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REPORT

on family businesses in Europe
(2014/2210(INI))

Committee on Industry, Research and Energy

Rapporteur: Angelika Niebler

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on family businesses in Europe (2014/2210(INI))

The European Parliament,

- having regard to Article 17 of the Charter of Fundamental Rights of the European Union,
 - having regard to the criteria set by the Commission in 2003 for defining small and medium-sized enterprises (SMEs),
 - having regard to the Commission’s ‘Entrepreneurship 2020 Action Plan’ (COM(2012)0795),
 - having regard to the 2009 Report of the Group of Experts for the European Commission ‘Overview of family-business-relevant issues: research, policy measures and existing studies’,
 - having regard to its resolution of 5 February 2013 on improving access to finance for SMEs¹,
 - having regard to its resolution of 15 January 2014 on reindustrialising Europe to promote competitiveness and sustainability²,
 - having regard to the Commission communication entitled ‘Think Small First’: A ‘Small Business Act for Europe’ (COM(2008)0394),
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Employment and Social Affairs and the Committee on Women's Rights and Gender Equality (A8-0223/2015),
- A. whereas property is protected under Article 17 of the Charter of Fundamental Rights of the European Union;
- B. whereas family businesses in general have in the past made a large contribution to a surge in the European economy and play a significant role in economic growth and social development, in reducing unemployment, particularly among young people, and in investment in human capital; whereas the multi-generational character of family businesses reinforces the stability of the economy; whereas family businesses usually play a vital role in regional development, in terms of employment, transmission of know-how and regional organisation; whereas family-business-targeted policies could encourage entrepreneurship and motivate European families to start their own family

¹ Texts adopted, P7_TA(2013)0036.

² Texts adopted, P7_TA(2014)0032.

businesses;

- C. whereas, according to the Ernst and Young Family Business Yearbook 2014, 85 % of all European companies are family businesses and these account for 60 % of jobs in the private sector;
- D. whereas family businesses are of various sizes, which exposes them to different difficulties and problems;
- E. whereas, while most family businesses are SMEs, family businesses can be small, medium-sized or large, listed or unlisted; whereas they have been widely equated to SMEs, neglecting the fact that there are also very large multinational corporations that are family businesses; whereas in some EU Member States a few family businesses account for a large share of the total turnover of all businesses and thus make a significant contribution to job retention, including in times of crisis, to creation and growth and to the economic success of the country concerned; whereas many family businesses that no longer meet the definition of SMEs, but are also far from being major corporations, are ineligible for specific funding opportunities and some administrative exemptions; whereas this inevitably leads to unnecessary red tape, which is a great burden, especially for these mid-cap family businesses;
- F. whereas a considerable number of family businesses are active in more than one country, meaning that the family business model has a transnational dimension;
- G. whereas, direct taxation and succession law are Member State competences, and whereas some Member States have adopted measures to support family businesses and address their concerns;
- H. whereas family businesses are perceived as exhibiting high integrity and values that guide their business operations, and introduce high standards of corporate social responsibility towards their employees and the environment, which also creates a favourable environment for work-life balance; whereas family businesses usually guarantee that knowledge and skills will be passed on and in some cases play an important role in social links;
- I. whereas in agriculture family farms are the most common business model and make a major contribution to the prevention of rural depopulation, and in many cases provide the only source of employment in the regions of Europe where development is lagging behind, particularly in less industrialised regions; whereas family farms can offer a template for success because in general they put the principle of the environmentally and socially sustainable circular-flow economy into practice, and because in that context women as leaders contribute not only entrepreneurial thinking, but also specific communication and social skills;
- J. whereas the Commission's group of experts on family businesses completed its work more than five years ago, and no new European initiative has been launched since then at EU level; whereas there is still a lack of research and data at national and European level to understand the special needs and structures of family businesses;

- K. whereas there is no legally binding, concrete, simple and harmonised Europe-wide definition of ‘family business’;
- L. whereas it is impossible, owing to the lack of a definition, to gather comparable data in the EU Member States in order to draw attention to the special situation, needs and economic accomplishment of family businesses; whereas this lack of reliable and comparable data can hinder policy decision-making and may mean that the needs of family businesses are not being met;
- M. whereas family businesses, beyond their economic significance, also play an important role in social terms;
- N. whereas not all 28 EU Member States have interest group associations or other structures that specifically cater for the needs of family businesses;
- O. whereas EU-level efforts in stimulating entrepreneurship and start-ups should be enhanced and complemented with greater consideration for facilitating and stimulating the long-term survival of family businesses;
- P. whereas the family business model is unevenly spread across the Member States; whereas a significant share of family businesses in Europe have a transnational dimension and carry out their activities in different Member States;
- Q. whereas in the EU women earn, on average, 16 % less per hour than men and there is a dearth of women in high-level and leadership positions, and whereas the labour practices and wage systems applied to men are not the same as those applied to women, making it more difficult for the latter to be financially independent, participate fully in the job market and achieve a work-life balance;
- R. whereas women often play an invisible role, or act as figureheads, and do not have their job or salary status appropriately recognised, which has serious repercussions in terms of social security contributions, pensions and welfare entitlements and also in terms of recognition of their skills, as demonstrated by the data on the gender pay gap and pension gap¹;

Importance for the economy

1. Emphasises that family businesses tend to demonstrate a high degree of social responsibility towards their staff and manage resources actively and responsibly, and that they generally take a sustainable and long-term approach to the economic future of the business (by acting as ‘honourable merchant’, responsible owner or steward) and thus make an important contribution both to their local communities and to Europe’s competitiveness, and create and maintain high-quality jobs;
2. Stresses that, because of their history, family businesses are strongly rooted in a particular location and thus also create and maintain jobs in rural and less-favoured areas, contributing to the fight against the process of ageing and depopulation by which

