

1 Family business in the Netherlands

This chapter stems from the doctoral dissertation Crown Princes in the Clay by Roberto H. Flören.

Before going into the succession issue in the next chapter, it is important to develop an in-depth understanding of family business in the Netherlands. The importance of family business for their national and the worldwide economy is usually underestimated. More information on family business in the Netherlands will therefore allow a better understanding of the importance for the continuity and success of family business. The first paragraph discusses the growth of the family business field in the Netherlands. Before attention is focused on the Dutch situation, an overview of research results and guestimates on the number of family business worldwide will be presented in paragraph 1.2. Paragraph 1.3 looks specifically into Dutch family businesses. Firstly, paragraph 1.3.1 describes the data collection of four original studies in the Netherlands. Secondly, some demographics and characteristics of Dutch family business are presented in paragraph 1.3.2. Thirdly, paragraph 1.3.3 quantifies the impact of family business on the Dutch economy leaving no doubt as to the importance of family business to general commerce and the economy. Finally, some differences between family businesses and non-family businesses are given in paragraph 1.3.4.

1.1 Introduction

The importance of family business for the national and the worldwide economy is usually underestimated. The sheer number of family businesses and their contribution to employment is similarly underrated. Lansberg et al.¹ state that "... despite the prevalence of family businesses, we are seldom provided with a thoughtful analysis of their contributions and strengths". There are several reasons for this. Families have no reason to publicize their involvement with the business, partly because of privacy issues and possibly, in the Netherlands, because of its Calvinistic culture.² As a result, the outside world does not regard many of these businesses as family business even though one family owns and manages them. Furthermore, many family businesses are privately owned and therefore not subject to publishing annual reports and disclosing accounts.³ To further complicate the issue, many owners have a complex ownership structure for fiscal reasons. Unfortunately, no lists distinguishing family businesses from their nonfamily counterparts are available in either the Netherlands or in almost any other country. This has made family business difficult to study, which might further explain why their impact on the economy has been underestimated.

Until 1993 little research had been devoted to family business in the Netherlands, except for some pioneering work by van de Loo, Schuit, van Genk, and Thomassen.⁴ The studies, seminars and publications of Walgemoed and Nyenrode have increased the awareness of the importance and specifics of family business in the Netherlands. Their efforts were followed by a growing number of service providers, non-profit organizations, and universities. Currently, four organizations claim to represent the interests of family business in the Netherlands, namely the Centrum van het Familiebedrijf (Center of the Family Business), the Family Business Network, the Nederlands Instituut voor Documentatie en Informatie Familiebedrijven (Netherlands Institute for Documentation and Information for Family Business), and Stichting Eigenaren Familiebedrijven (Foundation for Family Business Owners). Similarly, attention to family business is growing in the United Kingdom. Dunn and Hughes,⁵ however, comment with justification to regard this growth with caution: "Although recognition of family firms may be long overdue, that recognition may be given a cautious reception by family firms if they perceive that they are being targeted for commercial attention without any evidence that their needs and challenges are fully understood". The same cautionary note may also apply to family businesses in the Netherlands. For one reason, the four Dutch organizations that represent the

¹ Lansberg, Perrow, and Rogolsky (1988), p. 2.

² Fentener van Vlissingen (1995).

³ Kets de Vries (1996).

⁴ E.g. van de Loo and Schuit (1991); van Genk and Thomassen (1992).

⁵ Dunn and Hughes (1995), p. 268.

interests of family businesses do not currently work together cooperatively mainly because of potential for conflict among their member businesses. Moreover, a number of advisory firms regard this new market as just another market opportunity without considering or learning about the characteristics and needs unique to families in business. Without such pertinent, formal training, consultants are unable to understand the family and emotional issues presented by their clients or facilitate change or avoid some of the common pitfalls that arise when addressing such issues.⁶

The growth of the family business field in the Netherlands, the challenges for family business owners and their families, the market potential for family business consultants and the associated risk of not properly prepared consultants, make it essential to establish a clear overview of family business in the Netherlands. The intention of this chapter is to quantify the impact of family business on the Dutch economy, leaving no doubt as to the important role family business plays in commerce and economic life. This insight, together with research results that show substantial differences between family businesses and nonfamily businesses, should encourage both business families and their advisors to increase their awareness, knowledge, and expertise in the specifics and challenges for family businesses.

