



Family Governance: A Pillar of Economic Sovereignty

Cécile de Lisle, Executive Director of the Family Business Center at HEC Paris
Philippe Pelé-Clamour, Adjunct Professor at HEC Paris,
and a member of the Family Business Center

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Summary

Family businesses form a class of economic actors whose territorial embeddedness and attention to sovereignty issues depart from the model of the pure financial investor. They are more firmly anchored in their home region; they lay off fewer employees and are more likely to keep their production sites in times of economic crisis; they are less inclined to evade national taxation. Shareholding families are more resistant to transfers of governance and control. In Europe, the density of family businesses has a positive influence on regional productivity and competitiveness.

These differences in behavior do not reflect economic irrationality: they reflect a utility function that differs from that of non-family businesses, one that incorporates positive externalities (local employment, productive anchoring, tax stability) and time horizons (patient capital) that financial markets do not spontaneously internalize. Family leaders justify these choices in terms of identity and continuity rather than cost. There is an emotional bond between these leaders and the territory of their company. It is part of their intangible heritage.

Nearly half of French and European family businesses, or nearly a third of all companies, will have to be transferred within ten years, while fewer than a quarter survive to the second generation. For very small enterprises (TPE), small and medium-sized enterprises (SME) and mid-sized companies (ETI) embedded in territories whose vitality depends on them, the risk to economic sovereignty is systemic.

Yet the role of governance is not highlighted by the public policies aimed at defending France's economic sovereignty. As this paper shows, it is nonetheless a powerful mechanism of anchoring, of resistance to takeovers, including foreign ones, and of economic resilience.

Framing the issue

Since 2019, France has put in place a formal economic security policy: screening of foreign investments, protection of strategic assets, and detection of hostile takeovers. This policy falls under Bercy (the French Ministry of the Economy and Finance), through the Directorate General for Enterprise (DGE). It targets size and sector. It never mentions family governance¹; yet it is one of the most effective natural mechanisms of territorial anchoring, of resistance to takeovers² and of economic sovereignty and security.

The subject is far from anecdotal, even though definitions of family businesses, which vary enormously, greatly affect how large it appears. While these definitions are all based on ownership of capital, control (voting rights) and whether or not the family is involved in management, the thresholds used for family ownership of capital and control range from 10% to 50% depending on the study, which makes the scope vary considerably according to the definition adopted.

Unfortunately, no reliable statistics exist if one adds the criterion of an actual transfer and/or an intention to hand the business on within the family, a criterion that is nonetheless adopted by most practitioners.

The European Commission's definition of a family business requires that a majority of the voting rights be held by an individual or a family, and that at least one family member be involved in governance. As an exception, for listed companies, a single condition is set: the family must hold 25% of the voting rights. This definition includes family businesses that have not experienced a transfer to the second generation. It also includes sole owners (including, in France, self-employed "auto-entrepreneurs") provided that there is a legal entity to be transferred. Under this definition, family businesses represent 71% of French companies, 69% of employment and 65% of value added in France³. Under the same definition, more than 60% of European companies are family businesses, and they provide more than half of European GDP and jobs.

For the statistical information we propose further below, we suggest a two-tier definition, compatible with the European definition and workable from existing registers. First tier: the family-controlled company, a legal entity in which a single family (by blood or marriage) holds more than 50% of the voting rights (25% for listed companies) and of which at least one member sits on the management team or the board of directors. Second tier: the transgenerational family business, that is, the subset that has already undergone an intra-family transfer or has formally initiated one: Dutreil Pact, family shareholders' agreement, share gift-partition (donation-partage). The first tier can be calculated today by cross-referencing the register of beneficial owners, Infogreffe data and the financial links database (LIFI) of Insee, the French national statistics institute; the second requires access to the Dutreil

¹ DGE / SISSE: "Consolider notre politique de sécurité économique", updated in January 2026. entreprises.gouv.fr

² Caprio, Lorenzo & Croci, Ettore & Del Giudice, Alfonso, 2011. "Ownership structure, family control, and acquisition decisions," *Journal of Corporate Finance*, Elsevier, vol. 17(5), pages 1636-1657.

³ Andrieu, Toubal, and Villanueva (2024)

declarations held by the DGFIP (the French public finances directorate general). It is this second scope, and only this one, that carries the anchoring effects described in this paper.