¹ http://ec.europa.eu/justice/gender-equality/files/gender_pay_gap/140319_gpg_en.pdf

many areas in the EU are affected; calls on the Commission and the Member States, therefore, to provide the necessary cost-efficient infrastructure in order to ensure the competitiveness, renewal, growth and sustainability of such businesses, in particular micro-entities and start-ups, and to facilitate cross-sectoral and cross-border collaboration, thus helping them to grow and internationalise;

3. Recognises that family businesses are the single biggest source of employment in the private sector and that therefore what is beneficial to continuity, renewal and growth in the family business sector is conducive to continuity, renewal and growth in the European economy;
4. Notes that highly specialised family businesses in particular play an important role as suppliers to, and innovators for, larger companies and that, given their long-term and intergenerational approach to business, they provide the companies they supply with material security and thereby make a significant contribution to economic growth;
5. Reminds the Commission of the fact that the majority of family businesses are SMEs¹ and that applying the 'think small first' principle is therefore essential in order to better adapt EU legislation to the realities and needs of these businesses, and to enable them to benefit from funding programmes and a reduction in red tape.
6. Notes that family businesses can play an important role in encouraging minorities and under-represented groups to participate in their local economies;
7. Points out that the higher level of trust between family members makes family businesses very flexible and able to adapt quickly to changes in the eco-social environment; at the same time, operating in niche markets for long periods of time enables family businesses to excel in identifying new opportunities and innovation;

Funding

8. Notes that family businesses often have a significantly higher equity ratio than non-family businesses and that this high equity ratio results in the economic stability of such businesses and of the economy as a whole, while at the same time providing scope for further investment in the business, which should not therefore be restricted;
9. Calls on the Member States, with this in mind, to ensure that national rules on the taxation of inheritance and gifts, on debt and equity and on corporate taxation support, rather than discriminate against, equity financing, which is so vital for family businesses; recalls that direct taxation and succession law are Member State competences; calls on the Member States, therefore, to examine the debt bias within their tax codes by assessing its impact on the financing structure of companies and the level of investment, and to ensure equal treatment of equity financing as compared to debt financing in order not to impede the succession of ownership and the long-term prospects of family businesses; calls on the Commission and the Member States to

¹ Final report of the European Commission's expert group "OVERVIEW OF FAMILY-BUSINESS-RELEVANT ISSUES", November 2009.

examine any tax-driven discrimination vis-à-vis equity financing against the background of fair competition;

10. Stresses that ensuring the long-term security of corporate funding has become a key competitive factor; emphasises, in this connection, the importance of internationally stable financial market structures; calls on the Commission to ensure that it does not create any unnecessary burdens for businesses as part of financial market regulation;
11. Calls on the Commission to consider extending the beneficiaries of all existing instruments for SMEs and/or entrepreneurs, particularly COSME, to mid-cap family businesses;
12. Underscores that because of the financial crisis and the adverse economic cycle many of the functions of family businesses are underfinanced and that it is important for family business to have open and easy access to alternative sources of financing;
13. Notes in this context the importance of promoting alternative forms of lending to family businesses, such as credit unions;

Challenges

14. Notes that 35 % of those companies that do not invest in foreign markets fail to do so because of their lack of knowledge of those markets and lack of experience with internationalisation; calls on the Commission and the Member States, therefore, to provide smaller family businesses in particular with information about opportunities for internationalisation via the SME Internationalisation portal and the European Cluster Collaboration Platform (ECCP) and ensure that they have access to a better exchange of experience and best practice, including possibilities of internationalisation via the internet; calls on the Member States, furthermore, to provide support services for businesses that intend to invest internationally, for example by providing them with information or export credit guarantees, removing trade barriers and promoting specific education for an entrepreneurship and business family culture.;
15. Notes that increased internationalisation of family businesses provides more opportunities for economic growth and increased job creation; calls on the Commission and the Member States, therefore, to provide smaller family businesses with assistance to enable them to make better use of the digital infrastructure;
16. Recognises that the fiscal, legal and administrative environment in which family businesses (and owner-managed businesses) operate is defined by the combined effect of corporate legislation and private law;
17. Notes that 87 % of family businesses are convinced that maintaining control of the business is one of the key factors of success¹; notes that, according to the Commission's 'Entrepreneurship 2020 Action Plan'², the transfer of business ownership, together with the transfer of management from one generation to the next, is the greatest possible

¹ European Family Business Barometer, June 2014.

² COM(2012)0795.

challenge facing family businesses;

