Introduction

In this introductory essay, we first wish to draw the reader's attention to the most relevant reasons that have inspired the present editors to take steps towards assembling and publishing a book on "Emerging trends of governance and management in entrepreneurial and family firms". Second, we wish to explain how and why studies on entrepreneurial and family-firms are increasing. Third, we introduce the reader to the present contribution with the aim to influence her/his interest on the advancement of our understanding about how to lead and manage meaningful organizations in current times.

For decades, Berle and Means' (1932) framework about the separation and control of owners and management has dominated research in both strategic management and governance. However, in the late 1990s, several studies revealed that dispersed ownership is actually the exception rather than the rule (LaPorta, Lopez-de-Silanes, & Shleifer, 1999). For example, family-firms that often combine ownership and management are some of the most important actors in the global economic landscape. Similarly, entrepreneurial firms (companies that bring new products and services to market by creating and seizing opportunities) are often firms that are owned and managed by an individual, as much as family owned (Nordqvist and Melin, 2010). Thus, in recent years, the study of entrepreneurial and family-firms has become a central topic within academic discussion as, very often, the two share a common start and development: namely, the single or the small group of owners and managers.

The abovementioned debate is supported, on the one hand, by an increasing number of articles and special issues on the topic, while, on the other, by an increasing number of research workshops such as those occurring during international conferences like the *Academy of Management* and the *Strategic Management Society*, and those developed within new academic groups devoted to the theme such as the *IFERA* for family business research. In the meantime, this trend is also testified by the start of new academic journals devoted to entrepreneurship (e.g. *Strategic Entrepreneurship Journal* in 2007 and, most recently, *Entrepreneurship Research Journal* in 2011) and family business (i.e. *Family Business Review* has been followed by *Journal of Family Business Strategy* and the more recent *Journal of Family Business Management*). Finally, professional consultants in family and entrepreneurial firms have contributed by generating and adopting analytic tools to support their governance and management.

Moreover, we observe how family-firms represent between 70% and 95% of all business entities in most countries around the world (European Family Businesses, 2012). They produce an estimated 70%-90% of the global GDP annually (Family Firm Institute) and employ about 60% of the global workforce (Neckebrouck, Schulze, & Zellweger, 2017). Accordingly, their importance to global economy cannot be overestimated. Academics and policy makers recognize this importance and the field of entrepreneurial and family business has increased its dimensions in the last three decades. Notwithstanding these evolutions, much remains to be done.

As strategic management scholars, our main goal is to understand how firms create or destroy value in the competitive interplay with the actors operating in their arena with the goal to grab an advantage in the long run. Competitive advantage results from a firm's ability to perform the required value chain activities at the lowest cost compared to rivals or to perform those same activities in a unique way able to create greater (i.e. differentiation) value for customers (Porter, 1985). Strategic scholars' efforts to understand how firms gain a competitive advantage focus on the external or internal analysis. The internal analysis (Barney, 1991, Grant 1996) focuses on the way firms accumulate and employ their resources. However, there is still significant ambiguity regarding the organizational level processes that underlie the firm-resources link, specifically in the case of family-firms. In this latter case, there is no persuasive organizational theory that corroborates positive factors, comparable to altruism or nepotism, behind family-firms' competitive advantage.

This book addresses the question of emerging trends in the governance and management of entrepreneurial and family-firms with the idea that organizational value-creating or value-destroying drivers are embedded within the firm's governance system and its management. Governance and management systems embody structures, relationship, norms, incentives, values and goals that generate specific organizational propensities. We believe these different conditions encourage certain types of competitive advantage while discouraging others. In this vein, the book collects a shared journey of reflections whose units of analysis are the entrepreneurial and family-firms. The thought shared by the authors – that is at the origins of this work – refers to the central role of the governance and management of the firms in order to interpret their strategic paths and competitive choices. Based on these premises, the reader may find the *fil rouge* common to each chapter. Moreover, the challenge shared with all the authors is to shed light on the emerging trends – such as heterogeneity, gender issue, and emotional view of the family-firm's governance – creating a bridge between *what we know* and *what we should now* about governance and management in entrepreneurial and family-firms.

