

# FAMILY ENTERPRISE GLOBAL SURVEY ON GENERATIONAL PERSPECTIVES:

*Current and next-generation family business  
owners aren't so different after all*



Julius Bär





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# *Table of CONTENTS*

<i>Foreword</i>	07
<i>Research institutions and authors</i>	09
<i>Executive summary</i>	11
<i>Introduction</i>	12
<i>Research objectives</i>	14
<i>Fundamental concepts</i>	15

## PART 1. GLOBAL ANALYSIS

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<b>CHAPTER I</b>	1. Interests	20
<i>Life perceptions</i>	2. UN Sustainable Development Goals	22

---

<b>CHAPTER II</b>	1. Identity in relation to the family enterprise	26
<i>Participation in the family enterprise or family activities</i>	2. Involvement in the family enterprise or family activities	28
	3. Level of influence to make decisions within the family enterprise	30
	4. Current role in the family enterprise	32

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<b>CHAPTER III</b>	1. Perception of changes needed in the business	38
<i>Perceptions of the family business</i>	2. Drivers of change to the enterprise	41
	3. Future challenges for the family business	42

---

<b>CHAPTER IV</b>	1. Desired role in the family enterprise	46
<i>Developing successors</i>	2. Preparing to achieve a role in the family enterprise	50
	3. Preparing to assume greater responsibilities in the future	51
	4. Development needs for younger generations	53
	4.1. <i>Approaches to adding more value to the family enterprise</i>	53
	4.2. <i>The role of the older generation in promoting personal development</i>	56

## PART 2. ANALYSIS BY COUNTRY

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<b>CHAPTER V</b>		
<i>Comparative analysis between countries</i>	<b>PARTICIPATION IN THE FAMILY ENTERPRISE OR FAMILY ACTIVITIES</b>	<b>LIFE PERCEPTIONS</b> <b>62</b>
		1. Interests <b>62</b>
		2. UN Sustainable Development Goals <b>65</b>
		<b>PERCEPTIONS ABOUT THE FAMILY ENTERPRISE</b> <b>74</b>
		1. Statements about necessary improvement to the family business <b>74</b>
		2. Drivers of change to the enterprise <b>76</b>
		<b>DEVELOPING SUCCESSORS</b> <b>79</b>
		1. Desired role in the family enterprise <b>79</b>
		2. Preparing to assume greater responsibilities in the future <b>82</b>
		3. Approaches to adding more value to the family enterprise <b>83</b>
		4. The older generation´s perspective on needs for the next generation <b>84</b>
		5. Needs from the current generation of leaders <b>86</b>
<b>CHAPTER VI</b>		
<i>Countries involved in the research</i>	Chile	<b>90</b>
	China	<b>91</b>
	Mexico	<b>92</b>
	Spain	<b>93</b>
	United States	<b>94</b>
<i>Conclusions and recommendations</i>		<b>95</b>
<i>References</i>		<b>99</b>
<i>Research methodology</i>		<b>100</b>
<i>Research team</i>		<b>104</b>

# *Foreword*

## *Every generation misjudges the next*

Throughout history, each generation tends to think that the next generation, being a younger one, is inexperienced and lacks maturity to take efficient decisions. As an older generation, you might recognize that we tend to think youths take too many risks with the little information – we are sure – they have, thus, we anticipate that the outcome of those risks and decisions will not be the one they aspire to, as they sure have an impact in their businesses, their families and also the world.

Numerous studies may confirm this thinking – older vs younger generations. But as a pediatrician once put it, the average schoolchild in 1900 would today be brought up in an overstimulating environment, sometimes by ‘special-needs’ standards.

Allow me to give you a different view using an intuitive example of the advantages that today’s digital natives enjoy in my experience. Only a few decades back, when I was an ‘analogue native’ student, the hottest game in town was ‘networked thinking’ and ‘cybernetics’. After downloading fancy programs (by audio tape – no kidding) to our Commodore computers, we played resource-allocation games, attributing resources to four or five dimensions. After every step, we could go for a coffee while the beeping computer calculated the outcome. Fifteen minutes later, we could start the next level in our game.

Today, my daughter plays a resource-allocation game called ‘Hay Day’ in which she allocates resources in almost unlimited dimensions, with immediate recalculation of the outcome. (Or, with some delay, if the in-game fees are not paid). My daughter is six years old. She has probably done more cybernetics in the past three months than I did in all my studies. My

teenage son, after playing the ‘Best Brokers’ real-time stock-market game, probably knows more about the workings of financial markets than I did after my whole first year at university. It is hard to acknowledge, but my kids (and yours, if you have any) will be far more able to think interconnectedly than any Baby-boomer or Gen-X-er. These family anecdotes reflect the speed at which the world is evolving and at a pace that seems to have accelerated since COVID-19, as well as the capacities and skills of the next generations. Think for a moment about yours.

Of course, the future is uncertain. But Millennials are likely to share the destiny of every generation: 1) a better education than any previous generation, 2) constant underestimation of their abilities by society at large, and 3) a chance to counter the odds by making the world a better place. Granted, today’s youth have the misfortune of joining the workforce during and after a widespread financial crisis as well as a pandemic. How Millennials and Centennials will turn this situation into an opportunity remains to be seen, but they have made a virtue of financial necessity, launched the sharing economy and gone almost fully ‘virtual’. Millennials’ next heavy lift is to team up with Centennials (or Gen-Z) to tackle the economic, social, and environmental challenges of today’s world. Think of climate change. I’m optimistic.

With the similarities they share with previous generations, Millennials will surely make a difference – all the more in their family businesses.

This is exactly what you will read and discover along the chapters of this study: Families, and within them, their different generations, have a lot in common.

“Well of course they do,” you might respond, but from the media and popular culture, one might not think so. Millennials, Centennials (Gen Z), Gen X, Baby-boomers and all the rest... they’re all so different, right? They live in completely different worlds!

Not so fast. As this groundbreaking White Paper shows from five reputable international institutions, there is plenty of commonality to build on, along with enough diversity to keep the firm and the family healthy. The challenge for Millennials in entrepreneurial families is to understand how to create a shared vision for the future of the family enterprise, in conjunction with the current leading generation, so that their shared family projects continue to create value for them and their stakeholders for many generations.

This White Paper presents in detail the findings and conclusions of original research by a strong team of 12 academics, analysts and consultants based in five countries on four continents. The study is the result of over a year of work, and it focuses on countries that are

both dynamic and diverse, namely Chile, China, Mexico, Spain and the United States. It also represents the voices of a little over 1,300 family enterprise members in across close to 40 countries.

From its origins as a family business and for more than 130 years, Julius Baer has supported families to navigate through difficult times. From this experience, we know that wealth can unite families. And it can divide them as well. We have seen that it is important that families build up on commonality, unity and success. Whether it is governance and how the family leaders will endure changes in the family enterprise, or agenda setting and leadership alignment, it is as important to talk early about what matters the most to them.

You will find evidence of this commonality, unity and success, necessary in the family enterprise throughout this White Paper. We hope this study will contribute to a better understanding of these aspects in the multi-generational family business.

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*Zurich. October 2021*

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# Executive summary

Contrary to popular belief, family-enterprise members in younger generations (under 40 years of age) do not perceive the world as differently from their pre-millennial peers (over 40 years) as we may think. Our study sought to identify cross-generational differences that may cause challenges as generations work together to define the future of their family enterprises. We were encouraged to find more similarities than differences.

We found this to be broadly true in our survey responses regarding interests, aspirations, and perceptions related to family business. Though similarities in cross-generational perceptions outweigh differences, there are some interesting discrepancies driven by country of origin, gender and parenthood status as well as a few cross-generational differences that warrant consideration.

## Main takeaways

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**Aligned interests in family and family enterprise.** The biggest-picture finding here is that younger-generation members have strong interest in family and family enterprise. Moreover, family was the top-rated item for both younger and older generations. Rising-generation members incorporate being part of a business family into their identities, aspire to wide-ranging roles in enterprise leadership (operating and governance), and are investing to prepare themselves for the same, while expecting transfer of practical knowledge from the senior generation. Correspondingly, their senior generation counterparts place importance on transferring values, principals and work ethic to the younger generation. Overall, these aligned interests across generations is a crucial foundation to the perpetuation of a multi-generational enterprise.

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**Convergence around business agenda and goals—with important exceptions.** Millennials and their younger peers also align well with elder generations

in what they see as the strategic agenda for the business. This is another encouraging finding as generations must work together to define a common vision and strategy for the business. Generations also align on how much they prioritize specific UN Sustainable Development Goals. All generations see economic development and provision of employment as the top priorities, and the younger generation is less focused on the environment than might have been assumed given perceptions of this cohort. Despite this broad convergence, younger-generation members see greater need for strategic change with regard to digital transformation, sustainability, and professionalization. This and other evidence suggest some divergence in views around business needs, pointing to the need for conversations aimed at alignment.

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**Some disparities around interest in philanthropic giving.** There is indication that the younger generation in general, and particularly males, are less interested in philanthropic giving than the senior generation. This finding is striking given that philanthropy is often a relevant part of the legacy of many enterprising families and serves as a vehicle to bring family members together to create greater meaning for their enterprise. It seems that younger generations have a new understanding of how to exercise their social responsibility that goes beyond traditional philanthropy, which will also require alignment with their preceding generations. There are relevant disparities by country and by company size, which could be explained by the difference in culture, legal and tax frameworks by countries and the limited capacity of smaller firms to give related to larger counterparts.

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**Engagement differs by gender.** Women across generations express more interest in family, giving, and caring for the environment than men, but are less likely to be engaged in the family enterprise than

men and express less interest in family enterprise overall. In most countries surveyed, women also aspire less to senior executive and board roles. Across generations, fewer women than men intend to be involved with the family enterprise, suggesting the potential need for outreach to women to encourage participation, though evidence for this trend varies by country. Given the growing number of women owners as well as the increased interest globally in diversity in the workforce, driving more engagement and interest of women in family enterprises may be a priority.

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**Parenthood impacts connection with the family enterprise.** Responses show that parenthood is associated with more incorporation of the business into one's identity, greater emphasis on philanthropic giving, and the perception of less need for change related to professionalization and digital transformation of the business. This suggests that older enterprise members with children have more of a stewardship mentality aimed at perpetuating the business and its positive impact on the broader community. Consequently they may potentially be more resistant to change as they are faced with new ideas from the younger generation.

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**Divergent development agendas.** In regard to the next generation's development needs to prepare them for senior roles, both generations agree on fostering practical business knowledge and leadership skills. But the younger generation does not mirror the older generation's emphasis on modeling the family's values and culture. Rather, the younger generation wants the older generation to be more open to new ideas for the business and to endorse the need to develop soft skills to contribute to the enterprise more fully.

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**Lagging interest in family governance among younger generations.** Younger respondents express less interest in family council roles than those related to running and governing the

business. This again may suggest the need to create and promote interest and opportunities for involvement in this space, though the results show that family governance is more developed in some countries than others.

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**Younger generations are ready for business governance—but not necessarily executive management.** Younger generation members feel prepared for and aspire to business governance roles more so than managing roles. This may suggest either that families do not promote (or limit) family participation in executive management roles of the family in the company or that, on the contrary, if there are no limitations, it suggests a need to promote interest and preparation for crucial family enterprise leadership roles at the executive level.

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**Overall global alignment in findings with some country-specific distinctions.** The pattern of results highlighted above largely holds across global regions, with high interest in family and family enterprise worldwide. That said, country-based differences point to unique cultural aspects of family enterprise. For instance, a greater proportion of US-based respondents sees themselves as part of a "business family"—more integrated into the business—and report more involvement in the business than participants from other countries, along with expressing less concern about the business. But these results may be due in part to the higher proportion of older participants in the US sample. Another example is the differences in the importance given to the United Nations Sustainable Development Goals (SDGs), with respondents from Mexico perceiving the highest importance for the SDGs across the board, as well as the different interests in specific goals by country.

To get at drivers of the general trends above, each variable is analyzed further by generation, gender, parenthood, region, and their intersection, often yielding interesting results that we call out in the following chapters and their subsections.

# **Introduction**

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Are millennials and younger generations really different from older generations in the family firm? Do they think, feel and act differently? What are their interests, perceptions, aspirations and attitudes toward the family enterprise? What are the major challenges that they think the family business is facing now and will confront in the future? What kind of support do they expect from older generations in their developmental process to become the leaders of the future?

These are some of the key questions that motivated this study and report, funded by Julius Baer, the international reference of wealth management.

A group of twelve researchers from five countries in four continents have collaborated on this research project. They work in six institutions, five of which are family enterprise centers that belong to recognized business schools and universities, and one is a leading consulting firm that operates worldwide. The research group developed a comprehensive

survey designed to understand the interests and perceptions of members of different generations that belong to enterprising families in different parts of the world.

The data was collected in five countries: Chile, China<sup>1</sup>, Mexico, Spain and the United States. A total of 1,318 complete responses were received. Although the majority of respondents (1,139) are nationals from those countries, there are 179 responses from 34 other countries, as their family companies are located in these other nations. Figure 1 shows the number of respondents by country.

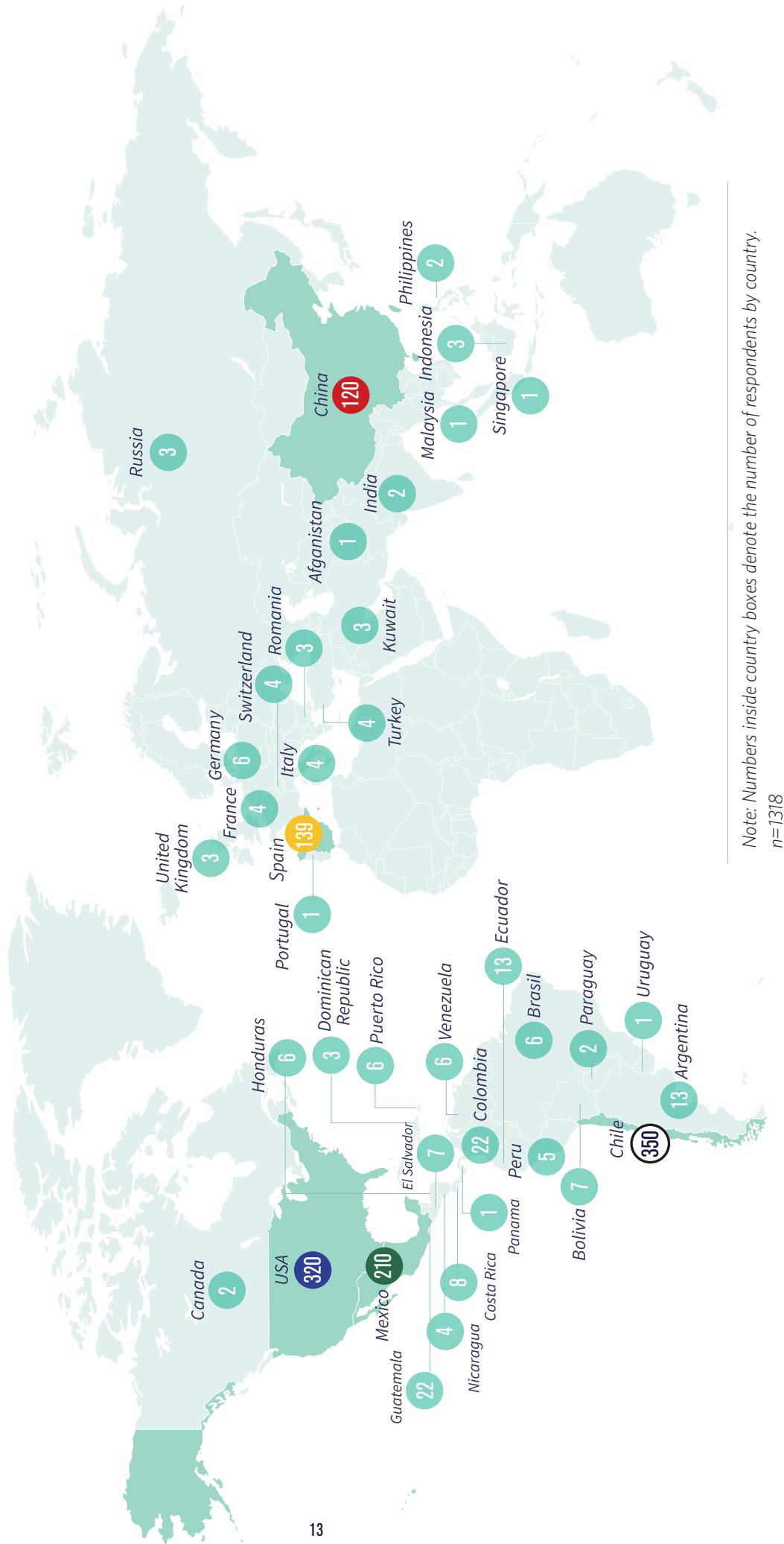
This report is divided in two parts. Part 1 contains a Global Analysis with the 1,318 responses received from all the countries. Part 2 is a Country Analysis, that compares the responses obtained in the main 5 countries under study (1,139 responses), as well as a brief overview of each country and its main findings. In the final chapter, the researchers offer conclusions and recommendations.

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<sup>1</sup>Hong-Kong and Mainland China.

**Figure 1**

In what country is your family business headquartered?



# *Research objectives*

As new generations join their elders as participants in the business world, it is important to understand their perceptions and attitudes towards business and the way in which they are managed. As consumers and employees, younger generations impact the course of business.

In the case of enterprising families, the perceptions and attitudes of new generations also influence their decisions as future owners and potential leaders of their companies. As expressed by John Davis (2014;2), "the interest in preparing the next generation is heightened because their preparation directly affects the family's ability to sustain its economic organization and assets, its broader legacy, its unity and its common identity". For these entrepreneurial families, successful generational transition determines the very survival of the company and its continuity in family hands. The attraction and development of next generations are priority issues for enterprising families.

Through their experience in the field with family enterprise leaders, researchers have identified a concern that next generation family members are showing less interest in involvement in the family enterprise. At the same time, previous research affirms that next generation members who aspire to lead the family business intend to manage it in a different manner than their predecessors (Deloitte, 2016), suggesting potential inter-generational conflict.

This report sheds light on how the entry of new generations affects family enterprises globally. It seeks to explore the perceptions, attitudes and aspirations towards the family business and other joint family activities across different generations, comparing age groups and establishing whether there are differences between them. The aim is an understanding of:

- *The issues to which different generations give importance in their life*
- *The social matters they consider relevant*
- *Their perceptions about the main environmental challenges for their family firms*
- *Their intentions and aspirations in relation to the family enterprise*

In addition to evaluating generational differences, the research also explores differences across countries, genders and those with and without children. Interesting trends are identified related to these variables and hypotheses presented regarding the drivers of differences.

It is important to note that the survey was taken in a period of world crisis due to the COVID-19 pandemic, which could have exerted some influence on interests and perceptions of respondents.

# Fundamental concepts

The family enterprise is understood in a broad operational manner, exceeding the mere scope of the operating company and encompassing any shared assets of family members, including one or more operational companies, family philanthropic vehicles (e.g., family foundation), family office or joint investing activities or projects, and other collaborative work of the family.

In the same line, enterprising or business families are those families that own and control a family enterprise, according to the previous definition. Family members who are currently owners either directly or as beneficiaries are included, as well as family members who are designated to be owners in the future.

It is also important to define the term generational group. According to Ogg and Bonvalet (2006), a generation is a conceptual construct that includes a group of people from the same age cohort who share a set of formative experiences that distinguish them from their predecessors. A central element in defining a generation is the idea that these formative experiences, which shape the attitudes of a particular age group, are exercised collectively by individuals throughout their entire lifetime.

Following Inglehart (1990), each culture adapts to the economic, social, technological and political environments in which it operates. In return, this culture also shapes those environments in a mutual influence. Along these same lines, Barnes (1986) suggests that culture is a set of beliefs and assumptions that a particular social group develops to deal with external problems of adaptation to the environment, and internal problems of endogenous cohesion of the group. In this sense, given changes in the environment, it is presumable that new generations develop beliefs and assumptions different from those of their predecessors, since their experience of the environment is also different.

The social, economic and political changes of post-industrial society have led to the experiences of younger generations differing deeply from previous ones, driven by increasing levels of social and economic well-being, as well as technological and scientific developments. The frequent movement between jobs is the “new normal” (NG, Lyons & Schweitzer, 2018). Younger workers are moving more than previous generations did and this is not only due to layoffs or voluntary departure. Many of them look for new opportunities inside the company. This implies new challenges for retaining talents and in succession planning.

The operational definition of different generations varies among different researchers, so different studies use different ranges of birth dates. Most of them distinguish four generations that currently coexist in the labor market:

- *Classics*: born prior to 1951
- *Baby-boomers*: born between 1951 and 1964
- *Generation X*: born between 1965 and 1979
- *Generation Y or Millennials*: born between 1980 and 1997

Herein the Centennials—born 1998 or later—are also included. The limits of generations are not clear cut and ages are approximations. For the purpose of this study, the comparisons are done between two generational groups: over 40 years old (i.e., older generation) and below 40 years old (i.e., younger generation). This age seems to mark a significant difference between generations that currently lead family firms across the world. Survey data was collected from respondents age 18 and up, with the assumption that those below 20 have typically not thought in earnest about their place in the family enterprise.



PART 1.

*Global  
analysis*



— CHAPTER I —

# *Life perceptions*

# INTERESTS

The good news for members of family firms is that interest in the family enterprise is very high across generation, gender, parental status, and company size -Figure I.1-. Older generations (respondents above age 40) display a slightly higher interest in the family enterprise than younger ones, but both generations express high interest in this domain in general, as aligned with the top-rated interest in family for both generations (4.91 and 4.89) -Figure I.2-. While all results are not reported here, participants were asked to rate a long list of interests including sports, leisure time, education, friends, etc. Family and family enterprise outranked almost all of them.

Women in both older and younger generations express more interest in caring for the environment than their male counterparts -Figure I.3-. Women across generations also display greater interest in philanthropic giving -Figure I.4-. Among men, older-generation members express more interest in philanthropic giving (mean 3.70) than younger members (mean 3.40).

Within the older generation, family members with children express more interest in family enterprise and philanthropic giving than do their peers without children, possibly due to a longer-term view and desire to perpetuate their family legacy to the next generation. These results could have implications for family enterprise philanthropy, including who is more likely to champion and lead such efforts.

As related to company size, while interest in family enterprise is high across levels -Figure I.1-, respondents from larger firms express more interest in philanthropic giving than those from smaller firms -Figure I.4-, whose members display more interest in the environment relative to larger-company peers -Figure I.3-.

**Figure 1.1****How important is your family enterprise in your life?**

Indicate on a scale of 1 to 5 your level of agreement, with 1 being "Strongly disagree" and 5 being "Strongly agree".

Average mean: 4.5

Gen over 40	Gen below 40	Female	Male	Having children	Not having children	Small enterprise	Medium enterprise	Large enterprise
								
Mean 4.57*	Mean 4.35*	Mean 4.43	Mean 4.52	Mean 4.55*	Mean 4.32*	Mean 4.53	Mean 4.59	Mean 4.46

Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

n generations=1318, n gender=1308, n having children or not=1310, n size of enterprise= 1204

**Figure 1.2****How important is your family in your life?**

Indicate on a scale of 1 to 5 your level of agreement, with 1 being "Strongly disagree" and 5 being "Strongly agree".

Average mean: 4.9

Gen over 40	Gen below 40	Female	Male	Having children	Not having children	Small enterprise	Medium enterprise	Large enterprise
								
Mean 4.91	Mean 4.89	Mean 4.95*	Mean 4.89*	Mean 4.92*	Mean 4.86*	Mean 4.90	Mean 4.93	Mean 4.89

Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

n generations=1318, n gender=1308, n having children or not=1310, n size of enterprise= 1204

**Figure 1.3****How important is caring for the environment in your life?**

Indicate on a scale of 1 to 5 your level of agreement, with 1 being "Strongly disagree" and 5 being "Strongly agree".

Average mean: 4.0

Gen over 40	Gen below 40	Female	Male	Having children	Not having children	Small enterprise	Medium enterprise	Large enterprise
								
Mean 4.02	Mean 4.00	Mean 4.13*	Mean 3.96*	Mean 3.96*	Mean 4.12*	Mean 4.25*	Mean 3.98*	Mean 3.79*

Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

n generations=1318, n gender=1308, n having children or not=1310, n size of enterprise= 1204

**Figure 1.4****How important is philanthropic giving in your life?**

Indicate on a scale of 1 to 5 your level of agreement, with 1 being "Strongly disagree" and 5 being "Strongly agree".

Average mean: 3.8

Gen over 40	Gen below 40	Female	Male	Having children	Not having children	Small enterprise	Medium enterprise	Large enterprise
								
Mean 3.75	Mean 3.58	Mean 3.87*	Mean 3.60*	Mean 3.71	Mean 3.63	Mean 3.48*	Mean 3.70	Mean 3.87

Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

n generations=1318, n gender=1308, n having children or not=1310, n size of enterprise= 1204

## 2 UN SUSTAINABLE DEVELOPMENT GOALS

Both generational groups agree that from the list of United Nations Sustainable Development Goals (SDGs), economic growth and provision of productive employment are the most important priorities for their family enterprise (mean rating of 4.3). This finding is not surprising given the expectation that business owners would naturally focus on economic growth and employment. These top priorities are followed by inclusive quality education (4.1) and building resilient infrastructure and fostering innovation (4.1). Older generations also emphasize education and lifelong learning. Of note, the younger generations are less focused on sustainability than might have been expected, given broadly reported trends – Figure 1.5–.

Women are generally more interested in pursuing SDGs than men (4.0 versus 3.9)—among the goals, achieving gender equality represents a notable point of contrast by gender (4.2 versus 3.8) –Figure 1.6–.

**Figure 1.5**

**From the list of United Nations Sustainable Development Goals that have served as a guide to countries and enterprises around the world, could you indicate how important each one is to your company?**

Consider your response on a scale of 1 to 5, with 1 being "Strongly disagree" and 5 being "Strongly agree".

Average mean: 4.0



Note 1: The scale starts at number 3, as no variable had a mean below this number.