18. Notes that small and medium family businesses are continuously challenged by a need for innovation and for attracting the right skills and talent; calls on the Commission and the Member States, therefore, to provide smaller family businesses with incentives to take risks for growth and incentives to implement staff training and to access external knowledge;
19. Calls on the Member States to simplify administrative procedures and taxation systems, taking particular account of the specific challenges of small and medium-sized enterprises and family businesses;
20. Urges the Commission and Member States to take action to develop digital entrepreneurship and digital skills in order for family businesses to take full advantage of digital technologies;
21. Calls on the Member States, therefore, to improve the legal framework for the transfer of family businesses and create special financing instruments for transfers and thus prevent liquidity shortages so as to ensure the survival of family businesses and prevent distress sales; calls on the Commission and Member States to promote family-business-specific education in business transfers, governance structures, owner strategies and innovation strategy, in particular in countries where, for historical reasons, the family business concept is not as well established, which would contribute to their long-term success, especially in terms of business transfer;
22. Underscores the need for family businesses to have a direct link with educational activities that keep them constantly informed of state-of-the-art practices of good business management; stresses in this regard that family businesses make a vital contribution to the success of vocational training reforms and to increasing the number of apprenticeships; notes that, in the long term, well-functioning vocational-training systems could be instrumental in combating the skilled-worker shortage and youth unemployment; points out that the Commission and the Member States should foster an exchange of best practice with regard to how vocational training systems could provide the best possible environment for family businesses to invest in apprenticeships;
23. Notes the need to address other challenges that family businesses face, such as difficulties in finding and retaining a skilled workforce, and the importance of strengthening entrepreneurship education and family-business-specific management training;
24. Highlights the importance of the EU-funded training schemes for small business entrepreneurs, which allow family business owners to adapt their companies to a fast-changing environment driven by increasing global economic integration, the appearance of new technologies and a focus on a low-carbon and greener economy;
25. Notes that promoting entrepreneurship in schools and other educational settings is of key importance to developing more entrepreneurial mindsets; notes further that education should include specific family-business issues such as ownership, succession and family governance, together with more general information such as the importance

of innovation as a means of reinventing businesses;

26. Urges the Member States to take into account the formal and informal occasional and invisible work carried out by family members, including in family businesses, and encourages Member States to provide a clear legal framework;
27. Stresses that family businesses' contribution to innovation could be enhanced by promoting their participation in private-public partnerships and clusters and by fostering their collaboration with research institutions;

Outlook

28. Calls on the Commission, in the context of better regulation, to undertake an analysis of existing legislation which impacts on family businesses in order to identify problems and barriers to growth;
29. Calls on the Commission to commission regular and adequately financed studies that analyse the importance of ownership for the success and survival of a business and highlight the specific challenges facing family businesses, and to propose to the European Parliament and the Member States a statistically workable Europe-wide definition of 'family business' – developed together with Eurostat –, taking into account the different circumstances in the Member States; calls on the Commission, furthermore, to use the existing "task force small and medium-sized enterprise data" to collect enough data, including on family businesses in all the Member States, to allow a comparison of the situation of family businesses, as well as a comparison of family businesses and non-family businesses, to promote information and exchanges of examples of know-how and good practice throughout the EU, for example by establishing a family business contact point at the Commission and by making the best use of programmes such as "Erasmus for Young Entrepreneurs, and to allow for more targeted assistance;
30. Calls on the Commission to conduct an impact assessment of the extent to which a broadening of the European SME definition from 2003 would be possible, to include, in addition to purely quantitative criteria, qualitative criteria that also take into account ownership of a company, bearing in mind the interdependence of ownership, control and management, the fact that risk and liability are borne solely by the family itself, the social responsibility of a company and, generally, the personal aspect of running a business, also in relation to the participation of employees in the management of business activities, and the consequences this could have for family businesses, for example with regard to state aid and the eligibility of such businesses;
31. Calls on the Commission in the meantime, as part of its regulatory impact assessment, to carry out a feasibility study of a 'family business test' (for policies concerning, for example, property, governance structures or privacy) modelled on the SME test, and to introduce it as soon as possible, should the study prove its feasibility, in order to be able to determine the effect of certain legal acts on family businesses in advance and thereby avoid unnecessary red tape and burdensome hurdles for family businesses, focusing particularly on the combined effects of company law and private law;

32. Observes that disparities in, for example, tax legislation, subsidy schemes or the implementation of European legislation in neighbouring countries can cause problems in the border region for entrepreneurs, for example those with family businesses; calls on Member States, therefore, to review proposed national legislation and the proposed method of implementation of European legislation to ascertain the impact on entrepreneurs, such as those with family businesses, in border regions;
33. Calls on the Commission to set up, and define the remit of, an internal permanent working group that specifically addresses the needs and characteristics of family businesses, regularly reports to Parliament and the Member States, encourages exchanges of best practices between Member States' family business organisations and disseminates guidelines and standard texts and solutions for family businesses on overcoming their specific problems; calls also on the Commission to create a one-stop shop for businesses which can act as a contact at European level for family businesses and family business interest groups and to assist in specific issues relating in particular to European legislation and access to EU funding;
34. Highlights the entrepreneurial role of women in family businesses; calls on the Commission to launch a study on the presence of women in family businesses in Europe and to evaluate the opportunities offered by family businesses for empowerment of women, equal opportunities and work-life balance; stresses the need to protect women's right to succession in family businesses, on a par with men, by promoting a culture of equal rights for men and women which fosters female entrepreneurship in family businesses, including in leadership positions; emphasises also that family businesses should comply with the legal provisions relating to social insurance, pension contributions and safe working conditions standards;
35. Reminds the Member States and local and regional authorities once again of the importance of there being sufficient provision of high-quality and affordable care services for children, the elderly and other dependent persons, of tax incentives for companies and of other compensation to help women and men working as employees, on their own account or as managers in family businesses to balance their family and work commitments;
36. Stresses the need for separate and duly remunerated periods of maternity, paternity and parental leave which meet the needs of employees, the self-employed and business employers;
37. Calls on the Commission and the Member States to support the European Network of Female Entrepreneurship Ambassadors and the European Network of Mentors for Women Entrepreneurs in order to raise their profile;
38. Notes that, because land is owned, family farms are rooted in a particular location; calls therefore on the Commission and the Member States to ensure that the survival of family farms is not jeopardised by, in particular, excessive red tape; draws attention to the important role which women play in running family farms, and calls on the Member States to support business training aimed specifically at women farmers, in order to

strengthen women's involvement in family farming even further;