The book begins with an empirical overview of family business in Italy. Chapter 1 by Mariasole Bannò, Sandro Trento and Rossella Picardi is based on the recent interest of family business scholars with regard to the intersections between family-firms and institutional contexts (Soleimanof, Rutherford and Webb, 2017). In this sense, the authors present an excursion about the current state-of-the art and the development path of family-firms in Italy embedded in the historical and legal conditions. In particular, they present empirical insights about the business model of family-firms at a national level.

Chapter 2 by Gabriella Levanti, Anna Minà, Massimo Picone and Vincenzo Pisano is dedicated to the discussion of a set of insights concerning the benefits associated with applying a multilevel perspective to scrutinize the link between coopetition strategies and entrepreneurial opportunities. In their chapter, the authors emphasize how the firms' capability to recognize, form, and exploit business opportunities is connected with their coopetitive strategies. Specifically, they introduce the relevance of a multilevel analysis (governance, management, ecosystem) to increase and improve our understanding about the entrepreneurial actions related to the recognition, formation, and exploitation of opportunities.

Chapter 3 by Giorgia M. D'Allura and Rania Labaki introduces the new and relevant topic of the emotional impact on the governance of the firms. Both authors were involved in the organization of the two Professional Development Workshop on this theme at the Academy of Management in 2016 and 2017. In their chapter, they provide insights to reflect on how emotions affect and are affected by the structure and processes of governance in entrepreneurial and family businesses (i.e. corporate governance and family governance). Emotions clearly influenced literature on organizational behavior yet in the 1980s, but very little of it penetrated the governance literature. This gap seems most prominent when it comes to entrepreneurial and family-firms. Based on these premises, the authors reflect about the next step considering that the governance bodies of these firms relate to two systems, the business and the family, consisting of individuals and teams who have emotions.

Chapter 4 and 5 introduce the theme of heterogeneity in family-firms. Undeniably, family-firms are different on the level of ownership involvement in managerial decisions and on the presence of non-family members within the ownership or board of directors that might affect their behaviors. Heterogeneity – not just with respect to non-family-firms but also within family-firms – is now a crucial topic under investigation in order to grasp such specific firms' peculiarities. More in detail, in both chapters, scholars respond to the calls in the literature to focus on building an understanding the causes and consequences of family-firms' heterogeneity taking into account how family-firms' heterogeneity based on different levels of family involvement in ownership, governance, and management influences their performance (Chapter 4 by Carmen Gallucci, Rosalia Santulli and Michela De Rosa) and choices (Chapter 5 by Mariasole Bannò, Giorgia M. D'Allura and Vincenzo Pisano).

Finally, the book dedicates one of its chapters to the educational front. The need to refocus business curriculum began over fifteen years ago, when businesses began to demand their graduates to be adaptive, teachable, and responsive (Tierney, 1998). At the current state of the global competition and considering that the fourth revolution is also taking place, businesses require graduates with the skills/knowledge to transform their companies (Harvey and Knight, 1996). This is the new challenge in education: producing a curriculum that coaches students to become employees capable of thinking critically, and who possess the ability to create knowledge across various situations. In his work of 2004, Mintzberg says that students are trained in the wrong ways. Family business education is not immune from these demands, and scholars are arguing that family business students need to be educated in new ways to meet family business needs (McCann et al., 2003). Chapter 6 by Rosario Faraci and Giorgia M. D'Allura has this goal. According to these premises, the chapter deals with a new and terrific method for both teaching and coaching family-firms: we refer to the *Family Business Theatre* (FBT), an original format that relies on a series of improvised actors' performances within a family situation context. The use of arts within business is increasing because several companies have become aware of the importance of creative skills in labor contexts. Creativity is not necessarily the antithesis of professionalism, but it can be extracted from the private sphere to be brought into the business environment. Unlike traditional methods, FBT helps people learning different skills to better manage their emotions when facing critical situations, and transforming those problems into opportunities to grow at both personal and professional level.

