BEYOND THE LISTED FEW: HOW FAMILY FIRMS ACTUALLY SCORE ON ESG

This executive summary and set of practitioner insights were developed by the HEC Paris Dieter Schwarz Foundation Family Business Center, drawing on Alexis Bonneau's 2026 Master's thesis, *Family-Owned Enterprises and Their Social and Territorial Responsibility: To What Extent Does Family Ownership Foster Stronger Organizational Commitment?*

This summary is based on the core findings of the Master's thesis. The interpretations and applications presented here have been developed independently for a family business audience.

EXECUTIVE SUMMARY

Family businesses anchor the European economy. In France alone, they represent 71% of companies, 70% of employment and more than 60% of private sector added value. Despite this weight, most ESG research has focused on a narrow slice of family firms: the handful large enough to be listed. This student dissertation instead seeks to understand how unlisted family businesses' ESG profiles compare to nonfamily businesses.

By combining the Orbis database with MSCI Indicative ESG Scores, the master's thesis builds a sample of 134 722 French, German, Italian and Spanish firms, with the vast majority being privately held medium- and intermediate-size firms, thereby constituting a representation of the real heart of Europe's family business landscape. Standard summary statistics are paired with an analysis of how score distributions differ between family and nonfamily firms, a method that surfaces patterns that averages alone tend to hide.

The picture that emerges is one of consistent asymmetry. Family firms hold a clear edge on the Social pillar, driven above all by labor management. They lag on the Environmental pillar overall but outperform specifically on the issues that carry the highest reputational risk. Governance shows smaller but persistent gaps in the opposite direction.

BUT WHAT DOES THIS MEANS FOR YOUR FIRM?

Continue reading to learn our **four key insights** and **questions** to ask in your family firm!