39. Calls on the Commission to strive to strengthen entrepreneurship throughout the EU, keeping in mind the importance of the family businesses in the EU economy, and to create an environment for business excellence;
40. Calls on the Commission to draw up a communication as a matter of urgency analysing the role of family businesses with a view to boosting the competitiveness and growth of the EU economy by 2020, and to produce a road map listing the measures likely to strengthen the economic environment and development of family businesses in the EU and raise awareness on the family-business-specific challenges to be addressed and to improve their competitiveness, international outlook and job creation potential;
41. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

The promotion of jobs, growth and investment is the top priority in the political guidelines for the new European Commission unveiled by Commission President Jean-Claude Juncker at the beginning of his term of office in the summer of 2014 - and rightly so: the financial and economic crisis has meant that, throughout the EU, some 25 million people are still unemployed and there are over 5 million young people under 25 years of age without work. GDP has plummeted during the crisis in some EU Member States to double digits.¹

The first minor successes of the EU's stricter economic and budgetary management can already be discerned and the economy is slowly gathering momentum again. The Commission has forecast growth in GDP of 1.3 percent for 2015 (compared to 1.1 percent last year) and of 1.9 percent for 2016 (compared to 1.7 percent last year). But Europe can do even better, our potential is far from exhausted. The important thing is to provide a positive investment climate for our enterprises and generally to encourage entrepreneurship throughout the EU.

Our family businesses in particular can play a crucial role in addressing the financial and economic crisis and in reviving the economy. More than 60% of all enterprises in the European Union are family-run, and they account for about 40-50% of jobs in the private sector. This is the conclusion reached by the Commission's group of experts in its final report in the year of 2009.

Family businesses take a longer-term view than non-owner-run businesses, they want to ensure that the business is also economically successful in the following generations. In many EU Member States there exist third, fourth or fifth-generation family businesses. This success story should of course be continued. Because of their history, many family businesses are very rooted in their location. This means that they make a decisive contribution to ensuring competitiveness in Europe and creating jobs.

But even though family businesses play such an important role in our economy, policymakers pay them scant attention. Thus, in 2003 the Commission drew up a definition of small and medium-sized enterprises (SMEs) at European level. A Commission group of experts tried in 2009 to follow this example and to draw up a definition of 'family business'. However, the definition they came up with is not legally binding and is not used in individual Member States. As a result, many family businesses that no longer meet the definition of SMEs, but are also far from being major corporations, are ineligible for specific funding opportunities and some exemptions. This inevitably leads to unnecessary red tape, which is a great burden, especially for family businesses.

In addition, many family businesses try desperately to remain below the threshold set by the Commission criteria for SMEs, with predictable consequences: they stop recruiting so as to prevent an increase in income or turnover, which automatically puts a halt to further growth.

Another problem resulting from the failure to provide a definition of 'family business' is the difficulty in comparing the situation of family businesses in all EU Member States. The

¹ Estonia, Latvia and Lithuania, Source: Commission.

Commission's group of experts found, as part of its mandate in 2009, that there were more than 90 different definitions of family business in the EU. This makes it impossible to compare their specific features, the difficulties they face, etc.

However, all family businesses are sooner or later confronted with a key challenge: the question of succession at the top. Every year about 450 000 businesses employing a total of about 2 million people find themselves in this position. Due to the many difficulties associated with such transfers, an estimated 150 000 businesses are forced to close each year with the loss of some 600 000 jobs¹. Policymakers must create the right framework conditions to prevent these job losses. In particular, national regulations on taxation on inheritance and gifts and corporate taxation make transfers within the family more difficult. Many family businesses opt for a solution in the form of a foundation or 'shop' for managers from outside the family. However, this means largely relinquishing family control over the company. However, from the point of view of such businesses, maintaining this control is one of the keys to success.

More than 6 years after the Commission's group of experts completed its work on family businesses, it is urgently necessary to focus once more on this important category of businesses. We urgently need more data, facts and figures from the individual Member States in order to better understand the issues and challenges facing family businesses and to promote exchanges of best practices. It is on the whole unlikely that we shall need specific legislative regulations at European level (apart from the national rules on tax issues). The important point is rather to draw policymakers' attention to this important group of entrepreneurs and to provide assistance where it is needed. One approach could be (as a transitional measure) to introduce a 'family business test', to be performed as part of the impact assessment, in order to determine whether proposed changes to EU law have an impact on family businesses and their structures and, if so, to identify them.

¹ Entrepreneurship 2020 Action Plan, COM(2012)0795.

