	Enterprises with no employees or less than 20 employees. For companies: the entrepreneur must either be the sole proprietor, either have the majority of shares.

	Explanation
<b>content based features</b>	
name of the strategy/initiative/regulation	<b>Loi du 23 juin 2006 portant réforme des successions et des libéralités (Law dated 23 June 2006 reforming inheritance law)</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: inheritance law
objective	One objective of the law is to facilitate business family transmission in order to avoid that the enterprise disappears when the entrepreneur dies.
initiation	1 <sup>st</sup> January 2007
contents/description of the initiative/measure	Possibility to anticipate transmission (transmission before death). Possibility to plan transmission modalities in the will Possibility for heirs to conclude an inheritance agreement (this was before totally forbidden in the French law)
<b>user based features</b>	
eligibility criteria/target group	Everyone
<b>performance based features</b>	
evolution	Especially favourable for family business as it allows to better prepare the transmission. Also when there are several heirs it allows to select whom will take the lead as it now allows also for some heirs to give their part to brothers or sisters.

	Explanation
<b>institutional features</b>	
name of the actor	<b>The Wendel International Centre for Family Enterprise (WICFE)</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 <input checked="" type="checkbox"/> others, namely: education and research centre
address	INSEAD FONDATION - Boulevard de Constance – F - 77305 Fontainebleau Cedex
contact person	Mrs Nathalie Bogacz & Véronique Sanciaume (Centre Coordinators)
telephone	33 1 60 72 92 50
web-page	<a href="http://www.insead.edu/facultyresearch/centres/wicfe/index.cfm">http://www.insead.edu/facultyresearch/centres/wicfe/index.cfm</a>
e-mail	family-firms.fb@insead.edu
<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 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	To run events and educational programmes that will benefit family firms across the globe. The Centre also helps to raise awareness of the importance of family enterprise as a business model: not only are family firms the most prevalent type of company worldwide - they are also proven to be amongst the most successful.
initiation	2005 official creation of the centre

	Explanation
<b>content based features</b>	
contents/description of the initiative/measure	<p>The WICFE achieves its mission through research and publications, development of case studies, participation in conferences, offering academic courses and professional education programmes for family enterprises.</p> <p>Research conducted by the team brings evidence of the prevalence of family firms on European stock exchanges. Other topics covered include the sale of the family business, governance, and the key topic of Fair Process in family business.</p>
<b>user based features</b>	
source of funding	<ul style="list-style-type: none"> <li><input type="checkbox"/> EU-funds</li> <li><input type="checkbox"/> national funds (governments)</li> <li><input type="checkbox"/> membership fees (students fees)</li> <li><input checked="" type="checkbox"/> others, namely: INSEAD activities in the field of family business were initiated thanks to the Wendel family, and further developed with support from other family businesses and individuals, in particular the Tetra Laval Research Fund for the Large Family Firm, the Berghmans/Lhoist Chair in Entrepreneurial Leadership, and the André and Rosalie Hoffmann Chair and Research Fund in Family Enterprise</li> </ul>
<b>performance based features</b>	
evolution	<p>The Centre declares to be recognised by business families, academics, consultants and the business community at large as a leading international source for family business scholarship: generating, disseminating and applying knowledge related to family enterprise.</p>

	Explanation
<b>institutional features</b>	
name of the actor	<b>IRGO (Institut de recherche en gestion des organisations / research institute on management of organisations)</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 <input type="checkbox"/> others, namely:
address	IRGO Université Montesquieu-Bordeaux IV - Pôle Universitaire de Sciences de Gestion (PUSG) - Bât C 4 <sup>e</sup> étage 35 Avenue Abadie - F - 33072 Bordeaux-Cedex
contact person	Pr Gérard HIRIGOYEN
telephone	33 5 56 00 96 00
web-page	<a href="http://cref.u-bordeaux4.fr/">http://cref.u-bordeaux4.fr/</a>
e-mail	gerard.hirigoyen@u-bordeaux4.fr
<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
initiation	2006 by the merging of 4 research centres out of which CREF a research centre specialised in family business and founded in 1997
contents/description of the initiative/measure	Family business is one axis or research of IRGO. 4 themes: governance, strategy, transmission, internationalisation. 32 teachers, 14 associated-researchers, more than 40 PhD students.
<b>user based features</b>	
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: funds from the University