A key issue for French economic sovereignty, when one considers that concentrated family capital naturally constitutes a barrier against takeover attempts by foreign investors, and that family businesses keep their head offices, jobs, capital and productive capacities (notably industrial ones) in their home territory (local, regional, national, continental) to a greater extent than non-family businesses do, even in defying strict financial reasoning. The utility function of family shareholders includes identity-based and territorial components that standard financial models do not capture. However, this specific contribution of family businesses to economic and territorial sovereignty is neither assessed nor recognized by the current public mechanisms of economic protection.

Let us recall that by family governance we mean here all the arrangements through which a family durably organizes its control and its succession: shareholders' agreements, family holding company, family council or family charter, preparation of the next generation. It is these arrangements, even more than mere ownership of capital, that turn the attachment of leaders to their territory (described in the following sections) into an anchoring that outlives generations.

Territorial embeddedness, openly embraced

The territorial embeddedness of family businesses shows significant and persistent gaps compared with non-family businesses. Taking France alone as an example, out of 21 indicators of territorial embeddedness, 8 are significantly higher for family businesses⁴, notably:

- 72% of family businesses make more than half of their sales in the region where their head office is located (against 51% for non-family businesses, a gap of 21 points).
- 59% of family business leaders hold more than 50% of their real estate, land and equipment assets in the region of the head office (against 39% for non-family businesses, a gap of 20 points).
- 22% of family leaders were born in the company's region and have always lived there (against 18% on average), and 97% of family leaders live in the same region as their company (against 91% for non-family leaders, a gap of 6 points).

Many family leaders embrace embeddedness as a deliberate strategy. A family business owner described, "Small companies are not always attracted by *'Big is beautiful'*. We prefer to invest in territorial embeddedness and not necessarily growth."

⁴ Chaire Entrepreneurial Familial & Société, Audencia. *Ancrage Territorial Des Entreprises Familiales* : Impact, Enjeux et Perspectives. Observatoire national de l'entrepreneuriat familial; 2023. <https://www.calameo.com/read/0001372067ec856a36028>; see also The Conversation. December 18, 2023. Accessed June 14, 2026. <https://theconversation.com/les-entreprises-familiales-se-caracterisent-aussi-par-un-solide-ancrage-territorial-219931>

Territorial resilience, especially in times of crisis

At European level, family businesses have a significantly lower propensity to cut headcount than non-family businesses during a financial crisis. This effect is amplified when the family itself is rooted in the local community.⁵ In other words: the decision to close a site or relocate a factory is not only an economic decision, but also one that carries a high reputational and identity cost for family owners, a cost that their institutional counterparts do not internalize.

The example of the German industrial family businesses or Mittelstand is edifying in this respect. They are structured as “islands of social capital in a financialized world”.⁶ Faced with pressure from financial markets that push for cost optimization (offshoring, outsourcing, restructuring), Mittelstand family businesses resist because they do not optimize the same variables. They invest in long-term relationships with their employees, their local suppliers and their customers, which constitute non-transferable, territorially anchored social capital.

The ‘patient capital’ of German family businesses is not merely a cultural trait; it is a stable institutional configuration that enables family-owned ETIs to dominate global industrial niches from their home territory, exporting their products rather than their jobs or their factories.⁷ This model is precisely what France is seeking to develop; it would, however, first have to acknowledge the specific contribution of family governance to this dynamic.

A structural bias towards the home territory, including for tax purposes

Family businesses are more likely to choose (systematically so in the case of Spanish firms) to expand geographically in institutional contexts close to their home country. They internationalize more cautiously, with a stronger anchoring in their geographical and cultural comfort zone: a bias that translates into a more durable maintenance of productive capacities in their national territory.⁸

The internationalization of family businesses follows an S-curve: families resist internationalization for a long time and then, when they take the plunge, they do so in a more concentrated and more controlled manner, with a marked preference for markets that are culturally and geographically close.⁹

⁵ Amato, S., Patuelli, A., Basco, R., & Lattanzi, N. 2023. Family Firms Amidst the Global Financial Crisis: A Territorial Embeddedness Perspective on Downsizing. *Journal of Business Ethics*, 183(1): 213–236. doi:10.1007/s10551-021-04930-0

