Family Businesses - Bedrock of the Economy

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Ensuring the continued growth and prosperity of family businesses is vital to Ireland’s economic stability.

Despite increased competition from overseas exporters and large multi-national corporations, small to medium sized family owned businesses remain the cornerstone of the local economy. Latest statistics indicate that approximately 75% of all Irish firms are family owned businesses. Together they contribute greater than 50% of the country’s gross domestic product (GDP) and approximately 50% of employment.

In addition to providing direct and spin off employment, family businesses are significant contributors to local community investment and philanthropic efforts. The PwC Irish Family Business Survey 2012 found that 74% of Irish family businesses felt a responsibility to support community initiatives while 75% of family businesses believe they contribute to economic stability. The Family Business Philanthropy and Social Responsibility Inquiry 2009, found that family enterprises’ ‘characteristic commitment to long-term stewardship, stability and continuity means that a philanthropic and responsible outlook is frequently embedded in their business’.

Family businesses - the bedrock to the Irish economy - are omnipresent in Ireland’s rural and urban communities. In a typical day, consumers encounter numerous products and services supplied by family enterprises, some of which are household names including Flahavan’s porridge, Barry’s Tea and Maxol service stations.

Generally, Irish family businesses are small and micro sized operations involved in more traditional industries.

In 2005, the CSO found that family businesses account for 46% of the 83,988 non-financial services sector enterprises covered by the Annual Services Inquiry, and 39% of all employees. Together these businesses generated a turnover of €49 billion. The report found
that almost two thirds of turnover produced by family enterprises was created by small businesses with less than 50 people involved.

Another industry that accounts for a huge portion of family based enterprises is agriculture. According to the CSO Farm Structure survey 2005, there were an estimated 135,500 family farms in Ireland (excluding those farms run by commercial concerns or by institutions).

Family businesses are a well-recognised, influential feature of every economy. In the United States, family controlled enterprises contribute 57% of gross domestic product and employ 63% of the nation’s workforce (FEUSA, 2011). One third of all the companies in the S&P index are defined as family business. The largest family owned business in the US is Wal-Mart with $408 billion in revenues in 2009 (forbes.com). Over 60% of all European companies are family enterprises and include a vast range of firms of varying sizes from different sectors according to a European Expert Group Report on Family Business from 2009. In the UK, family businesses generate £81 billion per annum of tax receipts and account for almost a quarter of the nation’s GDP according to the International Centre for Families in Business.

Beyond GDP and employment percentages, there is no method of measuring the full contribution made by family businesses to Ireland’s economy. Family businesses aid local economic and social development, innovate, produce and supply a diverse range of products and services and provide unyielding support to their base communities. At the DCU Centre for Family Business, we aim to raise the national profile of family businesses by highlighting their significant contribution to the Irish economy.

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