DO FAMILY FIRMS PERFORM BETTER: A BELGIAN SURVEY

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Abstract

A large conceptual economic literature presents assumptions that family owned and controlled firms perform better than others, essentially on the basis of agency theory, ownership structure, cultural specificities and particular management practices. Large empirical evidence has been supplied by various studies, even if there are still contradictory debates. This paper uses the paired samples methodology to compare operational, economic and financial profitabilities of Belgian family firms. Evidence is given that they perform better, and this significantly for economic profitability. Discussion is engaged about the contribution of family values and practices to their results.

Keywords: agency theory, Belgian family firms, ownership structure

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Introduction

The family firms play a considerable part in the economy of most countries and represent between 50 and 90% of gross domestic product of all the market economies (KENYON-ROUVINIEZ and WARD, 2004).

It is the most common type of firm in the private sector (LA PORTA et al., 1999; IFERA, 2003; MORCK and YEUNG, 2003). However, the family firm is not clearly defined. There are many different definitions of this concept, often including qualitative elements. Choosing among the possible criteria is arbitrary but the literature generally focuses on three principal characteristics: a family owns a major part of shares, the family actually takes part into daily management, the wish to transmit the firm to a following generation does exist. According to the economic literature, family firms defined as such seem to produce better performances than non-family firms, because of their own characteristics.

First of all, this article gives a summary of the former empirical studies confirming this assumption. Then, we present three major theoretical thrusts which make it possible to explain differences in performance between family and non-family firms: the agency theory, the structure of property, as well as the cultural identities and managerial characteristics of family businesses. In addition, the existence of inhibitors of performance within the family firms is also considered. Finally, this study tries to give empirical evidence of this main assumption detected within literature that family firms generally present better performances. Applied to a sample of Belgian firms, the methodology of statistical paired data allows to compare operational, economic and financial profitability of Belgian family firms to those of their non-family counterparts.

1. Higher performance of family firms

In the Sixties, MONSEN et al. (1968) compared the performance of family entities with those of firms under managerial control. The obtained results show that the investments profitability is 75% higher in the family firms. MONSEN (1969) confirms this result by showing that the family firms are characterized by more profitable investments, a more effective resources allocation and a capital structure closely controlled. In the same way, MOURGUES (1987) concludes with an economic performance significantly higher for the firms held by their managers, and this, on the basis of accounting data. CHARREAUX (1991) also shows that the property structure of the family firms significantly influences their economic performance (Tobin's Q) even if the relationship with the equity's profitability is not significantly established.

The DAILY and DOLLINGER's paper (1992) also highlighted a better performance of the family firms in regard to sales growth rates and evolution of gross and net profit margins. Thereafter, ALLOUCHE and AMANN (1995) studied the differences in economic, financial and social performances between family and non-family firms. This study, based on two paired samples, showed that the average profitability of the family firms is higher than those of the other firms, as well in terms of shareholder's satisfaction as for other aspects of profitability. Let us also quote GALLO and VILASECA (1996) who concluded with a higher financial performance level of the Spanish family firms. GANDERRIO (1999) concludes in the same way for the Swedish family firms, even if he also showed that for several financial criteria, differences were not significant. COLEMAN and CARSKY (1999) as well as JORISSEN et al. (2002), showed that the family firms present higher returns on assets and returns on equity than the non-family firms. ANDERSON and REEB (2003) concluded that the American family firms are significantly more profitable (in terms of ROA) than the non-family firms, which in addition present a smaller market value (Tobin's Q). The profitability of the family firms is furthermore presented as reinforced by the inclusion of family members in the Board of directors. MAURY (2005) also gives similar evidence on the basis of an empirical research about family firms established in Western Europe. It is thus evident that many studies relating to the performance of family firms agree to recognize that they generate higher financial results (in terms of market value, accounting profitability, growth, etc.), and this, whatever the definitions selected to identify the familial character of a firm.