As a final tip, we are confident that the reader may appreciate the collective effort generated in this book. We believe this book may satisfy students, researchers, and practitioners who are interested in examining the role of governance and management within entrepreneurial and family-firms.

Rosario Faraci and *Giorgia M. D'Allura*

Chapter 1

Governance and management of family business in Italy: an overview of the institutional context

SANDRO TRENTO - MARIASOLE BANNÒ - ROSSELLA PICARDI

CONTENTS:

1.1. *Introduction*

The concept of family, in Italy as in other countries in the world, has ancient roots. To analyse institutional context, we must link Italian history to ancient Greeks and Romans. The Italian family structure is strongly influenced by these two old populations and today society still has historical legacies related to them. The concept of family as a patriarchal core is rooted in Italy because of the Roman culture. In the *urbe*, the extended family was an instrument of power and the family was composed by the *pater familias* who was the head of the family, the acknowledged authority of the Roman patriarchate to which everyone had to conform [1].

The ancient Greek and Roman conception of the family are quite different due to the economic structure of the two societies. The sons of the Greeks acquire their independence when they reach the age of eighteen, while in Rome, the *pater familias* continue to have total power and control over all the members of the family as long as he remains alive. The difference in the family concept is due to the characteristics of the two economies and to the needs of the two societies. The Greek economic institution is es-

[1] *Com'era organizzata la famiglia nell'antica Roma. Nell'urbe la famiglia "allargata" era uno strumento di potere.* Focus, February 2017.

sentially mercantile while Roman commerce and society are agriculture based. The demands of trade in Greece require that the children enjoy greater autonomy to travel and bargain, while the rules of the campaign require submission for hard and disciplined work [2].

The Italian society follow, until the reform of 1975 family law, the historical heritage of Roman culture. The large family has always been a source of wealth and sustenance as the younger and stronger arms were present. Starting from the agricultural society, the Italian industrial structure has developed. Italy probably is not famous for its hi-tech industrial orientation but for the craft and *made in Italy* products. Italy, known as the Nation of beauty and art, was able to build an industrial network based on family and small businesses. Based on the ancients' values and beliefs, Italian people have established their capabilities and competitive advantages, conducing Italy towards one of the most developed economies in the world.

The Italian companies' size is small and connected to the way in which, over the years, the industrial network has developed. This is a prerogative of a company that refers to the ancient Rome.

The evolution of the country's socio-economic and cultural context has allowed many family firms to expand their business: the small craftsman developed their production plant by expanding their workforce. With the economic boom of the '50s, in Italy the first large family-run businesses began to be established. The process of expanding family business was therefore a reflection of an economic recovery of the Country after the Second World War. The economic boom, defined according to the British historian Eric J.E. Hobsbawm, *new golden age* has transformed Italy from a country with a predominantly agricultural economy to one of the main industrial powers of the West. Another British historian, Paul Ginsborg, profound connoisseur of Italian history in the nineteenth and twentieth centuries, wrote that at that time *the rural and urban landscape, as well as the dwellings of its inhabitants and their ways of life, radically changed*.

The Italian skill has been that of enhancing their qualities, of adapting them to the needs of the time which, after the Second World War, had changed radically. The leading sectors of Italian development were the car industries, home appliances, furniture and office machines, all products that soon became a global reference point both for innovative technological solutions and for the quality of design and work of design [3].

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[2] C. MALAGUTI, *La famiglia nell'antichità*. May, 2016.

[3] T. I. BEREND, *An Economic History of Twentieth-century Europe: Economic Regimes from Laissez-faire to Globalization*. Cambridge University Press, 2006.

