

Anatomy of Family Firms in Finland*

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Abstract

This paper uses comprehensive and reliable register data from Finland in 2006–2022 to examine the prevalence, importance, and behavior of family firms. Family firms account for 73% of companies, 42% of employment, 31% of revenue, and 22% of assets. While they dominate among small and medium-sized enterprises, they also are important at the top, employing one in four workers in firms with at least 50 employees. Family firms cluster in primary activities, construction, services, and trade, and they are particularly important outside the capital region. Compared to non-family firms, they are more profitable, maintain lower labor costs, are less capital intensive, invest more, rely less on debt, and pay higher dividends. Smaller family firms grow less and engage less in international business whereas the reverse holds for larger family firms. The distinctive traits of family firms are especially pronounced in family-managed and closely held firms.

Keywords: Family firm, family business, ownership

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1 Introduction

Most firms around the world are family-owned, with some estimates suggesting they encompass more than two thirds of the global firm population. Family firms are particularly common among non-listed firms, but family ownership thrives even on stock exchanges.¹ Despite their ubiquity, family firms are greeted with varied enthusiasm. Advocates praise them as long-term, purposeful, resilient, and worker-friendly companies whose practices should be emulated across the business community. Critics express concerns over conservatism, nepotism, and family conflicts leading to inefficiencies that other firms can escape.

In this paper, I shed new light on the prevalence, economic importance, and behavior of family firms in Finland. What distinguishes this study from previous research is its use of comprehensive and reliable register-based data encompassing all firms and their owners. These data make it possible to overcome common challenges faced in family business research. Prior studies frequently depend on limited survey samples, incomplete ownership records, or data excluding privately held firms. The definition of a family firm has also varied between studies. The lack of comprehensive data and standardized definitions has raised questions about the representativeness and scope of the firms analyzed.

I compare family firms to other firms across many dimensions. I investigate their prevalence, economic footprint, and longevity, and analyze their size, industry, and geographic distributions. Firms' financial statements and balance sheets allow me to study profitability, growth, internationalization, investment, financing, and payout policies. Detailed data on owners, CEOs, directors, and their family relations make it possible to study differences between family firms in their management, generational stage, and ownership dispersion. The ownership data also allows reporting the number of owners in family firms and comparing their socioeconomic characteristics to the general population.

The remainder of the paper unfolds as follows. Section 2 describes the data, section 3 presents the results, and section 4 summarizes the findings.

¹ Amit and Villalonga (2020), Bennedsen et al. (2010), Bertrand and Schoar (2006), Kárpáti et al. (2024), and Villalonga et al. (2015) review the family firm literature. Some of the key papers include Anderson and Reeb (2003), Bandiera et al. (2018), Bennedsen et al. (2007), Bloom and van Reenen (2010), Burkart et al. (2003), Ellul et al. (2018), Mueller and Philippon (2011), Mullins and Schoar (2016), Pérez-Gonzales (2006), Sraer and Thesmar (2007), and Villalonga and Amit (2006). Aminadav and Papaioannou (2020), Faccio and Lang (2002), and La Porta et al. (1999) document patterns in corporate control around the world.

2 Data and definitions

2.1 Data sources

The data for this study are sourced from Statistics Finland (SF). It provides qualified researchers with access to comprehensive register-based data on firms and individuals in Finland. These statistical units are linked by pseudonymized, unique identification numbers, which allows the merging of information from various government registers. The sample period spans 2006-2022, determined by the availability of ownership data.

Firm ownership. Ownership of privately held companies originates from the annual tax returns companies are required to file with the Finnish Tax Administration (FTA). Limited liability companies must report all their shareholders and the number of shares they hold, provided they have no more than ten shareholders. Firms exceeding this limit report shareholders who hold at least 10% of the company's shares or have a shareholder loan from the company.

The shareholder reporting requirement applies to both natural and legal persons. Because legal-person shareholders are typically companies that must also report their own shareholders, I can identify the natural persons that are the ultimate beneficiary owners. The only exception is when the beneficiary owner does not appear in Finnish registers, such as foreign firms and individuals not having to report to the FTA. I allow for a maximum of ten layers of firms in the ownership chain to identify the ultimate owner.

SF also hosts additional data that helps in identifying shareholders who do not meet the reporting requirement. Business groups file consolidated accounts with the Finnish Patent and Registration Office. These accounts need to detail the parent company's ownership stakes in the group subsidiaries. Firms must also report to the FTA the dividends they pay to their shareholders. These tax filings identify each shareholder and the number of shares they hold. I use these additional sources of data to supplement the original ownership records. Knüpfer (2025) discusses the ownership data in more detail.

Directors and CEOs. Information on directors and CEOs comes from the Finnish Patent and Registration Office to which firms must file these roles and any changes in them. These filings identify the start and end dates of the individual's role in a firm. The reported roles include the chair of the board, ordinary and deputy directors, the CEO, and the interim CEO. Limited liability firms are required to have at least one director. A deputy director must be elected if there are less than three ordinary board members. A chair of the board must be elected if there is more than one board member. Although appointing a CEO is not mandatory, firms actively engaged in business

typically have one. A firm can devise more restrictive requirements in its bylaws. Merging the role data to other individual information at SF necessarily confines these data to individuals that have been given a Finnish personal identification number.