2. Explanatory factors

How could we explain those results? This research field is at the present time marked by the absence of an unifying theory, even by the multiplication of contradictory theories (ALLOUCHE and AMANN, 2000; CHUA et al., 2003). However, three major theoretical thrusts seem to be useful: the agency theory, the property's structure and specific cultural aspects of the family firms.

2.1. Agency theory and family firm

Let us remind that the agency theory evolves from the separation between ownership and control (JENSEN and MECKLING, 1976; FAMA, 1980; FAMA and JENSEN, 1983a and b): shareholders have little control over the managers' actions and decisions, whereas managers have divergent interests (CHARREAUX, 1997). As a reaction, shareholders try to protect their investments by setting up various controlling and monitoring mechanisms drawing agency costs.

However, family firms precisely differ from the others in the fact that owners and managers are often the same people or are members of a same family: they thus present convergent objectives and interests in general. The agency costs are consequently minimized or even nil (SCHULZE et al., 2001; MARKIN, 2004; MAURY, 2005). This "natural" advantage of family firms is thus used to explain the origin of their competitive advantage (DAILY and DOLLINGER, 1992) and of their higher financial results (GELINIER, 1996).

2.2. Family firm ownership structure

A large number of papers tested the assumption that ownership structure influences firm's performance (DEMSETZ and LEHN, 1985; MORCK et al., 1988; HOLDERNESS and SHEEHAN, 1988; HILL and SNELL, 1989; CHARREAUX, 1991; ALLOUCHE and AMANN, 1995), but their results diverge. However the majority of them observed higher performances for firms managed by their owners, even if the difference seldom is statistically significant. Nevertheless, CHARREAUX (1991) shows that the presence of external administrators has a positive and significant influence over performance. However, this relation does not seem to be significant for family firms. The author moreover suggests three concepts.

2.2.1. Convergence of interests thesis

This thesis is supported by BERLE and MEANS (1932) as well as by JENSEN and MECKLING (1976): the higher the part of equity held by manager is, the less conflicts are important, the weaker the difference with the objective of firm value maximization is and thus the larger the performance is. BARNHART and ROSENSTEIN (1998) like BHAGAT et al. (1999) effectively showed a positive relation between the part of equity held by managers and performance of the firm. Thereafter, GORTON and SCHMID (2000) confirmed that the more the concentration of capital increases, the more the value of German firms improves. CHEN (2001) validated these results for China.

2.2.2. Neutrality thesis

According to this, all ownership structures are equivalent. Indeed, separation between property and decision presents the advantage of less important private expenses by managers. Consequently, one cannot conclude with a better performance for firms with concentrated capital compared to firms with widely split capital, as empirically validated by DEMSETZ and LEHN (1985), HOLDERNESS and

SHEEHAN (1988), as well as by DEMSETZ and VILLALONGA (2001).

2.2.3. Entrenched management thesis

Managers who are also main shareholders escape from any control. This can induce a misleading management, in contradiction with the classical objective of market value maximisation. Thus, MORCK et al. (1988) just like HAN and SUK (1998) showed that, according to the percentage of capital held by managers, one can conclude either with the convergence of interests, either with the disadvantages of an entrenched management.

Other studies in addition reveal a positive relation between equity's performance and the relative part of external directors within the board (ROSENSTEIN and WYATT, 1990; PEARCE and ZAHRA, 1992). In short, many papers are based on the starting assumption that firm under non-family control is pursuing the managers own interests and is thus globally less efficient than family controlled firms. A large part of the economic literature dealing with the relation between ownership structure and performance mainly gives empirical evidence consistent with the theory of convergent interests, sometimes with that of neutrality. But the thesis of an effect due to entrenchment of managers is seldom validated. Beyond agency theory and various considerations related to ownership structure, cultural identity and specific practices of "owner-manager" can be mentionned to support the higher performance of family firms.

2.3. Social, cultural, and managerial specific aspects of family business

According to several authors, the success of family firms, whatever their size is, would be primarily due to their social and cultural characteristics and specific management practices of owner-manager. Relevant theoretical developments concern social capital theory, concept of confidence, cultural aspects and human resources management practices encountered within family firms.