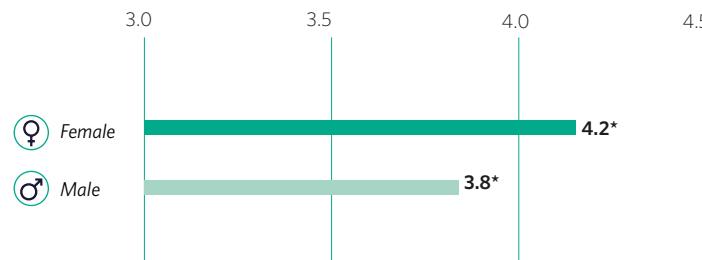
Note 2: no statistical differences.

n=1308

**Figure 1.6**

**From the list of United Nations Sustainable Development Goals that have served as a guide to countries and enterprises around the world, could you indicate how important is achieving gender equality and empowering all women and girls to your company?**

Consider your response on a scale of 1 to 5, with 1 being "Strongly disagree" and 5 being "Strongly agree" (average mean)



Note 1: The scale starts at number 3, as no variable had a mean below this number.

Note 2: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1308

— CHAPTER II —

*Participation in the  
family enterprise or  
family activities*

# 1 IDENTITY IN RELATION TO THE FAMILY ENTERPRISE

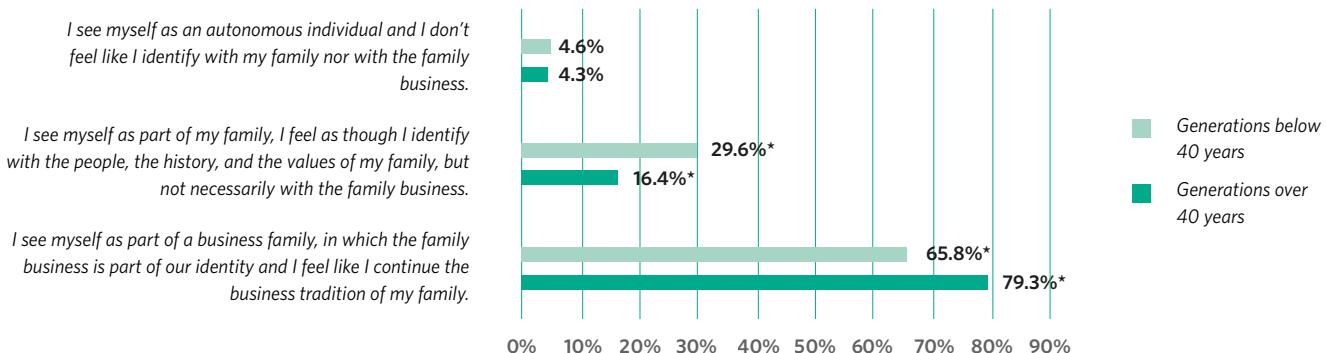
Both the older and younger generations place the greatest emphasis on being part of a business family versus just part of "a family" or being autonomous individuals. But a higher proportion of the older generation endorses this belief than that of the younger segment: 79.3% versus 65.8% -Figure II.1-.

Men tend to feel more part of a business family than women (77.9% versus 66.8%), a difference driven by older-generation respondents, likely because more men have a role in the business. Women feel more attachment to the family than men (28.6% versus 17.9%) -Figure II.2-.

Across generations, parenthood is associated with greater incorporation of being part of a business family into one's identity (79.6% for those with children versus 60.8% for those without) -Figure II.3-, perhaps driven by the increased interest in business family legacy for those with children.

**Figure II.1**

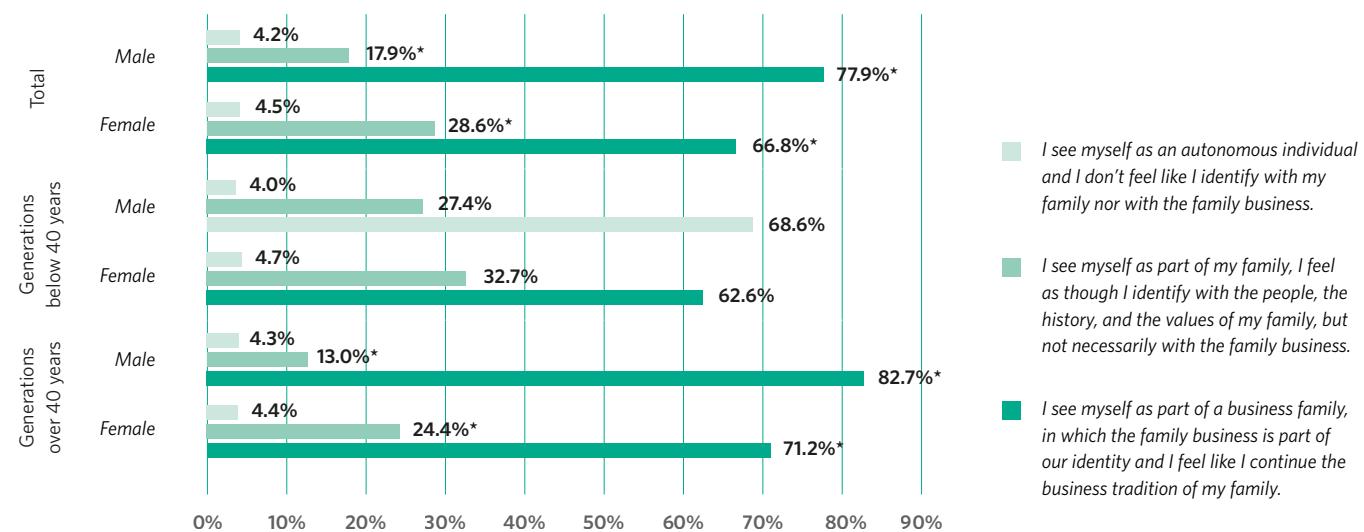
Thinking about your relationship with the family and family enterprise, with which of the following options do you identify most?



Note: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=1318

**Figure II.2**

Thinking about your relationship with the family and family enterprise, with which of the following options do you identify most?

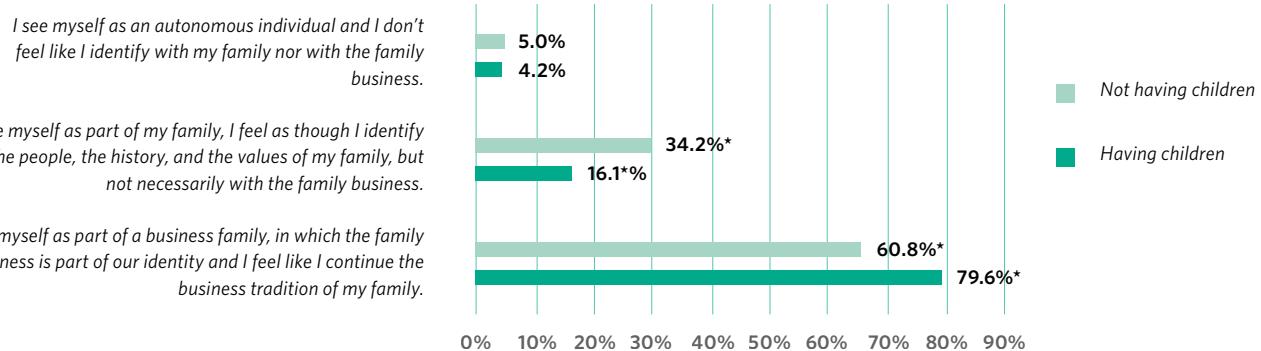


Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.  
Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1295

**Figure II.3.**

**Thinking about your relationship with the family and family enterprise, with which of the following options do you identify most?**



Note: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=1296

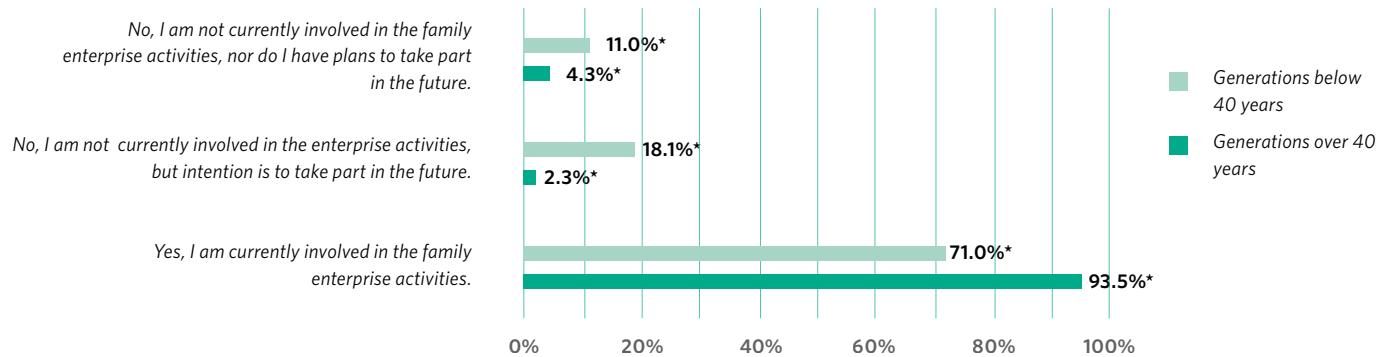
## 2 INVOLVEMENT IN THE FAMILY ENTERPRISE OR FAMILY ACTIVITIES

The majority of respondents reports some involvement in family enterprise activities, likely due to the nature of those who are interested in responding to a survey on family enterprise. Respondents over 40 participate more than those under 40 (93.5% versus 71.0%) -Figure II.4-. Older-generation men are more involved than women, and a meaningful percentage of women in the older (8.3%) and younger (12.5%) generations don't intend to be involved. Overall, more women (10.4%) versus men (5.0%) express no interest in future participation -Figure II.5-.

Respondents with children participate more in the family business than those without (92.4% versus 66.7%), a difference driven by those in the younger generation (87.4% versus 62.6%). Among younger-generation members, those without children (14.8%) are more likely to say they will not participate in the business in the future than those who are parents (3.4%) -Figure II.6-.

**Figure II.4.**

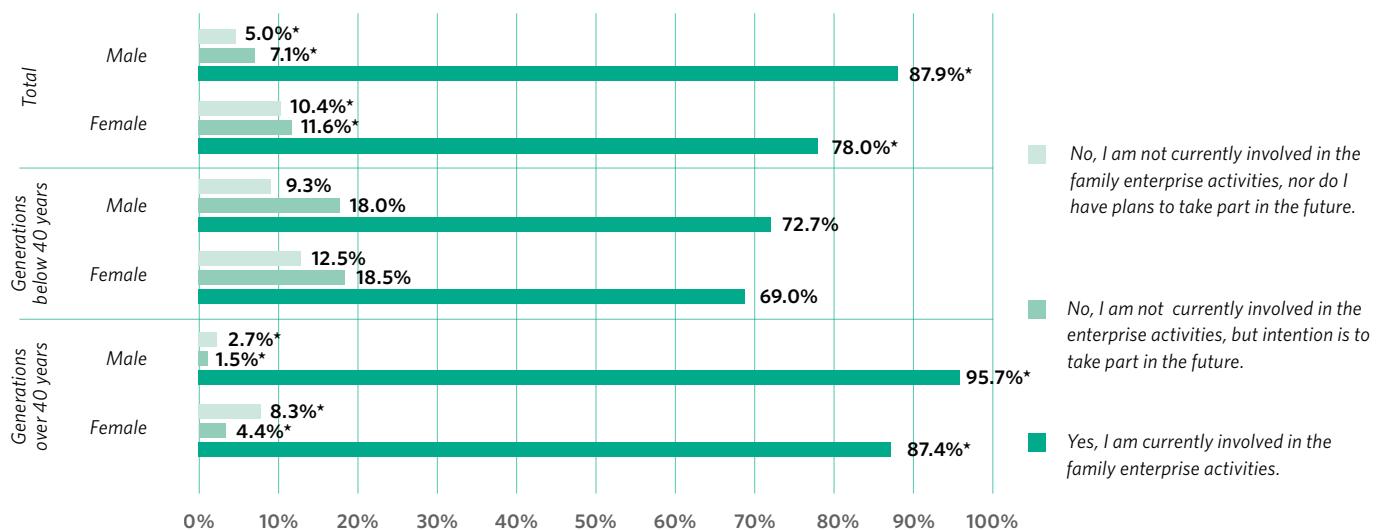
Are you involved in the family enterprise or related family activities?



Note: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=1318

**Figure II.5.**

Are you involved in the family enterprise or related family activities?



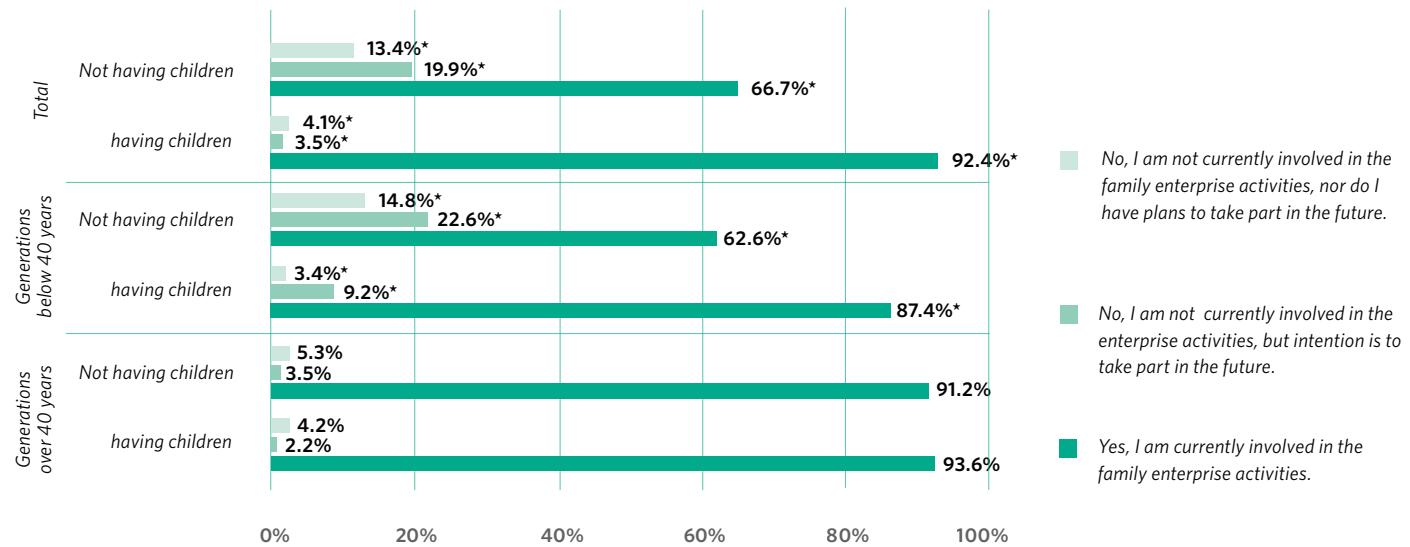
Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1308

**Figure II.6.**

Are you involved in the family enterprise or related family activities?



Note: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=1310

## 3 LEVEL OF INFLUENCE TO MAKE DECISIONS WITHIN THE FAMILY ENTERPRISE

Older generations self-identify as those who currently have the greatest influence on decisions about the family business (mean 4.3).

In both older and younger generational groups, men perceive that they have more influence than women in company decisions (mean 4.5 and 3.4 versus 4.0 and 3.0). Women also perceive themselves to have less influence on company decisions than men (mean 3.5 versus 4.2).

Respondents with children perceive that they have a greater influence on company decisions than those who do not (mean 4.3 versus 3.1), and these differences are given by the generations of less than 40 years (mean 3.9 versus 2.9), with no significant differences in the generations of more than 40 years.

Among those who have children, men perceive that they have more influence than women in the family business (mean 4.4 versus 3.9) -Figure II.7-.

**Figure II.7**

**Thinking about the level of influence to make decisions within the family business, what level of influence do you estimate that you have?**

On a scale of 1 to 5, with 1 being "No influence on decisions within the business" and 5 being "A lot of influence on decisions within the business" (average mean)

	Female Mean: 3.5 	Male Mean: 4.2 	Having children Mean: 4.3* 	Not having children Mean: 3.1* 
Gen over 40  Mean: 4.3*	4.0*	4.5*	4.4	4.2
Gen below 40  Mean: 3.2*	3.0*	3.4*	3.9*	2.9*
Female  Mean: 3.5*	-	-	3.9*	3.0
Male  Mean: 4.2*	-	-	4.4*	3.2

Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1318

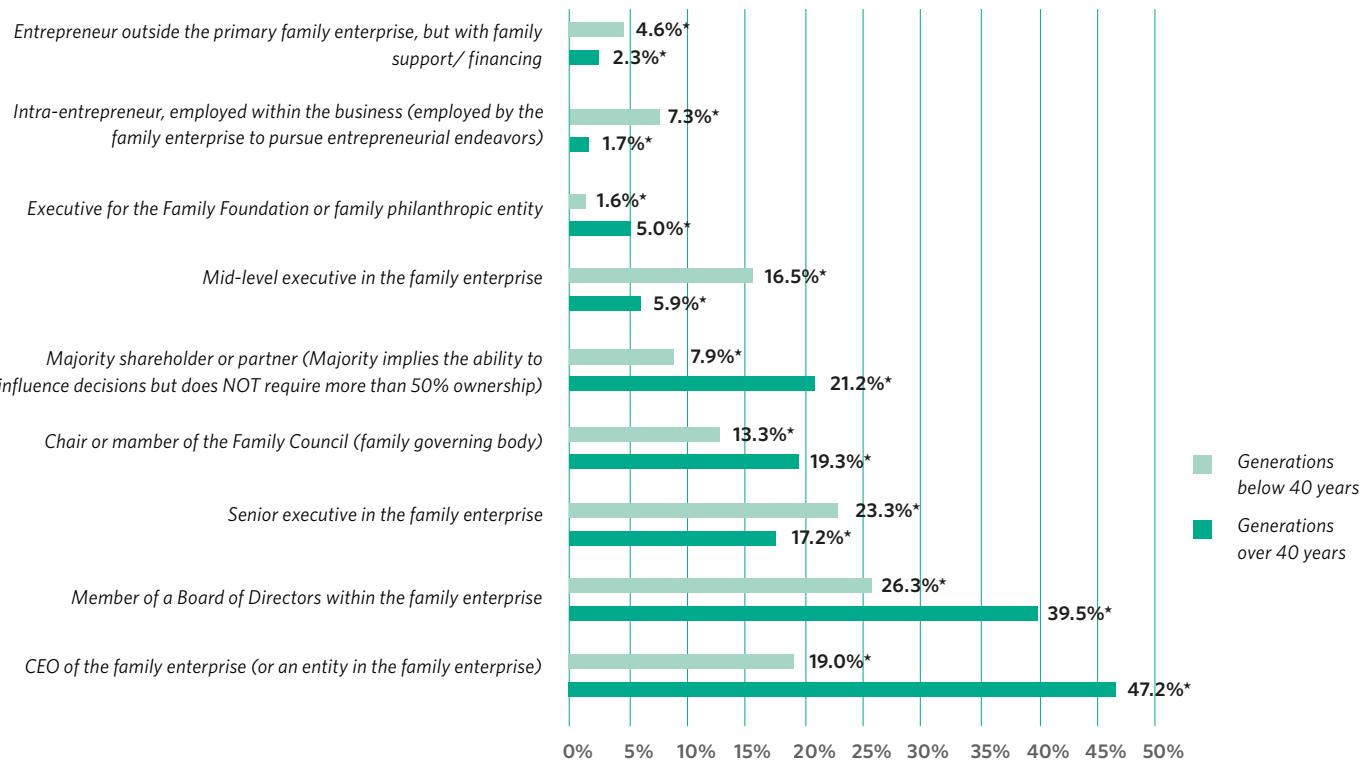
# 4 CURRENT ROLE IN THE FAMILY ENTERPRISE

As would be expected, older-generation members have more senior roles in the enterprise, including as CEOs (47.2%), board members (39.5%) and majority shareholders (21.2%), while younger-generation members are in mid- and lower-level roles, as senior executives (23.3%) and mid-level executives (16.5%) -Figure II.8-.

Men are more likely than women to be CEO (43.4% versus 24.3%) or to be in board roles (37.4% versus 30.4%), but women are more likely to chair the family council (24.0% versus 14.6%). The status of men and women in ownership is different, with women being minority shareholders in a greater proportion than men (25.5% versus 19.1%), and men being majority and decisive shareholders in the family business in a greater proportion than women (18.4% versus 13.4%) -Figure II.9-.

Likely a function of age, respondents with children are more likely than those without children to be CEOs (44.6% versus 17.2%), board members (39.5% versus 22.4%), and majority shareholder roles (19.7% versus 7.5%) -Figure II.10-.

It is important to highlight the low proportion of respondents who are intra-entrepreneurs within the family business (3.6% of the overall sample) as well as entrepreneurs outside the family business (3.0% of the overall sample), highlighting that entrepreneurship within the family enterprise context is key for sustainability and value creation.

**Figure II.8.****What is your current role in the family enterprise?**

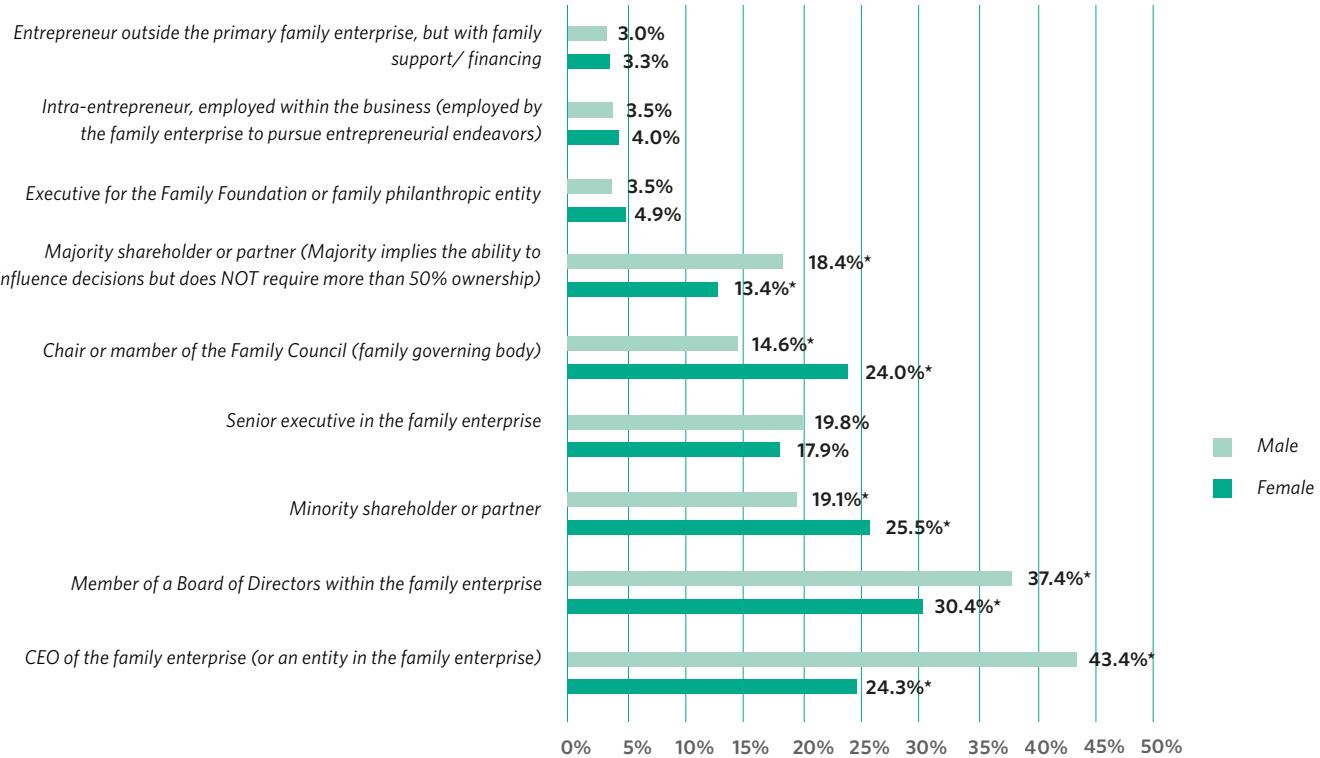
Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.

Note 3: Only the most relevant results have been shown, excluding some minor response categories.

Note 4: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1115

**Figure II.9.****What is your current role in the family enterprise?**

Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.

Note 2: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 3: The percentages add up to more than 100% because it is a multiple-choice question.

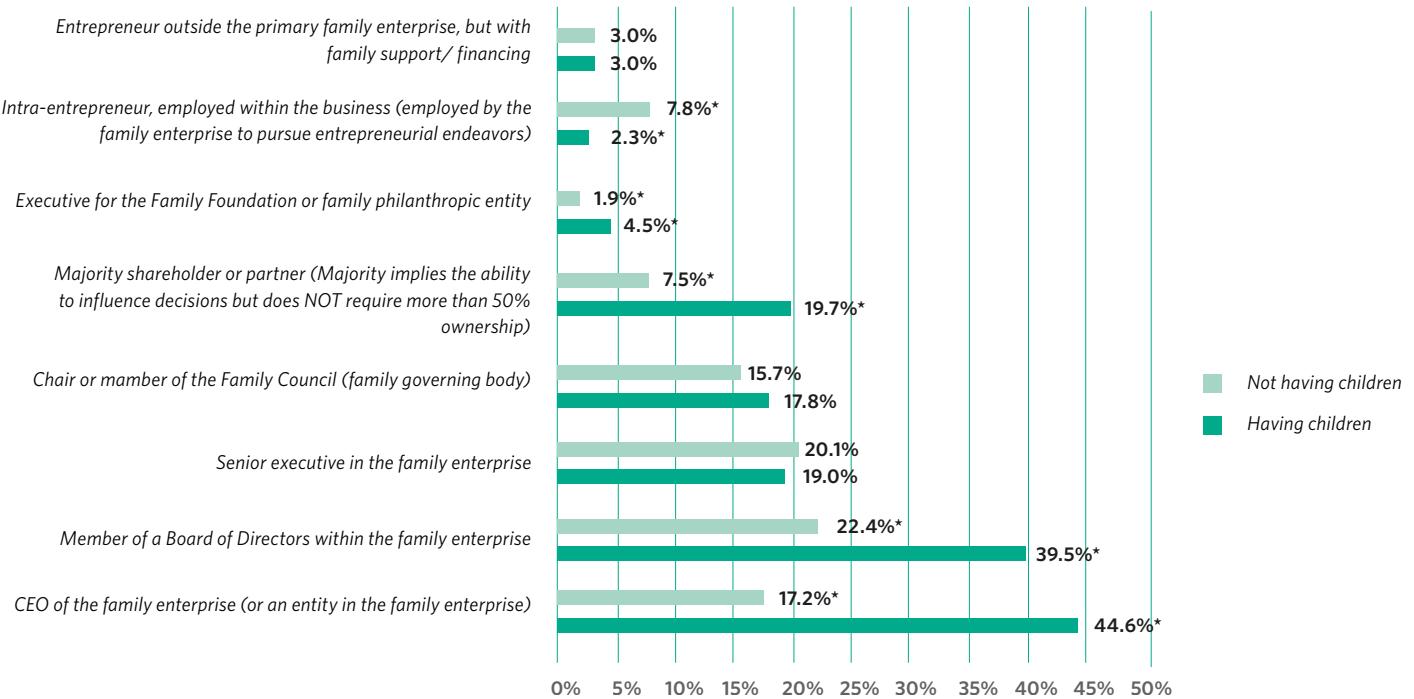
Note 4: Only the most relevant results have been shown, excluding some minor response categories.

