

Overview of Family Business Relevant Issues

Country Fiche Sweden

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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.

Index

1	Introduction	1
2	Understanding of “family businesses” in the national context	2
3	Importance of family businesses for the national economy	3
4	Characteristics of family businesses	5
5	Institutional actors and their strategies, policies and initiatives.....	10
6	Future issues	24
7	Bibliography	25

1 Introduction

The interest for family business related issues has traditionally been limited in the Swedish context. When talking about differentiated business categories it is much more common to acknowledge for instance small and medium sized businesses as a specific group which needs certain attention from researchers and policymakers, than to give certain attention to the family business sector. This also implicates that programs and initiatives directed specifically towards family businesses are very uncommon.

In later years the issue has however somewhat increased its significance, not at least as a consequence of a larger interest in this subject among some academic scholars active at different business schools across Sweden.

Despite this newly awakened interest among researchers for this issue it is still unusual among policymakers and major business interest organisations to discuss certain problems related to the management of family businesses. One subject that however has been the target of some public debate is how the government could facilitate the process of business succession in family businesses. This subject has for instance been highlighted in reports by the Swedish Agency for Economic and Regional Growth (NUTEK) and the Confederation of Swedish Enterprises (Svenskt Näringsliv). The problem is perceived as serious since there is a risk that Sweden will lose a considerable number of companies if the transitions can not be handled effectively, hence giving consequences for as well employment as economic growth.¹

¹ NUTEK (2005), *Ägarskifte – Hur gör du med ditt företag när du vill göra något annat?* and Ydstedt (2005) *Generation Ä som i ägarskifte – Så planerar familjeföretagen för framtiden*

2 Understanding of “family businesses” in the national context

There do not exist any clear or consensual definition of “family businesses” in the Swedish context. No formal or legal definition of the term exists and the term is naturally used vaguely in the public debate.

The American scholar John A. Davis distinguishes two different elements used to define “family businesses” in the academic literature; these are the structural element (i.e. ownership) and the process element (highlighting how the family is involved in the business)². In the Swedish context there is a small tendency towards defining the term foremost in line with the structural element with varying degrees of attention to more process orientated variables as well publicly as academically. A minimalist definition is often related to the actual ownership of one person or one family while other definitions also emphasise that the family should have an operative role within the company.³

When it comes to the distinction between family businesses and sole proprietor companies and/or one-person enterprises some scholars and institutions acknowledge a difference between these two concepts while others do not. Until 1995 Statistics Sweden (SCB) accumulated statistics over the number of Swedish family businesses. According to SCB’s definition family businesses was equivalent with companies with few owners (i.e. all companies that is not publicly owned, consumer owned, producers co-operations, foundations, listed on the stock market or owned by foreign interests), hence making sole proprietor companies an important category within the family business concept.⁴

Generally the understanding of family businesses in the Swedish context is closely associated with the SME concept among as well the public as among academic scholars.⁵ Accordingly, there is to some degree a lack of awareness about the heterogeneity within the family business sector.

The fact that there are some degree of conceptual confusion between the SME and family business concepts could be a consequence of the high family business concentration among small and medium sized companies. Meanwhile, it should be emphasised that some of Sweden’s largest and most distinguished companies, depending on definition, could be perceived as family businesses. Notable examples of such companies are IKEA and Tetra-Laval.⁶

² Davis, John A. (2001). *Definitions and Typologies of Family Business*

³ Karlsson Stider, Annelie. (2000). *Familjen & Firman*

⁴ Gademo, Bertil. (2000). "Ekonomi och Finansiering – en jämförelse mellan familjeföretag och icke-familjeföretag" in Gademo, Bertil (editor). *Familjeföretag och familjeföretagande*

⁵ Karlsson Stider, Annelie (2000). *Familjen & Firman*

⁶ Bjuggren, Per & Olof- Sund, Lars-Göran. (2005). "Organization of Transfers of Small and Medium-Sized Enterprises Within the Family: Tax Law Considerations", *Family Business Review*. Vol 14. No 4. p.p 305-319

3 Importance of family businesses for the national economy

3.1 The problem of statistics and definitions

The accessibility to sufficient data on the issue is limited. Currently there are two reasonable comprehensive sources available, both with significant weaknesses. The first available source is the survey investigation carried out by Statistic Sweden presented by Bertil Gademo. There are however two important objections to these figures:

- the last measured year is 1995, which makes it possible that the situation can have changed substantially since the last measured time point
- more importantly, all businesses who are not publicly owned, consumer owned, producers co-operations, foundations, listed on the stock market or owned by foreign interests are counted as family businesses.