11.5.2015

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Industry, Research and Energy

on family businesses in Europe
(2014/2210(INI))

Rapporteur: Marita Ulvskog

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas ‘family’ means relatives up to the fourth degree of kinship and whereas relatives who do not cohabit, separated spouses and common-law partners are also considered to be family members;
- B. whereas family businesses can also take the form of corporations and whereas work in a family business is not free of charge;
- C. whereas family businesses represent more than 60 % of all European companies, provide between 40 % and 50 % of all jobs, and range in scope from small firms to corporations, which means the problems and difficulties they experience differ; whereas the vast majority of family businesses are SMEs, which provide employment for two thirds of people employed in the European Union and create 85 % of new jobs in Europe; whereas new enterprises create on average two new jobs and expansion of existing businesses creates approximately five new jobs;
- D. whereas the majority of family businesses are SMEs and whereas the size of a family business should be one of the central elements to be taken into account in the definition of such a business;
- E. whereas family businesses play a vital role in regional development, in terms of employment and regional planning;
- F. whereas family businesses are more likely to have a long-term orientation, and make an essential contribution to the economy, bringing long-term stability, owing to their social

responsibility, high level of responsibility as owners, special degree of commitment to their local and regional communities and economy, and strong values rooted in the European tradition of the ‘honourable merchant’, and whereas, generally, despite suffering greatly during the economic crisis, family businesses deal with the crisis more resolutely and, therefore, tend to be slower in putting workers out of jobs; whereas, in this regard, the European Union supports family businesses with initiatives such as the so-called ‘Family Pacts’; whereas family businesses make a major contribution to the prevention of rural depopulation, and in many cases provide the only source of employment in the regions of Europe where development is lagging behind the most, particularly in less industrialised regions;

- G. whereas EU-level efforts in stimulating entrepreneurship and start-ups should be enhanced and complemented with greater consideration for facilitating and stimulating the long-term survival of family businesses;
- H. whereas it is crucial to improve the legal climate for succession (transfer of the company within the family), with particular reference to the scope and scale of the diverse approaches to inheritance and estate taxes across the EU, bearing in mind that 480 000 companies are transferred in the EU every year, affecting over 2 million jobs; whereas, owing to the many difficulties associated with such transfers, an estimated 150 000 businesses are forced to close each year, resulting in the loss of 600 000 jobs¹;
- I. whereas inheritance taxes are a serious problem for small and medium-sized family-owned enterprises in particular, causing some of them even to downsize or be liquidated;
- J. whereas a common European definition of ‘family business’ is necessary not only to improve the quality of statistical data collection on the sector’s performance, but also as a means for policy-makers to better address the needs of family businesses and society;
- K. whereas family businesses guarantee that knowledge and skills will be passed on and whereas in some regions they play an important role in social links;
- L. whereas family farms are family businesses that offer a template for success because they put the principle of the environmentally and socially sustainable circular-flow economy into practice;
- M. whereas entrepreneurship education can make a significant contribution to improving the employment prospects of young people, since they are more likely to start their own business and their companies tend to be more innovative and successful than those led by someone without an entrepreneurship education background; whereas such people are also at a lower risk of being unemployed and are more often in steady employment, with better and better paid jobs;
- N. whereas the family business model is unevenly spread across the Member States; whereas a significant share of family businesses in Europe have a transnational dimension and carry out their activities in different Member States;

¹ Entrepreneurship 2020 Action Plan, COM(2012)0795.

1. Observes that more than 90 definitions of ‘family business’ exist in the EU; welcomes the work being undertaken on an EU definition of ‘family business’, and calls for further efforts in establishing an official definition, taking into account company law, specificities within Member States as regards helping guarantee social rights, social security, pension entitlements, rules on codetermination and health and safety at work; stresses that a simple, clear definition which is easily applicable and comparable between countries would help to better understand the phenomenon and the challenges family businesses face, obtain a clear picture of their contribution to society and allow for specific and effective measures to be introduced;
2. Calls on the Commission to continue its work on establishing a common EU definition of ‘family business’ by conducting an impact assessment on a possible revision of the European SME definition from 2003, by considering the size of a family business as one of the central elements, given the fact that a one-size-fits-all regulatory approach is not sufficient to address the diverse needs of family businesses with regard to taxation and access to finance, and by drawing up, together with the Member States, a list of common indicators based on which a family business could be described and which should enable statistics to be produced with respect to the contribution of family businesses to employment, with a view to better understanding ownership and helping to design better policies that facilitate access to markets and finance for family businesses; the definition should be simple, clear and easily applicable in all Member States;
3. Calls on those working on an EU definition of ‘family business’ to make sure that the definition takes account of the diversity of families found in EU societies and ensures non-discrimination of family forms, rather than limiting it to a concept of family meaning a man, a woman and their biological children;
4. Calls on the Member States, given that ownership is a fundamental issue for family businesses, to consider introducing changes to their tax systems and company laws which would allow for a more effective and smoother transfer or retention of businesses within families; suggests, as good practices to be shared and promoted, lowering gift and inheritance taxes, introducing favourable tax treatment for reinvested profits compared to the treatment of debt financing, and favouring the use of non-voting stocks as a way of improving access to finance without losing control of the company;
5. Notes that intra-family business transfer is often a succession of social and cultural capital and of knowledge generated from generation to generation and should be preserved and promoted; points out, however, that recent figures from 2011 estimate that each year some 450 000 firms in the EU look for successors, affecting up to 2 million employees; draws attention to the fact that each year the EU risks losing approximately 150 000 companies and 600 000 jobs as a result of inefficient business transfers; stresses that good practices for announcing plans for a company transfer in a timely manner are crucial in this respect; suggests employee buyouts as one of the possible solutions to the business succession problem of these European SMEs; points out that appropriately designed long-term employee financial participation (EFP) models could also contribute to retaining these small firms and strengthening regional economies and employment throughout the EU;
6. Calls on the competent authorities at Member State level to foster entrepreneurship and

promote ‘mini-enterprise’ projects in schools, given the high potential for job creation of family businesses; as family businesses represent the largest pool of entrepreneurial potential and are natural incubators for future entrepreneurs, there is a growing need to enhance their innovation and progress; stresses, moreover, that in order to professionalise the management of family firms it is crucial to promote entrepreneurship education for both start-ups and existing family firms and to incentivise innovation and progress, especially at managerial level, including training in the fields of human resources, career planning and management skills, which will contribute to attracting and retaining a skilled workforce;