⁶ Lehrer, M., & Schmid, S. 2015. Germany’s industrial family firms: Prospering islands of social capital in a financialized world? *Competition & Change*, 19(4): 301–316. doi:10.1177/1024529415581970

⁷ Lehrer, M., & Celo, S. 2016. German family capitalism in the 21st century: patient capital between bifurcation and symbiosis. *Socio-Economic Review*, 14(4): 729–750. doi:10.1093/ser/mww023

⁸ Hernández, V., Nieto, M. J., & Boellis, A. 2018. The asymmetric effect of institutional distance on international location: Family versus nonfamily firms. *Global Strategy Journal*, 8(1): 22–45. doi:10.1002/gsj.1203

⁹ Bhowmick, A., Mondal, A., & Lahiri, S. 2024. Family ownership and internationalization of family firms: An S-curve hypothesis. *Journal of Business Research*, 185: 114938. doi:10.1016/j.jbusres.2024.114938

Family businesses are significantly less aggressive in international tax optimization than non-family businesses¹⁰. The mechanisms are twofold: on the one hand, owning families internalize the reputational risk associated with an image of tax avoidance, because their local reputation is a constituent part of their socioemotional wealth; on the other hand, the coincidence between territory of residence and territory of activity makes cross-border tax optimization less natural. Family owners tend to remain more within the national tax economy than their institutional or financial counterparts.

A driver of productivity and competitiveness for regions

The density of family businesses is a statistically significant predictor of regional productivity and competitiveness, regardless of sectoral composition. There is a '*regional familiness*', a productive capital anchored by generations of family owners, which generates diffuse positive externalities for the local economic fabric.¹¹

Family businesses do not interact with their territory in a neutral way but develop resources and capabilities that are co-determined by the regional context, creating an interdependence between the firm and its home territory.¹² The quality of regional institutions conditions the prevalence of family businesses¹³: the territorial embeddedness and behavior of family businesses also depend on the quality of the regional context and of the economic policies pursued¹⁴. Family shareholders are not irrational; they are rational in a different way.

A broader utility function, not irrationality

Owning families maximize a broader utility function that incorporates non-financial dimensions on an equal footing with cash flows: this is '*socioemotional wealth*'¹⁵. It refers to all the non-financial utilities that families derive from owning and controlling their business:

¹⁰ Carbone, E., Manzi, M. A., Cirillo, A., & Sciascia, S. 2025. Tax Avoidance in Family Firms: A Multi-Level Literature Review. *Entrepreneurship Research Journal*. doi:10.1515/erj-2024-0157

¹¹ Amato, S., Basco, R., & Ricotta, F. 2023. Family firms, Regional Competitiveness and Productivity: A Multilevel Approach. *Entrepreneurship & Regional Development*, 35(7–8): 666–694. doi:10.1080/08985626.2023.2216181

¹² Basco, R. 2015. Family business and regional development—A theoretical model of regional familiness. *Journal of Family Business Strategy*, 6(4): 259–271. doi:10.1016/j.jfbs.2015.04.004

¹³ Ricotta, F., & Basco, R. 2021. Family firms in European regions: the role of regional institutions. *Entrepreneurship & Regional Development*, 33(7–8): 532–554. doi:10.1080/08985626.2021.1925849. Empirical study covering seven European countries (including France, Germany and Italy).

¹⁴ Adjei, E. K., Amato, S., Basco, R., & Suwala, L. 2025. Family firms and regional context: literature overview, agenda framing and future research directions. *Review of Regional Research*, 45(1): 1–16. doi:10.1007/s10037-025-00234-2

¹⁵ Gomez-Mejia, L. R., Patel, P. C., & Zellweger, T. M. 2018. In the Horns of the Dilemma: Socioemotional Wealth, Financial Wealth, and Acquisitions in Family Firms. *Journal of Management*, 44(4): 1369–1397. doi:10.1177/0149206315614375, consolidated by numerous empirical studies.

dynastic identity, local reputation, the exercise of family authority, intergenerational continuity, ties with the community they belong to.