This operationalisation will most definitely over estimate the importance of family businesses in the SME segment. The other available source is the survey investigation conducted by Emil Emling, which we perceive as more accurate even though it is smaller in reach compared to the one performed by Statistics Sweden.⁷ One potential problem with Mr. Emling's survey is that it excludes businesses with less than five employees and/or an annual turnover on less than SEK 5 million (€ 526,000), in contrast to the data provided by Statistic's Sweden this may accordingly under estimate the importance of family businesses.⁸

Mr. Emling defines a family business as one that is controlled (i.e. is owned to more than 50 %) by one family and/or is perceived to be a family business by key company stakeholders. Additionally, at least one of the following three criteria must be fulfilled:

1. the current principal holder is planning to transfer the company further in the family
2. the company has been in the current principal owners family for at least two generations
3. at least three representatives of the owner family are active in the company (as workers or board members).

This definition is according to Mr. Emling a hard definition that could be perceived as a minimum appreciation of the magnitude of the importance of family businesses in Sweden.⁹

⁷ Gademo, Bertil (2000). "Ekonomi och Finansiering – en jämförelse mellan familjeföretag och icke-familjeföretag" in Gademo, Bertil (editor). *Familjeföretag och familjeföretagande*

⁸ Emling, Emil (2000). *Svenskt Familjeföretagande*

⁹ Ibid.

3.2 Key Figures

According to the above stated definition, the survey shows that a slight majority of Sweden's companies (54,5 %) ¹⁰ are family businesses. Despite the sectors dominance measured as number of companies it is smaller in regard to the number of employee's (34,7 % of all employees) and in regard to its share of the total turnover (29,5 % of the total turnover) among the companies covered in the survey. ¹¹

This discrepancy between the family business sector's share of the number of companies and the number of employees and share of total turnover is explained by the fact that family businesses are dominant among SMEs, while non-family companies are more usual in the group of MNEs. In the largest interval of Mr. Emling's investigation (companies with over 500 employees) only 26,4 % of the investigated companies are classified as family businesses. ¹²

One further notable finding in Mr. Emling's study is that there is a large difference in the relative importance of family businesses between different sectors. Not surprisingly the highest share of family businesses is found in the agricultural and forestry industry where as much as 90 % of all companies are family businesses. A high share of family businesses are also found in the retail- (62 %) and manufacturing industry (61 %). It is however more uncommon with family businesses in the financial sector (25 %) and the hotel and restaurant sector (18 %). ¹³

3.3 Development over time

One unfortunate feature with Mr. Emling's study is that it is not possible to regard how the importance of family businesses has developed over time. To consider this aspect we are forced to turn our attention back to the Statistics Sweden figures. Mr. Gademo presents statistics covering the period 1985-1995. These statistics shows that family businesses share of as well the total number of employees as the total turnover was increasing in the period 1985-1990 and decreasing in the period 1990-1995. This development corresponds to the general Swedish economic development. ¹⁴ And hence, family businesses became fewer in relation to non-family businesses during the crisis period. These findings suggest that family businesses could be more dependent on the general national economic development than non-family businesses. ¹⁵

¹⁰ 37,9 % are non-family businesses and 7,6 % are unidentified.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ A sound economic development between 1985-1990 changed into a harsh economic recession in the early 1990's.

¹⁵ Gademo, Bertil (2000). "Ekonomi och Finansiering – en jämförelse mellan familjeföretag och icke-familjeföretag" in Gademo, Bertil (editor). *Familjeföretag och familjeföretagande*

4 Characteristics of family businesses

4.1 Main characteristics of family businesses

Even though it is conceptually wrong to regard family businesses as equivalent with SMEs these two categories share a lot of the same characteristics in the Swedish context, since family businesses are over-represented in the SME category.¹⁶

As noted in the section above family businesses are most common in the agricultural and forestry, retail and manufacturing industry. It is also notable that the share of family businesses are higher in rural than urban areas.

These background facts and the ones presented in the previous chapter are important to keep in mind while investigating the general characteristics of family businesses. At some instances, especially when regarding statistical findings, it is possible that the explanation of why family businesses have certain characteristics are rather related to the fact that family businesses are generally smaller than non-family businesses, located in rural areas and within certain sectors, than it is related to the family ownership arrangement *per se*. Beneath we will highlight some general characteristics of Swedish family businesses derived from diverse scientific reports either by empirical or theoretical arguments.