After the Second World War the demographic situation changed: the mortality rate decreased drastically, the birth rate and the number of children per household increased. There was a real boom in the population; life expectancy had increased, and the employment sector checked for changes. In 1951, more than 8 thousands million people worked in agriculture (42% of total employment), in industry 6 thousands million (32%) and in other activities (mainly services and public administration) 5 thousands million (26%). The Italian economy seemed therefore to be still based mainly on agriculture. However, a decade later the reports were completely overturned.

In 1958, for the first time, the number of workers in industry exceeded that of farmers, thus making evident a process, started with the industrialization of the late nineteenth century, which allowed Italy to become a predominantly industrial country. In 1961, agriculture workers had fallen to less than 30% of the total, while industry workers had risen to more than 40% and employees to other activities to 30%. In 1971, compared to twenty years earlier, employment in agriculture had fallen by over 60%.

With the crisis of the rural world a productive system and a system of social relations based on the dominance of the human labour force, on the time marked by the seasons and on the leading role of the farmer family, crumbled. Both Italian industrial sector and society were changing. The acceleration of the land abandonment process was favoured by the spread of machines and chemistry.

The Italian industrial production increased drastically also thanks to the entrance into the European Economic Community. The export changed: before were traded especially textiles and food products, during the economic boom household appliances emerge. In the immediate post-war period almost all the companies that would become internationally famous in the washing machines sector were little more than artisan factories: Ignis had a few dozen workers and Candy in 1947 produced a washing machine at the day. Led by skilled entrepreneurs (willing to invest in scientific research and innovative technologies), the appliance industries prospered above all in the so-called *white* regions or areas (i.e. Veneto, Friuli and lower Piedmont).

In the same years the sector of the typewriters was affirmed headed by Olivetti, an extraordinary innovative company. The Italian industry well adapted to the changes of the market and goes to satisfy the latent needs of the consumers.

Even though, the most famous brand of made in Italy was Fiat. Everything was changing, and the growth of the Italian car market was also due to the State commitment poured into the construction of new roads and connections.

The Italian situation was like the one in many other European countries with the difference that Italy was able to get into the game by launching a general modernization [4].

Summarising, the economic boom involved a change in several aspects of the daily life: culture, family, consumptions, language. Most of the Italian family businesses have the same story: starting from a local and rural context, the foresight of the founder has contributed to the expansion of the initial business involving other actors and other international economic-cultural contexts.

1.2. *The evolution of the Italian family business within its juridical context*

As previously insight family business is a form of productive organization whose origin cannot be placed in a circumscribed space and time dimension. It's not easy to understand when exactly this phenomenon was born but, trying to have a clear situation of analysis, we can start with the 1975 Family Law Reform (art. 230 bis c.c. L.151/75).

Since ancient time, all the families that were into the countryside produced by theirself the goods that they needed for their daily life. In each family, according to the tradition of the past, there were a lot of people [5] and each of them had a defined role into the house. All the members of the family had to contribute, with their strength, to the sustenance of the family.

The legislation tried to clarify the situation because the work of a family member found its place among the obligations imposed to increase the quantity of goods of which the head of the family possessed and could control. The need for a legal framework was dictated by the proliferation of companies of this type which, given the collaboration of family members, did not attribute any legal protection to the latter.

The 1975 Law defined a family business as a company where the spouse, the relatives within the third degree and the similar within the second degree, collaborate. Except when a different relationship can be configured, the family member who lends continually his work activity in the family or in the family business enjoys the right to maintenance according to the pat-

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[4] A. VILLA, *Il miracolo economico italiano*, Treccani, 2013.

[5] Family included the father the mother and their numerous children, but also the grandfather and the grandmother and the aunts or uncles that were not married yet.

rimonial condition of the family and the right to participate in profits and/or increases in the company in proportion to the quality and quantity of the work performed [6].

The art. 230 bis finds, in this way, its foundation in providing a minimum protection to work relationships that cannot find other configurability. The family member who lends his work will not only be entitled to maintenance but will also be able to participate in the profits, participate in the most important decisions and be entitled to a cash settlement at the end of his business or in the case of sale of the company, in addition to having the right of first refusal in the latter case [7]. As such the position of those who daily and for long periods put their work at the service of the family has been protected.