Family leaders are not agents of bounded rationality but of broader utility, whose cost and benefit functions incorporate dimensions that financial markets do not necessarily value.¹⁶ Keeping an industrial site in its historic home area, turning down a takeover offer above the market price, limiting international tax optimization: these are perfectly rational choices in light of the real utility function of family businesses. In practice, when family businesses have to make trade-offs between economic and non-economic objectives, the tension between the two is systematically resolved in favor of non-financial objectives whenever decisions involve family control, local reputation or continuity.¹⁷

Territorial attachment: a psychological construct

Recent research on the identity of family leaders has developed a distinct construct: ‘*place attachment*’, or territorial attachment, defined as the emotional bond between individuals and a specific territory. It is no longer merely an observable behavior at company level, but a psychological trait that is discernable at an individual level. This territorial attachment is significantly higher among family owner-managers than among leaders of non-family businesses, and empirically predicts decisions to keep production sites, independently of financial variables.¹⁸

This bond is built concretely through childhood memories of the production site, social ties with the local community, or a family identity that is inseparable from the geography of the company. The leaders interviewed explicitly describe their refusal to relocate in terms of an unacceptable break with their identity.¹⁹ “We grew up here, in the region, my brother and I [...] we also make sure to maintain the attractiveness of our territory; it goes beyond the company.”²⁰

In intergenerational transmission, stories are intrinsically tied to places: the factory founded by the grandfather, the region where the brand emerged, the employment area that the family helped to develop. This narrative attachment is consciously maintained in order to anchor the

¹⁶ Chrisman, J. J., Memili, E., & Misra, K. 2014. Nonfamily Managers, Family Firms, and the Winner’s Curse: The Influence of Noneconomic Goals and Bounded Rationality. *Entrepreneurship Theory and Practice*, 38(5): 1–25. doi:10.1111/etap.12014

¹⁷ Zhang, W., Wu, B., Chen, L., Zhu, J. an, & Chen, S. 2025. How do family firms balance economic and non-economic goals: from symbiosis to competition. *Frontiers in Psychology*, 16. doi:10.3389/fpsyg.2025.1538103

¹⁸ Amato, S., Basco, R., & Radu-Lefebvre, M. 2025. The construct of place attachment in family and non-family businesses: validation of a measurement tool. *Journal of Family Business Management*, 15(6): 1721–1753. doi:10.1108/JFBM-03-2025-0071

¹⁹ Patuelli, A., & Amato, S. 2026. Understanding place attachment in family firms: a multiple case study from rural Italy. *Journal of Enterprising Communities: People and Places in the Global Economy*, 20(1): 94–125. doi:10.1108/JEC-09-2024-0186

²⁰ Chaire Entrepreneuriat Familial & Société, Audencia. *Ancrage Territorial Des Entreprises Familiales*:// Impact, Enjeux et Perspectives. Observatoire national de l’entrepreneuriat familial; 2023. <https://www.calameo.com/read/0001372067ec856a36028>; see also The Conversation. December 18, 2023. Accessed June 14, 2026. <https://theconversation.com/les-entreprises-familiales-se-caracterisent-aussi-par-un-solide-ancrage-territorial-219931>

following generations in a continuity that is both family-based and territorial.²¹ Succession events therefore activate or reactivate the identity-based attachment to the territory among successors, even when they had considered distancing themselves from it, a re-anchoring effect that purely financial studies of succession do not capture.²²

Territorial attachment: an intangible heritage

Three dimensions come out on top of what French family leaders associate with the intangible heritage of their company: reputation with customers and partners (85%), corporate culture (78%) and unique know-how (76%)²³. These three elements are, by nature, territorially situated: a reputation built with local players, a corporate culture handed down from generation to generation in the same place, know-how developed in a specific industrial area. The connection with the territory is directly measured: 84% of leaders consider that their intangible heritage makes relations with local players easier.

The effect of *path dependency* (the phenomenon whereby past choices and events strongly influence present and future trajectories and decisions) strengthens from generation to generation: the belief that “to preserve its intangible heritage, the company must remain under family control” rises linearly from 39% (first generation) to 52% (second generation) and up to 67% (third generation and beyond). In other words, territorial and family embeddedness is reinforced with each successful transfer; the experience of continuity is self-reinforcing. This result directly corroborates the theories of socioemotional wealth and of regional *familiness*: the more a company is anchored in its territory and its family, the more it tends to want to stay there.

This effect is further reinforced in rural areas: 62% of leaders of family businesses located in rural areas consider that family control is necessary to preserve intangible heritage, against 48% on average nationally. Territorial embeddedness is therefore not only stronger outside the large metropolitan areas but also more consciously embraced.