4.2 Management

Much attention among academic scholars has been given to the issue on how family ownership affects business management. Diverse authors have highlighted that the family ownership might have important implications on management structures.

In the Swedish context it is the norm that family members have key positions in the management of the family business. Over 90 % of the family businesses have a family member as company leader. Interestingly the company leader does also enjoy his/her position during longer time periods in family companies than in non-family companies.¹⁷

Family members do accordingly have a great amount of influence in the actual management of Swedish family businesses. Mr. Melin and Mr. Nordqvist argue that this could have practical consequences on the management of the family businesses. A family business does usually not make the clear distinction between the relationship of the owners, the board and the executive management. Typically these three functions are performed by the same family members, making the distinction between these three levels unclear.¹⁸

Management in family businesses are according to Mr. Emling's survey often more informal to its character than is the case in non-family businesses. For instance it is not as usual with long and short-term company strategy plans, written employee evaluations or written employee promotion plans in family businesses as in non-family businesses. This could be due to the fact that the family-business are most common

¹⁶ Emling, Emil (2000). *Svenskt Familjeföretagande*

¹⁷ *ibid.*

¹⁸ Melin, Leif & Nordqvist, Mattias (2000). "Ägande och strategisk ledning I familjeföretag" in Gademo, Bertil (editor). *Familjeföretag och familjeföretagande*

among small and medium sized companies, but could also be a consequence of more developed personal and informal relations between the stakeholders in family businesses.¹⁹

The fact that the family members are already involved in the informal power relations of the family sub-system could also affect the relative power relationships within the business. In this way the family sub system and the business management sphere could be blurred and the importance of informal power relations in the family sphere could be as important as the formal relations within the family business.²⁰ The acknowledgement of the intersecting power sub-systems could be perceived as a possible threat to female entrepreneurship. If paternalistic a power system within the family is transferred into the business sphere this could hinder female participation in business management. Statistically it is however proven that formal female management in family businesses is neither worse nor better than in non-family businesses.²¹

Finally, one important aspect of the family business management is to what degree the businesses are managed by family members and to what degree the businesses are prepared to bring in external expertise and non-family individuals in to key positions within the company. Mr. Emling's survey-investigation shows that family businesses are less prone than non-family businesses to hire external help from consultants.²² According to Mr. Melin and Mr. Nordqvist it is also usual among family businesses to be reluctant to have external board members. This is according to the writers a consequence of a general fear that external board members cannot understand the general principals of the company and that the family might lose control over the company's development.²³

4.3 Strategies and goals

Long-term survival is a superior goal in family businesses, more important than rapid growth. The key stakeholders within the family businesses have a general wish that the next family generation can inherit the company and continue to manage it as a family business. This strive for long-term survival has also been effective, statistics show that the average age of family businesses is significantly higher than for non-family businesses.²⁴

The long-term survival goal has according to Mr. Emling generally created a more careful business strategy among family businesses than among non-family businesses. To expand the business is not as attractive to family businesses as it is to non-family businesses; the family business sector rather strives for a moderate and stable company development. This goal is often fulfilled by profiling the company as market leading when it comes to price setting and generally the "low-cost" strategy is well spread among family businesses.²⁵

¹⁹ Emling, Emil (2000). *Svenskt Familjeföretagande*

²⁰ Karlsson Stider, Annelie (2000). *Familjen & Firman*

²¹ Emling, Emil (2000). *Svenskt Familjeföretagande*

²² *ibid.*

²³ Melin, Leif & Nordqvist, Mattias (2000). "Ägande och strategisk ledning I familjeföretag" in Gademo, Bertil (editor). *Familjeföretag och familjeföretagande*

²⁴ Emling, Emil (2000). *Svenskt Familjeföretagande*

²⁵ *Ibid.*

Sven-Erik Johansson presents a typology of family businesses related to how offensive goals the company has and in what development phase the company is in.

Newly started companies – “the small child phase”:

- Livelihood companies
- Companies with a calm upbringing
- “Small stars”

The maturity phase – “the adult career”:

- Mature livelihood companies
- Companies with stable growth and development
- Elite companies

The nestor phase – “age, wisdom and capital”:

- Star companies
- Investors, company administrators, finance capitalists
- Enterprise empire builders/ administrators

This typology highlights that the goals and strengths among family businesses vary to a high degree. Some businesses are mainly started to create sustention for the owner/owners while other have more ambitious goals. The author discerns two specific categories that stand out when it comes to entrepreneurial competence and growth ambitions, namely the “Small stars” and “Elite companies”. These have a high probability to mature and enter into the third development phase.²⁶

4.4 Perception of ownership

An important aspect to highlight in relation to family business issues is how the owners personally perceive and motivate their ownership. This subject was partially addressed in the previous section on company goals but it is also important to keep in mind that the personal motivation for ownership could differ from the general company motivation for being in business.