2.3.1. Social capital theory (based on RBV approach)

For BARON and MARKMAN (2000), social capital is made of resources acquired by individuals meeting and getting knowledge from other individuals, either while belonging to their social network, or while being recognized and being appreciated by them. According to ARREGLE et al. (2004), this theory could explain the existence of special resources and competitive advantages in favour of family firms (willing members of family, better access to information, etc.). This could be called the "familiness", resulting from the positive embedding of two different kinds of social capital in family firm: on the one hand, interactions between members of family, and on the other hand, relations between suppliers, customers and workers (ARREGLE et al., 2004; HABBERSHON and WILLIAMS, 1999). However, it should be noted that family is also sensitive to economic logic. The familial asset can be a source of tied links as well as a source of division. It is thus necessary that family imposes codes of conduct to maintain cohesion: "the family impregnates her members of a collective knowledge which represents the whole of the statutory values and the standards of behaviour carried by the family group" (ARREGLE et al., 2004). Thus, employees of the firm also members of the family should act according to received education.

2.3.2. Confidence

According to several authors (CHAMI, 1997; ALLOUCHE and AMANN, 1998), the concept of confidence could provide an explanation for higher performance of family firms. It would be based on the naturally long term schedule of the relations between members of family, without any risk of conflict between the principal and the agent. ALLOUCHE and AMANN (1998) in addition proposed three degrees of confidence within family firms: confidence between managers (or personal trust): it evolves from family institutional logic. Managers, members of family or not, do agree with the logic of the family firm, multiplying and exchanging the responsibilities between people, conveying a common history, a shared identity, an emotional implication, a symbolic image of the family system, etc.;_intra confidence: i.e. between managers and workers of the firm; inter confidence: i.e. between the firm and its environment.

2.3.3. Inherent values of family

It is also commonly accepted that one of the major differences between family firms and others consists of a particular atmosphere creating a community spirit (GANDERRIO, 1999). MORCK et al. (1988) suggested that founder brings the innovation and expertise able to increase value of the firm.

ANDERSON et al. (2003) showed that presence of a family in a firm has a positive influence on its reputation. In addition, according to CASSON (1999) and CHAMI (1997), founder regards his firm as an asset to be transferred to his descendants rather than like a short term revenue source. Many elements can also favourably influence the performance of family firm: quality of relations between members of an united family, culture more clearly defined, better shared and of better quality information, presence of a long-term prospect. This is the result of optimal investment decisions and of more efficient use of assets, which increase in addition the confidence of suppliers and financial partners (ANDERSON and REEB, 2003; MARKIN, 2004). The consequence can be a lower cost of capital.

2.3.4. Human resources management

McCONAUGHY (1999) showed that managers, members of family, receive lower average wages than managers of non-family firms. The analysis of SRAER and THESMAR (2004) attests that operational performance of family firms exceeds those of firms with dispersed shareholding, and explains this difference with the levels of wages and a weaker sensibility to economic activity. Either family firms allow, on average, weaker wages to workers (MARKIN, 2004), either less qualified workers are recruited and then trained so that they reach a similar productivity level than higher qualified employees.

3. Debates

Some papers related to performance of family firms do not conclude with the superiority of family firms. The analysis conducted by WESTHEAD and COWLING (1998) as well as by WESTHEAD et al. (1997) did not highlight significant differences on a range of economic performance measurements. MARKIN (2004) like KLEIN et al. (2004) also show that the familial character of Canadian firms do not significantly influence their value (measured by Tobin's Q) or their profitability (ROA). Family firms thus seem to present characteristics neutralizing the elements contributing to their performance. These inhibitors of performance can be related to problems of altruism, of entrenchment or to certain familial values.

3.1. Family agency problems and altruism

Agency theory presents some limits in its application to family firms. Indeed, the assumptions of efficient capital and labour markets could be questioned in the case of family firms. Actually, their financing modalities or contract terms are not always in accordance with commonly agreed management practices (GOMEZ-MEJIA et al., 2001; ARREGLE et al., 2004).

Thus, it is not because managers and owners are the same people or are members of the close family that firm avoids all agency costs.