What embeddedness costs

It would be dishonest to present only one side of the coin. The same literature that documents embeddedness documents its costs, and an informed reader knows them. Three weaknesses are well established. The first concerns succession itself: when control passes to a descendant rather than to an external manager, operating performance declines on average, particularly when the successor is chosen by primogeniture rather than on merit [Pérez-González, AER, 2006; Bennedsen, Nielsen, Pérez-González & Wolfenzon, QJE, 2007; Villalonga & Amit, 2006, already cited]. The second is managerial: family businesses managed by the family are, for

²¹ Radu-Lefebvre, M., Davis, J. H., & Gartner, W. B. 2024. Legacy in Family Business: A Systematic Literature Review and Future Research Agenda. *Family Business Review*, 37(1): 18–59. doi:10.1177/08944865231224506

²² Bergfeld, A. F., & Bergfeld, M. 2023. Next-generation entrepreneurial identity in family business systems: The influence of role-changing events on the understanding of legacy, individual identity, and transgenerational entrepreneurship of next-generation family business principals. *Thunderbird International Business Review*, 65(4): 399–408. doi:10.1002/tie.22318

²³ Chaire Entrepreneuriat Familial & Société, Audencia. *Le Patrimoine Immatériel Des Entreprises Familiales Françaises*. Observatoire national de l’entrepreneuriat familial; 2025.

comparable size and sector, less well managed than others on measurable management practices, and this gap is wider in France and the United Kingdom than in Germany [Bloom & Van Reenen, QJE, 2007]. The third concerns investment: the preference for control and the aversion to dilution lead to under-investment in R&D and a lower willingness to turn to external capital, which limits growth [Chrisman & Patel, AMJ, 2012].

These results do not contradict our thesis; they refine it. What family governance brings to economic sovereignty (maintaining control, sites and jobs in the territory) comes at the price of slower growth and a risk of deterioration for the next generation. In other words, embeddedness is an asset only if the succession is prepared and the successor is chosen for their competence. A public policy that recognized family governance without requiring, in return, professionalization of the next generation would sustain the weaknesses of the model rather than capture its strengths.

When embeddedness weakens

The more a family business is listed, the more the pressure from minority shareholders erodes non-financial behaviors, including territorial embeddedness²⁴. The very large listed French family businesses are, in this respect, governed by logics that are partly different from those of unlisted ETIs and SMEs.

Poorly prepared succession is the second breaking point. The moment of transmission is when territorial embeddedness can be broken: either because successors have not internalized, or have rejected, the identity narratives of the previous generation, or because the tax burden forces a sale to an external third party, potentially a foreign one.

Aging business leaders, nearly half of French family businesses, or nearly a third of French companies, will have to be transferred to the next generation within the next 10 years, nearly 3 times as many as in the past 10 years²⁵. The figures are comparable in Germany²⁶ and in most European countries. Given that classic studies of family businesses indicate that only about a third survive the passage to the second generation, and that 10 to 15% reach the third²⁷, and that the vast majority of these companies are TPEs, SMEs and ETIs embedded in territories whose survival sometimes depends on them, the risk is systemic.

²⁴ Villalonga, B., & Amit, R. 2006. How do family ownership, control and management affect firm value? *Journal of Financial Economics*, 80(2): 385–417. doi:10.1016/j.jfineco.2004.12.005

²⁵ Le Lab BPI France 2023.

²⁶ Volk, Christine. KfW's status report on SME succession: Some 100,000 small and medium-sized enterprises look for a successor every year. KfW Research. March 2, 2023. Accessed June 16, 2026. https://www.kfw.de/About-KfW/Newsroom/Latest-News/Pressemitteilungen-Details_758400.html. See also Ahrens, J.-P., Landmann, A., & Woywode, M. (2015), study for Bpifrance.

²⁷ Beckhard, Reuben, and William G. Dyer. 1983. "Managing Continuity in the Family-Owned Business." *Organizational Dynamics* 12 (1): 5–12. Handler, Wendy C. 1992. "The Succession Experience of the Next Generation." *Family Business Review* 5 (3): 283–307. Davis, John A., and Paula D. Harveston. 1998. "The Influence of the Family on the Family Business Succession Process: A Multi-Generational Perspective." *Entrepreneurship Theory and Practice* 22 (3): 31–53.

