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# HOW THE WORLD'S LARGEST FAMILY BUSINESSES EVOLVED IN THE PERIOD 2013-2017

Case  
Study

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## Keywords

*Family businesses;  
Revenues;  
Wal-Mart;  
United States of America;  
Europe;*

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## JEL Classification

M00, M16

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## Abstract

*Family businesses are the cornerstone of the majority of the economies worldwide. They constitute one of the oldest historical forms of business organization and account for a significant percentage of all businesses around the world. The aim of the paper is to analyse the evolution of the world's largest family businesses by their total revenues in the period 2013-2017. The research was based on a quantitative method. The paper demonstrates that the world's largest family businesses obtained impressive revenues in the period 2013-2017. They represent huge multinational and transnational corporations with a global presence. Also, the paper illustrates the clear domination of the largest American and European family businesses at the global level.*

## INTRODUCTION

Family businesses are the cornerstone of the majority of the economies worldwide (Klerk, Kersley & O'Sullivan, 2018). They have increasingly become global businesses in the world economy in the past decades. Family businesses are one of the oldest historical forms of business organization (Toma, Marinescu & Grădinaru, 2016a) and account for a significant percentage of all businesses around the world. In this respect, researches have shown that they represent between 65% and 90% from the total number of enterprises in the world (Shanker and Astrachan, 1996; Institut Montaigne, 2013; EY, 2014; Family Firm Institute, 2017). In comparison with other firms, most of the family businesses consider that maintaining control over their business constitutes a key success factor (KPMG, 2014; Dawson, Kersley & Natella, 2015). As most of the firms worldwide are small and young this is also the case of family businesses. However, many multinational or transnational corporations, such as Wal-Mart and Volkswagen, are family businesses. It is said that "most of the largest companies in any economy are family companies and, on average, family companies perform better than non-family companies and they survive longer" (Davis, 2019, p. 1). Thus, family businesses' contribution to the socio-economic development (e.g., jobs creation, valued added generation, wealth creation) of communities, regions and countries is highly appreciated by researchers, practitioners, policy-makers and governments. This is why the last decades have witnessed an exponential growth of the study of family businesses (Mandl, 2008; Short, Sharma, Lumpkin & Pearson, 2016).

The aim of the paper is to analyse the evolution of the world's largest family businesses by their total revenues in the period 2013-2017. The structure of the paper is as follows. The next section presents the literature review. The research methodology is displayed in the third section of the paper. The fourth section illustrates the results. The paper ends with conclusions.

## LITERATURE REVIEW

During the time, the topic of family businesses has emerged and developed in the business literature. There is a plethora of approaches regarding the delineation of this concept as it has various meanings for different authors. In this respect, most of the definitions are based on criteria such as ownership control, family management, transgenerational succession, or later generational control. A family business is defined as follows:

- "A company is considered a family business when it has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family" (Donnelley, 1964, p. 94).
- "An enterprise, which in practice, is controlled by the members of a single family" (Bernard, 1975, p. 42).
- "The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua, Chrisman & Sharma, 1999, p. 25).
- "A company where most of the shares are owned by members of a family" (Collin, 2006, p. 154).
- "A firm, of any size, is a family business, if: (1) The majority of decision-making rights is in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs. (2) The majority of decision-making rights are indirect or direct. (3) At least one representative of the family or kin is formally involved in the governance of the firm. (4) Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital" (European Commission, 2009, p. 10).

These definitions reveal some of the characteristics of family businesses. In the first place, family, business, and ownership are three interconnected spheres of influence that affect a family business (Gersick, Davis, McCollom Hampton & Lansberg, 1997). In the second place, a family business is owned, governed and/or managed by the members of the same family. In the third place, a family business involves the transfer of property over a business between generations of the same family.

The expansion of family businesses at a global scale has been highlighted by numerous studies (PwC, 2018; Abouzaid, 2018; Deloitte, 2019). They emphasized the importance of the family businesses by showing the fact that these businesses represent the backbone of the vast majority of economies around the world (Kellermanns and Hoy, 2016; Conway Center for Family Business, 2020).

## METHODOLOGY OF RESEARCH

In order to attain the aim of the paper the authors used a quantitative method. First, they identified the sources of information. Second, the authors searched for data in a Romanian library where they discovered numerous journals, reports and books from the areas of business, entrepreneurship, and management. Third, they performed a literature review. Fourth, the authors analysed and synthesised the information. Finally, they composed their paper.

## RESULTS AND DISCUSSION

In the beginning of the 21<sup>st</sup> century, the American family businesses accounted for the lion's share of the top of the world's largest family businesses by their total revenues but half of them were European (Table 1). Family economic power was concentrated especially in the United States of America (USA) and Europe. The headquarters of these corporations were located in:

- the USA (Wal-Mart, Ford Motor, Cargill);
- South Korea (Samsung, LG Group);
- France (Carrefour Group, PSA Peugeot Citroën);
- Italy (Fiat, Ifi SpA);
- Germany (BMW).