Note 5: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1108

**Figure II.10.**

**What is your current role in the family enterprise?**



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.

Note 3: Only the most relevant results have been shown, excluding some minor response categories.

Note 4: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1107



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CHAPTER III

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# *Perceptions of the family business*

# 1 PERCEPTION OF CHANGES NEEDED IN THE BUSINESS

In general, respondents across both generational groups strongly value non-economic goals beyond economic ones, with a desire to focus on a broader purpose (mean rating of 4.0 out of 5.0) and sustainability strategy (also 4.0 rating). Respondents also perceive that their businesses need to promote digital transformation (mean value 4.0) and require greater professionalization (mean value 3.9), though there is overall confidence about current business strategy (mean value 2.6 for lack of confidence in strategy).

Comparing generations, younger family enterprise members see greater need for change with regard to business professionalization (4.1 versus 3.8), sustainability (4.1 versus 3.9), and digital transformation (4.2 versus 3.9). These differences between generations are likely to be expected, as they align with broader intergenerational trends – Figure III.1-.

Interestingly, respondents without children see more need for change in multiple areas including strategy (2.9 versus 2.5), professionalization (4.1 versus 3.8), sustainability (4.1 versus 3.9), and digital transformation (4.2 versus 3.9) than parents do – Figure III.2-. This may suggest that parents within the enterprise are more conservative overall, in line with a long-term view and greater sense of stewardship, and that parents may question changes proposed by the next generation. The potential lack of alignment around enterprise needs between generations could be a source of conflict and warrants ongoing dialogue among members.

**Figure III.1.**

**Thinking about your family's main business or enterprise, how much do you agree or disagree with the following statements?**

For each statement, indicate on a scale of 1 to 5 your level of agreement, with 1 being "Strongly disagree" and 5 being "Strongly agree" (average mean)



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

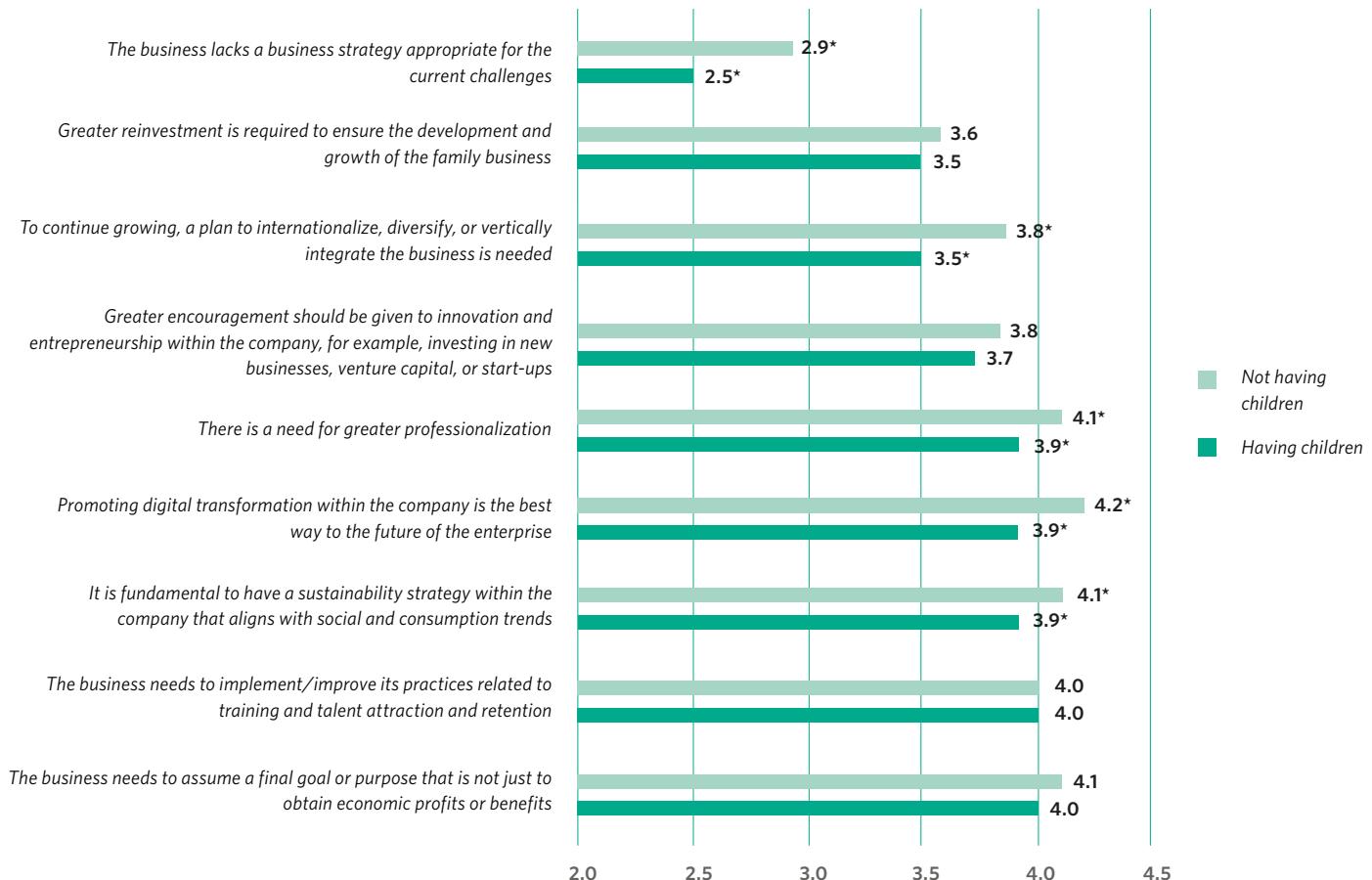
Note 2: The scale starts at number 2, as no variable had a mean below this number.

Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=1227

**Figure III.2.**

**Thinking about your family's main business or enterprise, how much do you agree or disagree with the following statements?**

For each statement, indicate on a scale of 1 to 5 your level of agreement, with 1 being "Strongly disagree" and 5 being "Strongly agree" (average mean)



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The scale starts at number 2, as no variable had a mean below this number.

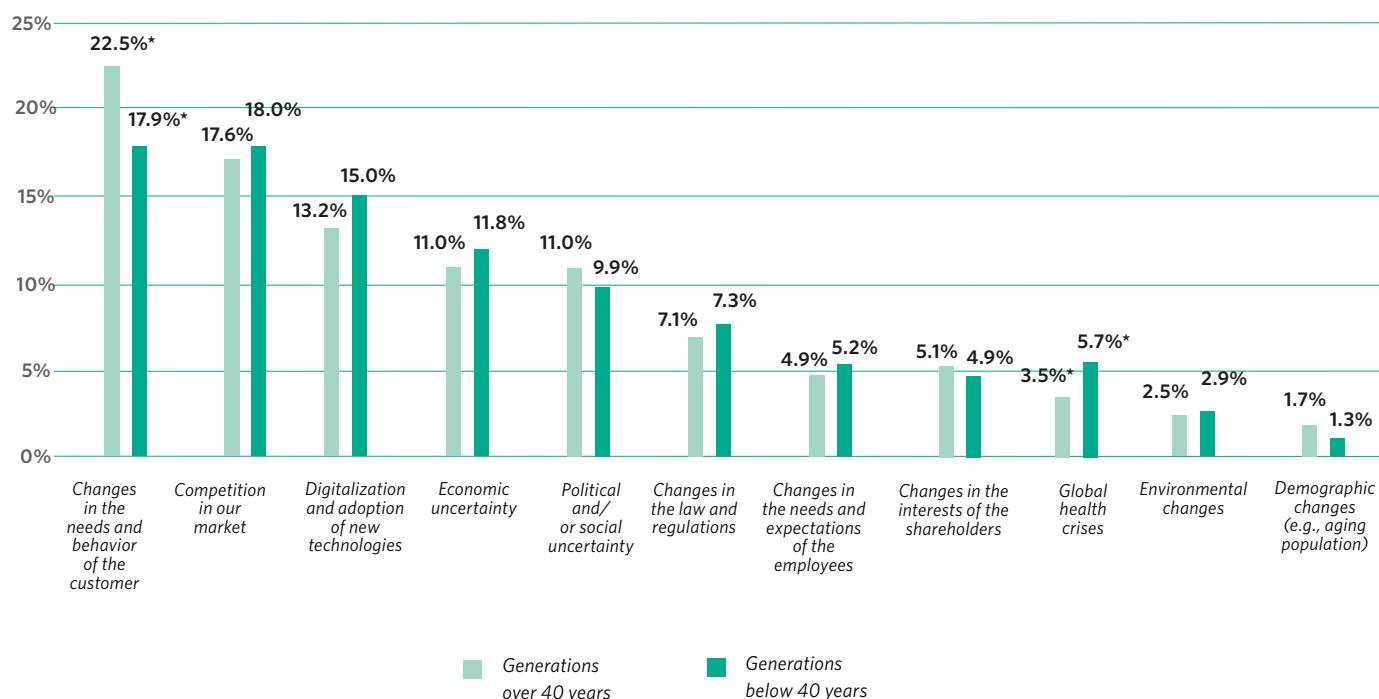
Note3: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=1219

# 2 DRIVERS OF CHANGE TO THE ENTERPRISE

With regard to perceived drivers of change for the family business, older-generation members pointed to changes in customer needs more than younger counterparts did (22.5% versus 17.9%) - Figure III.3-, a trend also observed for family enterprise members with children versus those without (22.3% versus 16.6%) -Figure III.4-.

**Figure III.3.**

In today's rapidly changing, uncertain environment, which do you think are currently the 3 biggest drivers of change for your family business?



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

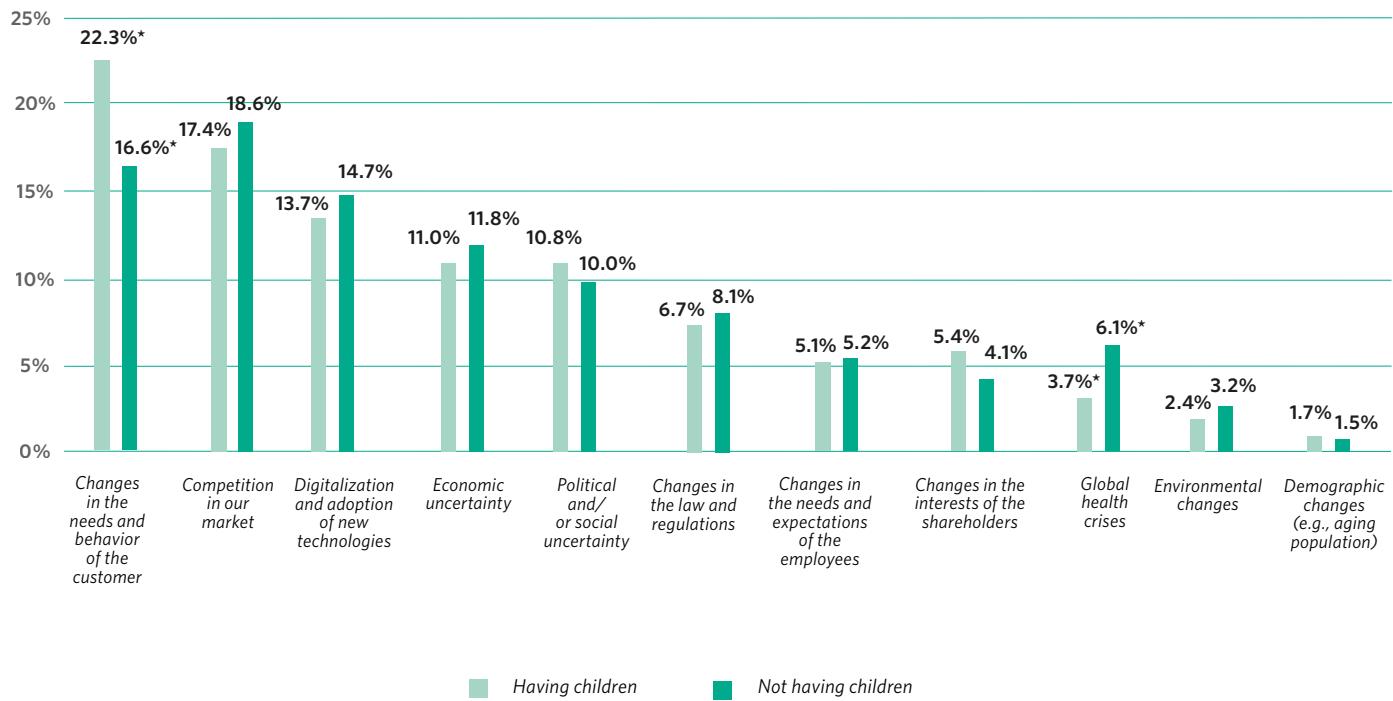
Note 2: Percentages assigned to drivers of change by each group of generations (over and below 40 years) add up to more than 100% because it is a multiple-choice question.

Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1227

**Figure III.4.**

In today's rapidly changing, uncertain environment, which do you think are currently the 3 biggest drivers of change for your family business?



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: Percentages assigned to drivers of change by each group of generations (over and below 40 years) add up to more than 100% because it is a multiple-choice question.

Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).

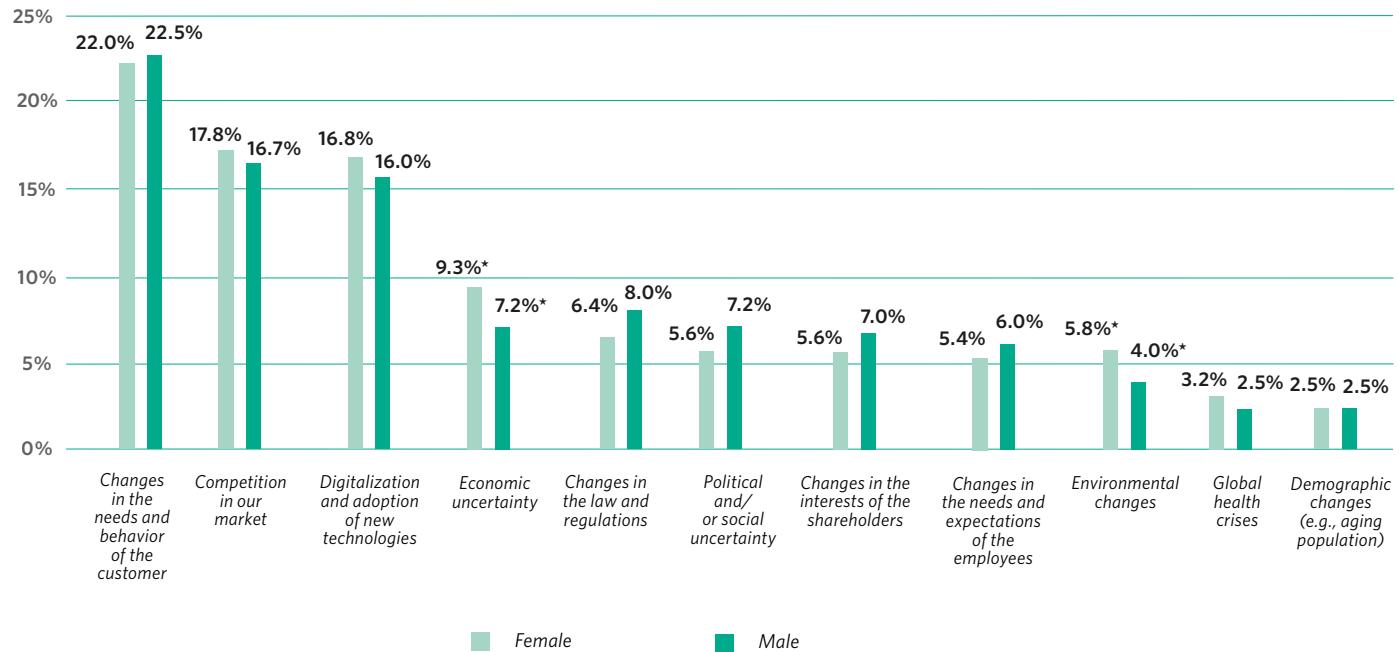
n=1219

# 3 FUTURE CHALLENGES FOR THE FAMILY BUSINESS

The perceptions of current and near-term (next 5 years) concerns for the business are broadly similar across both generational groups, as described in the previous section. The top three challenges perceived over the next five years remained changes in customer needs, competition, and digitalization and adoption of new technologies. Of note, women focus more on challenges related to environmental issues than men (5.8% versus 4.0%) -Figure III.5-.

**Figure III.5.**

In today's rapidly changing, uncertain environment, which do you think are the 3 biggest drivers of change for your family business within the next 5 years?



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: Percentages assigned to drivers of change by each gender add up to more than 100% because it is a multiple-choice question.

Note 3: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 4: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1220



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CHAPTER IV

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*Developing  
successors*

# 1 DESIRED ROLE IN THE FAMILY ENTERPRISE

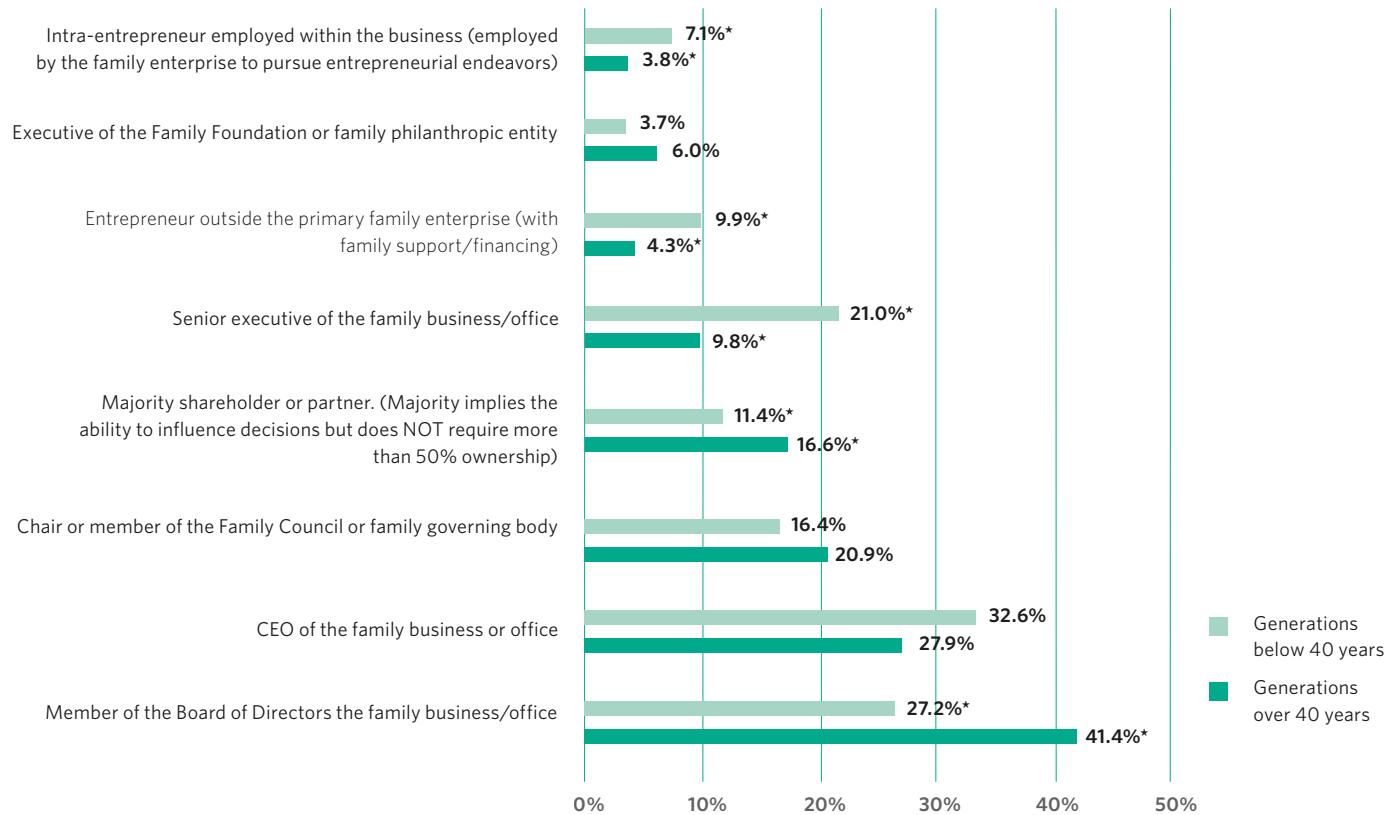
The results in this section, overall, suggest that younger generations are very interested in future leadership roles (five years from now) related to family business operations and governance, with less interest in family council roles. This may reflect the wider career interests of those still early in their professional lives. For example, younger-generation members express more interest in senior executive roles compared to older members (21.0% versus 9.8%). Older generations endorsed more interest in governance roles compared to younger generations (41.4% versus 27.2% for interest in board membership). The older cohort may already occupy operating roles or are no longer interested in such given their life-stage – Figures IV.1 & IV.2 -. This may also reflect a lack of awareness and/or knowledge in younger generations of the relevance of family governance for the continuity of the family enterprise. Regardless, it poses a challenge both in ensuring a next generation voice in family governance and in the succession process in these roles.

As far as gender, men within the enterprise show more interest than women in highest-level operating and governance roles. For example, 32.1% of men versus 24.1% of women are interested in the CEO role. 39.1% versus 29.6% are interested in board membership, respectively. Women show greater interest than men in family council (23.5% versus 17.5%, driven by younger women) and foundation executive (7.7% versus 4.0%) roles – Figure IV.2.

Parenthood is a factor of influence on desired roles as well. Those without children have a higher interest in senior executive roles than parents do (19.0% versus 11.9%, driven by older-generation respondents), while parents preferred board (40.8% versus 24.7%) roles, a difference potentially related to greater desire for stewardship (and less time to take on new operating roles) among those with children – Figure IV.3-. Along those lines, among parents, women were less likely to be interested in the CEO role than men: 23.9% versus 32.0%.