First of all, certain studies show that members of family are sometimes motivated only by their own interest and not by the family interests (MORCK et al., 1988; MORCK & YEUNG, 2003). Phenomena of nepotism and opportunism are likely to emerge: the manager's behaviour is then in favour of his own utility function, without respect for the firm's wellness or the interest of the minority shareholders (MARKIN, 2004). ANDERSON and REEB (2003) as MAURY (2005) give empirical evidence that family concentrated ownership initially improves the value of the firm, but that this one decreases starting from a certain level of family property (approximately 30%).

Then, without control, manager could be tempted to satisfy all the needs and desires of his family without consideration to a long term going concern. In addition, owner-manager could recruit members of family at positions they are not qualified for, installing so barriers for the entry of external managers however able to induce economic or technological positive changes.

Family firm may thus face a problem of altruism, defined as an utility function in which the wellness of the individuals is positively correlated with those of the others, inducing harmful consequences for the firm (SCHULZE et al., 2003). Consequently, the costs due to the altruism can be considered as an alternative to agency costs encountered in a managerial firm.

3.2. Entrenchment problems

In family firms, manager (founder) is often characterized by a strong personality and invests himself on a purely personal basis in his firm. Manager thus entrenched at the end of the career: he can use his powerful position for his own interest, for example by increasing his wages and/or his other advantages. GOMEZ-MEJIA et al. (2001) showed that the costs caused by this phenomenon of entrenchment can be more negative for family firms than for non-family ones. GALLO and VILASECA (1998) noted similar results: when manager is able to influence the future strategy of the firm, the fact that this one is not member of family makes it possible to ensure a higher performance. Moreover, according to AMAN (2003), control is definitely more difficult in a family firm because the nature of family relations is likely to skew the family perceptions of manager's competences.

3.3. Negative influence of family firm values

Cultural identity of family firms and their management practices also include aspects likely to harm their performance, such as resistance to change and a slower internationalization (GANDERRIO, 1999). In addition, whereas a family focused on the objective of firm value maximization can improve its performances, at the contrary, a divided family risks to harm the value of the firm (McCONAUGHY, 1999; MARKIN, 2004). Moreover, owners of family firms are likely to do strategic choices and investments which minimize the risk, and thus the profitability of the firm (ANDERSON and REEB, 2003). Lastly, the network of family relations presents some disadvantages: limitation at the entrance of the social network, requests for excessive assistance between members of the group, limitation of the personal freedom, standards to be respected which slow down the members progress (ARREGLE et al., 2004). In conclusion and in spite of the debates that we have just presented, as well conceptual arguments as empirical validations that the literature provides relating to the performance of family firms, mainly seem to support the assumption of their superiority.

4. Methodological choices

The major objective of our paper is to find empirical evidence supporting the assumption of the superiority of the family business on the Belgian market. It should be noted that the case of Belgium remains marginal in terms of studies carried out. The Belgian market proposes financial information for almost all firms, collected, compiled and published by the Belgian central bank. Unfortunately, there is no information about the family character of ownership. This is the reason why we proceeded with an inquiry to collect necessary information to attest this characteristic.

4.1. A population of SME's

In order to reach a large number of family firms, the inquiry concerned Belgian SME's, which are proved to be very often of family nature (WTTERWULGHE et al., 1994; VAN GILS et al., 2004). Moreover, willing to identify firms managed by the owner(s), the choice of SME's asserted itself.

We chose our sample among Belgian SME's created before December 31, 1990 so that the family character or not is quite impregnated in the firm. In addition, SME's occupying less than two workers were excluded. A random sample of 2.000 firms has been extracted of our 8.917 firms, and were addressed a written questionnaire.

4.2. The sample

Our usebal sample finally included 391 answered questionnaires, presenting a statistical representativeness on the Belgian SME's population based on three criteria: geographical dispersion, the branch of industry and the size (based on the number of workers).