Economic security policies that avoid the subject in France

While family capitalism is a powerful tool of economic sovereignty and of the resilience of our territories, French economic security policies do not openly seek to mention or defend it²⁸ for three combined reasons. The first is that the category ‘family business’ is absent from French law, from the Insee classifications and from the Banque de France rating system. Without a definition shared between administrations, data remain fragmented and no public policy can rely on a stable scope.

The second is fiscal: the notion of family capitalism immediately evokes the Dutreil Pact and its €5.5 billion of tax expenditure in 2024²⁹. A figure that makes the subject a hot-button issue. The Dutreil Pact, with its 75% reduction on transfer duties, is often presented as a tax break for large estates. The objection is well known: the French Court of Audit (Cour des comptes) finds no differentiated effect of the scheme on investment or employment, and its cost benefits first and foremost the largest transfers: 65% for the top percentile of beneficiaries (i.e. 110 recipients). But the tree of the few largest gifts must not hide the forest of transfers of thousands of family SMEs. More fundamentally, the Dutreil Pact should be judged not on investment or financial performance, but on the maintenance of control. It is, indeed, the scheme that prevents family SMEs and ETIs from being sold to foreign funds owing to the heirs’ limited tax capacity. The Court of Audit documents a real effect on control: 10% of companies under the Dutreil Pact change hands in the year of transfer, against 18% without the scheme. After 5 years, 27% of companies under the Dutreil Pact have changed hands, against 42% without it. Some adjustments to the scheme are justified: the exclusion of non-business assets or the strengthening of the holding period are adjustments that reinforce the very purpose of the Dutreil Pact³⁰. In 2024, €20 billion of assets were transferred under this regime, although these were mainly large transactions. Calling the Dutreil Pact into question without replacing it with an equivalent mechanism for maintaining national control would amount to weakening economic security on the budgetary front.

The third is more subterranean: claiming transmission through the family line offends something deep in the French republican imagination, and no one in government is keen to embrace it openly. A substrate that is less pervasive in many European countries, including Germany, where the Mittelstand is a political, cultural and institutional priority at once: its ETIs, often centuries old, dominate global industrial niches, supported by a robust transfer framework close to a Dutreil scheme with variable geometry depending on company size

²⁸ DGE / SISSE: “Consolider notre politique de sécurité économique”, updated in January 2026. entreprises.gouv.fr

²⁹ Cour des comptes: “Le Pacte Dutreil : un dispositif fiscal en forte croissance à mieux cibler”, November 2025. €5.5 billion cost/€20 billion of assets transferred in 2024. 10% change of control vs 18% without Dutreil at the time of transfer. No differentiated effect on investment, financial performance and employment. ccomptes.fr

³⁰ Since the 2026 Finance Act, the adjustment to the Dutreil Pact excludes from the 75% Dutreil exemption the portion of the value of the shares that corresponds to certain so-called sumptuary assets, where these are not used exclusively for the company’s professional activity. As for the lengthening of the holding period, it is meant to address the fact that the rate of change of control after 10 years rises back to 40% with Dutreil, against 48% without Dutreil.

(particularly favorable to SMEs/ETIs), and by active promotion on the part of the authorities. The result, in 2023, was an industrial surplus of more than €200 billion for Germany and a deficit of nearly €100 billion for France (source: French customs). This gap is obviously due to many other factors (energy, sectoral specialization, labor costs); it illustrates less a causal link than an institutional context in which family transmission is treated as an industrial asset rather than as a tax break.

Towards a better integration of the family factor

85% of French people see in family businesses “a point of reference for stability, trust and social ties”³¹. This popular intuition is ahead of State doctrine. Recognizing that family governance is a structural factor of economic security would make it possible to align policies protecting the productive fabric more effectively with the realities of French capitalism. As long as the word ‘family’ remains absent from French economic policy, assets will be protected while ignoring the governance that keeps them going. This is not a question of values but rather of strategic coherence.

We propose five actions, summarized in the table below.