⁶ Narva (1997).

1.2 The significance of family business worldwide

The most conservative estimates on the worldwide percentage of businesses that are a family business range from 65 to 80 percent.⁷ Most of these estimates, however, are not the result of quantitative research.⁸ The lack of such research is partly due to the absence of a common definition of family business (see chapter 2). In fact, until recently few academics, governmental agencies, or data gathering enterprises, regarded families in business as characteristically distinct entities.⁹

The lack of a universal definition also makes statistical comparisons between countries difficult.¹⁰ Some studies, in fact, provide neither a definition, total population, nor sample used. The following comparisons are therefore made with great reservation and should only serve as an indication of the significance of family business worldwide.

Table 2: Research studies and estimates on the percentage of family business in various countries around the world

Country	Percentage family business	Source(s)
Australia	<ul style="list-style-type: none">• 80% of all private businesses• 25% of all public businesses• in excess of 600,000 out of 800,000 plus companies	Baring (1992)
Belgium	<ul style="list-style-type: none">• 70 to 80% of all SMEs	Donckels and Hoebeke (1992)
Chile	<ul style="list-style-type: none">• 65% of medium to large firms• 75% of all firms	Martinez (1994)
Finland	<ul style="list-style-type: none">• about 70% of all businesses	Littunen and Hyrsky (2000)
Germany	<ul style="list-style-type: none">• 80% of all companies• 60% of all companies• 66% of companies with a turnover from 2 up to 100 million DM• 50% of companies with a turnover from 100 up to 500 million DM• 30% of companies with a turnover of more than 500 million DM	Reidel (1994) Klein (2000)

⁷ Dreux (1990).

⁸ Shanker and Astrachan (1996).

⁹ Lansberg, Perrow, and Rogolsky (1988).

¹⁰ Handler (1989b).

Table 2: Research studies and estimates on the percentage of family business in various countries around the world (continued)

Country	Percentage family business	Source(s)
Italy	<ul style="list-style-type: none"> • 46% of industrial concerns with at least 50 employees • almost 80% of businesses with 20 to 500 employees • 94% of manufacturing firms with more than 10 employees and revenues between \$3 million and \$180 million. 	Bank of Italy (1994) Bank of Italy (1994) Corbetta and Montemerlo (1999)
Netherlands	<ul style="list-style-type: none"> • 47% of businesses with at least 100 employees • 78% of businesses with 10 to 100 employees • 83% of all businesses 	Flören (1993) Flören (1994) Flören and Wijers (1996)
Spain	<ul style="list-style-type: none"> • 17% of the 100 largest businesses • 71% of companies with annual sales over \$2 million • 23% of the 1,000 largest businesses 	Gallo (1994) Gallo (1994) Gallo (1995)
United Kingdom	<ul style="list-style-type: none"> • 76% of the 8,000 largest businesses • higher proportion expected in the wider business population 	Leach (1991) Stoy Hayward (1989)
United States	<ul style="list-style-type: none"> • 40% of the Fortune 500 • between 75% to 95% of all businesses • between 19% to 92% of all businesses 	Zeitlin (1976) Ward and Aronoff (1990b) Shanker and Astrachan (1996)
Latin America	<ul style="list-style-type: none"> • between 80% to 98% of all businesses 	Poza (1995)
World	<ul style="list-style-type: none"> • between 65% to 80 % of all businesses • 95% of all business establishments 	Gersick et al. (1997) Litz (1995)

Table 2 presents an overview of the results of a number of studies that try to quantify the total number of family businesses in various countries. In Australia, more than 80 percent of private companies and 25 percent of public companies are family controlled, and more than 600,000 out of 800,000-plus companies are family businesses.¹¹ In Chile, Martinez¹² estimates that 75 percent of all firms and 65 percent of medium to large firms are family businesses. Reidel¹³ estimates that in Germany family business comprise 80 percent of all businesses. More quantitative material is available in Italy and Spain. A study of the Bank of Italy shows that 46 percent of all industrial concerns with at least 50 employees and almost 80 percent of businesses that have between 20 and 500 employees are family businesses.¹⁴ Gallo¹⁵ states that in Spain family businesses constitute 17 percent of the 100 largest companies, 23 percent of the 1,000 largest companies, and 71 percent of companies with annual sales that exceed \$2 million.