After ten years, things changed significantly as eight of the largest family businesses left the top in 2013. However, Wal-Mart remained the world's biggest family-controlled business and the world's largest retailer. The American colossus was far ahead of the competition but the German behemoth Volkswagen became the second largest family business of the world. The American and European family businesses still dominated the hierarchy (Table 2). The headquarters of these corporations were located in:

- the USA (Wal-Mart, Ford Motor, McKesson);
- South Korea (Samsung);
- Germany (Volkswagen);
- Switzerland (Glencore);
- Netherlands (Philips);
- Italy (EXOR SpA);
- Russia (Lukoil);
- Taiwan (Foxconn).

In the period 2015-2017, Wal-Mart maintained its supremacy in the hierarchy (Tables 3 and 4). It remained not only the world's largest family business but also the world's largest corporation by revenue (Toma, Marinescu & Constantin, 2016b; Grădinaru and Toma, 2018; Toma, 2019). With only one exception, the top was composed by the same family businesses in that period. The American and European family businesses dominated the top and the first three world's largest

family businesses were the same. The headquarters of these family businesses were located in:

- the USA (Wal-Mart, Berkshire Hathaway, Ford Motor, Cargill, Koch Industries);
- Germany (Volkswagen, BMW, Schwarz Group, ALDI Group, Robert Bosch GmbH);
- Italy (EXOR SpA).

The period 2013-2017 witnessed an interesting evolution of the world's 10 largest family businesses by their total revenues. Starting from the above results the following issues can be underlined:

- The American and European family businesses were predominant and occupied leading positions in the rankings in the period 2013-2017.
- Wal-Mart remained the world's largest family business by its total revenues in the period 2013-2017. It was followed by Volkswagen in the same period of time.
- In comparison with 2015, the vast majority of the world's largest family businesses obtained higher revenues in 2017.
- The top of the world's largest family businesses by their total revenues remained pretty the same in the period 2015-2017 as only one corporation left the top.

## CONCLUSIONS

Family businesses have been a topic of interest for researchers and practitioners in the past decades. They have become important players not only in the national economies but also in the global economy. Moreover, their contribution to the socio-economic development of countries and regions is significant.

The paper demonstrates that the world's largest family businesses obtained impressive revenues in the period 2013-2017. They represent huge multinational and transnational corporations around the world such as Wal-Mart, Volkswagen and Ford Motor. Also, the paper illustrates the clear domination of the largest American and European family businesses at the global level.

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Table 1

### The world's 10 largest family businesses by their total revenues in 2003

Rank	Company	Revenues (\$bn)	Family
1	Wal-Mart	244.500	Walton
2	Ford Motor	163.400	Ford
3	Samsung	98.700	Lee
4	LG Group	81.000	Koo
5	Carrefour Group	72.035	Defforey
6	Fiat	61.014	Agnelli
7	Ifi SpA	59.239	Agnelli
8	PSA Peugeot Citroën	57.054	Peugeot
9	Cargill	50.800	Cargill
10	BMW	44.315	Quandt

*Source: Family Business (2004).*

Table 2

### The world's 10 largest family businesses by their total revenues in 2013

Rank	Company	Revenues (\$bn)	Family
1	Wal-Mart	476.300	Walton
2	Volkswagen	261.700	Porsche
3	Glencore	232.700	Rich
4	Samsung	209.000	Lee
5	Philips	157.700	Philips
6	EXOR SpA	151.100	Agnelli
7	Ford Motor	146.900	Ford
8	Lukoil	141.400	Alekperov
9	McKesson	137.600	McKesson
10	Foxconn	109.900	Gou

*Source: McCarthy (2014).*

Table 3

### The world's 10 largest family businesses by their total revenues in 2015

Rank	Company	Revenues (\$bn)	Family
1	Wal-Mart	485.700	Walton
2	Volkswagen	231.700	Porsche
3	Berkshire Hathaway	199.900	Buffet
4	Ford Motor	149.600	Ford
5	EXOR SpA	148.100	Agnelli
6	Cargill	120.400	Cargill
7	BMW	100.100	Quandt
8	Koch Industries	100.000	Koch
9	Schwarz Group	93.100	Schwarz
10	ALDI Group	82.200	Albrecht

*Source: EY (2017).*

Table 4

**The world's 10 largest family businesses by their total revenues in 2017**

<b>Rank</b>	<b>Company</b>	<b>Revenues (\$bn)</b>	<b>Family</b>
1	Wal-Mart	485.870	Walton
2	Volkswagen	287.900	Porsche
3	Berkshire Hathaway	242.140	Buffet
4	EXOR SpA	307.637	Agnelli
5	Ford Motor	202.000	Ford
6	BMW	118.800	Quandt
7	Koch Industries	110.000	Koch
8	Cargill	109.700	Cargill
9	Schwarz Group	109.650	Schwarz
10	Robert Bosch GmbH	94.640	Bosch

*Source: EY & University of St. Gallen (2019).*