Decisions concerning the use of profits and increases as well as those relating to extraordinary management, production guidelines and termination of the business, are adopted by family members who participate in the company itself. Family members taking part in the business who do not have the full capacity to act are represented in the vote by those who exercise power over them.

A specification is needed: Art. 230 bis cc. is not always applicable. The case is when the relationships between the members of the family find their systematic collocation in a different specific negotiation relationship, such as the employment relationship, the company or the association contract in participation. There is a condition of subordinate work only if there has been an express agreement in this regard between the parties, aimed at framing in this relationship the activity of the family member. Concerning the corporate relationship, however, the existence of a company agreement must be ascertained with reference to internal relations, from which the constituent elements of the company can be deduced (e.g. *affectio societatis*, conferment, profit and loss allocations).

Another open question concerns family business as individual or collective enterprise. The prevailing thesis is in favour of the individual nature. Art. 230 bis has been placed in the book of persons and family and not in the book of work or companies. As a consequence, a family firm is an individual business and it implies that the only family member of the business is an entrepreneur (on the contrary, there is participation of family members in the institute of the conjugal company). For the conjugal company, that is completely different from family business, is necessary a co-management of the company by both spouses, with the consequent assumption of joint responsibility on the part of both the risks of the company. Extending the responsi-

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[6] L. GALLI, *La disciplina dell'impresa familiare*.

[7] *dirittoprivatoinrete.it*

bility of corporate obligations to the spouse would render meaningless the legal rationale of art. 230 bis. In fact, the norm was born as a protective intent of the legislator towards the spouse, relatives or similar, who collaborate with the entrepreneur.

To underline the protective scope of this Article, it's necessary to highlight the right to maintenance of the family member. The right to maintenance is recognized regardless of the quality and quantity of the work performed and the actual performance of the company. This means that the cooperation of the family member to the company entitles the holder to retain the company, even if the company does not give profits or is at a loss. Collaboration means a continuous contribution, not occasional, it could be part-time and not the only job of the family member. The work activity can be of any kind: intellectual or manual, executive or directive, provided in the company or in the family. If the work of the family member is done within the family, this must be functional to the company activity.

This concept has revolutionized some legislative points because it includes also homework or domestic work if it helps the carrying out of the business activity; there is the introduction of the concept of the division of roles. In this way, the work of the spouse, in any manners it is exercised, it's under the principles of the art. 230 bis. There are two consequences. First, the collaboration of the spouse or member of family, when determines an associative relationship preordained to the protection of the work of the family member and must be framed in the assumptions provided for by art. 409 n. 3 c.p.c. in terms of collaboration relationship with a para subordination nature, finding its source in a contractual relationship from which precise rights and obligations arise between the parties. Second, it is excluded that the art. 230 bis foresees a presumption of gratuitous work performances.

The last point that it's still not clear among the law, concerns the end of the relationship: it's important to divide the end of the business activity from the end of the work of a member family. In case of separation of the members of the family it's not possible to say that business family doesn't exist anymore.

Concluding, although the law has tried to clarify the situation creating a detailed law and defining all the possible cases, it's still hard to discipline and control the family business phenomenon [8]. As mentioned before, the hardest point concerns the identification and the clarification of two complex and complicate structure: company and family.

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[8] L. GALLI, *La disciplina dell'impresa familiare*.

1.3. *The Italian Business Model: SME*

According to ISTAT, in Italy, 99% of companies are represented by small and medium-sized enterprises (SMEs). Of these, 95% have less than 10 employees. Those with less than 10 employees, are concentrated in the tertiary sector, especially in real estate, information technology and retail. Rising in size (i.e. companies with 10 to 249 employees), the presence in the industrial sector is more widespread. It is therefore clear that SMEs are the backbone of the national production system [9].