This is a central issue in Annelie Karlsson Stider’s dissertation project where she studies this issue with a case study of family members within the Bonnier Group, which is one of Sweden’s most distinguished examples of successful businesses and hence a rare example of a family business study that is concentrated on a company which is not within the SME segment.

²⁶ Johansson, Sven-Erik (1998). *Vägen till tillväxt och stabilitet – perspektiv på de medelstora familjeföretagens utvecklingsprocess*

Ms. Karlsson Stider acknowledges that the members of the family do not only perceive their company ownership as an economical inheritance but also a social, cultural and symbolic inheritance from their ancestors. This more complex relationship to the company implicates that the owner's assessment of the company's development and strategies are not solely based on economic performance. The ownership does also value how the company develops in accordance with family/company ideals and that it is faithful to its traditions.

This close personal relation between the owners and the company could also implicate a different degree of ownership involvement in family businesses. Ms. Karlsson Stider mentions two different strategies for owners to communicate dissatisfaction on company management, *voice* and *exit*:

- *voice* is when the owner decides to get more involved in the company's management to change it in the preferred direction.
- *exit* is a strategy when the owner chooses to sell part of or his/her entire holdings of the company.

Ms. Karlsson Stider does not explicitly argue that family business owners are more prone to the *voice* than the *exit* strategy. But it is possible to hypothesize that an owner with a strong personal attachment to the company are less prone to sell his/her share of the company.²⁷

4.5 Strengths and weaknesses

Mr. Johannsson and Mr. Abrahamsson argue that many myths exist among scholars and the public about family business weaknesses. In a study on gazelle companies and family businesses, the authors claim that many of the problems associated with family businesses do not have empirical support. They especially highlight four myths that they perceive as well spread.

- Family businesses act irrational since they take emotional considerations instead of taking purely rational decisions, often reflecting family relations.
- Family businesses prioritise the development of collegial networks instead of attracting specialised competence to the company.
- Since family businesses limit their planning to the minimum, the companies are often forced to improvise.
- The motivation to remain independent makes family businesses reluctant to depend on external risk capital.

²⁷ Karlsson Stider, Annelie (2000). *Familjen & Firman*

The authors do not find any support for any of these myths. By contrast they find that family businesses with their close connection between ownership and management have better pre-requisites for having well informed and strategic owners. The fact that the owners receive information by practical company involvement also leaves more time for visionary and creative planning.²⁸

The above stated argument is in line with those who argue that the connection between company and family creates solid prerequisites for businesses driven by a high degree of entrepreneurship. The already discussed argument that family businesses could be less interested in creating rapid growth and more orientated towards long time survival has triggered some analysts to consider whether there is room for this kind of defensive companies on an increasingly globalised and aggressive market. On the other hand, less emphasis on quick economic growth and more focus on long-term goals might increase the likelihood of technical innovations and hence create truly original companies with more competitive products. An example of this phenomenon is the Swedish family business Tetra Pak's innovation of the recyclable plastic can. Despite a decade of unprofitable development the company was determined to pursue the project. This strategy has in the long term very beneficial effects on the company.²⁹

²⁸ Johansson, Bengt & Abrahamsson, Anders (2002). *Familjeföretagandets gaseller i Sverige – en inventering och hälsoundersökning av 2002 års bestånd*.

²⁹ Karlsson Stider, Annelie (2000). *Familjen & Firman*

5 Institutional actors and their strategies, policies and initiatives

	Explanation
institutional features	
name of the actor	Forum för Småföretagarforskning, FSF (Swedish Foundation for Small Business Research)
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 (including interest groups/representative organisations/lobbies) <input type="checkbox"/> others, namely:
address	Järntorgsgatan 3 SE-703 64 Örebro, Sweden
contact person	Anders Lundström
telephone	+ 46 8 618 16 36
web-page	http://www.fsf.se
e-mail	lundstrom@fsf.se
content based features	
name of the strategy/initiative/regulation	Småföretagardagarna (The Entrepreneurs Days)
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 checked="" type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input checked="" type="checkbox"/> marketing <input checked="" type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	<p>The Swedish Foundation for Small Business Research (FSF) follows the objective to serve as a bridge between Swedish small business research community and all parties active in development of new and small enterprises.</p> <p>The FSF dedicates parts of its work to the topic of business transfer and the facilitation of the succession process. A huge number of SMEs and family businesses are facing problems within the process of business transfer due to a lack of successors and transferees. The platform of the FSF brings together interested parties and is a great support in the succession process.</p> <p>The objective of the "Entrepreneurs Days" is to create a meeting place for dialogues on innovation and entrepreneurship issues.</p>