**Figure IV.1.**

**Thinking about the future, what role would you like to have within the family enterprise in the next 5 years?**

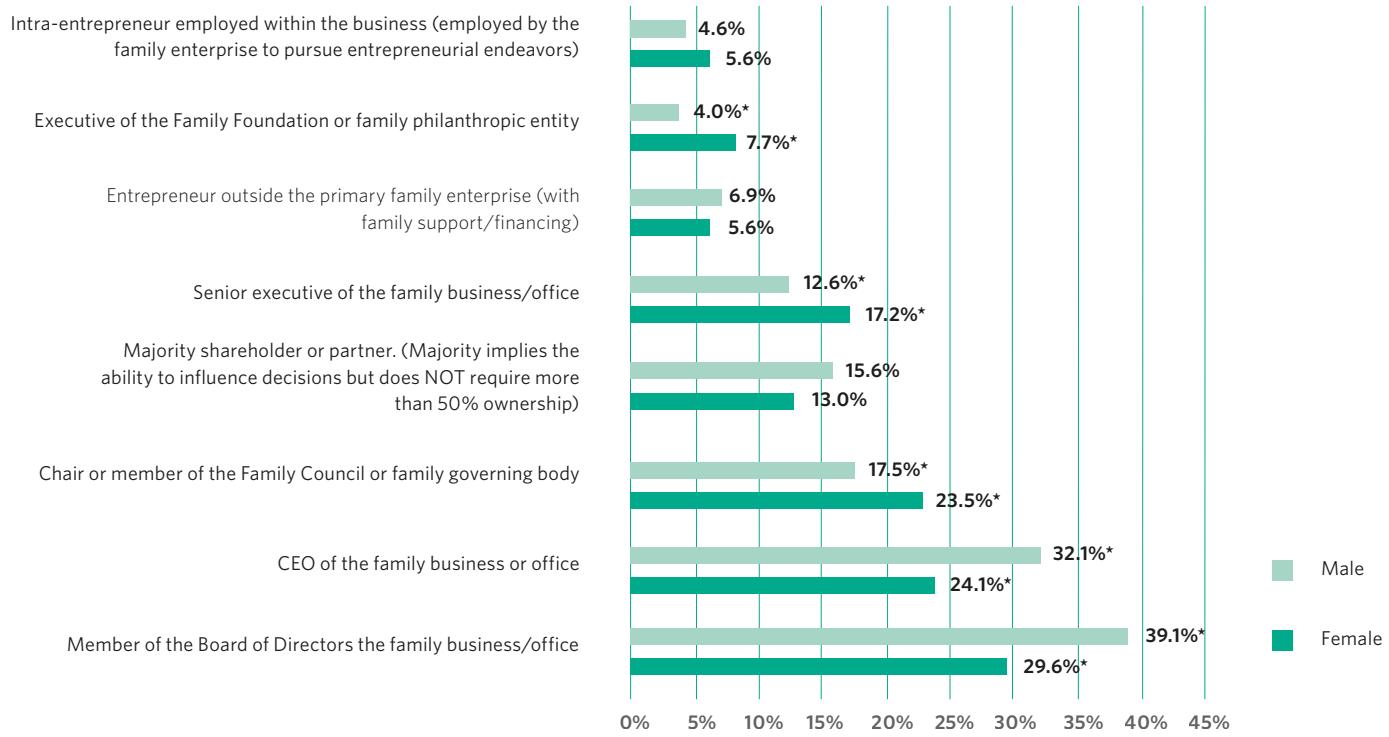


Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=1227

**Figure IV.2.**

**Thinking about the future, what role would you like to have within the family enterprise in the next 5 years?**



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

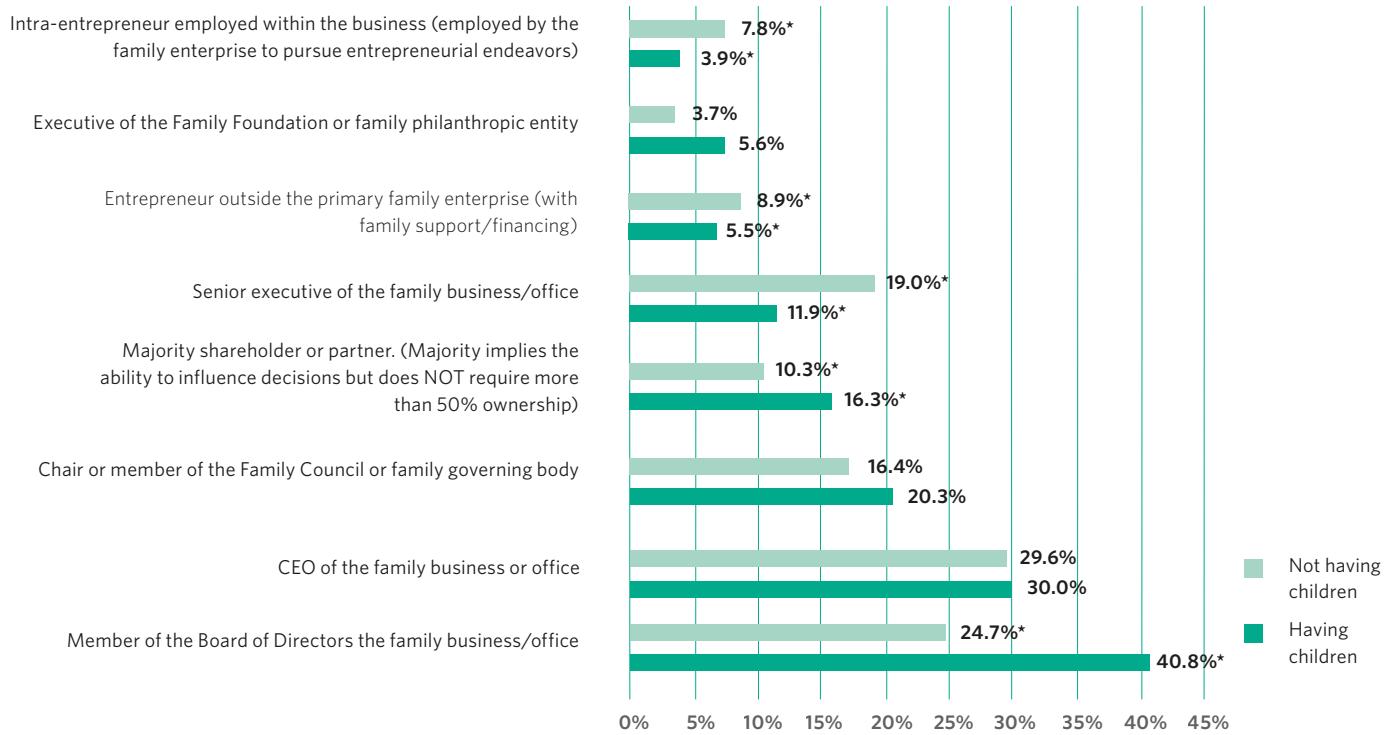
Note 2: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note3: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1220

**Figure IV. 3.**

**Thinking about the future, what role would you like to have within the family enterprise in the next 5 years?**



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=1219

## 2 PREPARING TO ACHIEVE A ROLE IN THE FAMILY ENTERPRISE

Among respondents already in family enterprise roles or aiming to take one in the future, the majority across both generational groups (84.3%) said they were preparing for their envisioned future role. More women than men said they were preparing for target roles, though large proportions of both genders across generations endorsed preparation: 87.2% of men and 79.2% of women- Figure IV.4-.

As might be expected, a greater proportion of younger-generation men said they were preparing for future roles than their older counterparts (91.6% versus 85.0%). Similarly, more respondents without children endorsed preparation than parents did (88.5% versus 82.5%), though the proportions of both groups agreeing with this were high, and more granular results suggested women drove this disparity.

Among parents, men were more focused on preparation than women (84.9% versus 74.3%), but there was no difference between women and men without children.

**Figure IV.4**

**Are you preparing to achieve the role(s) you would like to have in the family business in 5 more years? "Yes".**  
Percentage average: 84,3%

Gen over 40	Gen below 40	Female	Male	Having children	Not having children

82.5%	87.0%	79.2%*	87.2%*	82.5*	88.5*
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Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.  
*n* generations=1227, *n* gender=1220, *n* having children or not=1219

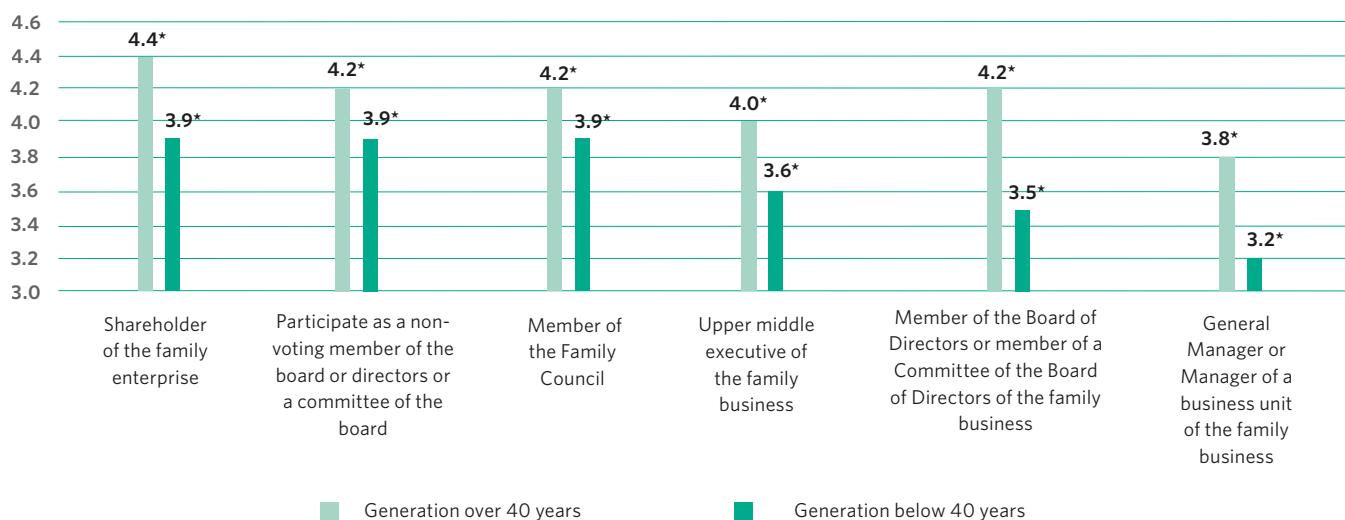
# 3 PREPARING TO ASSUME GREATER RESPONSIBILITIES IN THE FUTURE

Older-generation members express feeling more prepared to assume greater responsibilities in the future than their younger counterparts. This applies to roles across the board ranging from General Manager to Shareholder to Family Council Member – Figure IV.5 –. Overall, men feel more prepared than women for greater responsibilities within the family business–Figure IV.6–. Respondents from both genders generally feel more prepared for roles like Shareholder (mean rating 4.2) and Family Council Member (4.0) than CEO or General Manager (3.5).

**Figure IV.5.**

**In the future, faced with the possibility of assuming greater responsibilities within the family business, how prepared would you feel to assume as...?**

Consider your response on a scale of 1 to 5, where 1 is “Not at all prepared” and 5 is “Very prepared” (average mean)



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The scale starts at number 3, as no variable had a mean below this number.

Note 3: This question excludes “I already have this role in the company” and “I don’t know”.

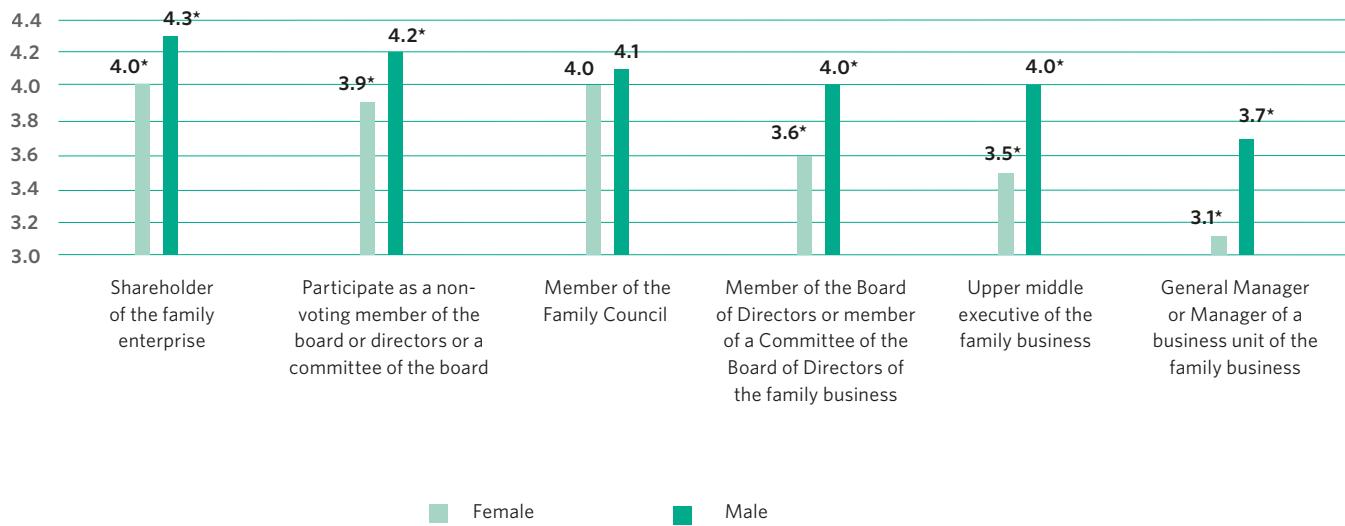
Note 4: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1227

**Figure IV.6.**

**In the future, faced with the possibility of assuming greater responsibilities within the family business, how prepared would you feel to assume as...?**

Consider your response on a scale of 1 to 5, where 1 is "Not at all prepared" and 5 is "Very prepared" (average mean)



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The scale starts at number 3, as no variable had a mean below this number.

Note 3: This question excludes "I already have this role in the company" and "Don't know".

Note 4: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 5: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1220

# 4 DEVELOPMENT NEEDS FOR YOUNGER GENERATIONS

## *4.1 Approaches to adding more value to the family enterprise*

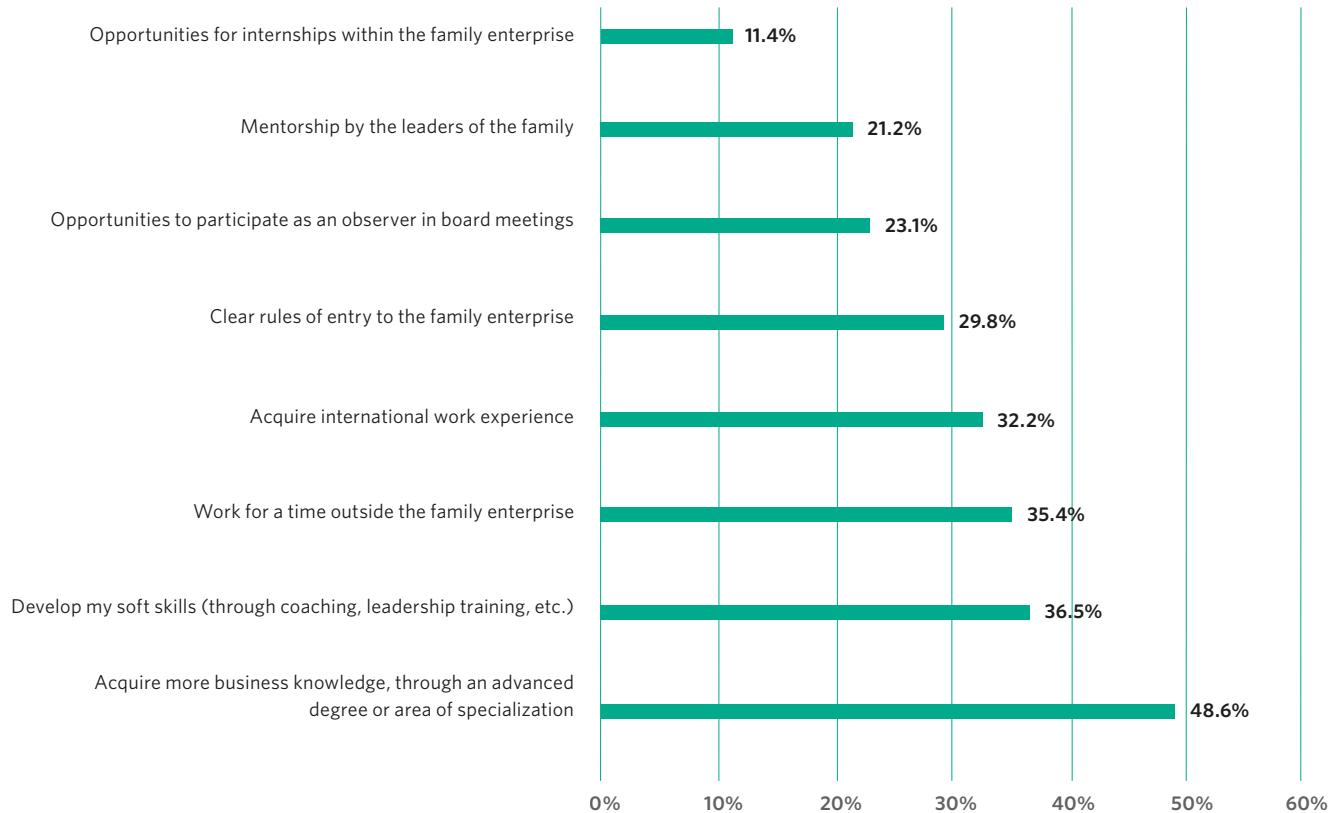
When asked about what they need for development, those under 40 already involved in the enterprise or intending to be emphasized earning an advanced degree to gain business knowledge (48.6%), improving soft skills (36.5%), and working outside the enterprise (35.4%) -Figure IV.7-.

Women in the younger cohorts are more interested than men in taking board observer roles as a route to development (29.1% versus 19.1%), and men express more interest in international experience (36.0% versus 27.0%). This disparity is potentially explained by the required level of time commitment and life disruption-Figure IV.8-. Those without children emphasize working outside the business (41.2% versus 25.6%), earning an advanced degree (52.0% versus 42.3%), and sitting in as a board observer (26.5% versus 17.3%) more than parents do. This could be a consequence of the time commitment those activities require. In line with this, men with children are less interested in working outside the business than those who are not parents. Those with children want clearer rules of entry to the enterprise than non-parents do, likely driven by a desire to create a smoother path for their children (39.3% versus 24.5%) - Figure IV.9-.

**Figure IV.7.**

**Moving on to another topic, which would help you develop and consequently add more value to family business?**

Please select a maximum of 3 actions that you consider would have the greatest impact on the development of the next generations:



Note 1: This question was answered only by respondents under 40 that are involved in the family enterprise or related family activities or have the intention to take part in the future.

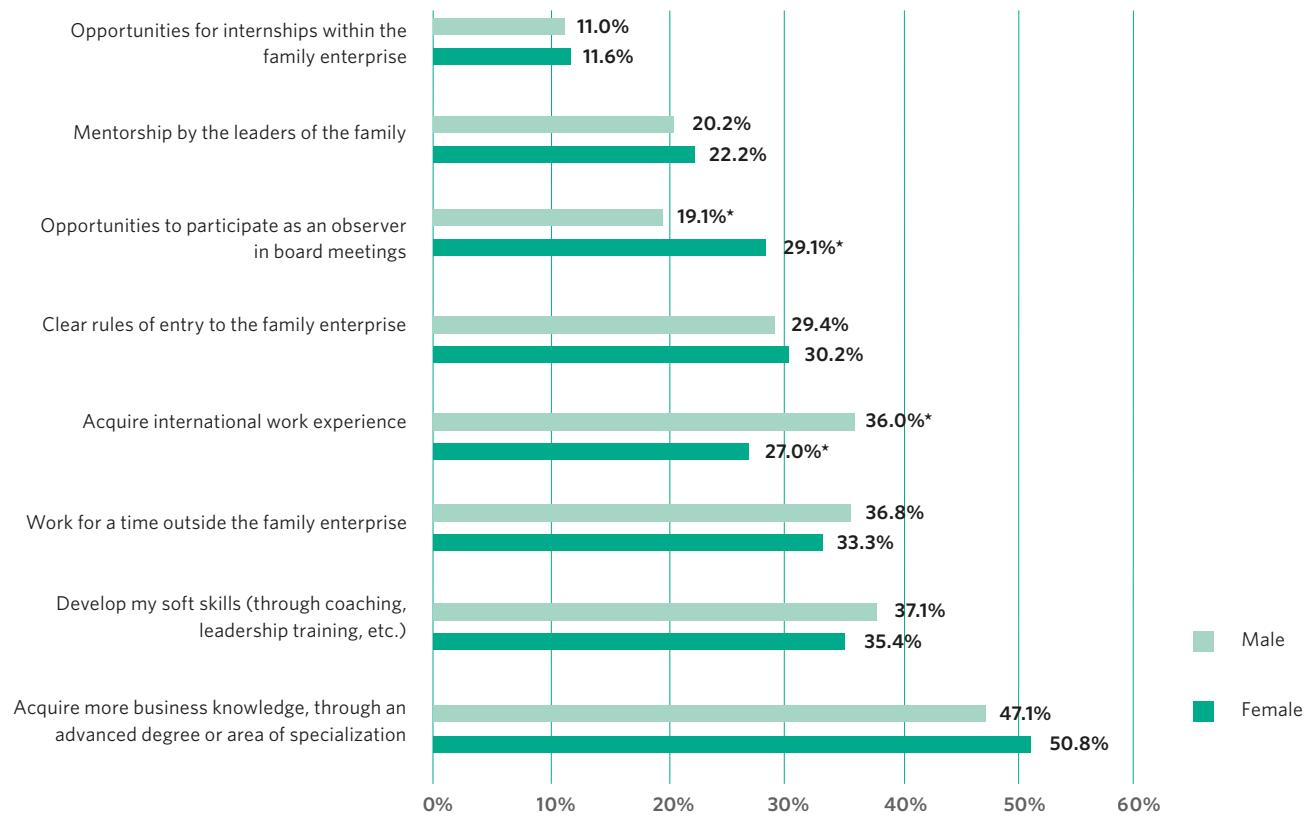
Note 2: The percentages add up to more than 100% because it is a multiple-choice question.

n=463

**Figure IV.8.**

**Which would help you develop and consequently add more value to family business?**

Please select a maximum of 3 actions that you consider would have the greatest impact on the development of the next generations:



Note 1: This question was answered only by respondents under 40 that are involved in the family enterprise or related family activities or have the intention to take part in the future.

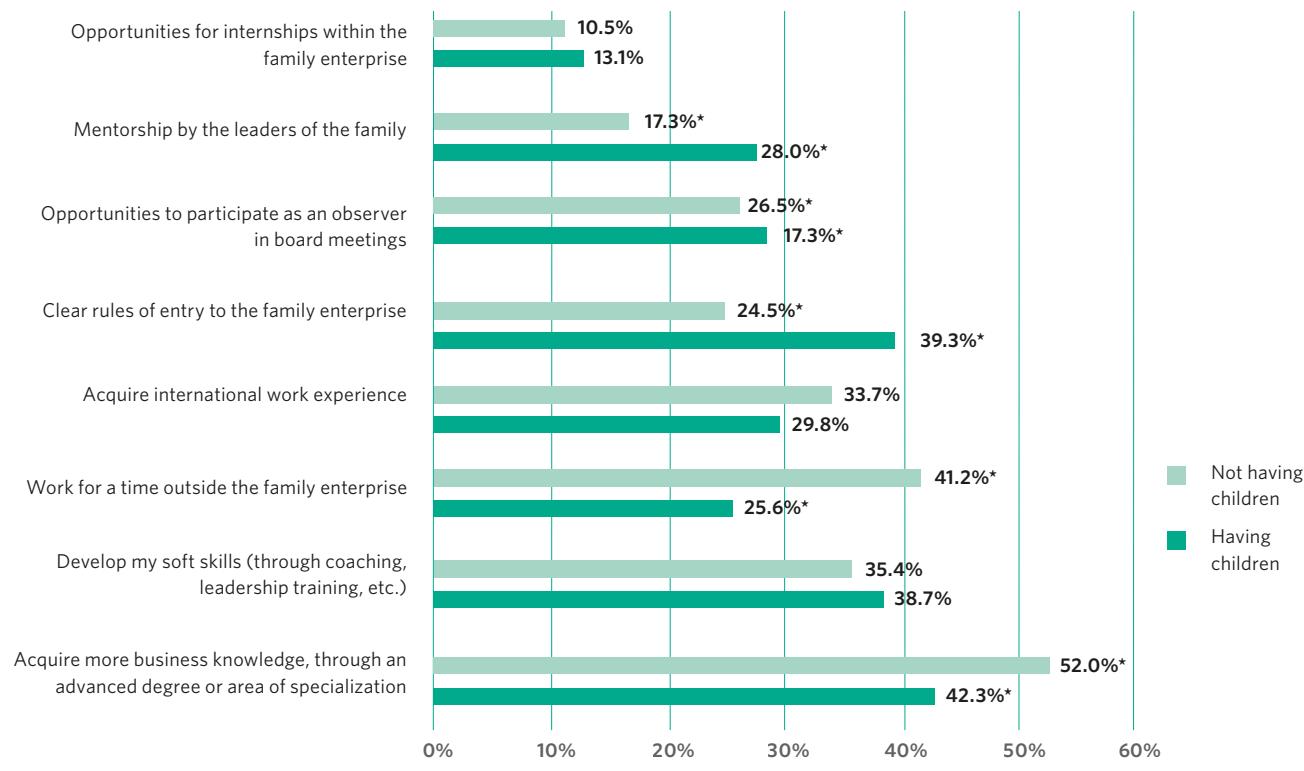
Note 2: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 3: The percentages add up to more than 100% because it is a multiple-choice question.

Note 4: \* confidence level of 95% (which represents a statistical significance of 0.05)  
n=461

**Figure IV.9.****Which would help you develop and consequently add more value to family business?**

Please select a maximum of 3 actions that you consider would have the greatest impact on the development of the next generations:



Note 1: This question was answered only by respondents under 40 that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.

Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=462

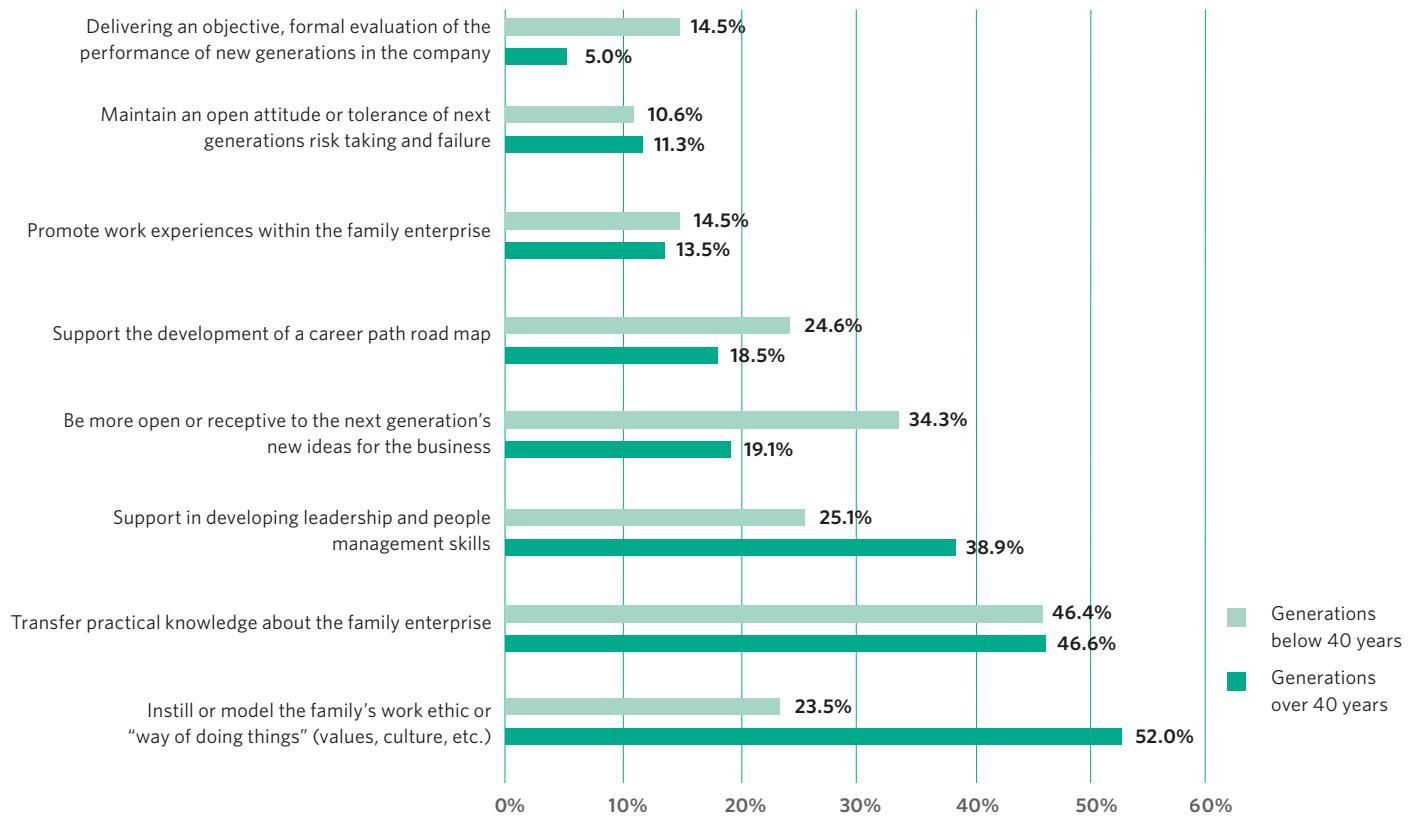
## 4.2 The role of the older generation in promoting personal development

The younger generation agrees with the older generation about the importance of gaining practical knowledge, but is much less focused on learning the organization's way of doing things from their elders: over 50% of older-generation respondents pointed to this need, compared to only 24% of the younger segment. This may suggest the younger generations' desire for greater change within the organization instead of a focus on current ways of working.