	Explanation
<b>performance based features</b>	
evolution	IRGO is mainly conducting research works mainly in the domains of financial performance of family businesses and of enterprises' governance. Research work not only covers France but also many foreign countries: Cameroon, Tunisia, China, etc

	Explanation
<b>institutional features</b>	
name of the actor	<b>HEC Family Business Center</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 <input checked="" type="checkbox"/> others, namely: training & research centre
address	Groupe HEC - 1, rue de la Libération – F - 78351 Jouy en Josas cedex
contact person	Mr Frédéric VALLAUD (Director)
telephone	33 1 39 67 94 65
web-page	<a href="http://www.hec.fr/familybusiness/">http://www.hec.fr/familybusiness/</a>
e-mail	vallaud@hec.fr familybusiness@hec.fr
<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 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	To conceive and develop for all the HEC Groupe, all activities in the domain of education, research and communication connected with and dedicated to family entrepreneurship issues with an extension to SMEs managers and takeovers issues

	Explanation
<b>content based features</b>	
contents/description of the initiative/measure	<p>A/ Education and training:                      4 specialised management programmes:                      - for Owners-managers                      - for Successors                      - for SMEs' managers                      - for individuals with a project of takeover                      4 days seminars in Boston in co-operation with Babson College                      Management university: 2 or 3 days' training for family business managers                      Thematic one day seminars: patrimony, law, etc.</p> <p>B/ seminars and events:                      - Since 2006: Georges Doriot's days in co-operation with The Management school of Normandie: roundtables and workshop (see <a href="http://www.journeesgeorgesdoriot.org">http://www.journeesgeorgesdoriot.org</a>). The first one in 2006 were dedicated to enterprise transmission, the second in May 2008 will be dedicated to the state of art in research on family business.                      - Since 2005: Family entrepreneurship trophies in co-operation with JPMorgan private bank.</p> <p>C/ Resarch: French partner of the international research project STEP (Successful Entrepreneurial Transgenerational Project)</p>
<b>user based features</b>	
source of funding	<p><input type="checkbox"/> EU-funds  <input type="checkbox"/> national funds (governments)  <input type="checkbox"/> membership fees  <input checked="" type="checkbox"/> others, namely: HEC funds</p>

	Explanation
<b>institutional features</b>	
name of the actor	<b>IAE Bordeaux</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 <input checked="" type="checkbox"/> others, namely: initial education and vocational training
address	Institut d'Administration des Entreprises - IAE Université de Bordeaux IV Pôle Universitaire de Sciences de Gestion Bâtiment D - 2eme étage 35, avenue Abadie 33072 Bordeaux Cedex
contact person	Pr Gérard HIRIGOYEN (master director) Ms Céline BARREDY (master studies director)
telephone	33 5 56 00 96 67
web-page	<a href="http://www.iae-bordeaux.fr/GEF/index.htm">http://www.iae-bordeaux.fr/GEF/index.htm</a>
e-mail	gerard.hirigoyen@u-bordeaux4.fr celine.barredy@u-bordeaux4.fr
<b>content based features</b>	
name of the strategy/initiative/regulation	Master 2 'Family business governance' (gouvernance des entreprises familiales)
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 type="checkbox"/> others, namely:
objective	The objective of this specialised master 2 is to train managers and executives of family business or consultants specialised in services for family business, able to grasp the various dimensions of the management of family and owner-managed firms in all domains: strategy, finance, fiscal aspects, legal aspects, internationalisation, and human resources management.
initiation	2007 (but continuing of an already existing master)

	<b>Explanation</b>
<b>content based features</b>	
contents/description of the initiative/measure	The training programme is organised around six teaching courses: TC 1: family businesses : place and strategy TC 2: Patrimonial management of family business TC 3: Family business transmission TC 4 : Family business management TC 5 : Internationalisation of family business TC 6 : Professionalisation and synthesis
<b>user based features</b>	
eligibility criteria/target group	(future) managers and executives of family business or (future) consultants specialised in services for family business with a third cycle diploma (master 1) or equivalent professional experience
Promotion tools/information strategy	Internet, general communication of the IAE on forums for students
source of funding	<input type="checkbox"/> EU-funds <input checked="" type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: students fees
costs for participants/members	Student fees : euros 430