	Explanation
content based features	
initiation	1992
contents/description of the initiative/measure	Once every year SFS arranges “the Entrepreneurs Days” in Örebro, Sweden. The arrangement include opportunities for the entrepreneurs to discover the latest results from entrepreneurship and innovation research, to meet researchers, decision-makers and representatives from a diverse range of organisations and enterprises, and to be inspired by other entrepreneurs. The event takes place during two days in January.
user based features	
eligibility criteria/target group	The invitation for the days is published on the website with no specific requirements as to who is welcome to participate. The foremost wanted group however is entrepreneurs of small enterprises.
Promotion tools/information strategy	The invitation is published on the website. Besides that, publishing in local media is used.
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	Participation costs SEK 3.000–4.750 (€ 280-445) depending on the number of events booked.
performance based features	
evolution	“The Entrepreneurs Days” have been an annual event since the start 1992. “The Entrepreneurs Days 2009” will take place in the end of January 2009.

	Explanation
institutional features	
name of the actor	FSF (Swedish Foundation for Small Business Research)
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 (including interest groups/representative organisations/lobbies) <input type="checkbox"/> others, namely:
address	Järntorgsgatan 3 SE-703 64 Örebro, Sweden
contact person	Anders Lundström
telephone	+ 46 8 618 16 36
web-page	http://www.fsf.se
e-mail	lundstrom@fsf.se

content based features	
name of the strategy/initiative/regulation	Entreprenörskapsveckan (Entrepreneurship Week)
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 type="checkbox"/> networking <input type="checkbox"/> others, namely:
objective	The objective is to create a meeting place for dialogs on entrepreneurship issues and to distribute the FSF-NUTEK Award. Nutek (the Swedish Agency for Economic and Regional Growth) develops and spreads knowledge and methods, supports programme in different areas, inform and guides companies among other things.
initiation	1998
contents/description of the initiative/measure	The Entrepreneurship Week is a seminar tour arranged once every year in connection to the distribution of the FSF-NUTEK Award, a research award for outstanding research in the field of entrepreneurship and small enterprises. The week includes a range of lectures as well as feedback and advice for those interested in starting a business, family businesses included.
user based features	
eligibility criteria/target group	All private persons above the age of 16.
Promotion tools/information strategy	The website and local media
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: Nutek (the Swedish Agency for Economic and Regional Growth) and FSF guarantee the financing, the two organisations also search for local and regional support to the local events.
costs for participants/members	Participation is free of charge
performance based features	
evolution	“The Entrepreneurship Week” has been an annual event since the start 1998 and was given last time in September 2008. The Entrepreneurship Week 2009 will take place in connection to the European SME week in Sweden the coming spring.

	Explanation
institutional features	
name of the actor	FSF (Swedish Foundation for Small Business Research)
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 (including interest groups/representative organisations/lobbies) <input type="checkbox"/> others, namely:
address	Järntorgsgatan 3 SE-703 64 Örebro, Sweden
contact person	Anders Lundström
telephone	+ 46 8 618 16 36
web-page	http://www.fsf.se
e-mail	lundstrom@fsf.se
content based features	
name of the strategy/initiative/regulation	GSEA: Global Student Entrepreneur Awards (Same in English)
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	Inspire youths to develop their entrepreneurial skills
initiation	2004
contents/description of the initiative/measure	The students get to assign for the Swedish competition of best student entrepreneur of the year. A jury then chooses a few to present their enterprises and the best idea is awarded with SEK 50 000 (€4.670) and a place in the international final of GSEA where the award amount is USD 10.000.
user based features	
eligibility criteria/target group	Students at a Swedish University who own or partly own an established enterprise
Promotion tools/information strategy	Websites, universities and media focusing on students or business

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: <input checked="" type="checkbox"/> Nutek (the Swedish Agency for Economic and Regional Growth)
costs for participants/members	Participation is free of charge.
performance based features	
evolution	The Global Student Entrepreneur Awards have been annual event since the start in 2004.