In order of priority, younger generations believe that older generations can provide these resources to aid in their development: transfer of practical knowledge about the enterprise (46.4%), a more open and receptive attitude to new ideas for the business (34.3%), helping them to develop their leadership and skills (25.1%), and helping them to develop a career with a path road map (24.6%) -Figure IV.10-. There is misalignment between generations on receptivity to new ideas and developing career paths, suggesting a need for intergenerational dialogue on collaboration between the generations in order to develop future leaders.

**Figure IV.10.**

**Which of the following actions should the senior generation take to promote the personal development as executives and/or future shareholders?**



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.  
n=1227



PART 2.

*Analysis by  
country*



— CHAPTER V —

*Comparative  
analysis between  
countries*

## LIFE PERCEPTIONS

# 1 INTERESTS

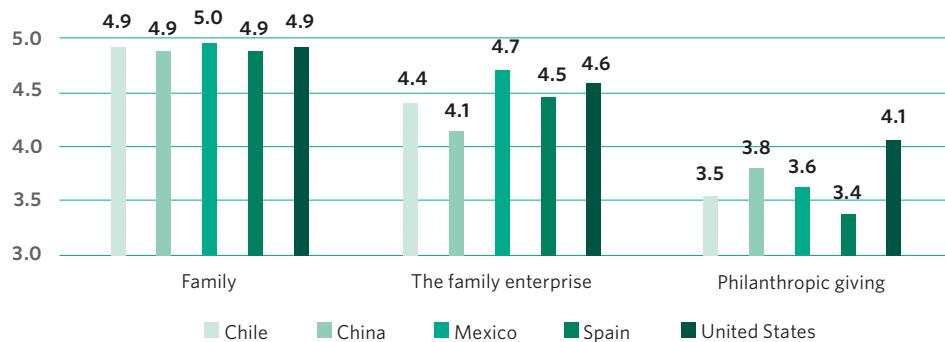
### The Family

Of all the factors evaluated with respect to importance to respondents, the family ranked as highest (average mean 4.9), an encouraging finding for enterprising families who desire to stick together. Importance of the family enterprise is also high across the board, while philanthropic giving is highest in US -Figure V.1-.

**Figure V.1**

**For each of the terms that appear below, could you indicate how important each one is to you in your life?**

Consider your response on a scale of 1 to 5, with 1 being "Not important" and 5 being "Very important" (average mean)



Note: The scale starts at number 2, as no variable had a mean below this number.  
n= 1139

### The Family Enterprise

Importance of family enterprise is quite high across the board, but slightly lower in China and slightly higher in Mexico. The slight difference in China is driven by respondents over 40 years old (average mean 4.2) in comparison to other countries. Chile shows differences between respondents over and under 40, where the interest is higher in those over 40. Mexico shows a higher interest driven by the generations under 40 years old in comparison to other countries -Figure V.2-.

In terms of gender, women in Mexico (rating of 4.7) and the US (4.6) view the family enterprise as more important than fellow women in most other countries, and men in China are less interested in family enterprise than peers in most other countries. This is driven by the more senior respondents in China who give more priority to family than the business -Figure V.3-.

Finally, in Mexico and Chile, parents feel that the family enterprise is more important than those without children-Figure V.4-.

**Figure V.2, V3, V4**

**Could you indicate how important is The family enterprise to you in your life**

Consider your response on a scale of 1 to 5, with 1 being "Not important" and 5 being "Very important" (average mean)

Figure V.2. By generation

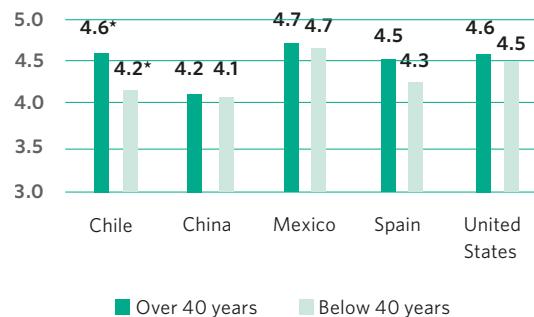


Figure V.3. By gender

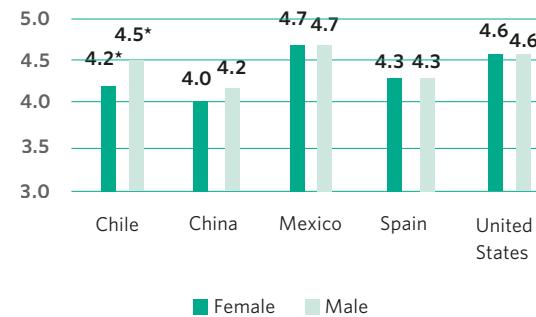
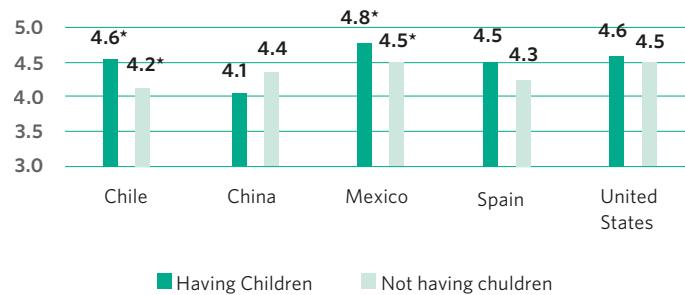


Figure V.4. By having children or not



Note 1: The scale starts at number 3, as no variable had a mean below this number.

Note 2: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).

n generation= 1139, n gender= 1132, n having children or not = 1132

## Philanthropic Giving

Importance of philanthropic giving is highest in the US and lowest in Spain among the countries represented in the study (US mean 4.1, China 3.9, Spain 3.4 and average mean 3.7).

Differences in philanthropic giving are likely highly affected by cultural, legal and tax contexts in each country. It is interesting to note that larger companies are more prone to philanthropic giving since they may have more giving capacity, especially in the case of US and Chinese companies which

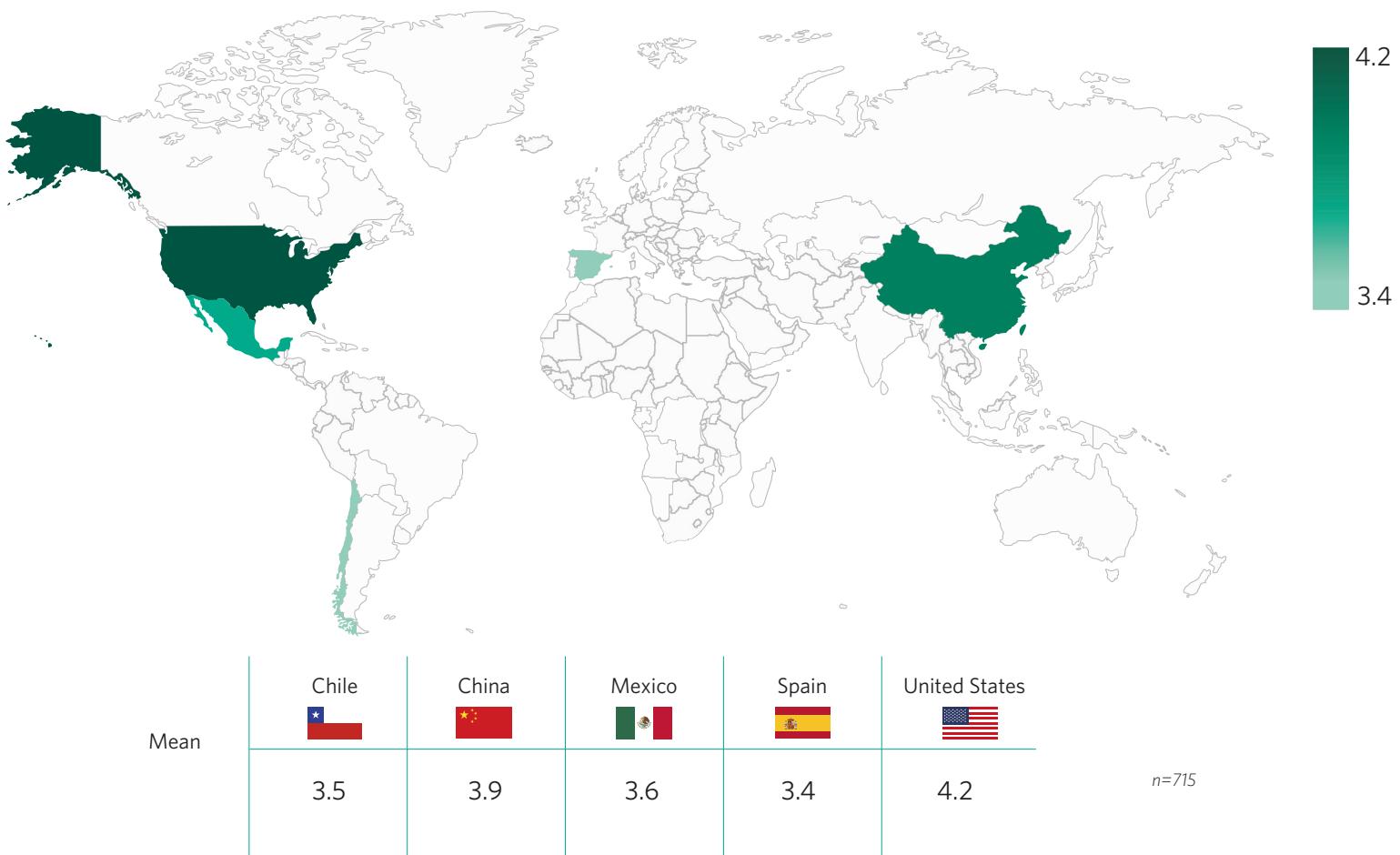
tend to be larger in the sample than companies in other countries. See Figure "Size of company" on page 100 (Research Methodology section).

The difference between countries is driven by generations over 40 years old and fades away in the generations below 40 years old -Figure V.5-.

**Figure V.5**

**Could you indicate how important is Philanthropic giving to you in your life?**

Consider your response on a scale of 1 to 5, with 1 being "Not important" and 5 being "Very important" (average mean)



# 2 UN SUSTAINABLE DEVELOPMENT GOALS

Across the board, Mexico has the highest average score (4.4) across the 17 UN Sustainable Development Goals, while the US has the lowest (3.3). Respondents from Mexico and Chile also perceive the highest importance for goals including those related to eliminating poverty and ensuring inclusive education and economic growth. Spain and Mexico show a highest interest in achieving gender equality and combating climate change and its effects.

US-based participants express lower interest in SDGs overall than Spanish, Latin American and China peers-Figure V.6-.

While Mexico ranks highest across the board, areas of most significant interest for Mexico-based respondents are:

**Promotion of sustained and inclusive sustainable economic growth**, as well as decent work for all, (average mean 4.7).

**Ensuring a healthy life and promoting well-being** (average mean 4.5).

**Achieving gender equality and empowering women** comes from countries like Mexico and Spain (average mean 4.5 and 4.2).

US and China-based respondents show similarities in areas where their scores are lower than other countries including:

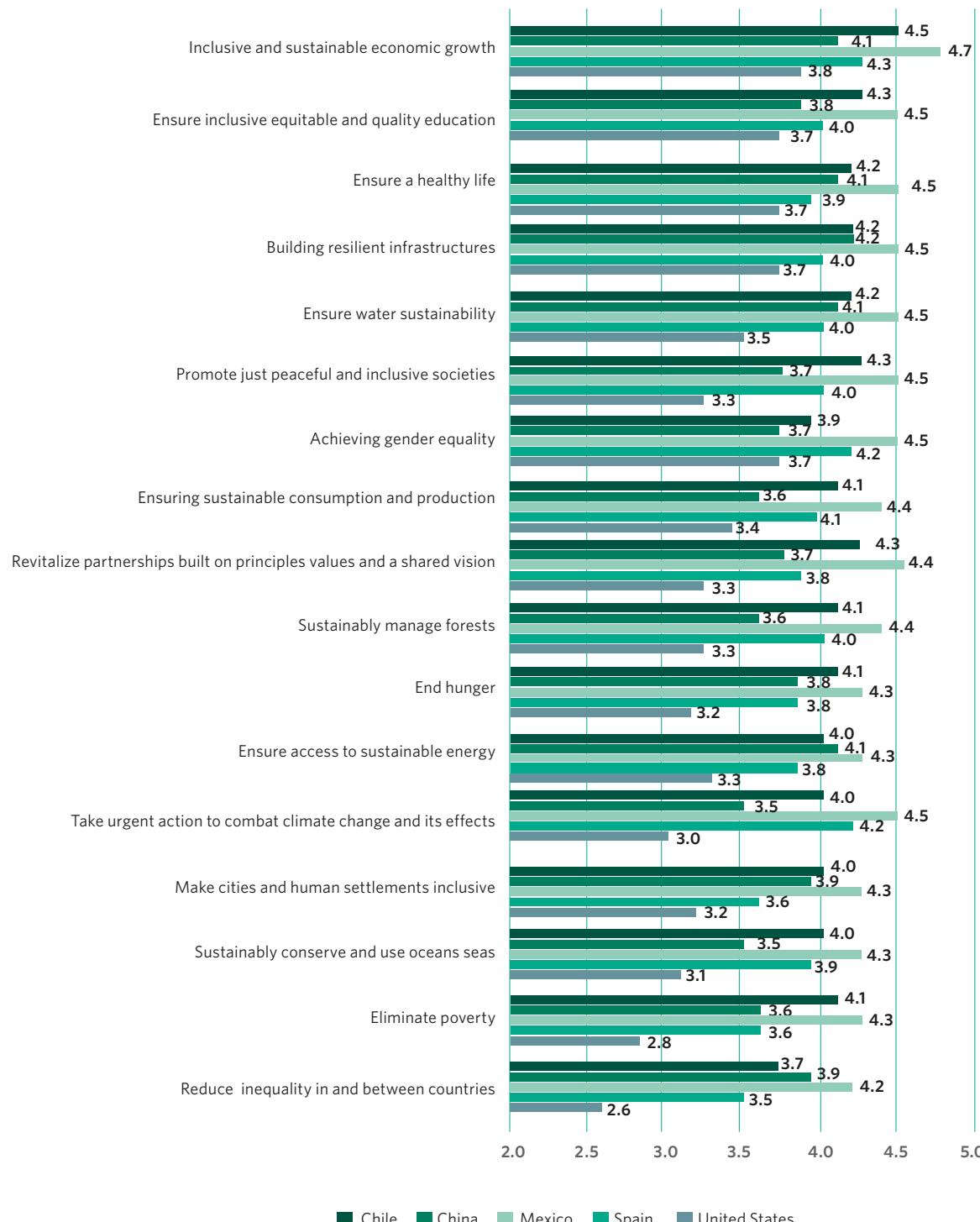
Lowest average score in **ensuring sustainable consumption and production** (China average mean 3.6 and US 3.4).

**Conservation and use of oceans and seas** (average mean US 3.1 and China 3.5).

**Figure V.6**

**From the list of United Nations Sustainable Development Goals that have served as a guide to countries and enterprises around the world, could you indicate how important each one is to your company**

Consider your response on a scale of 1 to 5, with 1 being "Not important" and 5 being "Very important" (average mean)



n=1139

Focusing on differences between generations by countries, we observe that across the board, US-based respondents from older and younger generations endorse less importance than other countries for UN Sustainable Development Goals. China-based participants from older generations also express lower interest in these overall SDGs than Spanish and Latin American peers, but not to the extent seen in the US sample. When considering younger generations based in China, they actually demonstrate interest in SDGs at a comparable level to Latin American and Spanish peers.

Focusing on differences between gender by countries, US-based women and men exhibit a lower interest across all SDGs compared to other countries represented.

Not having children dilutes the differences between countries, except for the US, where it continues to be the country that gives significantly less importance to the SDGs. In Mexico, having children is a determining factor in the importance assigned to each of the SDGs, where having children increases the importance in 11 of the 17 SDGs -Figure V.7-.

**Figure v.7**

**Overall country SDG mean**

From the list of United Nations Sustainable Development Goals that have served as a guide to countries and enterprises around the world, could you indicate how important each one is to your company? Consider your response on a scale of 1 to 5, with 1 being "Not important" and 5 being "Very important" (average mean)

	Gen over 40  40	Gen below 40  40	Female 	Male 	Having children 	Not having children 
Chile: 4.1 	4.2	4.0	4.1	4.1	4.1	4.1
China: 3.8 	3.6	4.0	4.0	3.7	3.8	3.8
Mexico: 4.4 	4.5	4.3	4.4	4.4	4.5	4.2
Spain: 3.9 	3.9	4.0	3.9	4.0	3.9	4.0
United States: 3.3 	3.4	3.1	3.4	3.3	3.3	3.2

Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.  
Total generation n=1139, Gender n=1132, Having children or not n=1132

## ***PARTICIPATION IN THE FAMILY ENTERPRISE OR FAMILY ACTIVITIES***

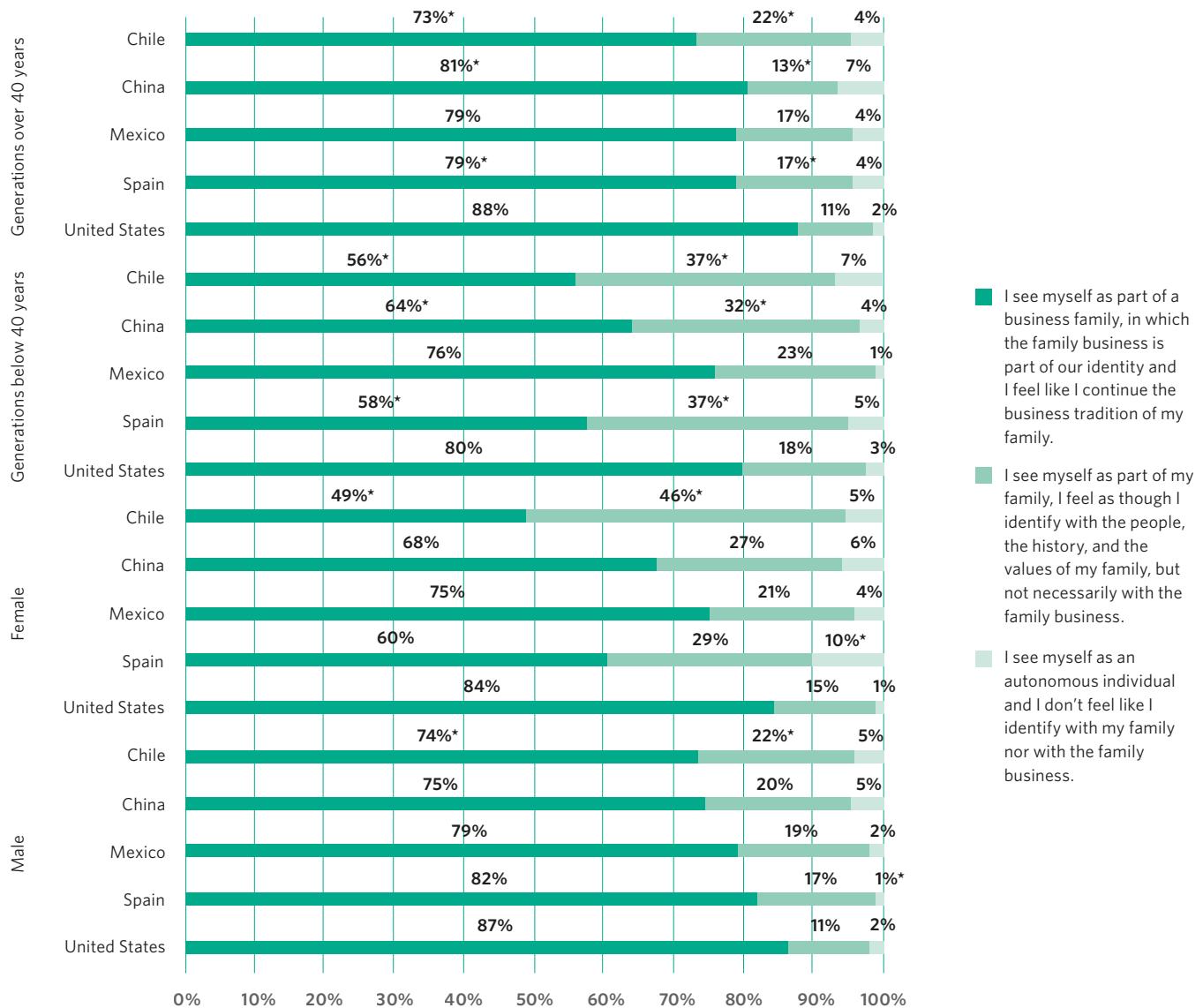
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### **1 IDENTITY IN RELATION TO THE FAMILY BUSINESS**

US-based respondents see themselves as part of a “business family” (86% endorse this sentiment)—more than peers from all countries except, Mexico (78%), but this could be explained by the lower proportion of younger participants in the US sample.

In China, Chile, and Spain, younger-generation respondents see themselves as less integrated into the business than older family members do. Moreover, Chile-based respondents below age 40 see themselves less part of the family business (56%) than their counterparts in Mexico (76%) and the US (80%).

As far as gender, in Chile and Spain, men report feeling more integrated into the business than women. Women in Chile see themselves as less a part of the family business (49%) than Mexican (75%) and US (84%) women do. In Spain, 10% of women feel that their identity is not necessarily tied to the family nor the business. This may be related to the lower participation of women in relevant roles in Spanish family businesses and also to the relevance that gender equality has for respondents in Spain- Figure V.8-.

**Figure V. 8****Which of the following options do you identify most?**

Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

Total and generation n=1139, Gender n=1132

# 2 INVOLVEMENT IN THE FAMILY ENTERPRISE OR FAMILY ACTIVITIES

US-based respondents reported greater involvement (96%) than those from all other countries -Figure V.9-. Among younger-generation respondents, only 51% of Chile-based participants reported involvement. This is far less than proportions observed in other countries, though the difference between counterparts in China and Chile was not significant - Figure V.10-.

US-based men likely drove the higher relative participation level, as these respondents exhibited greater involvement in the enterprise (96%) than men from other countries (though not significantly different from Spain). Men in China and Chile reported more involvement than their female counterparts - Figure V.11-.

**Figure V.9 V.10**

**Are you involved in the family enterprise or related family activities?**

Figure V. 9. Total

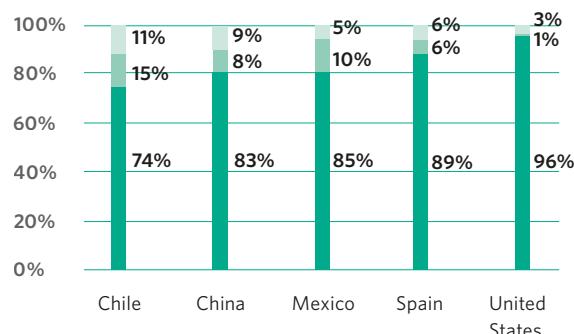
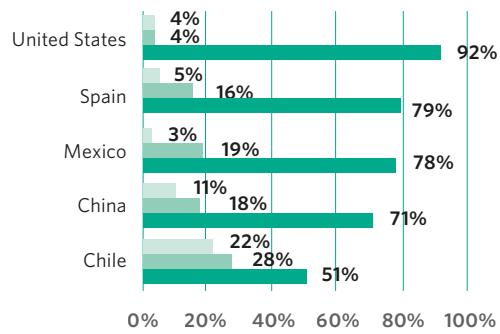


Figure V. 10. Generation below 40 years



I see myself as part of a business family, in which the family business is part of our identity and I feel like I continue the business tradition of my family.