	Explanation
<b>institutional features</b>	
name of the actor	Université Paris I
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 <input checked="" type="checkbox"/> others, namely: initial vocational training
address	Master 2 – Développement des entreprises patrimoniales C 21 01 – Université de Paris I, Centre Pierre Mendès France – 90 rue de Tolbiac – F – 75013 PARIS
contact person	Mrs Sabine MONNIER (master director)
telephone	33 5 56 00 96 67
web-page	<a href="http://m2dep.univ-paris1.fr/">http://m2dep.univ-paris1.fr/</a>
e-mail	smonnier@univ-paris1.fr
<b>content based features</b>	
name of the strategy/initiative/ regulation	Master 2 'Développement des entreprises patrimoniales' (Development of patrimonial enterprises)
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 type="checkbox"/> others, namely:
objective	The objective of this specialised master 2 by apprenticeship is to train future managers and executives of patrimonial enterprises and advisors for patrimonial enterprises.
initiation	2004

	<b>Explanation</b>
<b>content based features</b>	
contents/description of the initiative/measure	Training programme: Economic environment of patrimonial enterprises High-tech SMEs Business law applied to patrimonial enterprises Legal and tax aspects of enterprises transmission Financial analysis of patrimonial enterprises Specificity of medium-sized patrimonial enterprises Organisation and franchising networks Internationalisation of patrimonial enterprises Labour and employment in patrimonial enterprises Management and strategy in patrimonial enterprises Enterprises creation Marketing and communication Relationships between banks and enterprises Measuring the risk Panorama of enterprises' supports English
<b>user based features</b>	
eligibility criteria/target group	(future) managers and executives of family business or (future) consultants or advisors specialised in services for family business with a third cycle diploma (master 1) or equivalent professional experience
Promotion tools/information strategy	Internet, students forums, promotion towards enterprises
source of funding	<input type="checkbox"/> EU-funds <input checked="" type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input checked="" type="checkbox"/> others, namely: subsidies from the Regional government and apprenticeship tax
costs for participants/members	Free for students as all scholarship costs are subsidised (source of funding).
<b>performance based features</b>	
evolution	Patrimonial means enterprises where owners keep the control of the capital: family businesses but also self-employed, co-operatives

	Explanation
<b>institutional features</b>	
name of the actor	<b>IFA (Institut français des administrateurs / French institute for administrators)</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input checked="" type="checkbox"/> support service provider (information, advice, education): NPO <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation <input type="checkbox"/> others, namely:
address	7 rue de Balzac – F – 75008 PARIS
contact person	Mr Pierre BOUWYN (general secretary)
telephone	33 1 55 65 81 32
web-page	<a href="http://www.ifa-asso.com">http://www.ifa-asso.com</a>
e-mail	contact@ifa-asso.com
<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 checked="" 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 type="checkbox"/> others, namely:
objective	One objective of IFA is to develop governance best practises in family businesses.
initiation	2006
contents/description of the initiative/measure	Publications on governance of family businesses (best practises guides). Training seminars on governance of family businesses
<b>user based features</b>	
eligibility criteria/target group	Target group: administrators and managers of family SMEs businesses.
Promotion tools/information strategy	Internet and through Ernst & Young and Chamber of commerce of Paris
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: sales

	<b>Explanation</b>
<b>user based features</b>	
costs for participants/members	<p>Training seminars of one day: IFA members : 828,82 euros, non IFA members: 998,66 euros</p> <p>A guide for SMEs can be obtained directly at IFA (edited in 2006).</p> <p>Another book on family business governance is edited by Eyrolles (25 euros)</p>
<b>performance based features</b>	
evolution	Governance codes or charts are still poorly developed in French family businesses

## 6 Future issues

The renewed trust into family businesses values as opposed to the behaviour of firms with anonymous shareholders certainly is an opportunity for family businesses: a higher level of corporate social responsibility.

The main specific threats family businesses face are still the same: transmission to next generation(s) and, too often, the relatively narrowness of capital that can constitute a barrier to development.

Regarding the first threat, besides the tax issues, family businesses could benefit from the development of family governance tools, especially as means to solve conflicts.

Concerning the second one, ways to facilitate co-operation with financing institutions while preserving the family model have to be explored.

It is expected that a public policy and framework for family businesses is developed in France, starting from an 'official' definition of family businesses. The main issues that should be addressed are therefore the 'next generation' issue as well as support to family shareholders.

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