7. Notes with concern that the financial crisis and subsequent recession have affected European micro-enterprises and SMEs in particular, many of which are family businesses, and highlights the importance of EU assistance in relaunching economic growth by supporting the creation of high-quality jobs and the importance of fostering a favourable regulatory framework as regards, in particular, access to finance, taxation and inclusive social security protection for all actors in SME structures; stresses that well-targeted support towards healthy restructuring could have major positive effects on job retention, and highlights, furthermore, the importance of facilitating administrative procedures for family businesses, including through the use of one-stop-shop solutions; stresses the local job creation potential of SMEs in new and emerging sectors such as the circular economy; stresses that, as passing the business on from one generation to the next is the main challenge family businesses are facing, it is important that Member States try to improve the legal framework for the transfer of family businesses and improve access to finance for these transfers, thereby preventing cash-flow problems and distress sales and ensuring that family businesses survive; stresses, at the same time, that the legal framework must not permit any restriction of employees’ rights, including social rights;
8. Calls on the Commission and the Member States to ensure family businesses are better informed about opportunities for international development and to improve exchanges of experience and good practices, in particular through the EURES programme by supporting cross-border mobility on labour markets, and thereby bolster the viability and prosperity of family businesses, which are important job creators; emphasises the importance of the EURES-T service, which can advise on labour mobility opportunities in cross-border regions and help cross-border workers to deal with legal, administrative and tax problems connected with labour mobility;
9. Further notes the need to address other challenges that family businesses face, such as difficulties in finding and retaining a skilled workforce, and the importance of strengthening entrepreneurship education and family-business-specific management training;
10. Draws attention to the important role of family farms in rural regions of many Member States, and calls on the Member States to support business training aimed specifically at farmers; urges in particular, in that connection, that support should be given to training projects for young entrepreneurs who run family farms, with a view to increasing their successful involvement in farming and regional organisations;
11. Urges the Commission to facilitate and stimulate the long-term survival of family

businesses and put more emphasis on developing support and guidance aimed at facilitating the transfer and succession of family businesses;

12. Emphasises that family businesses, owing to the overlap of family, ownership and business elements, have certain specificities which should be taken into account; stresses, however, the need to address labour law issues, social policy and social rights, such as better gender balance on corporate boards, work-life balance provisions and financial participation of employees, in a fair and socially responsible manner;
13. Asks the Member States to find applicable and acceptable solutions regarding inheritance taxes on family-owned businesses, so as to ensure that the payment of these taxes does not lead the company to liquidity problems or adversely affect the number of employees or the company's sustainable development under the responsibility of the next generation;
14. Calls on the Commission to continue to pursue better implementation of existing EU recommendations¹ with regard to the simplification of the tax and regulatory framework, with a view to improving the legal climate for succession;
15. Calls on the Commission and the Member States to further promote the exchange of best practices in order to aid family business transfers, notably in the regulatory environment;
16. Considers it advisable to encourage the entry of professional external managers in order to improve the management of the family business;
17. Calls on the Commission and the Member States to encourage employee financial participation in line with the growing public recognition of its merits in the light of the financial and economic crisis;
18. Calls on the Commission to actively promote gender equality in the framework of family businesses relating to entrepreneurship, skills, leadership, transfer and succession; to this end, calls for using the existing administrative structures at Member State level to promote the setting up of a one stop shop for female entrepreneurs. Calls also for improved access to child care support for 'mother entrepreneurs';
19. Draws the Commission's attention to the fact that most family businesses are SMEs and that applying the 'think small first' principle is therefore essential in order to better adapt EU legislation to the realities and needs of these businesses, and to enable them to benefit from funding programmes and a reduction in red tape;
20. Draws the Commission's attention to the need for a balanced level playing field in terms of competition for all companies operating in the EU, while respecting and fostering the unique nature of family businesses;
21. Stresses that family businesses also have a responsibility to offer appropriate training places or comparable work experience placements and must promote the further training of employees in their businesses in order to prevent skills shortages and to support the

¹ The Recommendation of 1994, the Communication of 1998 and the Lille Forum, the Good Practice Guide 2003, the 2006 Communication from the Commission: Continuity through a new beginning.

concept of lifelong learning;