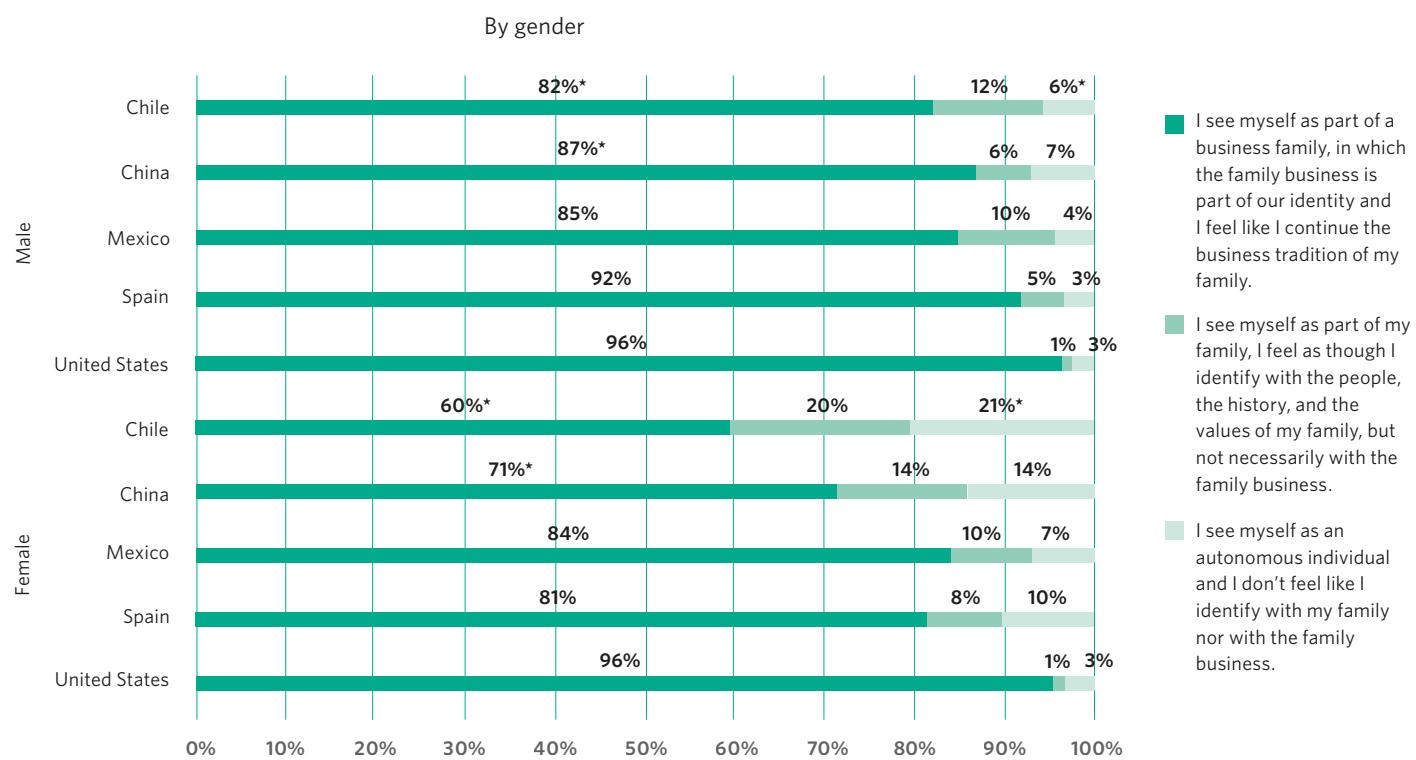
I see myself as part of my family, I feel as though I identify with the people, the history, and the values of my family, but not necessarily with the family business.

I see myself as an autonomous individual and I don't feel like I identify with my family nor with the family business.

Note: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n total= 1139, n generation below 40= 424

**Figure V.11**

**Are you involved in the family enterprise or related family activities?**



Note 1: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than cases.

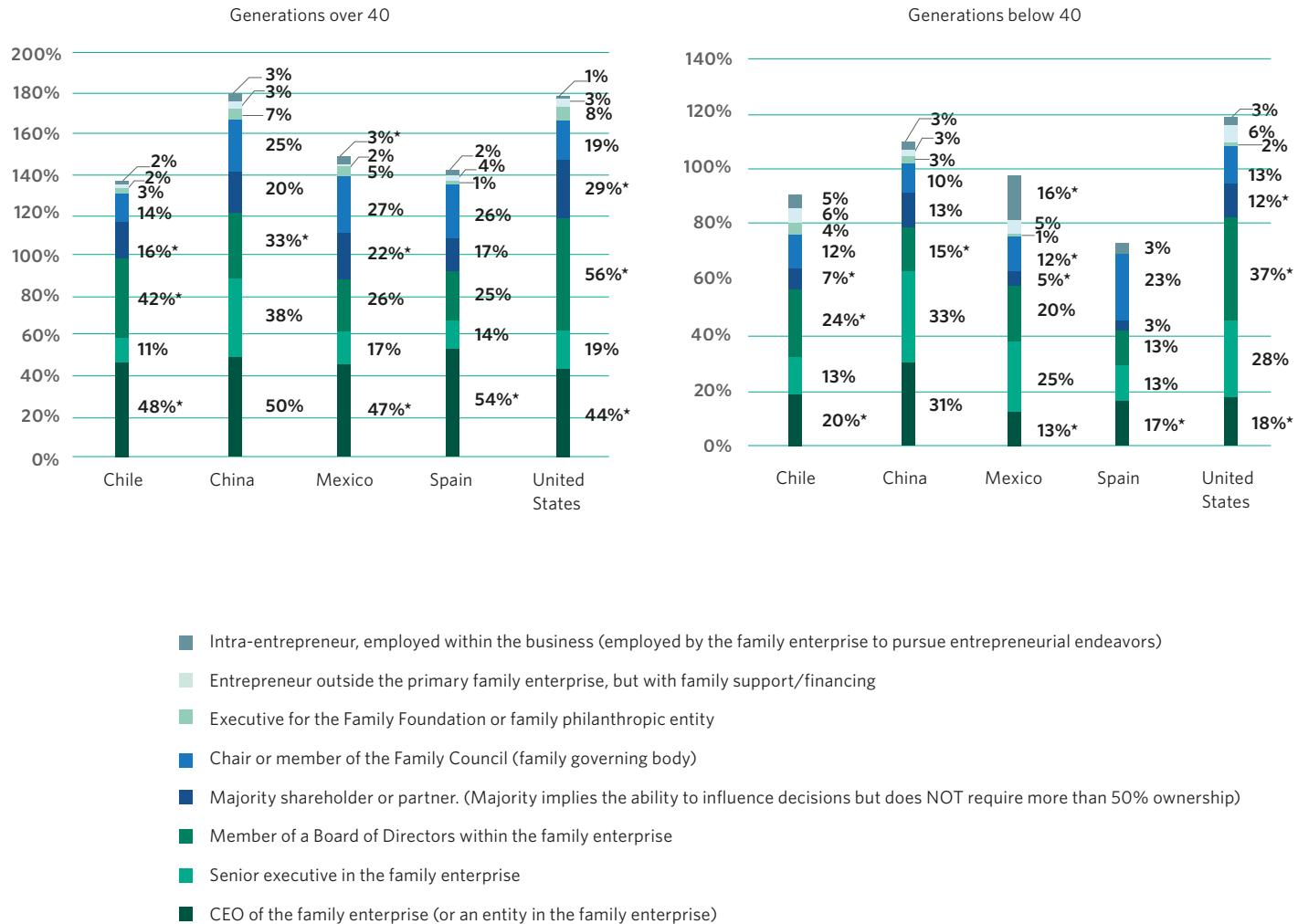
Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).

n gender= 1132

# 3 CURRENT ROLE IN THE FAMILY ENTERPRISE

In all countries, except China, generations over 40 years of age are CEOs in greater proportion than those below 40.

In Chile, China and the US more than 30% of those over 40 are "board members", while in Chile, Mexico and the US at least 15% of them are "majority shareholders". In Mexico, 16% of those below 40 are "intra-entrepreneurs", a higher proportion than those over 40 (3%) - Figure V.12-.

**Figure V.12****What is your current role in the family enterprise?**

Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.

Note 3: Only the most relevant results have been shown, excluding some minor response categories.

Note 4: \* confidence level of 95% (which represents a statistical significance of 0.05).

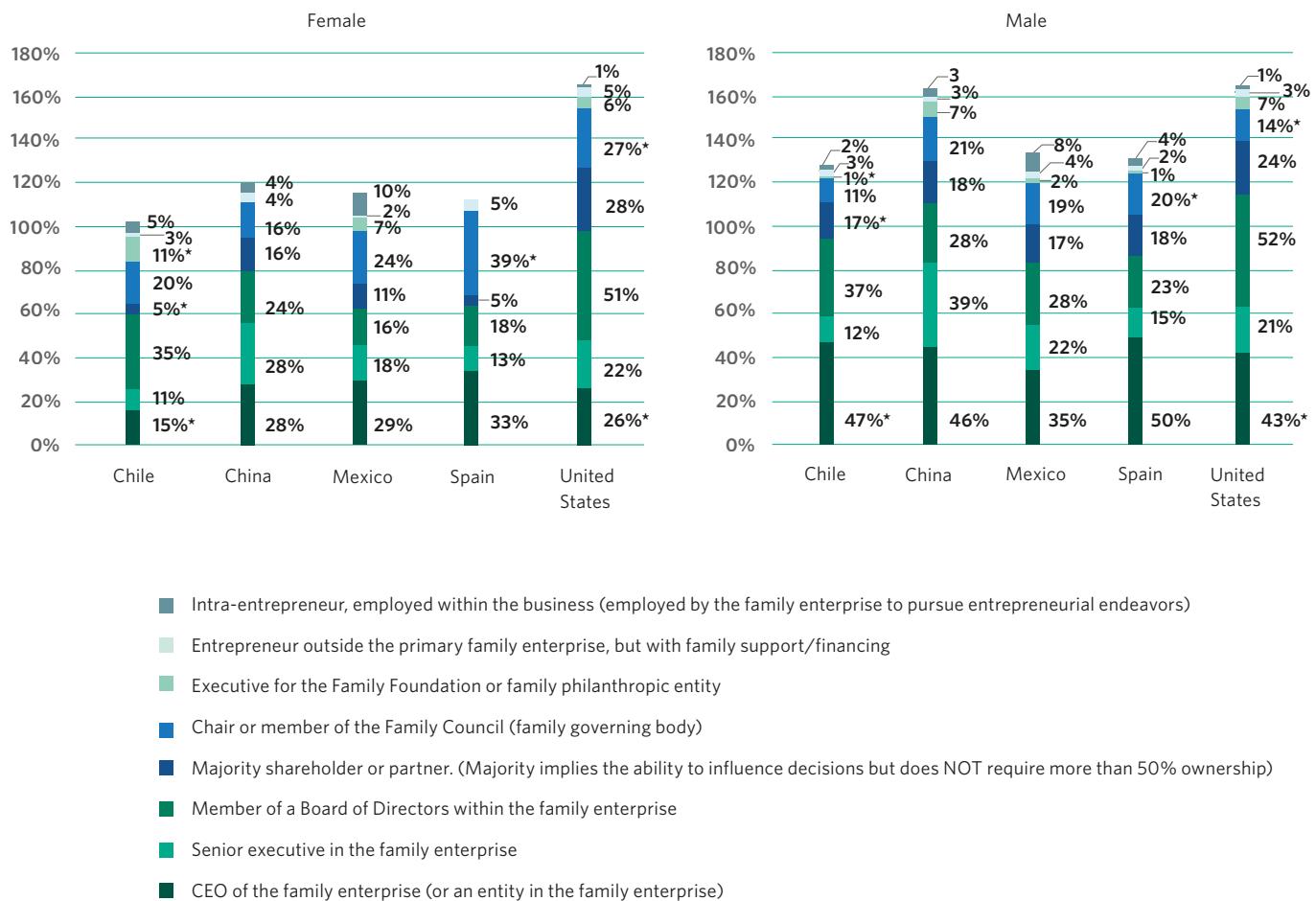
n=967

In the US and Chile, male “CEOs” predominate over women. While in Chile more men than women are “majority shareholders”, women are “executives for the family foundation” in greater proportion

than men. Likewise, in Spain and the US more women than men are “chairs or members of the family council” – Figure V.13–.

**Figure V.13**

**What is your current role in the family enterprise?**



- Intra-entrepreneur, employed within the business (employed by the family enterprise to pursue entrepreneurial endeavors)
- Entrepreneur outside the primary family enterprise, but with family support/financing
- Executive for the Family Foundation or family philanthropic entity
- Chair or member of the Family Council (family governing body)
- Majority shareholder or partner. (Majority implies the ability to influence decisions but does NOT require more than 50% ownership)
- Member of a Board of Directors within the family enterprise
- Senior executive in the family enterprise
- CEO of the family enterprise (or an entity in the family enterprise)

Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.

Note 3: Only the most relevant results have been shown, excluding some minor response categories.

Note 4: The variable “Gender” excludes “Other” and “I prefer not to answer” because they count for less than ten cases.

Note 5: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=964

## PERCEPTIONS ABOUT THE FAMILY ENTERPRISE

# 1 STATEMENTS ABOUT NECESSARY IMPROVEMENT TO THE FAMILY BUSINESS

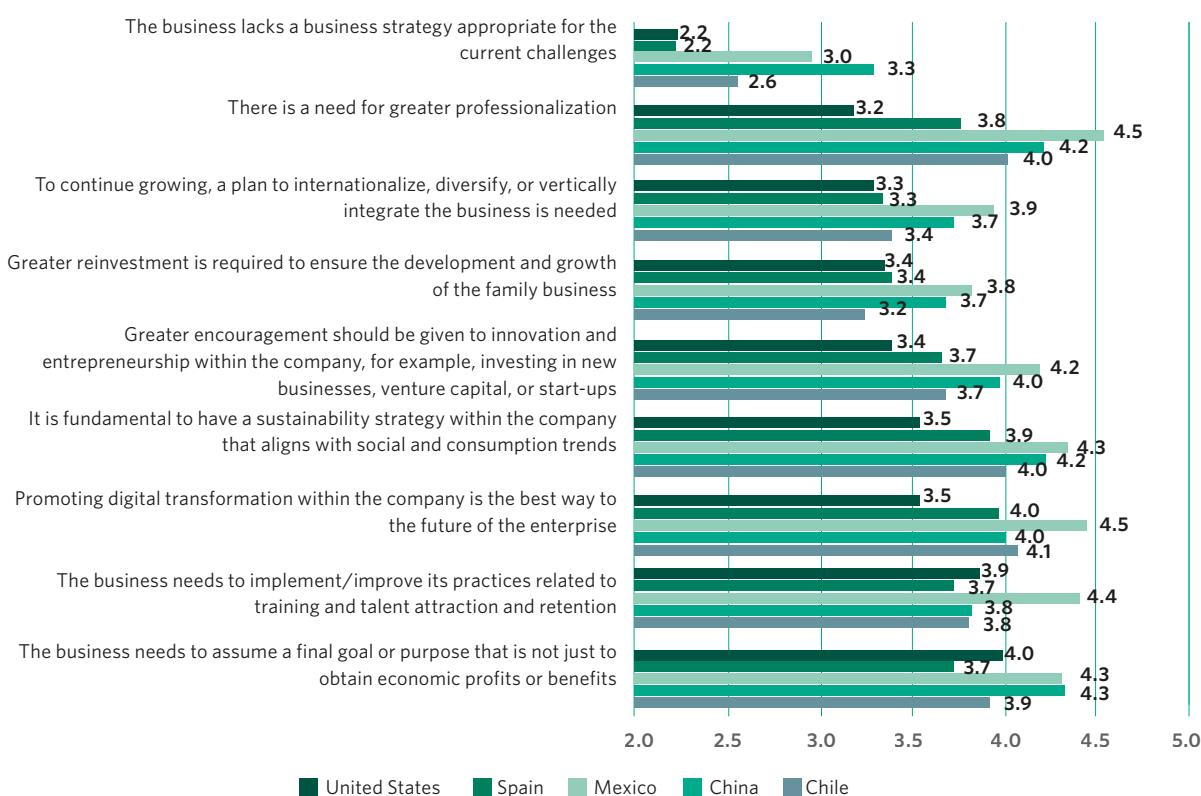
Respondents from the US express less concern than other countries about improvements to the family business. This holds with regard to professionalization, business strategy, diversification, innovation, digital transformation, and sustainability (potentially because US-based family firms in this sample tend to be larger than those of the other countries participating in the study). In terms of business strategy and diversification, they are joined by respondents from Spain.

Mexico-based respondents rated the need for improved training and talent attraction as higher (4.4) than did those from other countries (mean of 3.9) -Figure V.14-.

**Figure V.14**

**Thinking about your family's main business or enterprise, how much do you agree or disagree with the following statements?**

For each statement, indicate on a scale of 1 to 5 your level of agreement, with 1 being "Strongly disagree" and 5 being "Strongly agree" (average mean)



Note 1: the scale starts at number 3, as no variable had a mean below this number.

Note 2: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

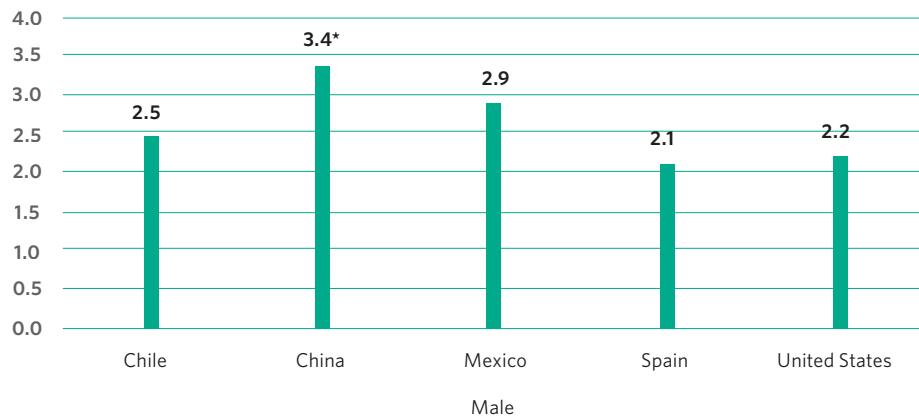
n=1061

Men in China are more likely to agree that their family enterprise lacks an appropriate strategy for current challenges (3.4) compared to men from other countries (average mean of 2.4) probably due to the results driven by family owners in the more traditional industries—Figure V.15—.

### Figure V.15

#### The business lacks a business strategy appropriate for the current challenges

Indicate on a scale of 1 to 5 your level of agreement, with 1 being “Strongly disagree” and 5 being “Strongly agree” (average mean)



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The variable “Gender” excludes “Other” and “I prefer not to answer” because they count for less than ten cases.

Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=745

# 2 DRIVERS OF CHANGE TO THE ENTERPRISE

In Chile, political and/or social uncertainty are the challenges that respondents highlight the most (21%), standing out above the rest of the countries- Figure V.16-, with generations over 40 years old (24%) more concerned about both issues than their younger counterparts (17%).

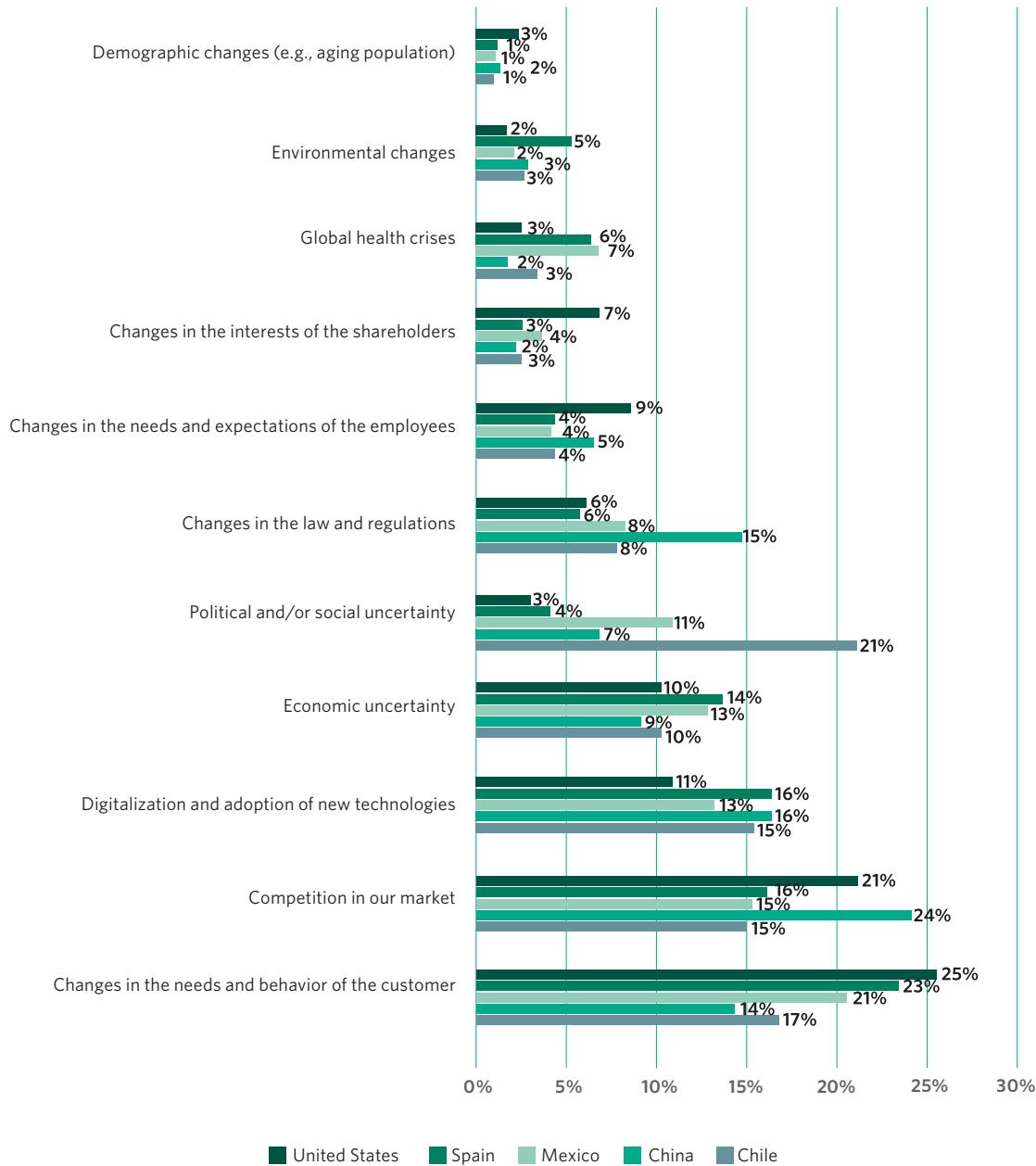
In Mexico, generations over 40 see changes in consumer needs and behavior as a greater challenge (26%) than generations under 40 (14%), while generations under 40 are more concerned about changes in shareholder interests than those over 40 (6% versus 2%).

Respondents from the US and Spain ranked changes in the needs and behavior of the customer as the biggest driver of change for their family business (25% and 23% respectively) - Figure V.16-.

Having children has an impact on this variable, mainly in Chile and Mexico, while in China and Spain there are less differences. In Chile, having children increases the concerns about changes in consumer needs and behavior (18% versus 12%), and political uncertainty (23% versus 17%), while not having children increases the concerns about market competition (18% versus 13%), changes in employer needs and expectations (6% versus 3%), climate change (4% versus 2%), and economic instability (14% versus 8%). In Mexico, parents are more concerned about changes in consumer needs and behavior (25% versus 13%), while in China, those who do not have children are more concerned about changes in laws and regulations (21% versus 12%) -Figure V.17-.

**Figure V.16**

In today's rapidly changing, uncertain environment, which do you think are currently the 3 biggest drivers of change for your family business? (average mean)



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.  
 Note 2: The percentages add up to more than 100% because it is a multiple-choice question.  
 n=967

**Figure V.17**

In today's rapidly changing, uncertain environment, which do you think are currently the 3 biggest drivers of change for your family business? Option with the highest score

	Gen over 40 	Gen below 40 	Female 	Male 	Having children 	Not having children 
Chile 	Political and/or social uncertainty -24%-	Political and/or social uncertainty -17%-	Political and/or social uncertainty -19%-	Political and/or social uncertainty -22%-	Political and/or social uncertainty -23%-	Competition in our market -18%-
China 	Competition in our market -25%-	Competition in our market -23%-	Competition in our market -30%-	Competition in our market -21%-	Competition in our market -27%-	Changes in the law and regulations -21%-
Mexico 	Changes in the needs and behavior of the customer -26%-	Competition in our market -15%-	Changes in the needs and behavior of the customer -20%-	Changes in the needs and behavior of the customer -20%-	Changes in the needs and behavior of the customer -25%-	Economic uncertainty -15%-
Spain 	Changes in the needs and behavior of the customer -25%-	Changes in the needs and behavior of the customer -18%-	Economic uncertainty -21%-	Changes in the needs and behavior of the customer -25%-	Changes in the needs and behavior of the customer -23%-	Changes in the needs and behavior of the customer -22%-
United States 	Changes in the needs and behavior of the customer -26%-	Changes in the needs and behavior of the customer -23%-	Changes in the needs and behavior of the customer -21%-	Changes in the needs and behavior of the customer -25%-	Changes in the needs and behavior of the customer -25%-	Competition in our market -25%-

Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.

Note 2: Percentages assigned to drivers of change by each country add up to 100%.

Note 3: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.  
n generations=967, n gender= 964, n having children or not= 962

## DEVELOPING SUCCESSORS

### 1 DESIRED ROLE IN THE FAMILY ENTERPRISE

Spain and China present no difference on roles that all generations desire to play in 5 years, despite the differences in current positions in Spain, where 54% of people over 40 are already CEOs in the family firm, while only 17% of those under 40 play that role. These findings are similar in other countries, except in China, where currently generations over 40 do not have significant differences with those below 40 in the role of CEOs -Figure V.12 & Figure V.18-.

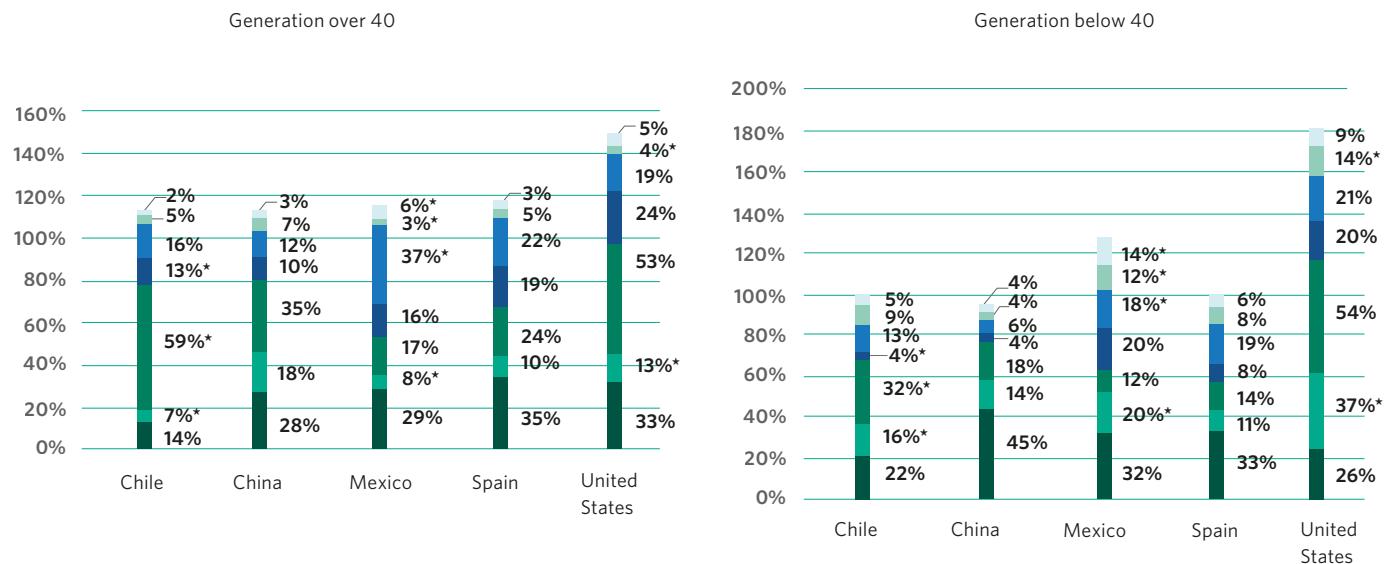
Younger generations in Chile aspire to be *senior executives* in a larger proportion than those over 40, but they exhibit less interest in future *board roles*.