In the United Kingdom as well, family businesses form the lion's share of all businesses - 76 percent of the top 8,000.¹⁶ In Belgium, Donckels and Hoebeke¹⁷ found that 70 to 80 percent of all small and medium sized enterprises are a family business. In the United States, 92 percent of all businesses are family businesses, when a broad definition of family business is used. That percentage drops to 19 percent when a narrower definition is applied.¹⁸ Other estimates suggest that as much as 98 percent of all United States businesses are family businesses. Clearly, there is a need in this latter country for a wider consensus on the definition used for family business, and for more quantitative research covering the whole country. Throughout Latin America, from Mexico to Tierra del Fuego, family businesses comprise an estimated 80 to 98 percent of all private enterprises.¹⁹ Although not all these figures are based on quantitative research, they do confirm the significance of family business worldwide.

¹¹ Baring (1992).

¹² Martinez (1994).

¹³ Reidel (1994).

¹⁴ Corbetta (1995).

¹⁵ Gallo (1995).

¹⁶ Stoy Hayward (1989).

¹⁷ Donckels and Hoebeke (1992).

¹⁸ Shanker and Astrachan (1996).

¹⁹ Poza (1995).

1.3 The significance of family business in the Netherlands

The previous paragraph shows that family business plays a significant role in the economies of various countries around the world. This was also assumed to be true in the Netherlands, however, before 1993 it had never been quantified.²⁰ The remainder of this chapter will present research results that will undoubtedly confirm that assumption. But first an overview of the data collection process will be given.

1.3.1 Data collection

The empirical data presented stem from a range of approaches, such as literature search, interviews, seminars, case discussions, and quantitative studies. The more than 60 interviews with people working in or related to a family business, such as owners, managing directors, spouses, children, and nonfamily employees lasted an average 1.5 hours each, with some taking more than four hours. The friendliness and openness of the interviewees was striking and very helpful for the data collection. The original research results stem from four different exploratory studies. Table 3 provides an overview of the methodology and the population of the four studies and the number of questionnaires that were used for data analysis for each study.

Table 3: Overview of the four studies on family businesses in the Netherlands used in this chapter

Study	Methodology	Population	# of questionnaires used for analysis
Flören (1993)	survey questionnaire	CEO of 5,000 largest companies with at least 100 employees	302
Flören (1994)	interviews and survey questionnaire	CEO of companies with 10 to 100 employees	245
Flören and Göbbels (1995)	interviews and survey questionnaire	Spouse of the CEO of companies with at least 10 employees	259
Flören (1997)	interviews and survey questionnaire	CEO of companies with at least 10 employees that have had a management succession within the last 3 years	236

To ascertain the comparability of the results with the London Business School study, their definition was used in all four studies.²¹ Also, their questionnaire was used for the first two studies. Some items - most importantly on the management structure and on nonexecutive directors - had to be adapted to the actual Dutch business situation. For the third study, a new questionnaire was developed. This questionnaire was sent to CEOs of randomly selected enterprises with the request that each give the questionnaire to their spouse. Also, for the fourth study a new questionnaire was constructed to provide insight into succession issues and problems in family businesses in the Netherlands.

Unfortunately, no lists are available in the Netherlands identifying which company is a family business and which is not. Therefore, the questionnaires in all four studies were sent to both family and nonfamily businesses. Respondents were not made aware that a distinction would be made between family businesses and nonfamily businesses.