4.3. Criteria for familial character

We considered that the firm is a family business when it satisfies at least two of the three following criteria: a family holds at least 50 % of capital; a family has a decisive influence on firm strategy and succession (the majority of managers belong to the family); the majority of the board of directors is made up of members of a family. This definition of family SME presents the advantage to use clear and measurable criteria, in opposition to qualitative definitions which are more subjective and arbitrary.

Moreover, this definition of the family firm is in accordance with most recent studies (FLOREN 2002; ANDERSON and REEB, 2003). We thus observed that among the 391 firms of our sample, 318 can be regarded as family ones (table 1).

Table 1. Family and non-family SME's (significant at 1%)

Total SME's	*Family SME's*		*Non-family SME's*	
391	318	81,33 %	73	18,67 %

The result (81,33 % of family SME's) illustrates a large majority of family firms and is consistent with former papers related to the importance of family SME's in Belgium (WTTERWULGHE et al., 1994; JORISSEN et al., 2002). This percentage is in addition very close to the results obtained by ASTRACHAN and KOLENKO (1994) for the United States (90 %), by REIDEL (1994) for Germany (80 %), and by CROUZET (1995) who shows that the percentage of family SME's in the European Union varies from 75 % to 99 % according to countries.

4.4. Accounting measurements of performance

As the analysed firms are not listed, accounting measurements of performance are used. Moreover, as previously said, several former studies are also based on such data. More precisely, the ratios used to evaluate and compare financial performance of family and non-family firms, are the following : gross and net profit margins [operational income before non cash expenses/sales] , [operational income /sales]; the global sales return [net income/sales]; the added value by worker; ROA, before or after non cash expenses; ROE, before or after non cash expenses. Those relatively traditional indicators of profitability made it possible to carry out a multidimensional analysis of performance of the considered firms (family or non-family) through several years (2000 to 2003) in order to be able to assert the stability of the results.

4.5. Statistical paired data

The technique of the statistical paired samples was privileged to compare family SME's with SME's as similar as possible except they have no familial character. This procedure allows isolating the demographic data (localization, size, age, sector, etc). Indeed, according to JORISSEN et al. (2002), comparative studies of family and non-family firms are generally ignoring this type of variables which can however skew the results highlighting differences of management practices or performance between these two types of firms. In the same way, for WESTHEAD and COWLING (1998), studies which do not control these variables do not make it possible to identify variations related to family character of firms but rather related to dissimilarities due to demographic data of the sample. To build the paired samples, it is necessary to choose criteria considered to be relevant, so as to make sure that the measured effect is due to studied variables and not to differences in composition of samples (THIETART, 1999, p. 198). Other empirical studies using this method (CABY, 1994; SAPUSEK, 1998; HELDENBERG, 1999) indicate indeed that various accounting measurements of performance are sensitive to the sectoral membership and the size of the firm considered (OOGHE and VAN WYMEERSCH, 1990, p. 395). With regard to the choice of the criterion of size, the total asset was privileged (it is also one of the three references to the size of firms according to the Belgian accounting law, with manpower and sales turnover). Thus, firms of the control sample, compound of non-family entities, were selected on the basis of following parameters the branch of industry; the size: total assets +/- 20 %.

4.6. Test used

The two samples were compared thanks to a statistical test which compares paired observations and identifies significant results. For each ratio, we systematically withdrawed the value of the control firm from the corresponding value for the family firm. The test of comparison is in fact practised on the average of the differences between paired values: the assumption to be tested is that these differences are null while the alternative assumption affirms the existence of differences. In our case, the rejection of the null assumption would make it possible to conclude that the famuly firms show, on an average basis, higher levels of performance than those of the control group. This method does not suppose the normality of the distributions (AFNOR, 1988, p. 366), what is particularly interesting insofar as many ratios are not normally distributed (OOGHE and VAN WYMEERSCH, 1990, p. 392).