Every country and economic organization has its own definition of what is considered a small and medium-sized enterprise [10]. While the large groups are present but not numerous on our territory, we could instead say that Italy, as mentioned before, "lives" thanks to small and medium-sized enterprises. Small and medium-sized enterprises are non-subsidiary, independent firms which engage fewer than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while the United States considers SMEs to include firms with fewer than 500 employees. Small firms are generally those with fewer than 50 employees, while micro-enterprises have at most 10, or in some cases 5, workers. Financial assets are also used to define SMEs. In the European Union, a new definition came into force on 1 January 2005 applying to all Community acts and funding programmes as well as in the field of State aid where SMEs can be granted higher intensity of national and regional aid than large companies. The new definition provides for an increase in the financial ceilings: the turnover of medium-sized enterprises (50-249 employees) should not exceed 50 million euros; that of small enterprises (10-49 employees) should not exceed 10 million euros while that of micro firms (less than 10 employees) should not exceed 2 million euros. Alternatively, balance sheets for medium, small and micro enterprises should not exceed 43 million, 10 million and 2 million euros, respectively [11].

Despite the last years' recession, Italy remains one of the most important economies in the world: this is mainly because the offered products are of the high quality, so much so that significantly affects the annual economic trend. It is important, however, to make a clear distinction between large companies and SME: their *modus operandi* is indeed very different.

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[9] TRENTO e FAGGIONI, 2016.

[10] *Investopedia.com.*

[11] OECD, *OECD SME and Entrepreneurship Outlook: 2005.* OECD Paris, 2005.

The present situation demonstrate that Italy's trade is strongly oriented towards foreign countries, so much so that the country is eighth in the world ranking of exporters. The flows are directed especially towards other states belonging to the European Union: Germany, France, Spain and the United Kingdom. There are numerous sectors in which Italy stands out and reaches notoriety, thanks also to the "Made in Italy brand" which is a guarantee of quality, design and reliability: agri-food products (e.g. pizza, wine, raw materials such as fruit and vegetables, meats and cheeses), fashion and automotive companies, shipyard [12].

Italy, as we have seen before, based its economy on SMEs and on family business. In spite of the massive presence of SMEs, it should be emphasized that the majority of these are micro-enterprises and therefore occupy up to 10 employees at the level of employment [13]. Another factor to take into consideration is the sector they belong to: they concentrate their productive activity in manufacturing.

Despite a substantial difference compared to the characteristics of the SMEs of the European Union, Italian SMEs use medium-high level technological tools almost comparable to the rest of Europe. Although during the crisis, which has hit the whole planet, the number of SMEs has declined, Italy continues to count on them.

Compared to the second post-war period, the organization and structuring of small and medium-sized enterprises has changed, both in terms of human capital and invested capital. Many business families, born from the work of family members, over time, have started to incorporate external subjects that bring skills and know-how, of which family members were lacking.

The family nature remained unchanged, what changed, thanks to the foresight of the founder, was the adaptation to potential and foreign markets and new technologies that were on the market. In the Italian business system, therefore, there has been a change in trend in the strategy put in place by the SMEs.

According to Porter, at the basis of the classification of companies and the following strategy adopted by them, two types of companies are identified: market-based view and resource-based view. The market-based view born in the 80s, focuses on the choice of sectors and market positioning, in order to obtain a competitive advantage. The resource-based view, on the other hand,

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[12] HONNEGER JOURNAL, *Economia e industria in Italia: il ruolo decisivo delle PMI italiane*, 2016.

[13] R. VITTORI, *Export, delocalizzazione, internazionalizzazione. Un'opportunità delle aziende italiane per superare la crisi*, Franco Angeli, Milano, 2013.

upsets the vision of the former, causing the competitive advantage to derive from the controlled resources and the skills possessed by the company. In the course of the change of the Italian society, the approach to the market for SMEs has changed, but not all have reacted in the same way.

The need for renewal that must invest the entire Italian production system, with reference to the manufacturing sector, which, except for the few cases of excellence at global level, is characterized by companies (mostly SMEs) that are not very innovative and labour intensive, which they compete in markets where they are subjected to strong competitive pressure from developing countries and beyond.