Action	Why	Lead	Timeframe
1. Integrate family governance as a criterion of territorial resilience in economic sovereignty policy	Economic security policy targets size and sector; it ignores the mechanism that maintains national control.	Bercy (DGE / SISSE)	Short term
2. Create a statistical category ‘family business’ allowing longitudinal monitoring	Without a scope shared between administrations, no policy can be assessed or targeted. Two-tier definition proposed in Framing the Issue.	Insee, Banque de France, DGE	Medium term
3. Maintain the Dutreil Pact and draw on the best European practices for its readjustments	The scheme reduces changes of control in the year of transfer from 18% to 10%; from 27% to 42% at 5 years. Removing it without a substitute would weaken economic security.	Parliament, Court of Audit	2027 Budget
4. Strengthen support for the transfer of SMEs and ETIs	Half of family businesses are to be transferred within ten years; succession is the first breaking point of embeddedness.	Bpifrance Accélérateur Transmission, CCI (chambers of commerce and industry), HEC Center for Family Business, France Reprise, For Talents Open Lab	Immediate
5. Champion at European level a harmonized tax framework for intra-family transfer, modelled on the Mittelstand	Avoid tax competition between Member States on transfers and align France with those of its neighbors that have succeeded in preserving their productive fabric in the territories.	Bercy, MEDEF-METI, European Commission	Long term

Conclusion

³¹ Viavoice HEC Paris & L’Express Barometer: September 2025. 1,001 French people and 400 decision-makers. 85% see the family business as an asset for France. <https://www.hec.edu/en/family-business/news/viavoice-hec-paris-l-express-barometer-85-french-people-see-family-businesses-asset-france>

Since 2019, France has had an economic security policy that knows how to protect assets: it screens foreign investments, identifies critical technologies, monitors hostile takeovers. It does not yet know how to protect what makes these assets durable. The work brought together in this paper converges: family businesses keep their head offices, their sites and their jobs in their home territory to a greater extent, withstand economic crises and takeovers better, and are more willing to remain part of the national tax economy. This behavior is not irrational; it stems from a utility function that incorporates identity, local reputation and continuity, and from an attachment to the territory that can now be measured and that strengthens with each successful transfer.

This embeddedness capital is neither free nor guaranteed. It comes at the price of more cautious growth and a real risk of deterioration when the next generation is poorly chosen. And it is at stake at a precise moment: that of transmission. Yet nearly half of French family businesses will have to change hands within ten years, just when the main scheme that preserves national control at this stage, the Dutreil Pact, is being reviewed, rightly, to prevent its purpose from being diverted, but also discussed for its cost rather than for its function.

That is why we argue not for a new preferential regime but for greater coherence. Naming the family business in public statistics, integrating it as a resilience criterion in economic security doctrine, securing the transfer framework by aligning it with the best European practices, and requiring in return a professional preparation of the next generation: these five actions create no significant new expenditure. They only ask that the State recognize a mechanism that already works, silently, in the service of the sovereignty it seeks to defend. Germany did so long ago with its Mittelstand; 85% of French people recognize it. It remains for doctrine to catch up with intuition.

The authors

Cécile de Lisle (Lavard-Meyer) is Executive Director of the Family Business Center at HEC Paris. She has been Assistant Professor at Sciences Po Paris and at Université Sorbonne Nouvelle, an expert at McKinsey & Company, and Executive Director of the Purpose Center and of the Sustainability & Organizations Institute at HEC Paris. She has published numerous books and academic articles on economic development and on the purpose and social responsibility of companies, particularly family businesses.

She has sat on several boards of directors and purpose committees and sits on the supervisory board of her family group. She is a graduate of Sciences Po Paris and HEC Paris and holds a doctorate from Université Sorbonne Nouvelle and a post-doctorate from Harvard University.

Philippe Pelé-Clamour is Adjunct Professor and a member of the Family Business Center at HEC Paris. He was Managing Director of BIC for Central and Eastern Europe, after working at L'Oréal and being an entrepreneur in media, industry and venture capital.

Philippe sits as an independent director on the boards of several holding companies. He holds a doctorate in management sciences from Université Paris I Panthéon-Sorbonne and is a graduate of HEC Paris. He is an Advisor for French Foreign Trade, a Fellow of the Institute of Higher National Defence Studies (IHEDN) and a Knight of the Legion of Honour.

The HEC Paris – Dieter Schwarz **Center for Family Business** is an academic center dedicated to advancing research and education on the distinctive characteristics of family businesses. It works in favor of the transmission, development and entrepreneurial spirit of family businesses, pillars of an economy with a human face.

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Contact us: familybusiness@hec.fr