5.1. Observations on the sample

Examination of average differences calculated for operational and commercial performance of the year 2003 shows that their sign is positive in all cases, what implies that family firms of the sample are on average more successful than non-family firms with which they are paired. In addition, this observation is maintained in time (years 2002, 2001 and 2000), except for the added value, indicator for which the sign is negative for the years 2002 and 2001. On the other hand, margins present, on average, a long term higher profile for family firms of the sample (the only negative average was observed for the year 2002 in the case of gross margin). In the same way, global sales return of family firms is higher for each year considered, except for one (2001). As for economic profitability of family firms of the sample, it appears also higher than those of non-family firms insofar as the average of differences calculated for the ROA, before and after non cash expenses, is positive in both cases. The stability of this observation does not seem particularly fragile since the sign of this difference for each of these indicators is negative for only one year.

Finally, the superiority of financial performance of family firms is also confirmed on the sample for the year 2003 since the ROE, with our without non cash expenses, presents a positive average difference. Again, this observation is generally stable in time since the average of differences calculated for this ratio is negative only for the year 2001 concerning the net ROE, and only for year 2000 for the gross ROE. Moreover, it can be specified that superiority of family firms in terms of financial profitability can be partially explained by their higher debt degree. Indeed, a higher debt ratio underlies less important equity and a higher leverage in the family firms, which, "ceteris paribus", leads mechanically to higher financial returns. It is also to notice that, as these observations on the sample have been established on both gross and net indicators of profitability, they make it possible to specify that depreciation policies of family firms do not seem basically different from those of non-family firms. On a general basis, we can thus conclude that family firms from the sample are more successful than non-family control firms, and this at operational, economic and financial levels. This is consistent with a broad literature, as well conceptual as empirical, supporting the superiority of family firms.

Thus, in terms of agency theory and of ownership structure, observations on the sample make it possible to confirm the thesis of interests convergence.

Table 2. Observations on the sample and results of the test of comparison [1]

	Differences between paired firms					T	df	Sig. (2-tailed)
	Mean	Standard deviation	Sandard mean error	Confidence interval 95% of difference				
				Lower	Upper			
Gross profit margin n	2,26714	11,56532	3,09096	-4,41047	8,94476	,733	13	,476
Gross profit margin n-1	-,50000	14,21613	3,55403	-8,07524	7,07524	-,141	15	,890
Gross profit margin n-2	4,18688	11,70126	2,92531	-2,04829	10,42204	1,431	15	,173
Gross profit margin n-3	3,11438	8,77218	2,19305	-1,55999	7,78874	1,420	15	,176
Net profit margin n	2,31438	11,82645	2,95661	-3,98749	8,61624	,783	15	,446
Net profit margin n-1	,99389	14,60280	3,44191	-6,26791	8,25569	,289	17	,776
Net profit margin n-2	3,82235	11,38981	2,76243	-2,03375	9,67845	1,384	16	,185
Net profit margin n-3	1,34176	8,74141	2,12010	-3,15265	5,83618	,633	16	,536
Added value n	3,296	20,402	2,776	-2,272	8,865	1,187	53	,240
Added value n-1	-1,544	25,233	3,342	-8,239	5,151	-,462	56	,646
Added value n-2	-2,724	23,628	3,102	-8,937	3,488	-,878	57	,384
Added value n-3	1,667	23,423	3,102	-4,548	7,882	,537	56	,593
Return n	1,38400	9,41316	2,43047	-3,82884	6,59684	,569	14	,578
Return n-1	2,53500	9,03033	2,25758	-2,27692	7,34692	1,123	15	,279
Return n-2	-,18214	6,10491	1,63161	-3,70701	3,34273	-,112	13	,913
Return n-3	,00250	4,27962	1,06990	-2,27795	2,28295	,002	15	,998
Gross ROA n	3,48538	15,48792	1,92104	-,35233	7,32310	1,814	64	,074
Gross ROA n-1	-,20185	16,98362	2,10656	-4,41018	4,00649	-,096	64	,924
Gross ROA n-2	1,56955	13,85164	1,70502	-1,83561	4,97470	,921	65	,361
Gross ROA n-3	,75394	13,97490	1,72019	-2,68152	4,18940	,438	65	,663
Net ROA n	2,96831	13,94734	1,72995	-,48767	6,42429	1,716	64	,091
Net ROA n-1	,03348	15,02731	1,84973	-3,66069	3,72766	,018	65	,986
Net ROA n-2	,65652	13,54324	1,66706	-2,67283	3,98586	,394	65	,695
Net ROA n-3	-,40061	12,34483	1,51954	-3,43534	2,63413	-,264	65	,793
Net ROE n	6,26291	53,08040	7,15736	-8,08673	20,61255	,875	54	,385
Net ROE n-1	1,45815	31,83317	4,33195	-7,23063	10,14693	,337	53	,738
Net ROE n-2	-,18702	26,38924	3,49534	-7,18902	6,81499	-,054	56	,958
Net ROE n-3	,94466	32,40236	4,25464	-7,57511	9,46442	,222	57	,825
Gross ROE n	12,01655	64,14703	8,64958	-5,32483	29,35792	1,389	54	,170
Gross ROE n-1	3,02340	44,82252	6,15685	-9,33122	15,37801	,491	52	,625
Gross ROE n-2	1,45411	42,23456	5,64383	-9,85638	12,76460	,258	55	,798
Gross ROE n-3	-2,2573	73,9489	9,6273	-21,5285	17,0139	-,234	58	,815
Global debt ratio n	,61155	27,05873	3,55299	-6,50318	7,72628	,172	57	,864
Global debt ratio n-1	-,74719	27,86191	3,69040	-8,13995	6,64557	-,202	56	,840
Global debt ratio n-2	4,14018	22,23570	2,94519	-1,75975	10,04010	1,406	56	,165
Global debt ratio n-3	4,91276	21,42765	2,81359	-,72136	10,54687	1,746	57	,086