The studies mentioned above have intentionally focused on family businesses in the Netherlands with at least ten employees, with the first study focusing on family business with a minimum of 100 employees, whereas the second study targeted family businesses with 10 to 100 employees. The main reason for focussing on the larger family businesses was triggered by the interests of the sponsor of the family business research program, whose target group consists out of those larger businesses. Consequently, the results presented here do not take into account those enterprises with less than ten employees. Some statistics on these smaller family businesses, however, are available. Therefore, in some instances an estimate for their actual situation is given. It should be noted that these results do not stem from original research data as do the others.

²⁰ Van Genk and Thomassen (1992).

²¹ Stoy Hayward (1989), see also original Flören definition in paragraph 2.3.

When a total number or percentage of family businesses is given, that number is either derived from the third or fourth study that incorporates all enterprises with at least ten employees or from a weighted average of the research results of the first and second study. In the latter situation, the data for the companies with 10 to 99 employees count 9.33 times, whereas the data for those with at least 100 employees count once. The reason for this is that the first group of enterprises outnumbers those of the second group by 9.33 to 1 (see Table 4).

Table 4: Number of family businesses among all incorporated businesses in the Netherlands

Employees	Companies	% Family businesses	Family businesses
1 – 9	248,756	85 ¹	211,443
10 – 99	45,697	76.8	35,095
100 or more	4,898	46.5	2,278
Total	299,351	83	248,816

Note: ¹Estimate.
Results derived from Flö ren (1993 and 1994).

1.3.2 Characteristics of Dutch family business

The impact of family businesses on the economy of the Netherlands should not be underestimated. Almost 50 percent of the Dutch companies with at least 100 employees are family businesses, a percentage that rises to more than 80 percent when small and medium-sized companies are considered. Also global companies, such as Philips and Heineken, started as Dutch family businesses, and although their family ties still exist, neither two company qualifies as a family business in the light of the definition used.

The figures from Table 4 show that family businesses are not restricted to the smaller enterprises in the economy but also include a substantial percentage of large enterprises. By definition, many smaller firms are family businesses, but it would be a mistake to restrict the concept of family business to only small and medium-sized companies.

Largest family business

The largest family business in 1997 in the Netherlands was SHV, with more than 66,000 employees and a turnover of more than 13 billion Euro or about 15 billion US Dollars.²² Former CEO P. Fentener van Vlissingen,²³ whose family branch owns about 60 percent of the stock, strongly advocates the advantages of a family business:

“The advantage of family business stems from the possibility to outline a real strategy for the long term in good consultation with a small group of shareholders (family and partners). (...) Family businesses more than others are able to outline long-time objectives. (...) For the entrepreneur who does not think in quarterly and yearly figures, but in periods of five, ten, twenty years, this relative insensitivity to such external influences could be a blessing and ultimately yield a decisive advantage.”

Table 5: Characteristics of family businesses in the Netherlands with ten employees or more

	10-99 employees (N=186) percent	At least 100 employees (N=101) percent	Total percent
<i>Years CEO runs the business:</i>			
0-2	5	7	6
3-5	17	15	17
6-8	16	17	16
9-12	9	13	10
13-20	24	17	23
More than 20	29	32	29

²² Arendsen (1997).

²³ Fentener van Vlissingen (1995), p. 26.

Chi-square (8, $N = 284$) = 7.25, $p = 0.51$

Generation managing the business:

First	43	22	41
Second	36	31	36
Third	15	23	15
Fourth or higher	4	12	5
No family member	1	13	2

Chi-square (4, $N = 282$) = 33.39, $p < 0.001$

Years in business:

0-10	12	0	11
11-30	35	18	33
More than 30	52	83	55

Chi-square (8, $N = 283$) = 30.03, $p < 0.001$

Table 5: Characteristics of family businesses in the Netherlands with ten employees or more (continued)

	10-99 employees (N=186) percent	At least 100 employees (N=101) percent	Total percent
<i>Turnover (in million guilders):</i>			
0-5	41	0	37
6-15	41	1	37
16-25	13	2	12
26-50	5	12	6
51-100	0	35	3
101-250	0	32	3
251-500	0	12	1
More than 500	0	7	1
Chi-square (7, N = 283) = 248.30, p < 0.001			
<i>Number of shareholders:</i>			
1	51	36	50
2	33	21	32
3-5	14	26	15
6-10	2	6	2
More than 10	0	10	1
Chi-square (18, N = 282) = 44.84, p < 0.001			
<i>Board of Advisors:</i>			
Yes	17	73	23
No	83	27	77
Chi-square (4, N = 282) = 33.39, p < 0.001			

Chi-squares for differences between small and large family business.