	Explanation
institutional features	
name of the actor	Företagarna (the Federation of Private Enterprises)
nature of the actor	<input type="checkbox"/> government <input checked="" type="checkbox"/> employers' organisation (General enterprise organisation concentrated on SMEs hence organising a large number of family businesses.) <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation <input type="checkbox"/> others, namely:
address	Regeringsg 52 SE 106 67, Stockholm, Sweden
contact person	Anna-Stina Nordmark Nilsson
telephone	+ 46 8 406 18 10
web-page	http://www.foretagarna.se
e-mail	lundstrom@fsf.se
content based features	
name of the strategy/initiative/regulation	Årets Företagare (Entrepreneur of the Year Award)
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 type="checkbox"/> networking <input type="checkbox"/> others, namely:

<p>objective</p>	<p>Företagarna is a general network supporting all kind of private enterprises including family business, which, however, are the majority among SMEs.</p> <p>Företagarna creates better conditions for starting, running, developing, and owning a business in Sweden. Its mission is to promote entrepreneurship, safeguard the rights of business owners, and contribute to a climate in which running a business is easy and appealing. Företagarna is not a political party. Företagarna is critical of all parties that do not support the policies they want and they cooperate with everyone who favours policies that favour entrepreneurs.</p> <p>Företagarna is the largest organization for business owners in Sweden and they represent some 70,000 entrepreneurs, 55,000 directly affiliated and 15,000 members in industry associations. Its members are entrepreneurs who own their own businesses or who support Företagarnas work.</p> <p>The Entrepreneur of the Year Award wishes to enlighten those entrepreneurs who, through their thorough commitment, work hard to make better affairs.</p>
<p>initiation</p>	<p>The Entrepreneur of the Year Award has been distributed on local and regional level for about 20 years. 2007 was the first year to distribute the national award.</p>
<p>contents/description of the initiative/measure</p>	<p>The Entrepreneur of the Year Award is a cooperation between Företagarna and the Swedish municipalities and is distributed to an entrepreneur who has contributed to the municipality and, by his/her way of being, is a solid role model for other entrepreneurs.</p>
<p>user based features</p>	
<p>eligibility criteria/target group</p>	<p>Entrepreneurs who owns and actively run a company and who uses it as his/her primary occupation.</p>
<p>Promotion tools/information strategy</p>	<p>Website</p>
<p>source of funding</p>	<p><input type="checkbox"/> EU-funds <input type="checkbox"/> national funds (governments) <input checked="" type="checkbox"/> membership fees <input type="checkbox"/> others, namely:</p>
<p>costs for participants/members</p>	<p>Participation is free of charge.</p>
<p>performance based features</p>	
<p>evolution</p>	<p>The Federation of Private Enterprises has continuing the Entrepreneur of the Year Award and the nomination for next year competition has already started.</p>

	Explanation
institutional features	
name of the actor	Svenskt Näringsliv (the Confederation of Swedish Enterprises)
nature of the actor	<input type="checkbox"/> government <input checked="" 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:
address	Storgatan 19 SE 114 82, Stockholm, Sweden
contact person	Urban Bäckström
telephone	+ 46 8 553 432 40
web-page	http://www.svensktnaringsliv.se
e-mail	Urban.backstrom@svensktnaringsliv.se
content based features	
name of the strategy/initiative/ regulation	Svenskt Näringsliv is the voice of all enterprises in Sweden, including family businesses.
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input checked="" 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 checked="" 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	<p>The Confederation of Swedish Enterprise is Sweden's largest and most influential business federation representing 50 member organizations and 54,000 member companies with some 1.5 million employees.</p> <p>The Confederation aggressively promotes free enterprise in order to obtain the best business environment for all Swedish companies. With its focus on SME the confederation's work certainly has relevance for the Swedish family business sector as well. Especially with the publication of the report "SMEs IN 2020 IN VIEW OF GLOBALIZATION" a research focus is implemented in the field of Swedish family businesses.</p> <p>Svenskt Näringsliv is the voice of all enterprises in Sweden, including family businesses. Their overall objective is to put Sweden back on top in the international league of welfare.</p>