[1] In this table, mean is the mean difference, for each ratio, between family and control firms; n is 2003.

5.2. Results of the comparison test

The significance of observed results on the sample is not acquired, except for ROA (gross and net) for the year 2003 (at the 10% level). Only economic performance of the activity of family firms thus seems to be significantly higher than those of non-family firms. This confirms that a certain number of inherent values to the family (quality of the relations between members of a united family, stronger defined culture, better shared information, better quality of information, presence of a long-term prospect) can lead to profitable management practices, especially by the means of optimal investment decisions and of a more efficient use of assets (ANDERSON and REEB, 2003; MARKIN, 2004). Nevertheless, this study significantly does not attest the superiority of the productivity and of the operational performance of family firms. We thus cannot give evidence of a lower cost of wages (MARKIN, 2004). However this could be the proof of deviances related to altruism of family managers recruiting members of the family at operational positions they are not qualified for.

Lastly, absence of significant results concerning the financial return (ROE) do not allow us to conclude with the existence of practices evolving personal enrichment for owners-managers, or with specific leverage due to a higher debt degree of family firms.

Conclusions and development tracks

In general, our results enable us to confirm, for our sample, that Belgian family SME's are more successful than their non-family counterparts. Studied indicators of operational, economic and financial profitability present indeed, on average, positive differences between the two groups of firms.

Nevertheless, results' significance could not be established, except for economic profitability (ROA), which indicates a particular aptitude of family firms to optimize the profitability of their assets thanks to specific family values and management practices (division of information, quality of relations, long-term prospect, etc).

In addition, this study also made it possible to highlight the higher debt level of family firms. This is consistent with the existence of a close and confident relation between financial partners and family firms, based on their long-term vision, their optimal investment decision and their more efficient use of the assets, what is corroborated by our results through a significantly higher economic profitability.

To conclude, certain tracks for future research can be advanced. It would be indeed useful to further analyse those data under a specific topic for family firms: succession problems.

The way this succession can be organised (donation, sale, management buy out, etc.) can indeed influence the levels of performance of transmitted family firms. Moreover, it would be interesting to study further the question of the influence of family ownership level on performances, insofar as former work already showed that, according to the percentage of the capital held by managers, one can conclude with convergence of interests (positive effect on performance) or with entrenchment (negative influence).

Lastly, the link between performance of family firms and their social, cultural and managerial specificities should also be better identified.

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