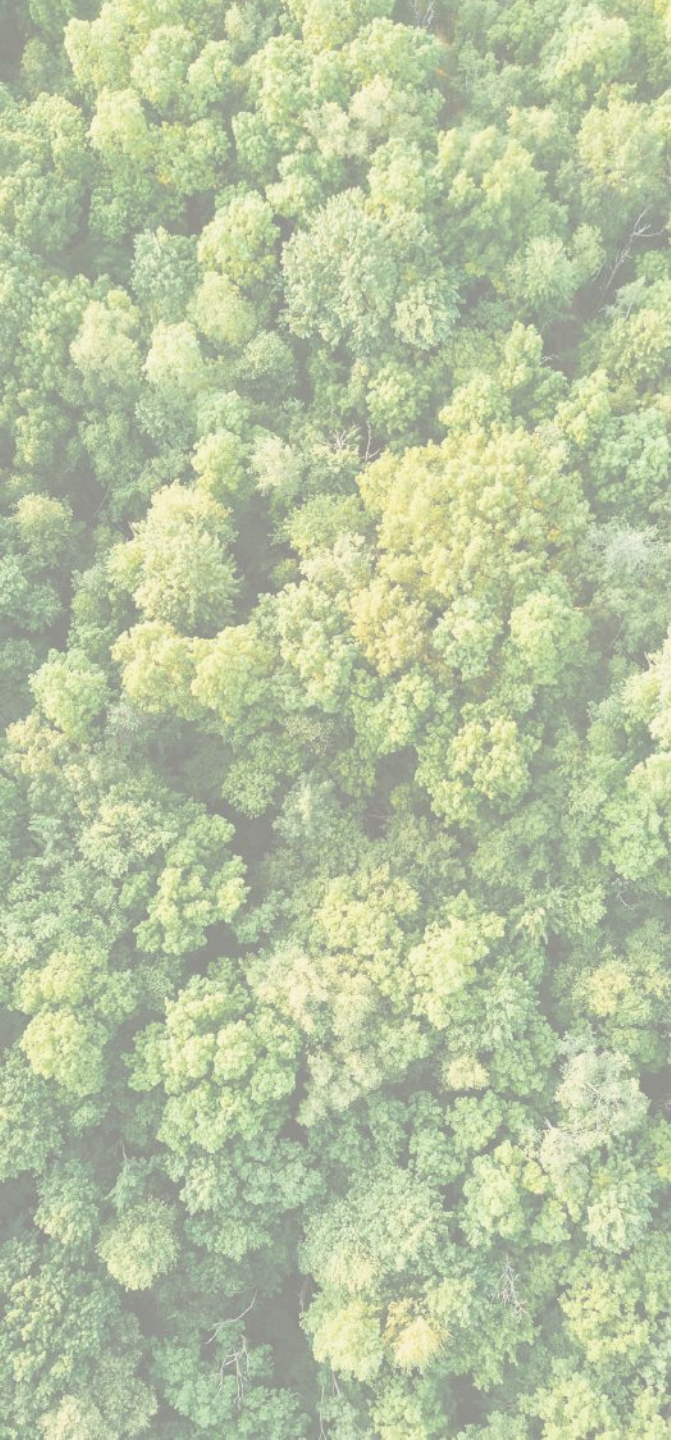
1 THE SOCIAL ADVANTAGE RUNS THROUGH PEOPLE AND PLACE

Family firms outperform on the Social pillar in three of the four countries studied, and the gap is widest by far on labour management, with a 0.75 point average lead in France, confirmed in Italy and Spain. Family firms also score better on community relations and are almost absent from the lowest social scores.

In France, family firms cluster near the top of the labour management distribution while showing almost no presence at the bottom. This points to decades of stable, low conflict employment relationships across the whole group, not a few standout firms pulling the average up.

MANAGERIAL IMPLICATIONS

If your firm competes for talent or community trust, this data suggests you already hold unusually strong material. The question is whether you name it as an asset in recruitment, financing conversations and stakeholder reporting, or treat it as simply how things have always been done.



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2 ENVIRONMENTAL AVERAGES HIDE A REPUTATIONAL LOGIC

Nonfamily firms outperform on environmental practices overall in every country studied, largely because family firms are underrepresented in the high carbon, high investment sectors that dominate those scores. Look inside the pillar, though, and the pattern reverses on the issues most likely to become a public scandal, such as toxic emissions, waste and biodiversity impact.

A family firm's aggregate environmental score can look weaker than a nonfamily peer's while it outperforms that same peer on the exact issues most likely to make the local news. Family reputation, rather than portfolio wide sustainability, is what is being protected.

MANAGERIAL IMPLICATIONS

Do not read a mediocre environmental score as a uniform weakness. Ask which specific issues carry reputational stakes for your family name, and check whether your environmental effort is concentrated there, possibly at the expense of less visible but still material practices.

3 SIZE, MORE THAN COUNTRY, IS WHERE THE REAL DIFFERENCES SHOW UP

Most of the differences between family and nonfamily firms are concentrated among medium and intermediate sized companies, the segment that makes up the bulk of the sample. Large family firms behave differently, sometimes inverting the pattern seen at smaller sizes, particularly on climate related issues, as later generations professionalize decisions and loosen local ties.

The gap between family and nonfamily firms on ESG scores is biggest at medium and intermediate sizes. But once firms grow into the "large" category, that gap shrinks or even flips direction, especially on climate related issues.

MANAGERIAL IMPLICATIONS

If your firm is growing past medium or intermediate size, expect the ESG dynamics that once distinguished it as a family business to weaken. Governance and succession choices at this transition are where that distinctiveness is either preserved deliberately or lost by default.

4 GOVERNANCE GAPS ARE AS STRUCTURAL AS BEHAVIORAL

Family firms show small but consistent gaps on Governance in every country studied. Part of this is a measurement artifact, since the metrics used are built around dispersed shareholder structures and mechanically disadvantage concentrated family ownership. Part of it is a real tension: the low agency costs that come from family alignment can coexist with weaker protections for minority shareholders.

In France, family firm governance scores spread toward both the highest and lowest ends of the distribution. The gap is less a shared weakness than a divide between firms that have formalized governance and those still running on informal family trust.

MANAGERIAL IMPLICATIONS

A governance gap does not automatically signal weak governance. Separate what a generic scoring model penalizes structurally from what your firm could genuinely reform, such as formal minority protections or a clearer line between family and executive roles.

THE EXTREME, FOR BETTER OR WORSE

Family firm governance scores tend to cluster at both the high and low ends, meaning they can be extremely strong or extremely weak. While the data in the dissertation can't confirm why, a plausible explanation lies in leadership structure and family involvement, such as tension across family branches, the presence of an external non-family executive, or differences in generation and ownership structure at the board level. This remains an open question that future research could usefully explore. Given the family nature of these firms, leadership and governance choices may carry outsized weight in setting the company's direction, for better or worse.

QUESTIONS TO ASK WITHIN YOUR FAMILY FIRM

? Where in our ESG profile are we already strong because of who we are, and do investors, banks and recruiters know it?

? Which environmental issues carry the highest reputational risk for our family name, and is that where our environmental effort is actually concentrated?

? As we grow past medium size, which family driven habits are we consciously choosing to keep, and which are quietly disappearing?

? Is our governance gap a scoring artifact, a real weakness, or both, and how would we tell the difference?