This renewal, so that it can be effective, must start from the formulation of new strategies and then be able to reconfigure the entire business model in its entirety. Over the years, and as has already been mentioned, the domestic market and the familiar contest were no longer enough for companies to support their business. The large capacity of many small Italian family businesses has been to internationalize and enter foreign markets. In this way, thanks to the aforementioned changes in family and non-family businesses, it has been possible to continue to maintain an economic structure based on SMEs and on Made in Italy.

1.4. *Family businesses in Italy: Empirical evidence*

Family businesses are among the most important economic actors, they mostly contribute to the creation of wealth and employment in economies all over the globe. They range from small enterprises that serve a limited neighbourhood to large multinational companies that operate in many different sectors and countries, making it difficult to find an univocal definition. Indeed, family business results being composed by two economic actors (i.e. the business and the family), which overlap since family members are both part of an organization and, at the same time, part of the family system (Ramadani and Hoy, 2015).

To complete the description of the institutional Italian context an important aspect to consider is the need to have clear and detailed information, which as mentioned above, are made up for the most part by family businesses and SMEs.

Anyway, it is not easy to find information on family firms given their nature. In fact, these are often unlisted companies that do not have to deposit their balance sheets. Finding information that is useful for the analysis is not always intuitive and direct but, over the years, due to its importance for the Italian economic structure, it was necessary to clarify. As such the creation of associations that work to collect data and to process them, is relatively recent. In this chapter, to explain the Italian phenomenon, we use data provided from AIdAF, the Italian Association of Family Businesses [14]. AIdAF was founded in 1997 by Alberto Flack in collaboration with a group of entrepreneurs bound by the same principles. It encompasses more than 180 family businesses, representing approximately 13% of Italian GDP. AIdAF is an Italian reality but it's a chapter of Family Business Network that is an institute at the international level which represents more than three thousand of family businesses with more than ten thousand associates in approximately sixty countries worldwide, allowing for a continuous exchange of experiences and international best practices to contribute to the training of new generations of entrepreneurial families.

Among others, and thanks to AUB data, Corbetta, Minichilli, and Quarato (2015) carried out some research on Italian firms with an over 20 million euro turnover. The study revealed that on the 16 thousand companies considered, more than 10 thousand are family owned (approximately 65%).

The Italian business sectors, for the family business, is divided in manufacturing (43%), commerce (28%), financial and real estate (12%), services (8%), construction (4%), transport (3%), and energy and extraction (2%). In particular, the sector in which Italian family businesses are predominant is divided into food (12%), mechanical (8%), metallurgical (7.7%) and fashion (7%).

Family businesses represent in Italy more than 70% of small companies, whose turnover is between 20 and 50 million euro, and 59% of companies with a turnover greater than 50 million euro (i.e. medium and large companies). Not surprisingly family firms are smaller than non-family firms on average but, interestingly, the percentage of family firms in the category of medium and large companies has been increasing since 2008. On the other hand, the number of units has floated, and it amounted to 4.184 in 2013 after being 3.893 in 2009. These fluctuations can likely be explained by the global financial crisis occurred in 2007-2008 and the following European sovereign debt crisis. By considering Italian family firms with a turnover greater than 20 million, the total turnover and the value added of such companies amount to 790 and 177 billion euro, respectively, while the number of em-

[14] AIdAF has established, together with Bocconi University, the Unicredit Group and the Milan Chamber of Commerce, AUB Observatory, which monitors and analyses the economic and financial performance of Italian businesses of family property with an annual turnover from 20 million euros, publishing an annual report.

ployees is close to 2,3 million. And actually, such firms were able to outperform non-family companies in jobs creation between 2010 and 2014.