content based features	
contents/description of the initiative/measure	Svenskt Näringsliv works with formation of opinion, knowledge dispersion, development of new tools and policies to create a better entrepreneurial climate. Svenskt Näringsliv represents about 54.000 small, medium sized and big companies in Sweden. About 64 % of the represented companies have less than 10 employees and the majority of these are family businesses.
user based features	
eligibility criteria/target group	All Swedish enterprises, regardless of their size.
Promotion tools/information strategy	Website, reports, media, negotiations, Svenskt Näringsliv is also a body of consideration
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: <input checked="" type="checkbox"/> service revenue
costs for participants/members	The membership fee depends on the value-added and the total expenditure on wages, the lowest membership fee is SEK 500 (€ 47)
performance based features	
evolution	Svenskt Näringsliv tries to put Sweden back on top in the international league of welfare, but the organisation is not satisfied yet. The organisation demands tax reforms and changes in labour legislation. Right now, Svenskt Näringsliv is in negotiations with trade unions concerning labour rights among others.

	Explanation
institutional features	
name of the actor	Företagarförbundet (the Swedish Association of Swedish Entrepreneurs)
nature of the actor	<input type="checkbox"/> government <input checked="" type="checkbox"/> employers' organisation (General enterprise organisation concentrated on SMEs hence organising a large number of family businesses.) <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:
address	Gamlavägen 3 SE 262 43, Ängelholm, Sweden
contact person	Camilla Littorin
telephone	+ 46 8 280 620
web-page	http://www.ff.se
e-mail	Camilla.littorin@ff.se

content based features	
name of the strategy/initiative/regulation	Formation of opinion on the entrepreneurial role in society development
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	<p>The Swedish Association of Swedish Entrepreneurs among others determined the Swedish Co-determination Act which refers to employees' right to industrial actions in businesses only employing family members.</p> <p>Företagarförbundet wants to simplify the conditions for small enterprises (of which the majority is family businesses). They wish to improve the prerequisites to start, run and own enterprises and thereby increase growth of the nation.</p>
initiation	1951
contents/description of the initiative/measure	Företagarförbundet runs and participates in the debate, answers referrals, gather facts and conducts studies.
user based features	
Promotion tools/information strategy	Website, supplement to a national newspaper (Dagens Industri), media, cooperate with other relevant organisations, the Swedish Association of Swedish Entrepreneurs is also a body of consideration
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	The membership fee is SEK 600 per year (€57)
eligibility criteria/target group	Small enterprises
performance based features	
evolution	The organisation established an office in Stockholm in 2006 with the aim to come closer to politicians and media.

	Explanation
institutional features	
name of the actor	Arbetsmarknadsdepartementet (Ministry of Employment)
nature of the actor	<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:
address	SE-103 33 Stockholm, Sweden
contact person	Nadja Ben Ammar, Press Assistant
telephone	+46 8 405 56 70
web-page	http://www.sweden.gov.se/sb/d/8281
e-mail	
content based features	
name of the strategy/initiative/regulation	Lagen om medbestämmande i arbetslivet, MBL (the Co-determination Act)
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	It was regarded as unnecessary for employees within companies that only employed family members have the right to perform industrial actions. The legislatures argued that these situations could be handled within the family. Further, sympathy actions could have harsh consequences on these small companies. ³⁰
initiation	2001-01-01
contents/description of the initiative/measure	The Co-determination Act does not allow an employee in a company that only employs family members to engage in industrial action against the company. It is also illegal for other employees to engage in sympathy actions in order to support an employee in such a company.

³⁰ SOU 1998:141

user based features	
eligibility criteria/target group	This regulation does not cover all family businesses, only companies that exclusively employ family members and one-person enterprises.
performance based features	
evolution	The reform was reintroduced in 2001. The same special provision for family businesses existed during a short period of time in 1994 but was abolished in 1995. During the time period 1995-2001 a number of cases occurred when industrial actions were used against this kind of family businesses and one-man businesses. These instances resulted in some critique that according to an official government report endangered the legitimacy of the negotiation system. ³¹

	Explanation
institutional features	
name of the actor	FBN Sweden (same in English)
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 (including interest groups/representative organisations/lobbies) – Organised as NGO. <input type="checkbox"/> others, namely:
address	Box 7248 SE-103 89 Stockholm, Sweden
contact person	Annelie Karlsson Stider
telephone	+ 46 8 23 42 20
web-page	http://www.fbn-sweden.se
e-mail	annelie.karlsson@hhs.se
content based features	
name of the strategy/initiative/regulation	Family Business Management Academy
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 checked="" type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking

³¹ Ibid.

objective	The objective of FBN Sweden is to raise awareness about relevant issues related to family business management. Specifically the course is aiming at informing family business owners about central issues regarding ownership succession.
initiation	2008
contents/description of the initiative/measure	This course is an initiative created by the Family Business network-Sweden. Participants spend three days discussing central issues related to family business management. The course is attended by several researchers specialised in family business management. The general aim with the course is to give the participants the chance to reflect over the critical family business issues and also get an insight to new knowledge about family business management and practical advice on business transfer.
user based features	
eligibility criteria/target group	No regulations
costs for participants/members	SEK 32.000 (3.367 €)
performance based features	
evolution	No assessment has been done yet.