Note: Sums not totaling 100% are due to rounding error.

Results derived from Flören (1993 and 1994).

History

Most family businesses in the Netherlands have a long history (see Table 5). More than half of all family businesses are at least 30 years old, and more than 80 percent of the large family businesses were founded at least 30 years ago. The oldest family business in the Netherlands is Krijt Krommenie, a paper company founded in 1650.²⁴

This long history of Dutch family businesses has implications for its management. In 41 percent of all family businesses, the first generation has direct control over the enterprise, and 15 percent are managed by the third generation. Twelve percent of the family businesses with at least 100 employees are run by the fourth or even later generations, whereas 13 percent of these family businesses have no family members represented in the senior management.

Table 6: Family ties in Dutch family businesses with ten employees or more when the CEO has a partner (N=191)

	Percent
<i>Gender CEO:</i>	
Male	94
Female	6
<i>Marital status:</i>	
Married	96
Living together	4
<i>Number of children:</i>	
None	8
1	8
2	43
3	28
4 or more	13

²⁴ Ackermans (1997).

<i>Spouse working in the business:</i>	
Yes, full-time	31
Yes, part-time	31
No	37
 <i>Children working in the business:</i>	
Yes, all of them,	7
Yes, but not all of them	21
No, not old enough to work	49
No, work somewhere else	15
Have no children	7
 <i>Other family member(s) working in the business:</i>	
Yes, one	21
Yes, two	14
Yes, more than two	5
No	61
 <i>Live within one kilometer from the business:</i>	
Yes	51
No	49

Note: Sums not totaling 100% are due to rounding error.
Results derived from Flören and Göbbels (1995).

Shareholders

The number of shareholders in Dutch family businesses is limited, considering the long history of these businesses. Half have only one shareholder, and 97 percent of all Dutch family businesses have no more than five shareholders. The larger family businesses have a higher proportion of businesses with at least six shareholders. Fiscal reasons have limited the number of shareholders in Dutch family businesses.

CEO and the spouse

Almost 30 percent of all Dutch family businesses are run by a CEO who has been in that position for at least 20 years. The CEO of the family business is usually male. Almost all CEOs are married and have at least one child (see Table 6). The involvement of family members in the businesses is high. More than 60 percent of all spouses work in the business, half of whom work part-time. As a result, spouses work an average of 31 hours per week.

More than half of the families who are in charge of a family business live close to the business - less than one kilometer away - whereas only 30 percent of those who head nonfamily businesses live near the office. This is important for spousal involvement since it is easier for the spouse to manage work and the household when work is close to home. Worth noting is that second or later generation managers more often live close to the business than first generation family businesses managers.²⁵

Other family members working in the business

In almost 30 percent of all family businesses, one or more of the children work in the business. Although this figure seems relatively low, more than half of the families in this study either have children who are not old enough to start working in the business or have no children at all. When considering only those families with age-appropriate children, then more than 65 percent of all family businesses have one or more children working in the business. Also, more than one third of the family businesses employ relatives, whereas more than 40 percent of all family businesses have deliberately chosen not to hire any relatives.

Succession planning.

In recent years, Dutch family businesses have shown an increasing interest in succession planning. Understandably, succession is an important occasion in the life cycle of a family business. Not only does this process contain a lot of managerial problems, but a range of emotional obstacles are also related to succession planning.²⁶ Considering the difficulties that can occur during the succession of the general director, it is surprising that in many family businesses the succession procedure is not defined. Only 28 percent of the family businesses with at least 100 employees have defined succession procedures; 47 percent of these family businesses have nothing prepared. A similar situation is true for medium-sized family businesses in the Netherlands, with only 27 percent having defined a succession procedure and 48 percent having absolutely no such procedure in place. Many Dutch family businesses seem to treat succession as an incident rather than a planned and evolutionary process.