With regard to firm performance, family firms show similar results to non-family firms, when taking into account small enterprises, whereas they perform better when considering medium and large companies. In the last ten years, revenues of family businesses' have increased 10 points more than non-family ones. Notwithstanding this in 2016, family businesses recorded a further decline due to the level of indebtedness; in this case, there is a decreasing trend from 2007 onwards. On the other hand, there is a particular trend regarding the payment of debt. In fact, since 2009 there has been a trend reversal and therefore non family businesses are better able to cope with their debts than family one. This data reveals the difficulty that family business had during the crisis period. This can be explained in several ways. Family businesses are often not facilitated in receiving funding and therefore the channels and methods of applying for loans and the need for them is different for companies that are not family-owned. Furthermore, family-controlled businesses have less excess liquidity. This can be one of the characteristics of small businesses and this reinforces the difficulty of this type of company to repay their debts. Therefore, the lack of liquidity does not allow companies easy access to traditional credit channels (i.e. banking ones).

Another important information, provided by AIdAF analysis concerns the longevity of Italian family business. In Italy are set 15 of the world's 100 oldest business and 5 of these are among the top ten oldest family businesses still active today.

Regarding the localization of the companies, the 74% of medium-sized and large family businesses are found in the northern part of the country, 16% in the centre and 10% in the south and islands.

Family businesses represent around 60% of the Italian shareholding market (i.e. 190 companies recorded), accounting for around 25% its capitalization. The major listed companies are family businesses of small and medium-size and they belong to the industrial sector and consumer goods sector. About 90% of family businesses are listed in the MTA (Mercato Telematico Azionario, screen-based stock exchange), and the 30% in the STAR segment, the others are listed in AIM Italia (alternative stock exchange market).

Going deeper, considering the ownership and generational involvement, the most profitable family businesses are those that have a history, handed down from father to son, that over the years have experienced and invested, that have understood their strengths and weaknesses establishing themselves massively on the market.

As concern the structure and the governance of Italian family businesses, the percentage of companies with single administrator is 12 and the ones with a collegial leadership are 46%. These companies are led by family leaders (pure family 69%, mixed 15%, pure non family 16%).

A very interesting data, concerns the internationalisation in the course of generational changes. The research shows that, in the generations following the first, there is a greater propensity to open subsidiaries in foreign country (21% in the first generation, 34% in generations following the first). From the study of the Observatory, it emerges how, in the last decade, the models of leadership, have not undergone significant changes and therefore follow a constant trend. What is useful from the analysis, which allows a better understanding of the Italian industrial structure, is that the data show that the single administrator model is more widespread in small (31%) and first generation companies (35% first generation, 17% third generation and above).

Continuing the analysis of the governance structure of family businesses, it appears that pure family models are the most widespread in small companies but not only. It should also be stressed that in the case of family businesses that adopt a pure family model and are of modest size, they statistically perform better. When the size of the company grows, the presence of non-family figures in the upper echelons also increases. In the last decade there has been a gradual aging of business leaders and in these cases, lower performances were recorded than other family businesses. With the increase in the number of generational transfers, with the change of the guard to the management, a greater involvement of non-family leaders was recorded simultaneously. There was also a positive performance in the year following the introduction of a non-family manager into the company. However, the myth of the third generation should not be put aside. Although the data show that greater openness of family businesses to external professional figures is beneficial to their profitability, it is important to remember that with the passing of the years and the generational changes, the entrepreneurial spirit of departure has been lost.

1.5. *Conclusion*

Family businesses represent a key component of every institutional context, not only in terms of their numerical impact but above all thanks to their contribution to GDP and employment. Italy is in line with other European Countries even if it Italy 66% of family businesses are fully managed by family members while in France it's the 26% and in the UK it's only 10%. As previously stated in Italy, there are more than 784 thousand family businesses, more than 85% of the total number of business and they employ over the 70% of work force.

These numbers demonstrate what said in the previous paragraph, it underlines the strong cultural heritage coming from Italian history. The success of many family businesses has ancient roots and, as witnessed by the data from the Observatory, in Italy there are family businesses that have more than 100 years of history and still continue to have excellent results, both on the domestic market and abroad.

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