



Foundation for  
Family Businesses

## **Family businesses in Germany and Italy**

On the significance of the company type in comparison  
with selected European countries



## Summary of main results

### Weight of family businesses with at least five employees in Germany and Italy<sup>1</sup>

- The majority of companies in Germany and Italy are family businesses. In Italy, they play an even greater role overall than in Germany, as 78 per cent of companies in Germany and 87 per cent of companies in Italy are family-controlled. In Germany, 73 per cent of companies are owner-managed, in Italy 76 per cent.
- Family businesses account for 42 per cent of total employment in Germany in family-controlled companies and 37 per cent in owner-managed family businesses. In Italy, the figure is as high as 56 per cent for family-controlled companies and 49 per cent for owner-managed family businesses.

### Breakdown of family businesses with at least five employees in Germany and Italy by legal form

- In both Germany and Italy, companies with the legal form of sole proprietorship are almost exclusively family-controlled. In Italy, 99 per cent of sole proprietorships are managed by the owners, in Germany 98 per cent.
- As regards partnerships, there are clear differences between Germany and Italy. In this case, family businesses account for a significantly higher proportion of all partnerships in Italy (95 per cent family-controlled) than in Germany (78 per cent family-controlled). This is due to the fact that in Germany partnerships also include the legal form GmbH & Co. KG, which does not exist in Italy and which typically has a significantly lower family business share than other partnership forms.
- The proportion of family-controlled stock companies is 76 per cent in Germany and 84 per cent in Italy, while the proportion of owner-managed family businesses is 69 per cent in Germany and 71 per cent in Italy.

### Breakdown of family businesses with at least five employees in Germany and Italy by employee size class

- Family businesses are more common in the smaller company size classes than large companies.
- Among companies with between five and nine employees, 86 per cent are family-controlled in Germany and 92 per cent in Italy (owner-managed: 80 per cent in Germany and 81 per cent in Italy). In the class of companies with 500 or more employees, only 27 per cent are

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<sup>1</sup> The Orbis database under-reports small and micro-enterprises, which is why analysing companies with five or more employees increases the comparability of results between countries.

family-controlled companies (24 per cent owner-managed) in Germany and 35 per cent family-controlled (30 per cent owner-managed) in Italy. The differences between Germany and Italy are therefore minor in the smaller and medium size classes, while there are greater differences in the two highest size classes.

- Italy's economy is characterised by a higher percentage of small companies with up to nine employees than Germany. Almost 58 per cent of family-controlled companies based in Italy have fewer than 10 employees, compared to roughly 40 per cent in Germany.
- These structures contribute to the fact that the percentage of family businesses is higher in Italy than in Germany.

Breakdown of family businesses with at least five employees in Germany and Italy by economic sector

- In both countries, there are considerable differences between the economic sectors as regards the proportion of family businesses.
- In the construction industry, 93 per cent of companies in both Italy and Germany are family-controlled – the highest proportion across all sectors. In the mining, energy and water supply and waste disposal sectors, the figure is 58 per cent in Germany and 66 per cent in Italy. The other economic sectors fall somewhere in between. Retail companies stand at the top of the rankings, while financial and insurance services are in second-last place. In Italy, it should be emphasised that almost 90 out of 100 consumer-related service companies are family-controlled. This stands in marked contrast to Germany, where the proportion of family-controlled consumption-related service providers is only 70 per cent. In Italy, the structure of the consumer-related services sector is characterised by a higher proportion of smaller companies.
- The relative distribution of family businesses across economic sectors shows very similar patterns in Germany and Italy – family businesses account for a large share of manufacturing and trade companies in both countries. The mining, energy and water supply and waste disposal sectors each account for only a very small share. Italy is special in that the proportion of family businesses active in the consumer-related services sector is quite high at just under 27 per cent (Germany: 13.8 per cent). As previously mentioned, the proportion of family businesses in this sector in Italy is particularly high, at almost 90 per cent.

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