1.3.3 Family businesses in the Dutch economy

Although much qualitative research exists on family businesses, few quantitative studies have been sought to determine their precise cumulative size and economic impact.²⁷ This paragraph presents an effort to quantify the impact of family business on the Dutch economy by comparing the contribution of family business to the total employment and the gross domestic product (GDP) of the Dutch economy. Contrary to the previous paragraphs also family businesses with one to nine employees are included. There is really no way to calculate the exact amount of GDP (and employment) that family businesses - or for that matter, any business - directly contributes to GDP.²⁸ Therefore, the calculations presented here are estimates based on the earlier research findings shown in Table 4 and the statistics collected by the Centraal Bureau voor de Statistiek (CBS)²⁹ in the Netherlands. The calculations can be found in Appendix 1 and Appendix 2.

Again it should be noted that no definite lists of family businesses in the Netherlands are available and no government agency has statistics tailored to family businesses. Therefore, in the

²⁵ Second or later generation managers (\underline{M} = 1.38, \underline{SD} = 0.49); first generation managers (\underline{M} = 1.58, \underline{SD} = 0.50), $t(197) = 2.93$, $p < 0.05$.

²⁶ Lansberg (1988), see chapter 3.

²⁷ Shanker and Astrachan (1996).

²⁸ Shanker and Astrachan (1996).

²⁹ English translation: *Central Bureau of Statistics*.

calculations, a number of assumptions were made, and the final figures presented can only serve as a guideline to the actual contribution of family businesses to the Dutch economy. Nevertheless, the figures presented do provide a good indication of the importance of family businesses for the Dutch economy.

Employment

The total number of employees in the Netherlands totaled 5.5 million in 1994, of which 3.7 million (67.7 percent) were employed by the private sector (see Appendix 1), and the remainder were employed by the public and subsidized sectors.³⁰ The research results on family business in the Netherlands presented in the previous paragraph came from company lists provided by the Dutch Chamber of Commerce. These lists include all companies in the private sector except for enterprises in agriculture, hunting and forestry, and fishing. Therefore, a correction was made to exclude these companies. Furthermore, the percentage of family businesses by size in Table 4 was used to calculate the number of employees of family businesses by size of the enterprise.

The calculations in Appendix 1 show that Dutch family businesses generate 2.3 million jobs, representing 63.5 percent of the total employment created by the private sector and thus 42.6 percent of the total Dutch employment. Therefore, considering the discussion about the exactness of these data, these results can be interpreted as follows: Family businesses in the Netherlands create between 59 and 68 percent of all private sector jobs. Furthermore, family businesses contribute between 39 and 46 percent to the total Dutch employment (see Table 7).

Table 7: The impact of family business on the Dutch economy

Economic indicator	Calculation for family business	Most likely range for family business
Number of jobs	42.6%	39% - 46%
Gross Domestic Product (factor costs)	53.9%	40% - 50%

Gross Domestic Product

The GDP in factor costs for 1995 amounted to 564.77 billion guilders (or 256.28 billion Euro), of which 11 percent is accounted for by government spending (i.e., general government, social insurance, defense, and education).³¹ Unfortunately, the GDP per kind of activity is split up in a different way than the percentage of jobs per sector (by size of the enterprise [by SIC'93]), and also different from the former categorization of kind of activities (by SIC'74). Therefore, the figures presented by the CBS had first to be transformed to SIC'74, while assuming that the GDP of kinds of activities combined could be split most fairly by using the employment for that kind of activity as a basis for breaking up the numbers presented.