22. Highlights the importance of the EU-funded training schemes for small business entrepreneurs, which allow family business owners to adapt their companies to a fast-changing environment driven by increasing global economic integration, the appearance of new technologies and a focus on a low-carbon and greener economy;
23. Calls on the Commission to draw up a non-legislative European family strategy which takes full account of the role played by parents in family businesses, including the social and economic significance of ‘mompreneurs’ and the specific contribution they make to implementing the principles underpinning fair leadership, entrepreneurial social responsibility and a new, sustainable working culture;
24. Calls on the Commission to establish within DG Enterprise a dedicated unit to support and inform family businesses, including a single point of contact in each Member State to help with access to EU funding and finance, and provide business assistance;
25. Calls on the Commission to include in the European Semester recommendations to Member States on how to create a fair family-business-friendly environment, in particular as regards taxation, business transfer and entrepreneurial education;
26. Calls on the Commission to actively promote and to disseminate information on the family business model throughout the EU, for example by establishing a family business contact point at the Commission and by favouring the transfer of know-how and best practices across the Member States, and by also making the best use of programmes such as ‘Erasmus for Young Entrepreneurs’;
27. Encourages the Member States to provide a clear legal framework for the formal and informal occasional employment of family members;
28. Encourages the Member States to make similar social security protection available to family business owners and employees, as a stimulus for family business transfers.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	7.5.2015
Result of final vote	+: 24 -: 20 0: 3
Members present for the final vote	Guillaume Balas, Tiziana Beghin, Brando Benifei, Vilija Blinkevičiūtė, Enrique Calvet Chambon, Martina Dlabajová, Elena Gentile, Arne Gericke, Marian Harkin, Danuta Jazłowiecka, Agnes Jongerius, Rina Ronja Kari, Ádám Kósa, Agnieszka Kozłowska-Rajewicz, Zdzisław Krasnodębski, Kostadinka Kuneva, Jérôme Lavrilleux, Patrick Le Hyaric, Verónica Lope Fontagné, Javi López, Thomas Mann, Dominique Martin, Elisabeth Morin-Chartier, Georgi Pirinski, Terry Reintke, Sofia Ribeiro, Claude Rolin, Anne Sander, Sven Schulze, Jutta Steinruck, Romana Tomc, Ulla Tørnæs, Marita Ulvskog, Renate Weber, Tatjana Ždanoka, Jana Žitňanská, Inês Cristina Zuber
Substitutes present for the final vote	Georges Bach, Heinz K. Becker, Karima Delli, Tania González Peñas, Marju Lauristin, Helga Stevens, Ivo Vajgl, Tom Vandenkendelaere
Substitutes under Rule 200(2) present for the final vote	Andrea Cozzolino, Rosa D'Amato

3.3.2015

OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY

for the Committee on Industry, Research and Energy

on family businesses in Europe
(2014/2210(INI))

Rapporteur: Daniela Aiuto

SUGGESTIONS

The Committee on Women's Rights and Gender Equality calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas there is a growing presence of women in family businesses and women are a major resource in terms of their high level of education and proven managerial ability when it comes to defining strategies, taking decisions, running companies and solving problems;
- B. whereas, however, little information is available concerning women employed in family businesses, given that the actual concept of the family business is still relatively undocumented;
- C. whereas family businesses, family-run independent businesses and new businesses of this kind represent an important career and personal development opportunity for women, although that fact is not recognised, because there are no female role models to follow;
- D. whereas women encounter substantial difficulties in their involvement in family businesses, and are subject to 'vertical' and 'horizontal' gender segregation, and this despite the high level of education of women, who account for 60 % of all graduates;
- E. whereas in many countries the problem lies in the fact that society is permeated by a culture of male dominance in all walks of life and not only at the workplace;
- F. whereas family farms offer a template for success because they put the principle of the environmentally and socially sustainable circular-flow economy into practice and because in that context women, as leaders, contribute entrepreneurial thinking;

- G. whereas in the EU women earn, on average, 16 % less per hour than men and there is a dearth of women in high-level and leadership positions, and whereas the labour practices and wage systems applied to men are not the same as those applied to women, making it more difficult for the latter to be financially independent, participate fully in the job market and achieve a work-life balance;
- H. whereas women often play an invisible role, or act as figureheads, and do not have their job or salary status appropriately recognised, which has serious repercussions in terms of social security contributions, pensions and welfare entitlements and also in terms of recognition of their skills, as demonstrated by the data on the gender pay gap and pension gap¹;
- I. whereas, in many European countries, women are frequently required to act as figureheads, either for tax reasons or because of legal obstacles preventing a male entrepreneur from holding any position within the business or placing it in his own name;
- J. whereas women have difficulty in taking over family businesses as successors, given that preference is given to sons and that daughters are very often excluded;
- K. whereas women seeking to combine their roles as mothers and business operators frequently find themselves forced to sideline the former or even abandon the notion of motherhood in order to run the business;
- L. whereas some 60 % of all businesses in the EU are family run or family owned;
- M. whereas ensuring competent family leadership across generations is one of the main concerns of family businesses, and whereas gender stereotypes privilege sons against daughters in the family firm succession;
- N. acknowledging the crucial example set by properly functioning family business governance and its importance for the sustainability of the European economy and the social market economy in Europe;
1. Calls for more effective application and implementation of measures ensuring equal opportunities and equal treatment of men and women in respect of employment and careers, and of proactive measures to promote participation of the under-represented gender, with a view to avoiding horizontal and vertical segregation, wage and job discrimination (invisibility and ‘figurehead’ treatment), especially as regards management duties, positions of responsibility and leadership roles, and providing men and women with the same opportunities, social rights, access to health, wages and pensions;
 2. Maintains that the skills acquired by women from family businesses have to be recognised so as to enable those women to further their careers in other types of businesses;
 3. Calls for the adoption of an unambiguous definition of family businesses for all the Member States, providing a solid career base for both genders, as recommended in the final report of the European Expert Group Overview of Family-Business-Relevant Issues

¹ http://ec.europa.eu/justice/gender-equality/files/gender_pay_gap/140319_gpg_en.pdf

2009;