In Mexico, generations below 40 want to be *senior executive*, *entrepreneur outside* and *intra-entrepreneur* in a larger proportion than those over 40, but they aspire less to become *chair or member of the family council*.

In the US, generations below 40 show more interest in becoming *senior executives* and *entrepreneurs outside* in 5 more years than those over 40 -Figure V.18-.

**Figure V.18**

**Thinking about the future, what role would you like to have within the family enterprise in the next 5 years?**



- Intra-entrepreneur, employed within the business (employed by the family enterprise to pursue entrepreneurial endeavors)
- Entrepreneur outside the primary family enterprise (with family support/financing)
- Chair or member of the Family Council or family governing body
- Majority shareholder or partner. (Majority implies the ability to influence decisions but does NOT require more than 50% ownership)
- Member of a Board of Directors the family business/office
- Senior executive of the family business/office
- CEO of the family business or office

Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.

Note 3: Only the most relevant results are shown, excluding some minor response categories.

Note 4: \* confidence level of 95% (which represents a statistical significance of 0.05).

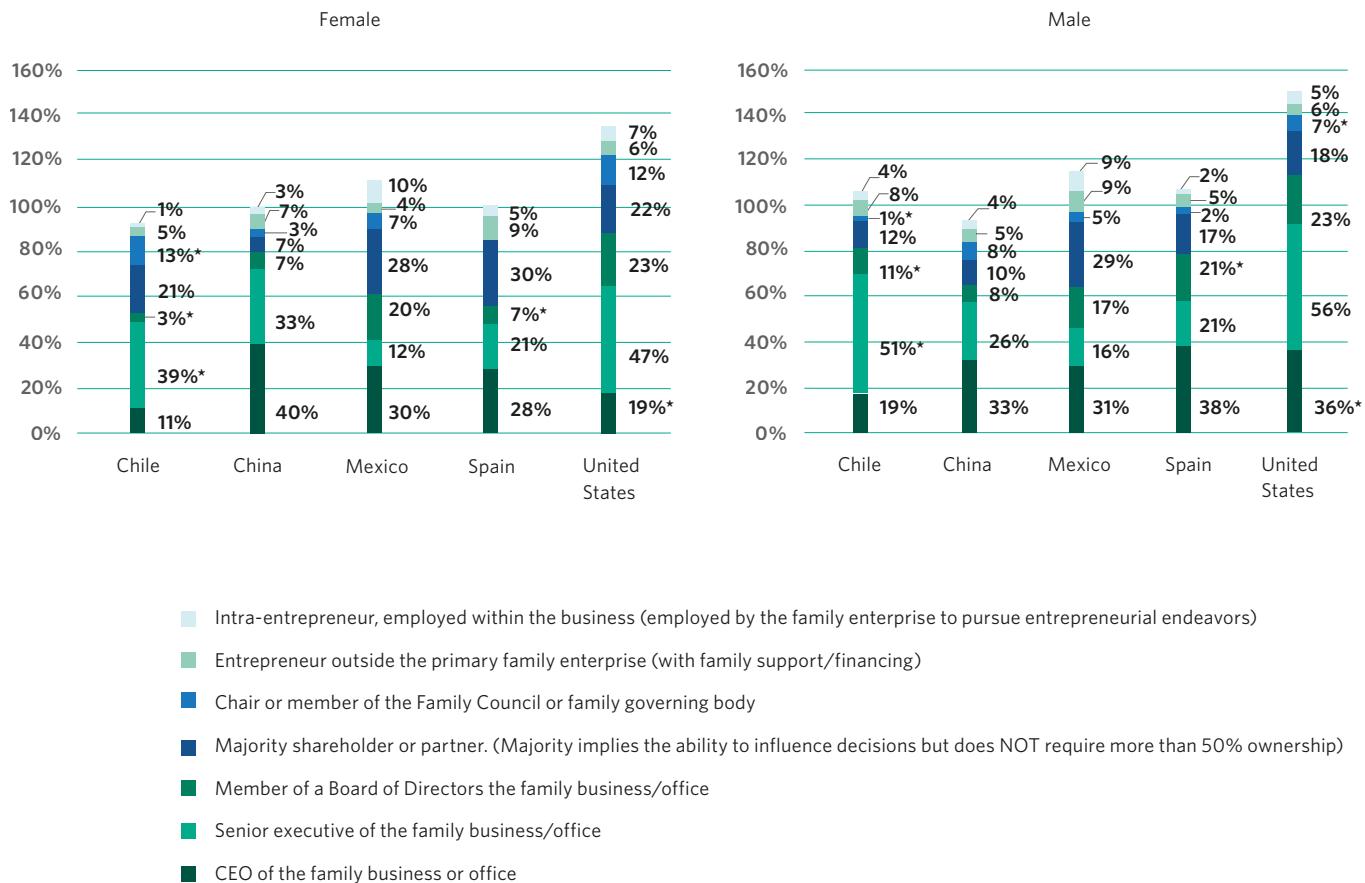
n=967

In China and Mexico, there are no differences in gender regarding the desired roles of men and women—Figure V.19—, which is in line with what is happening today in those positions—Figure V.13—. Especially in China, due to the single-child policy in 1980–2015, women in family business had higher chance to be picked as successor than peers in other countries.

Although in Chile and the US more men and women are CEOs today—Figure V.13—, both genders in Chile aspire in the future to become CEO, while in the US men want to become CEOs in higher proportion than women—Figure V.19—. In Spain, men aspire more than women to become majority shareholder—Figure V.19—.

**Figure V.19**

Thinking about the future, what role would you like to have within the family enterprise in the next 5 years?



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.

Note 3: Only the most relevant results are shown, excluding some minor response categories.

Note 4: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 5: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=964

# 2 PREPARING TO ASSUME GREATER RESPONSIBILITIES IN THE FUTURE

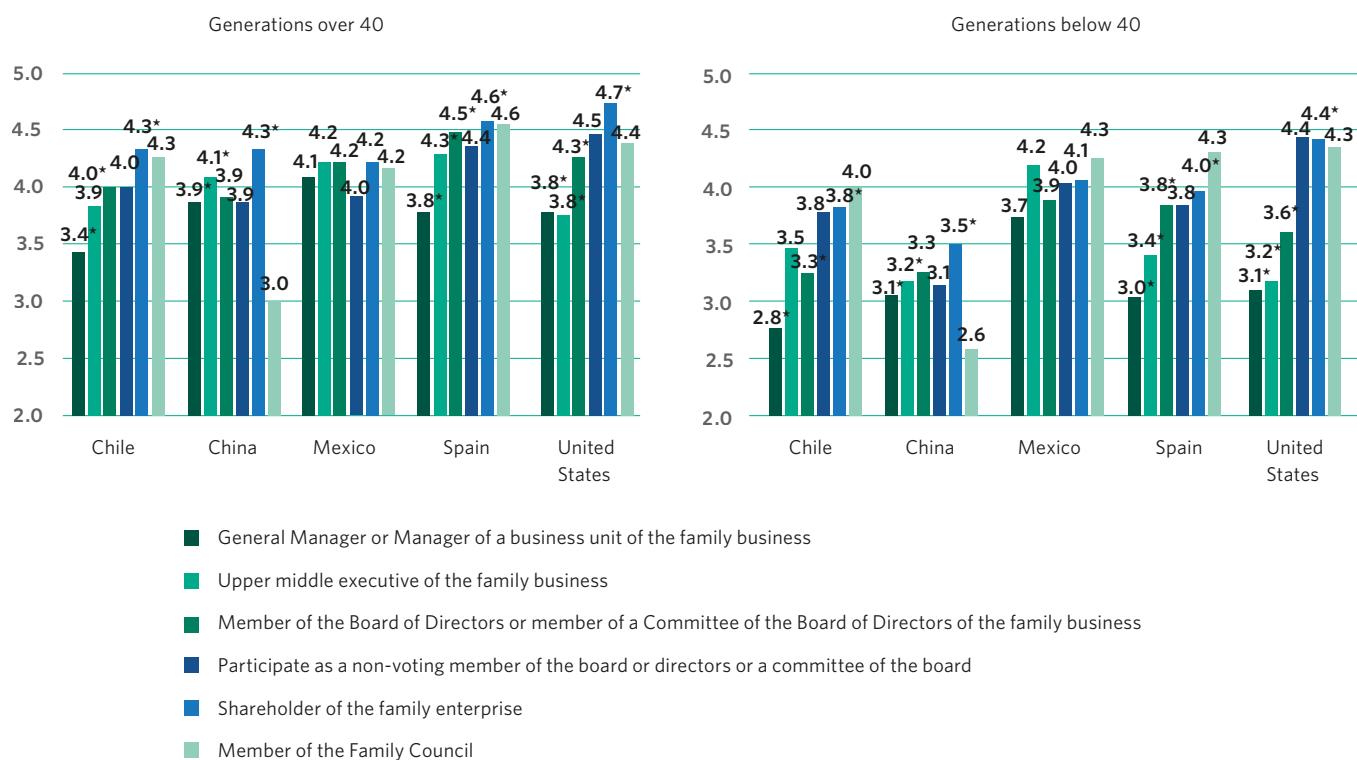
Respondents across countries exhibit similar levels of preparedness to assume roles and responsibilities in the enterprise, on both the business and family sides.

In most countries, respondents feel more prepared for governance roles than for top executive positions; not surprisingly, those over 40 feel more prepared for wide-ranging roles than their younger counterparts -Figure V.20-; in Chile and the US, men feel more prepared for future roles than women do, while there are no gender differences in other countries -Figure V.21-.

**Figure V.20**

**In the future, faced with the possibility of assuming greater responsibilities within the family business, how prepared would you feel to assume as...?**

Consider your response on a scale of 1 to 5, where 1 is "Not at all prepared" and 5 is "Very prepared"



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: the scale starts at number 2, as no variable had a mean below this number.

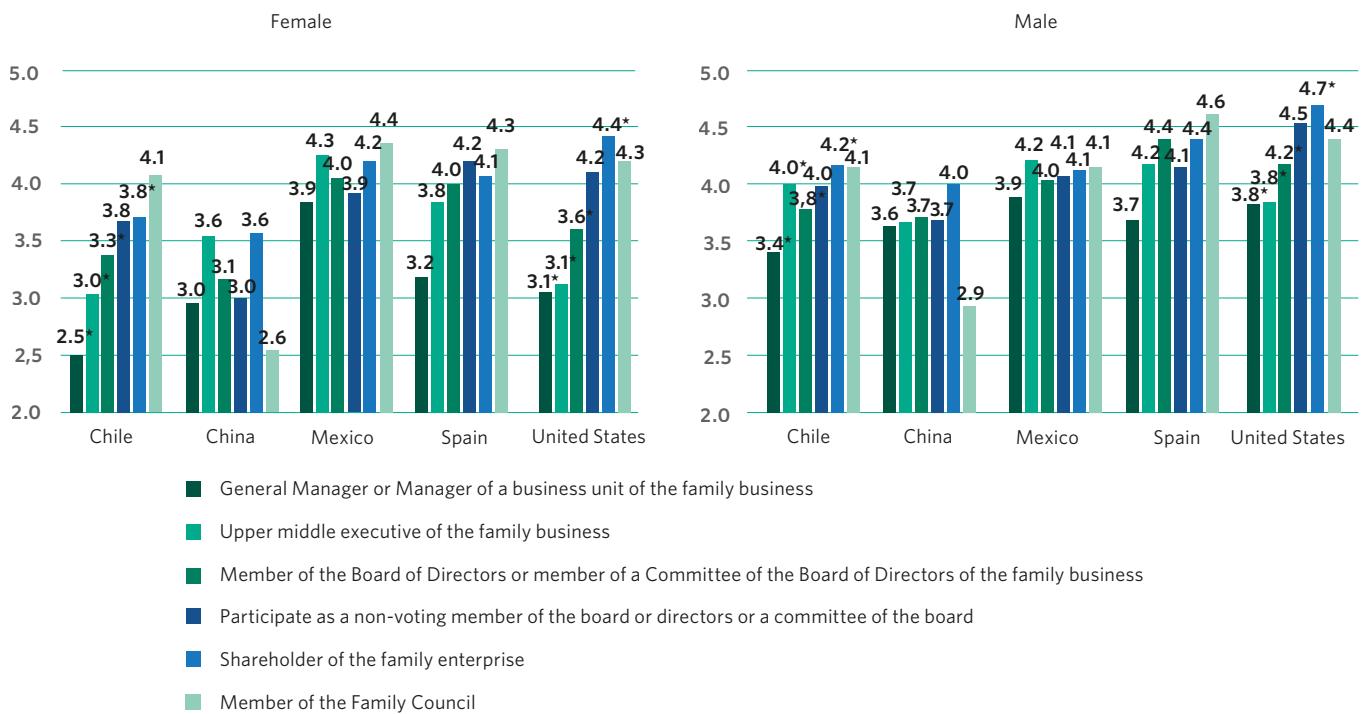
Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1061

**Figure V.21**

**In the future, faced with the possibility of assuming greater responsibilities within the family business, how prepared would you feel to assume as...?**

Consider your response on a scale of 1 to 5, where 1 is "Not at all prepared" and 5 is "Very prepared"



Note 1: This question was answered only by respondents that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 3: the scale starts at number 3, as no variable had a mean below this number.

Note 4: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=1056

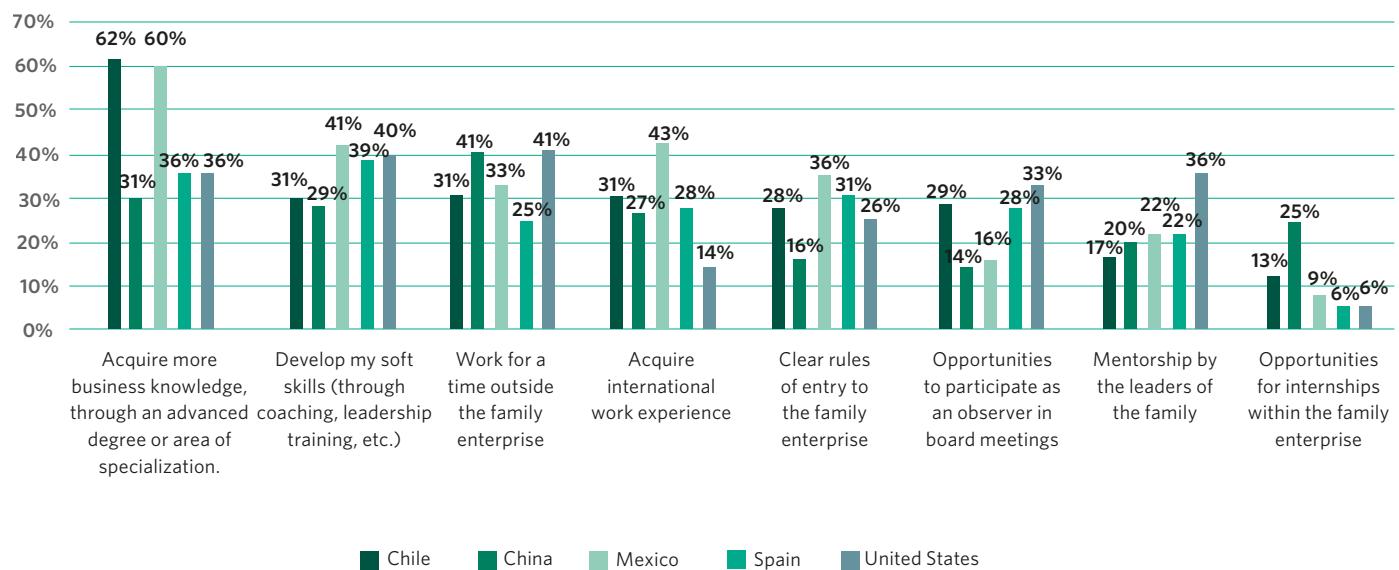
## 3 APPROACHES TO ADDING MORE VALUE TO THE FAMILY ENTERPRISE

Respondents do not differ much by country with regard to what they believe would help them add value to the family business, as related to mentorship, international work experience, board observation, development of soft skills, and others. This is true for younger- and older-generation participants.

Of note, respondents from China (31%), Spain (36%) and the US (36%) saw less need to acquire business knowledge through an advanced degree or specialization than those from Chile (62%) and Mexico (60%) did. US-based respondents valued mentorship more highly than peers in other countries, while Mexico-based respondents favored international work experience more than other peers -Figure V.22-.

**Figure V.22**

**Moving on to another topic, which would help you develop and consequently add more value to family business?**  
Please select a maximum of 3 actions



Note 1: This question was answered only by those over 40 that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.  
n=375

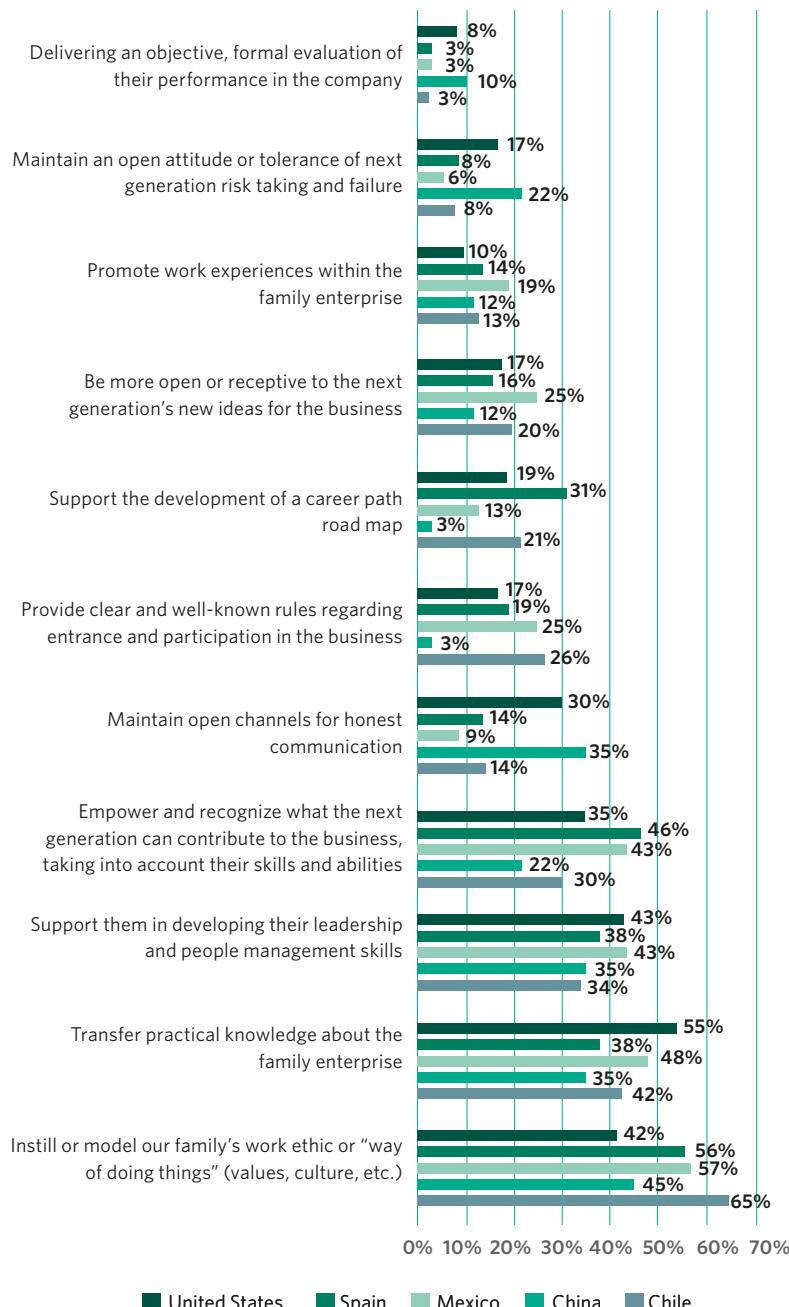
## 4 THE OLDER GENERATION'S PERSPECTIVE ON NEEDS FOR THE NEXT GENERATION

Older respondents in all countries value instilling or modeling the family's work ethic or "way of doing things", along with empowering the next generation as important routes to developing rising family members. China and US-based respondents endorse maintaining open channels of honest communication more than those from other countries (35% and 30% versus average of 21%) -Figure V.23-. Parenthood has some influence on domain in Spain: those without children are more likely to be tolerant of new generations making mistakes (40% versus 6%) -Figure V.24- and to be more open and receptive to new ideas from future generations (60% versus 14%) than parents- Figure V.25-.

**Figure V.23**

**Which of the following actions should I and/or other members of the senior generation take to promote the personal development as executives and/or future shareholders?**

Please select a maximum of 3 actions



Note 1: This question was answered only by those over 40 that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.  
n=686

**Figure V.24 V.25**

**Which of the following actions should I and/or other members of the senior generation take to promote the personal development as executives and/or future shareholders?**

Please select a maximum of 3 actions

Figure V.24. Maintain an open attitude or tolerance of next generation risk taking and failure

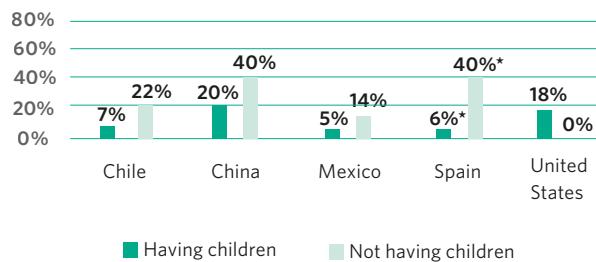
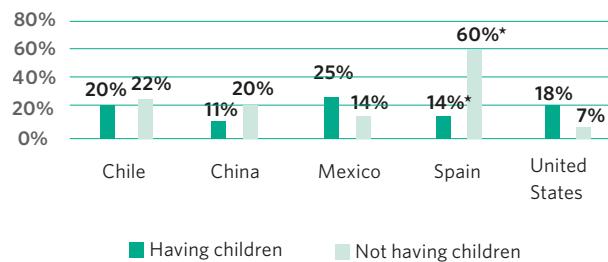


Figure V.25. Be more open or receptive to the next generation's new ideas for the business



Note1: This question was answered only by those over 40 that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: \* confidence level of 95% (which represents a statistical significance of 0.05).  
n=680

## 5 NEEDS FROM THE CURRENT GENERATION OF LEADERS

In terms of what younger generations would like to receive from current leaders to further their personal development as an executive and/or future shareholder, younger generations give less importance to instilling or modeling the family's work ethic or way of doing things to promote their personal development than older generations in all countries – Figure V.26 & Figure V.23 –.

Across all countries, younger generations express more need than older generations for the transference of practical knowledge and a more open and receptive attitude to new ideas to develop themselves as executive and/or future shareholders – Figure V.26 –.

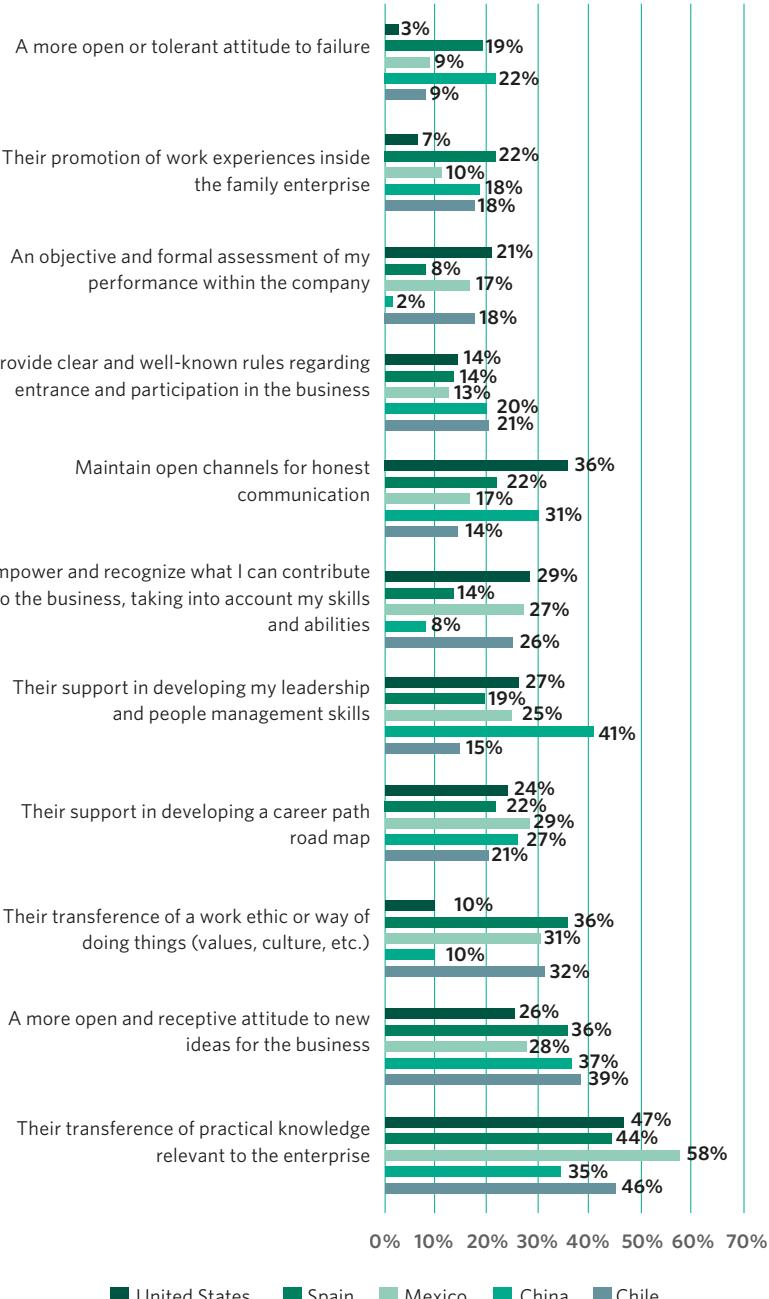
Mexico-based women are more likely than men to believe that support should be given to developing a career path road map (41% versus 21%) –Figure V.27–. In Spain, women are more likely than men to believe that experiences within the family business should be promoted (44% versus 5%) –Figure V.2–.