Furthermore, the transformation from SIC'74 figures to SIC'93 figures was performed in order to use the CBS statistics on the percentage of jobs of employees per sector by size of the enterprise. Then the total GDP per kind of activity (according to SIC'93) was split up by size of the enterprise. This begs for the difficult assumption that the GDP per employee will be the same for employees in small and large enterprises. Although the validity of this assumption is doubtful, it is the only way to derive a useful categorization for calculating the GDP created by family businesses. The results were multiplied by the percentage of family business by size of the enterprises from Table 4, and again corrected for agriculture (see Appendix 2). This results in a GDP of 295.2 billion guilders (or 133.9 billion Euro) created by family businesses, which amounts to 53.9 percent of the total GDP (factor costs). It surprises the researcher that the percentage that family business contribute to employment is lower than that of the GDP. Most likely the GDP is overrated because of the required assumption that the GDP per employee will be the same for employees in small and large enterprises. Considering the assumptions made earlier, it seems safe to say that family businesses account for at least 40 to 50 percent of the GDP of the Dutch economy (see Table 7).

³⁰ Centraal Bureau voor de Statistiek (1997).

³¹ Centraal Bureau voor de Statistiek (1997).

1.3.4 Differences between family business and nonfamily business

Although many academicians claim that family businesses are different from nonfamily businesses, the field could use more research that focuses on these differences.³² Nevertheless, the differences between family businesses and nonfamily businesses are numerous. The first study on the largest 5,000 companies in the Netherlands resulted in 17 differences out of a total of 39 variables.³³ Some of these differences however are very obvious and hardly interesting for the reader. Therefore, only the most striking differences between family businesses and nonfamily businesses in the Netherlands are discussed. The statistics are presented in Table 8.

Table 8: Differences between family and non-family businesses

	Family business	Non-family business
Recent graduate is likely to be hired	3.55 (1.50) $t(221) = 2.94, p < 0.005$	2.96 (1.41)
Effective appraisal system in place	2.82 (1.45) $t(186.08) = 4.51, p < 0.001$	2.02 (1.13)
Spouse of the managing director owns shares	40.53 (37.54) $t(45.45) = 5.50, p < 0.001$	9.56 (16.64)
Number of years present management has directed the company	14.02 (9.84) $t(142.80) = 7.37, p < 0.001$	6.06 (5.07)
Spouse of the managing director works in the business	63% Chi-square (3, $N = 237$) = 27.67, $p < 0.001$	25%

Note: means with standard deviations in parentheses.

Duration CEO is in charge

An important difference between the family and nonfamily companies is the number of years that the CEO has been in charge of the company. Whereas in family businesses, 62 percent of the CEOs have maintained the leadership for eight years or more, for nonfamily businesses the same is true for only 44 percent of the CEOs. That CEOs in family businesses remain in their positions for longer periods than in nonfamily businesses is most evident when looking at CEOs with tenures of at least 20 years. Only 6 percent of nonfamily businesses have had their CEO in place for more than 20 years, whereas 29 percent of family businesses have had the same CEO for at least that long.

Personnel

Another difference is that large family businesses are much less likely to hiring recent graduates than nonfamily businesses. Of the nonfamily businesses, 46 percent hire recent graduates, whereas only 32 percent of the family businesses do so. It can be noted that, especially in the family businesses where at least 50 percent of the directors are family members, new graduates have little chance of getting a job. Furthermore, fewer large family businesses agree that they have an effective appraisal system (51 percent) compared with nonfamily businesses (81 percent). Although no comparative data on nonfamily businesses exist, the study also shows that 18 percent of the large family businesses in the Netherlands pay salaries to family members that are not equal to the salaries that they would receive working in the same position in other businesses.

Role of the spouse

Differences between family and nonfamily businesses also abound in the role of the spouse plays in the business. Not surprisingly, the spouse of the CEO of a family business is more likely to work in the business than the spouse of a nonfamily business CEO. Almost 63 percent of all spouses work in the family business, whereas in nonfamily businesses this percentage is only 25 percent. Another

³² IFBPA (1996).

³³ Flören (1993).

difference is that 40 percent of the spouses in family businesses own company shares compared with 17 percent of the spouses in nonfamily businesses.