4. Stresses the need to protect women's right to succession in family businesses, on a par with men, by promoting a culture of fairness between men and women which highlights the entrepreneurial role of women in family businesses, in positions of management, responsibility and leadership and creating an environment in which female entrepreneurs and family businesses can prosper and enterprise is rewarded;
5. Calls on the Commission and the Member States to support the European Network of Female Entrepreneurship Ambassadors and the European Network of Mentors for Women Entrepreneurs in order to raise their profile;
6. Draws attention to the important role which women play in running family farms, and calls on the Member States to support business training aimed specifically at women farmers, in order to strengthen women's involvement in family farming even further; urges in particular, in that connection, that support should be given to training projects for women who run family farms with a view to increasing women's involvement in farming and regional organisations;
7. Stresses the need to secure the best possible working conditions in terms of health and security at the place of work;
8. Calls for the 'mother-entrepreneur' figure to be promoted, in order to guarantee the right to maternity and to grant financial assistance for balancing family and business commitments; calls for measures to support family employment and home childcare services with a view to allowing women entrepreneurs to reconcile work and family life;
9. Stresses that offering more opportunities for women in family businesses will benefit both women and businesses;
10. Calls for all possible measures to be adopted to prevent and penalise acts of abuse or coercion, situations conducive to blackmail and/or subjugation, or violence against women at the workplace, pointing out that, in addition to acts of physical violence, seclusion and discrimination are also forms of mental cruelty or psychological aggression;
11. Reminds the Member States and local and regional authorities once again of the importance of there being sufficient provision of high-quality and affordable care services for children, the elderly and other dependent persons, of tax incentives for companies and of other compensation to help women and men working as employees, on their own account or as managers in family businesses to balance their family and work commitments;
12. Calls on the Commission to launch a study and statistical analysis of the presence of women in family businesses in Europe;
13. Stresses the need for separate and duly remunerated periods of maternity, paternity and parental leave which meet the needs of employees, the self-employed and business employers;

14. Urges the European Union and Member States to factor in equality of opportunity for men and women and consider and include proactive measures to promote participation of the under-represented gender as well as the promotion of women's access to professional training each time they legislate on matters relating to family businesses and in particular in the context of the women on boards directive;
15. Emphasises that eliminating all the differences between men and women working in family businesses would generate benefits for the economy and for society in general; points out that the Strategy for Equality between Men and Women 2010-2015 aims to increase the employment rate to 75 % for women, which is the target set in the Europe 2020 Strategy, and that this includes those groups of women with the lowest rates of employment;
16. Stresses the need to establish support frameworks for female business owner-managers in family businesses in order to increase their confidence and self-efficacy;
17. Insists that family businesses be required to ensure equal treatment and opportunities for men and women at work, in the management of the business and in decision making, and that they must to that end adopt measures to prevent any kind of discrimination and to promote gender equality;
18. Stresses the need for specific proposals making for better balance in terms of working, family and personal life by encouraging men and women to share occupational, family and social responsibilities more evenly, especially where assistance to dependants and childcare is concerned; notes that better provision of day care and nursery services depends not only on public policies for the creation of these facilities, but also on incentives to businesses to offer such solutions; notes that flexibility in respect of working hours and the way work is organised, as well as part-time working, may constitute one means of achieving a better work-life balance;
19. Calls on the Council to reach consensus as soon as possible and adopt the Directive on improving the gender balance among non-executive directors of companies listed on stock exchanges, so that all companies listed on stock exchanges, including family businesses, meet the target of at least 40 % of the members of their boards of directors being women.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.2.2015
Result of final vote	+: 21 -: 3 0: 3
Members present for the final vote	Daniela Aiuto, Anna Maria Corazza Bildt, Viorica Dăncilă, Anna Hedh, Teresa Jiménez-Becerril Barrio, Elisabeth Köstinger, Vicky Maeijer, Angelika Mlinar, Krisztina Morvai, Maria Noichl, Marijana Petir, Liliana Rodrigues, Jordi Sebastià, Ernest Urtasun, Ángela Vallina, Beatrix von Storch, Jadwiga Wiśniewska, Anna Záborská
Substitutes present for the final vote	Inés Ayala Sender, Linnéa Engström, Eleonora Forenza, Kostadinka Kuneva, Constance Le Grip, Dubravka Šuica, Marc Tarabella
Substitutes under Rule 200(2) present for the final vote	Rosa D'Amato, José Inácio Faria

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	16.6.2015
Result of final vote	+: 48 -: 5 0: 5
Members present for the final vote	Zigmantas Balčytis, Bendt Bendtsen, Reinhard Bütikofer, Jerzy Buzek, Philippe De Backer, Pilar del Castillo Vera, Christian Ehler, Fredrick Federley, Ashley Fox, Adam Gierek, Theresa Griffin, Marek Józef Gróbarczyk, András Gyürk, Roger Helmer, Eva Kaili, Barbara Kappel, Krišjānis Kariņš, Seán Kelly, Jeppe Kofod, Miapetra Kumpula-Natri, Janusz Lewandowski, Ernest Maragall, Edouard Martin, Nadine Morano, Dan Nica, Aldo Patriciello, Morten Helveg Petersen, Miroslav Poche, Miloslav Ransdorf, Michel Reimon, Herbert Reul, Paul Rübig, Algirdas Saudargas, Dario Tamburrano, Patrizia Toia, Evžen Tošenovský, Miguel Urbán Crespo, Vladimir Urutchev, Kathleen Van Brempt, Martina Werner, Flavio Zanonato
Substitutes present for the final vote	Michał Boni, David Coburn, Miriam Dalli, João Ferreira, Gerben-Jan Gerbrandy, Françoise Grossetête, Janusz Korwin-Mikke, Constanze Krehl, Olle Ludvigsson, Piernicola Pedicini, Sofia Sakorafa, Maria Spyrali, Indrek Tarand, Mihai Țurcanu, Anneleen Van Bossuyt
Substitutes under Rule 200(2) present for the final vote	Marietje Schaake, Bart Staes