	Explanation
institutional features	
name of the actor	Skatteverket (The National Tax Board)
nature of the actor	<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) – Organised as NGO. <input type="checkbox"/> others, namely:
address	171 94 Solna, Sweden
contact person	
telephone	0771-778 778
web-page	www.skatteverket.se
e-mail	huvudkontoret@skatteverket.se
content based features	
name of the strategy/initiative/regulation	The abolishment of the gift and inheritance taxation

type	<ul style="list-style-type: none"> X 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 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	<p>Multiple reasons were named for the abolishment of the gift and inheritance taxation. To facilitate family business transitions was one. The most common argument was however to mitigate the problem of high taxation against the still living spouse, due to inheritance of real estate in connection with the death of the other spouse.</p>
initiation	2005-01-01
contents/description of the initiative/measure	<p>Since the 2005-01-01 the inheritance and gift taxation is abolished. This makes it possible to transfer a family business between generations either at the time of one of the company owner's death or as a gift during the lifetime of the company owner without having to pay taxes. Taxation is however still an issue if the company owner decides to sell his/her company share to another family member at a price below market value.</p>
user based features	
eligibility criteria/target group	No regulations
performance based features	
evolution	No assessment has been done yet.

	Explanation
institutional features	
name of the actor	CeFEO – Center for Family Enterprise and Ownership, Jönköping International Business School
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input checked="" 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	P.O. Box 1026
contact person	Professor Leif Melin (Director of DeFEO), Dr. Mattias Nordqvist (Co-Director), Tanja Radovanovic (Project Co-ordinator)
telephone	+46-708-85 64 46 or +46-708-82 56 24
web-page	
e-mail	infocefeo@ihh.hj.se; leif.melin@jibs.hj.se; mattias.nordqvist@jibs.hj.se; tanja.radovanovic@ihh.hj.se
objective	CeFEO is a research and learning centre located at Jönköping International Business School in Sweden. Its aim is to increase the knowledge about family firms and the role of private ownership for business development and growth.

6 Future issues

As remarked earlier in this report, family business related issues are not high on the policy agenda. One issue within this field that, however, has received some attention is the subject of owner succession in family businesses. The current demographic situation implicates that the high number of family-business leaders born in the 40's are about to retire and transfer the responsibility on to the younger generation. In a recent report the Swedish Agency for Economic and Regional Growth (NUTEK) estimates that 45,000- 50,000 Swedish family businesses with over 200,000 employees are about to alternate ownership. That these transitions are managed smoothly without losing too much of the previous generations' know-how is essential. A further problem might be that the younger generation does not have any ambition to take over the family business which could lead to a lower number of family-businesses in the coming years.³²

This situation has triggered a debate on how public policy decisions could facilitate the ownership alternation process. An important reform in this field was implemented in 2005, when the gift and inheritance tax was abolished. The reform was motivated by a number of objectives; one of these was the acknowledgment of the difficulties with business transitions in family businesses.³³

Hence, the Swedish family businesses are no longer burdened with taxation, if the older generation decides to give away their shares of the company to the younger generation or in case of the death of one of the owners. A still persisting problem is, however, high taxes on the sale of shares if the older generation decides to sell their shares to the younger generation for a price below market value.

Finally, some scholars have highlighted the increasing importance of external risk capital in modern business life. A higher supply of risk capital makes it possible for offensive growth orientated businesses to expand and develop their products. It is, however, important that family businesses grasp this opportunity and do not neglect it out of fear of losing control to external investors.³⁴

³² Nutek (2004). *Generationsskiften i Företag*

³³ Ydstedt (2005). *Generation Å som i ägarskifte – Så planerar familjeföretagen för framtiden*

³⁴ Johansson, Sven-Erik (2000). "Utveckling och ägarskifte i medelstora företag" in Gademo, Bertil (editor). *Familjeföretag och familjeföretagande*

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