In Chile, those without children are more likely than parents to agree with the need to promote experiences within the family business (23% versus 8%) –Figure V.29–.

**Figure V.26**

**What do you need from the current generation of leaders to promote your personal development as an executive and/or future shareholder?**

Please select 3 options



Note 1: This question was answered only by those under 40 that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The percentages add up to more than 100% because it is a multiple-choice question.  
n=375

**Figure V27, V28, V29**

**What do you need from the current generation of leaders to promote your personal development as an executive and/or future shareholder?**

Please select 3 options

Figure V.27. Their support in developing a career path road map

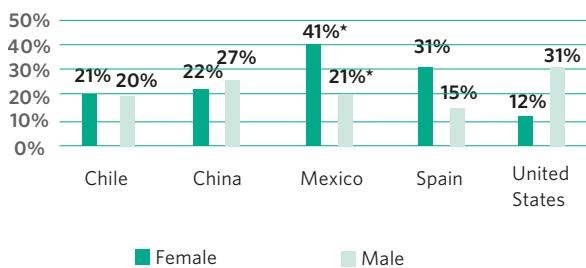


Figure V.28. Their promotion of work experiences inside the family enterprise

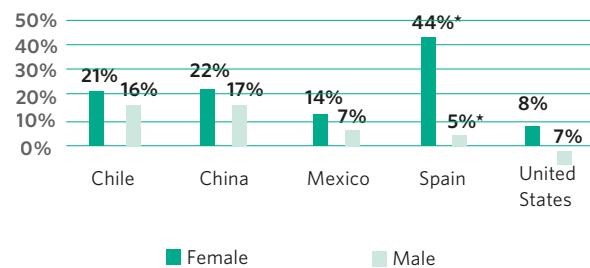
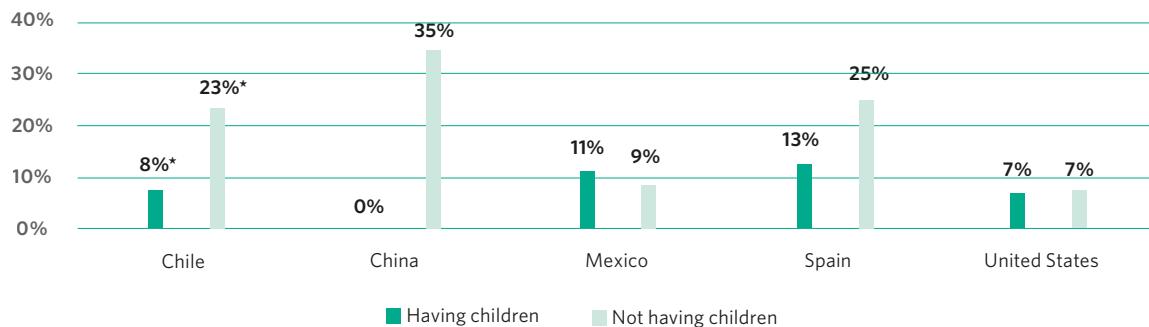


Figure V.29. Their promotion of work experiences inside the family enterprise



Note 1: This question was answered only by those under 40 that are involved in the family enterprise or related family activities or have the intention to take part in the future.

Note 2: The variable "Gender" excludes "Other" and "I prefer not to answer" because they count for less than ten cases.

Note 3: \* confidence level of 95% (which represents a statistical significance of 0.05).

n=374

— CHAPTER VI —

# *Countries involved in the research*



## Chile

<b>Continent</b>	South America
<b>Population in 2020 (inhabitants)</b>	19,458,310
<b>GDP 2020 in millions of USD</b>	252,940
<b>GDP per capita (PPP) 2020 in USD</b>	25,068
<b>Estimated % of family businesses out of total number of firms</b>	80 - 90%
<b>Estimated contribution of family companies to GDP</b>	60 - 70%

Chile opened its economy to the world in the late 1970s, becoming the country with the best economic performance in Latin America for more than three decades. It was perceived as a trustworthy, stable and safe nation within an unstable region. Its economic growth gave prosperity to its people, increasing the middle class and significantly reducing poverty, which allowed the country to be the first South American nation to join the Organisation for Economic Co-operation and Development (OECD) in 2010.

Family companies, which account for nearly 90% of the business landscape, have significantly contributed to this economic and social success, becoming the backbone of the country's economy. Enterprising families have been the engine in almost all industrial sectors since the 19th century.

However, in October 2019, after several years of lower economic growth, an unexpected social outburst suddenly arrived, and many people took the streets to protest, requesting more equality in access for opportunities and distribution of wealth. Today, Chile is facing a constitutional change as a response to those events, which could mean important modifications in public policies and social aids. The COVID-19 crisis has brought severe economic consequences to Chilean people. Fortunately, the rapid vaccination process that has reached more than 80% of the population brings hope for the future.

### Highlights of the survey results

- In Chile, gender differences tend to be higher than in other countries. For example, men are more interested and participate more in the family company than women. Also, men hold positions of higher responsibility in the company, feel more prepared for those positions and express less interest in SDGs, studies, volunteering and philanthropic giving, among other issues, as compared with women.
- Political and/or social uncertainty is the most important driver of change for the family business for Chilean respondents, except for those without children. This concern sounds logical and expected given the sociopolitical situation that the country is experiencing.
- Chile seems to be more conservative as a country among the ones participating in this study. While younger generations—in a higher proportion than other countries—think a *more open and receptive attitude to new ideas* would help them to become better leaders in the future, elder generations believe that *instilling or modeling the family's work ethic or way of doing things*, is the best approach to grow as good leaders.



# China

Continent	Asia	
<b>China</b>	Mainland China	Hong Kong
<b>Population in 2020 (inhabitants)</b>	1,439,323,776	7,496,981
<b>GDP 2020 in millions of USD</b>	14,722,731	346,586
<b>GDP per capita (PPP) 2020 in USD</b>	17,312	59,238
<b>Estimated % of family businesses out of total number of firms</b>	85%	70%
<b>Estimated contribution of family companies to GDP</b>	60-70%	80-90%

China, officially the People's Republic of China, is a country in East Asia with the world's largest population and second highest GDP. As 70% of respondents in the China survey are from Hong Kong, the above statistics of both Mainland China and Hong Kong are provided.

In Hong Kong, family business is the most prominent form of business. Statistics from a few years ago showed that the top 15 families controlled assets worth about 84 percent of the region's GDP. Nearly 70% of listed companies are family businesses, with average 2.5 generations. In Mainland China, the family businesses are younger, mostly less than 40 years. Many family businesses are now facing the two challenges of passing the baton from the first generation to second generation, and business upgrading and transformation. Due to the one-child policy from 1979-2015, the family structure in Mainland China is much simpler than Hong Kong.

## *Highlights of the survey results*

- About 60% of the businesses are larger than 100 million USD.
- In terms what are most important to their lives, most respondents chose family, health and family enterprise (work).
- In terms of the challenges facing the business, most respondents chose: The business needs to assume a final goal or purpose that is not just to obtain economic profits or benefits; There is a need for greater professionalization; The business needs to implement/improve its practices related to training and talent attraction and retention.
- The majority is engaged in philanthropic activities and pursued social impact investing (85%).



# Mexico

Continent	North America
<b>Population in 2020 (inhabitants)</b>	128,932,753
<b>GDP 2020 in millions of USD</b>	1,076,163
<b>GDP per capita (PPP) 2020 in USD</b>	18,833
<b>Estimated % of family businesses out of total number of firms</b>	93%
<b>Estimated contribution of family companies to GDP</b>	92%

Mexico is the second largest economy in Latin America and among the world's 15 largest economies. After enduring one of the most severe economic contractions, ending 2020 with a reduction in national GDP of 8.5%, the Mexican economy has been forecasted to grow at 5% in 2021. However, it will take some time for Mexico to return to pre-pandemic levels.

Family businesses, the most common form of economic organization in Mexico, generate 80% of employment and contribute 92% of national GDP. According to the 2020 PwC Family Business Survey, 55% of family businesses in Mexico expect to grow in 2021; it also reports that 48% have invested in digital technologies and rapid adaptation to the needs of their customers, in order to survive and stay in business. The vast majority of family business are either micro or small in size (max. 10 employees). However, the important challenge resides within medium and large firms. Less than 30% of these have developed governance policies and/or structures that facilitate cross-generational continuity.

## *Highlights of the survey results*

- Life perceptions and sustainable development goals (SDGs). Mexican respondents consider family business a high priority. They strongly care about SDGs..
- Identity with the family and the family enterprise. In Mexico, about 78% of respondents indicated that they have a strong identity with the family enterprise and want to continue the legacy. Almost 85% of family members are actively involved in family business activities. It is also interesting to see how important their role is in the decision-making process.
- Development of the next generation. Family members are ready to accept new challenges in the family business. There is also a recognition from female respondents that they are as ready as their counterparts to act in leadership roles. Those respondents under 40 years of age are eager to take new responsibilities in their family enterprises: 60% of them need to obtain specialized knowledge in a specific field and 43% want to obtain international experience in order to cope with new challenges in the global economy.



# Spain

<b>Continent</b>	Europe
<b>Population in 2020 (inhabitants)</b>	47,332,614
<b>GDP 2020 in millions of USD</b>	1,281,199
<b>GDP per capita (PPP) 2020 in USD</b>	38,335
<b>Estimated % of family businesses out of total number of firms</b>	89%
<b>Estimated contribution of family companies to GDP</b>	57%

Spain is the largest country in Southern Europe and the sixth most populated country on the European continent.

Family enterprises are central to Spain's economic and social development. Ninety percent of private companies in Spain are family-owned or family-controlled businesses, where the family represents the majority of the seats on the board of directors. Approximately half of them are more than 50 years old, and each generation remains in the family business for an average of 21 years. In 2020, 64% of Spanish family businesses had a presence abroad through exports. Furthermore, 90% of Spanish family businesses have women on their boards of directors and 86% of them are committed to ESG issues, with sustainability as part of their corporate purpose. Despite the COVID-19 crisis, 62% of Spanish family businesses have maintained or increased their number of employees.

whose identity is less linked to the family and the family business (10.4%) than the identify of their male counterparts (1.1%).

- Family governance bodies. In Spain, participation in family governance bodies, such as the family council, is higher than in the rest of the countries that participated in the study. Likewise, women are more present in leadership positions in family governance (38.5%) than their men counterparts (19.5)..
- Development of the next generation. Generations over 40, who are currently involved in decision-making, consider that empowering and recognizing what younger generations can contribute to the business, taking into account their skills and abilities, and a structured and formal developmental approach are actions that they can take to promote the next generation. On the other hand, generations under 40 show a preference for developing soft skills, acquiring more business knowledge and clear rules of entry into the family enterprise.
- UN development goals: Spanish participants are interested in the UN Sustainable Development goals, with the achievement of gender equality and the fight against climate change and its effects being of most concern to them.

## Highlights of the survey results

- Individual identity, the family and the family enterprise. In family businesses the identity of individual family members may be entangled with the identity of the owning family and/or the family enterprise. Spanish female respondents see themselves as autonomous individuals,



## United States

<b>Continent</b>	North America
<b>Population in 2020 (inhabitants)</b>	331,449,281
<b>GDP 2020 in millions of USD</b>	20,936,600
<b>GDP per capita (PPP) 2020 in USD</b>	63,544
<b>Estimated % of family businesses out of total number of firms</b>	59%
<b>Estimated contribution of family companies to GDP</b>	37%

The US economy is the largest in the world, although economic growth stagnated in 2020 due to the COVID-19 pandemic. GDP remained essentially flat from 2019 to 2020, increasing slightly from \$21.43T at the end of 2019 to \$21.48T at the end of 2020. The US population was 331M in 2020 and the GDP per capital was \$64,806.

Family businesses accounted for 59% of the total workforce and provided 83M jobs. According to the Family Enterprise USA report, these businesses contributed \$7.7T to GDP, encompassing 54% of private sector GDP. The size of family businesses range across the spectrum, and their history span from founding to 4th generation and beyond.

US family businesses rank among the largest in the world, making up 33.6% of the S&P 500 (Anderson & Reed, 2003) and 24% of the top 500 family businesses (EY/St Gallen index).

### Highlights of the survey results

- Giving and development goals. Broadly, interest in giving is higher among US participants than those from other countries. This could be due to the fact that US enterprises are on average larger than those in other countries. But US-based respondents, across generation and gender, also see UN Sustainable Development Goals as less important to their family business than do other participants.
- Business identity and participation. US respondents see themselves more as part of a “business family” than do overseas peers, possibly explained by the higher proportion of older participants in the US sample versus those from other countries. In line with this, US respondents report greater involvement in family enterprise activities than others do: 96% said they are involved in such activities, the most of any country-based cohort.
- Business concerns. Respondents from the US express less concern about the family business than other participants, including as related to professionalization, strategy, innovation, sustainability, and other areas—possibly because the US-based sample includes larger family firms than the overseas samples do.

# *Conclusions and recommendations*

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Millennials and younger generations are often perceived to have a different world-view than older generations. This popular belief is nurtured by several articles avowing this younger generation's distinct attitudes towards working practices, preferences and expectations of consumers, and higher concern about environmental and social challenges.

However, from this study we conclude that the gap between older and younger generations is not as wide as we thought. We found more similarities than differences. Similarities may emerge from the fact that all generations are currently exposed to a high level of uncertainty, dramatic changes in society and extremely fast technological changes that are still unknown for most of us. Moreover, the COVID-19 crisis might have impacted attitudes. Regardless of the drivers, we are encouraged that the similarities across generations increase the ability to work together to develop purpose and strategy for the future of the family enterprise.

This study focused on identifying intergenerational differences about motivational and strategic aspects of ownership that can be highly relevant for the continuity of family enterprises. When these differences are neither recognized nor effectively managed, they can generate friction in the family enterprise since different generations tend to share power for long periods of time. To our own surprise, we found more similarities than differences in the way different generations perceive the future of the family enterprise, the role of the family and the business in their lives, their own interests, aspirations, and perceptions about the involvement of next generation, as well as strategic challenges and priorities of the family enterprise

### *Building on similarities and working on differences across generations.*

#### **Attachment to the family and business**

The strong identification of the younger generations with the family and the business is remarkable, as the usual assumption is that younger generations are more detached from the family business given that they are not yet involved in relevant positions because they are not yet shareholders, or because they desire to make their own path in the world. In fact, the younger generation firmly places the family and the family business as part of their identity.

Family enterprises can highly benefit from the potential psychological ownership of next generation members to perpetuate the family enterprise. The next generation aspires to achieve high positions in the organization and is preparing to take them on. In order to do so, it is worth highlighting that the senior generation has a different view from the younger generation regarding what it takes to be prepared to lead. The senior generation places a high degree of importance on values transmission and ethical behavior of the younger generation, while the younger generation values practical knowledge transfer from the older generation. The different generations need to engage in a profound dialogue to build a roadmap for developing next generation members that meets the needs of both generations with respect to knowledge and values transfer.

As part of this dialog, families need to be open to questioning their values, evaluating what is a bedrock versus what will evolve over time. Families must be willing to retain values that are functional and represent the essence of the family. Values that are no longer functional or do not fit current societal demands should be abandoned in order to incorporate new values that concur with the changes in society and in the family. Openness to change is a desire of the younger generation, who see the need for the older generation to be more open to new ideas for the business.

## **View on UN Sustainable Development Goals**

All generations are highly engaged with sustainability issues. Their alignment in relation to the business' strategic agenda and prioritization of specific SDGs such as economic development and provision of employment can be an important starting point for developing sustainability-oriented strategies. These strategies can leverage the strengths of the family enterprise while creating new capabilities to compete in an increasingly competitive environment, where sustainability is a key driver of change.

## **View on the future of the family enterprise**

Both generational groups are aligned with the business agenda and the challenges that surround the future of the family enterprise. As such, business strategy serves as a promising forum for engaging across generations in a dialogue about the future. Despite this broad convergence, younger-generation members see greater need for strategic change regarding digital transformation, sustainability, and professionalization. This divergence leads to the need for generations to understand each other and build on the other's capacities and knowledge—the senior generation for their expertise of running a business and industry knowledge, and the younger generation for bringing new ideas and technology as drivers of change in the family enterprise. The combination of both may lead to a bright future for family enterprises.

## **Governance in the family enterprise**

Governance is always a key challenge in family enterprises, particularly when new generations come on board and complexity increases in the family and in the business. Senior generations seem to be highly committed and engaged in business

governance bodies, but perpetuation of family governance appears to be a challenge as reflected in the survey. Few family members aspire to roles in family governance bodies. Most of the young members aspire to lead or be part of the board or the top management teams. Business families must become aware of the importance of the family system, and consequently, of the need to build strong family governance bodies that embrace the family's values and ethical logic (and pass them on to new generations), encourage stewardship of the family legacy, and prioritize (and lead) family shareholders' education. Without these tasks being carried out effectively, the continuity of the family enterprise will be compromised.

## ***Philanthropic giving***

Given the wealth that many family enterprises have generated over time as well as the philanthropic tradition of some families, many family members feel the desire or even the obligation to engage in philanthropic giving. While this is the case in senior generation, women stand out in their interest to devote time and effort to this matter. However, interest is waning among the younger generation. Social responsibility can be exercised in different ways with philanthropy being one of them. Beyond its social contribution, philanthropic activity can be an effective mechanism to transfer the family legacy, values and purpose, as well as provide a learning opportunity regarding resource allocation, impact evaluation and collective decision-making.

We cannot ignore the importance of context in philanthropic giving, as culture, legal and tax frameworks that condition how philanthropy is executed across countries will impact giving trends.

## **Impact of gender and parenthood**

We observe that differences might stem from gender and parenthood. Women across generations seem to be more interested in family, philanthropic giving, and caring for the environment, but are less likely to be involved in the family business. Business families can work towards encouraging the participation of women in the family business and increasing their interests and skills.

Parenthood leads to greater identification with the family enterprise, as well as more interest towards philanthropic giving. But parenthood seems to also lead to a desire to maintain the status quo, where perception of less need for change emerges, coupled with a sense of stewardship aimed at perpetuating the business and its positive impact on the broader community. Conservativeness may lead to paralysis. Business families must be aware of the need for change, and let next-generation members embrace these changes as they take over leadership positions. This is what gives the family enterprise the capacity to grow, transform, and survive across generations.

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## *Research methodology*

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In this exploratory study, researchers sought to understand the interests, beliefs and roles that members of different generation groups of enterprising families hold within their family businesses and the future challenges they foresee for their enterprises and leadership development.

The sample was composed by:

- Members of family businesses that have taken executive programs and seminars at different family business centers that have participated in this study,
- Undergraduate and graduate students of universities related to the above centers, and former students that belong to the alumni association,
- Members of the family business community who subscribe the university newsletters and other information distributions,
- Members of family business associations in some countries,
- Members of the Young Presidents Organization (YPO) who are family business owners.

The survey was sent by email to a broad universe between November 2020 and May 2021, and a response rate in the range of 5-7% was obtained. A non-probability sampling method was used, based on availability of respondents and willingness to take part of this survey.

We use two different datasets in our analyses: (i) for the global analysis in Chapters I-IV, the dataset includes 1,318 responses, and (ii) for the country comparisons in Chapter V, the dataset only incorporates 1,139 responses from the five countries where the survey was conducted. The difference between the two datasets corresponds to 179 responses from people whose family companies are headquartered in countries out of the five countries under study.

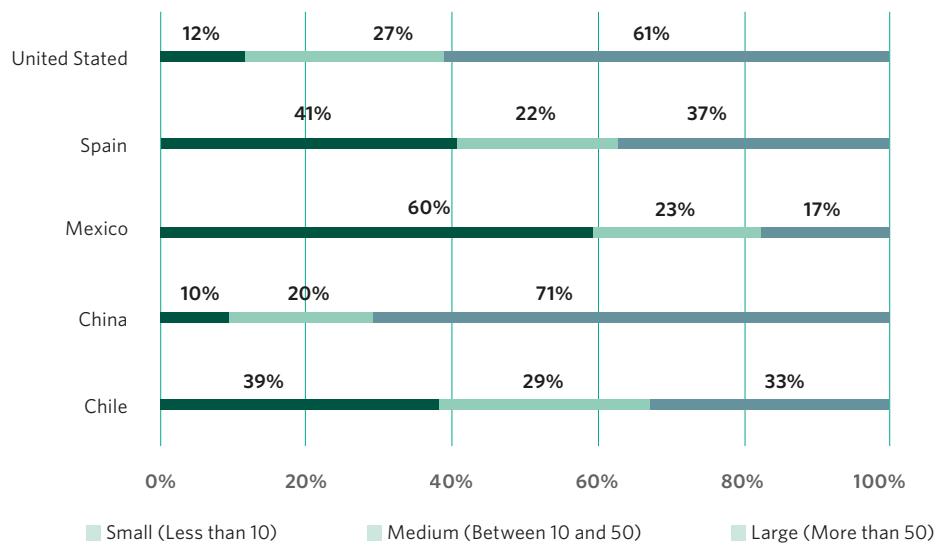
Results of differences across groups analyzed are reported only if those results have a 95% of confidence.

The following table summarizes demographic data by country:

		Country					
Individual information		Chile	China	Mexico	Spain	United States	Total
Generation	Participants	350	120	210	139	320	1139
	Classics (1920-1950)	7.1%	10.0%	4.3%	1.4%	13.8%	8.1%
	Baby Boomers (1951-1964)	22.9%	24.2%	21.4%	15.1%	35.3%	25.3%
	X Generation (1965-1979)	23.7%	20.0%	28.6%	56.1%	28.1%	29.4%
	Millennials (1980-1997)	31.7%	42.5%	34.8%	21.6%	22.5%	29.6%
	Centennials (from 1998)	14.6%	3.3%	11.0%	5.8%	0.3%	7.6%
Gender	Female	31.7%	29.2%	35.2%	34.5%	27.8%	31.3%
	Male	67.7%	69.2%	64.3%	64.0%	72.2%	68.0%
	Other and I prefer not to answer	0.6%	1.7%	0.5%	1.4%	0%	0.6%
Children	Yes	62.9%	70.0%	62.7%	75.4%	86.6%	71.8%
	No	37.1%	30.0%	37.3%	24.6%	13.4%	28.2%
Education	Not complete high school	0.3%	5.0%	0.0%	0.7%	0.0%	0.7%
	Complete high school	0.9%	3.3%	2.4%	2.2%	1.3%	1.7%
	University undergraduate degree (not complete)	26.4%	10.8%	18.1%	8.6%	5.6%	15.2%
	University undergraduate degree	40.8%	25.8%	35.7%	30.2%	35.0%	35.4%
	Post-graduate degree (not complete)	5.5%	7.5%	11.0%	5.0%	7.2%	7.1%
	Post-graduate degree	26.1%	47.5%	32.9%	53.2%	50.9%	39.9%

		Country					
Individual information		Chile	China	Mexico	Spain	United States	Total
Civil status	Single	33.5%	25.8%	31.4%	18.0%	8.1%	23.3%
	Married	57.3%	72.5%	57.1%	66.2%	85.6%	67.9%
	Living together	3.4%	0.0%	3.8%	8.6%	2.5%	3.5%
	Separated or divorced	5.2%	0.0%	6.7%	6.5%	2.2%	4.2%
	Widow/er	0.6%	1.7%	1.0%	0.7%	1.6%	1.1%
Company information							
Industry	Banking, investment, and insurance	15.4%	14.2%	6.2%	9.4%	9.1%	11.1%
	Commodities (mining, consumable goods, forestry, etc.)	11.1%	15.0%	3.8%	3.6%	8.8%	8.6%
	Manufacturing	14.9%	33.3%	24.8%	38.1%	41.9%	29.1%
	Commercial/Retail	22.3%	23.3%	22.9%	15.8%	10.9%	18.5%
	Transportation and communications	7.4%	6.7%	9.0	7.2%	9.1%	8.1%
	Food and beverage industry	15.1%	14.2%	8.6%	8.6%	18.1%	13.9%
	Utilities (basic services, energy, water, gas, etc.)	5.7%	5.8%	1.4%	2.9%	3.8%	4.0%
	Health services	6.6%	14.2%	7.1%	3.6%	1.3%	5.6%
	Recreation services, hotel industry, restaurants	4.3%	15.8%	10.5%	8.6%	6.6%	7.8%
	Construction and real estate	35.7%	40.0%	18.1%	18.7%	24.7%	27.7%
	Consulting and auditing	6.3%	0.8%	10.0%	5.8%	3.4%	5.5%
	Education	4.0%	6.7%	4.3%	3.6%	1.9%	3.7%
	Agricultural operations/agricultural industrial	22.3%	8.3%	11.9%	10.1%	11.9%	14.5%
	Other	10.9%	5.0%	9.0%	10.1%	13.4%	10.5%

### Size of family's main business in millions of US dollars:



n=1037

## Research team





China

**Leading researcher:**

**Winnie Qian Peng**, Director of Tanoto Center for Asian Family Business and Entrepreneurship Studies, Hong Kong University of Science and Technology.







esade

LANSBERG·GERSICK

Northwestern | Kellogg

John L. Ward Center  
FOR FAMILY ENTERPRISES

Tecnológico  
de Monterrey

HKUST  
香港科技大学  
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Tanoto Center for Asian Family Business and  
Entrepreneurship Studies  
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