

Executive Summary

Institut für
Mittelstandsforschung

IfM
BONN

www.ifm-bonn.org

Business development of large family and non-family enterprises – an analysis of financial statement data between 2008 and 2012

Nadine Schlömer-Laufen, Christoph Lamsfuß,
Jutta Große und Simone Chlosta

IfM-Materialien Nr. 135

Abstract

While many EU Member States are still suffering from the consequences of the last financial and economic crisis and of the following debt crisis, the consequences for Germany were less severe and more limited in time. The reasons for this are complex. In the public discussion family managed German companies are ascribed a substantial contribution to this development. However, the reliability of this public assumption is not proven yet, due to a lack of appropriate comparison groups in the empirical data. As companies with many employees become economically more important in times of crises, the study focuses on large companies. The study explores the question how large family businesses developed in the time period from 2008 to 2012 in comparison to large non-family businesses. For answering this question a specific data base was created (based on the company data base of Creditreform), which includes 6.575 large (family) businesses. The data base allows comparisons between family and non-family businesses.

The percentage of large family businesses is higher in Western Germany than in Eastern Germany

The enterprise population in Eastern Germany is not only characterised by a smaller share of large companies than in Western Germany, they are also less often organised as family businesses. Both facts are mainly due to historical reasons, which have not yet overcome by now. In comparison to other Western German federal states, North Rhine-Westphalia is ranked in the lower third regarding the share of large family businesses. The highest share of family businesses can be found in Bremen and in Schleswig-Holstein.

Large family businesses are more profitable than large non family businesses

Bivariate and multivariate analyses show for Germany as well as for North Rhine-Westphalia, that large family businesses performed better with regard to their ROA and ROE than large non-family businesses. This holds not only for the entire time period from 2008 to 2012 but also for every single year analyzed. Hence, large family businesses appear to be generally more profitable – irrespective of the cyclical business situation.

Large family businesses grow faster than large non family businesses

Large family businesses increased employment more strongly than large non family businesses from 2008 to 2012. This result generally holds true for Germany, but not for the federal state of North Rhine-Westphalia. An analysis of single years, however, shows that family businesses built up employment more strongly only in the years 2011 and 2012.

With regard to sales growth no difference could be detected between large family and non-family businesses over the entire period examined in Germany as well in North Rhine-Westphalia. However, the analysis of this development for each single year demonstrates that the annual sales growth of large family businesses was lower in 2009, but higher in 2010 and 2011 compared to large non-family businesses.

Large family businesses were an important stabilising factor for the German economy

In spite of sharper sales declines, large family businesses reduced their employment only in a similar extent as large non-family businesses. Thus they acted as stabilising factor for the labour market. This was achieved by accepting a temporary lower rentability, as shown by the ROA and ROE. However, their contribution to the rapid economic recovery in Germany was not only due to their hoarding of labour, but also resulted from their higher sales growth in 2010 and 2011.

Creation of favourable framework conditions for family businesses is still a key task for SME-policies

The results of this study prove once again the economic importance of family businesses and illustrate that SME-policies should still focus on the creation of favourable framework conditions for small and medium-sized businesses and family businesses alike.

Schlömer-Laufen, N.; Lamsfuß, C.; Große, J.; Chlosta, S. (2014): **Wirtschaftliche Entwicklung großer Familien- und Nichtfamilienunternehmen – eine Bilanzdatenanalyse für den Zeitraum 2008 bis 2012**, in: IfM Bonn, IfM-Materialien Nr. 235, Bonn.