Firm characteristics. SF compiles extensive information on all Finnish companies. From these data, I extract information on industry, institutional sector, ownership category, number of employees, financials, and public listing status. For business groups, the financials refer to the unconsolidated accounts of each firm within the group. SF uses unconsolidated accounts in preparing their official statistics, explaining that evolving business group structures make consolidation challenging. I restrict the analysis to firms that record strictly positive revenue and total assets, and employ at least one person during the year. These restrictions help in excluding the large number of firms that are either inactive or are set up as a holding company that ultimately leads to the beneficial owner. I supplement the firm data with the Talouselämä 500 (TE500) listing of the ownership category of the 500 largest firms in Finland in 2017-2022. These data allow me to develop decision rules for classifying firms as family firms in the case of the largest firms in the economy.

Families and individuals. From SF's comprehensive individual data, I extract information on individual's parents and partners. Links to parents are comprehensively available for individuals born in 1955 or after. Partners by marriage or cohabitation are reported for every individual in each year. I also use information on individual's gender, birth year, native language, level of education, province and municipality of residence and of work, and labor and capital income, along with income taxes paid. This information is available for individuals that belong to the officially defined population of Finnish residents.

2.2 *Defining family and non-family firms*

I classify firms into four ownership types by using the ownership data, family links, and information on the ownership category supplied by SF. Because the ownership data do not record voting rights, I assume they align perfectly with cash flow rights. Dual-class shares are rarely used in Finland.

Family firms. The combination of a firm's shareholders and their family relations define family firms. The definition of a family firm is broadly consistent with that developed by the European Commission², with a few departures emanating from the Finnish institutional context, data availability, and research objectives.

² This definition is here: https://single-market-economy.ec.europa.eu/smes/sme-fundamentals/family-business_en.

A firm is classified as a family business if a natural person and her family collectively own more than 50% of share capital. Family members encompass an individual's partner by marriage or cohabitation, grandparents, parents, children, and siblings. Because the parental links are comprehensively available for individuals born in 1955 or after, grandparents are only known for a subsample of owners.

Identifying ultimate beneficiaries makes it possible to account for both direct and indirect ownership. To make sure that occasionally missing data on directors and the lack of a statutory requirement to appoint a CEO do not unnecessarily affect the classification, I depart from the European definition by not requiring that at least one family member is involved in the governance of the firm.

When compared to the TE500 list of Finland's 500 largest companies in 2017-2022, the ownership-based definition initially excludes some family firms. I inspect the ownership structures of these firms in detail and implement two exceptions to the general rule. First, a listed company qualifies as a family firm if a natural person and her family collectively possess at least 10% of share capital. This lower threshold compared to the European definition (25%) accounts for the smaller stakes typically held by Finnish family blockholders in listed firms. Second, a large privately held firm in the top 1% of the revenue distribution is considered a family firm if a natural person and her family own at least 20% of share capital. This lower threshold accounts for family firms with dispersed ownership in which some of family owners may not appear in the data due to foreign holding companies or other ownership arrangements.

This refined definition delivers similar prevalence and significance of family firms as using the standard European definition together with the family firms identified in the TE500 list. The benefit of the refined definition is that it does not rely on the TE500 list and thus extends to the 2006-2016 period. The initial ownership definition using the 50% threshold captures 80% of revenue and 89% of employment in all family firms in 2022. The additional thresholds applied to listed firms and large privately held firms account for the remaining 20% of revenue and 11% of employment.

Non-family firms. These firms fall into three categories. Foreign-controlled firms are classified by SF as being majority-controlled by foreign shareholders. The ultimate beneficiary of these firms is not known. Government-owned firms are majority-controlled by either the state or local government. The remaining firms are domestically owned firms that do not qualify as family firms. Examples of firms in this category include companies controlled by individuals not belonging to the same family, institutional investors, private equity firms, co-operatives, or charitable foundations.

3 Results

3.1 Prevalence and economic footprint of family firms

Table 1 presents an overview of the characteristics of family and non-family firms in 2022. The non-family firms are broken down into other private domestic firms and companies controlled by foreign shareholders and the government. The metrics analyzed include the number of firms, revenue, total assets, employee count, and corporate income taxes.

The sample covers 106,000 active limited liability firms with a combined revenue of 480 billion euros. Aggregate statistics from SF report 570,000 firms generating 590 billion euros in revenue. Of these, 230,000 are limited liability companies with 520 billion euros in revenue.³ The sample used in this paper thus excludes only 8% of total revenue of all limited liability companies, indicating broad coverage of the economically relevant corporate sector.

Family firms are numerous but small on average. They make up 73% of all firms and, on average, generate annual sales of 1.9 million euros and employ seven people. The other ownership categories have larger firms. The average foreign-owned firm has sales of 40 million euros whereas government-owned firms generate 38 million. The average revenue in the residual category of other firms equals 7 million euros. The same ranking applies to employee count with the average foreign-owned company having about 100 workers.

The considerably lower medians reflect a skewed distribution of firm size. Family firms have the lowest median sales at 0.3 million euros followed by other firms at 0.5 million. The median government-controlled firm has a revenue of 2.9 million whereas foreign-controlled firms have 7.5 million. This ranking remains similar for employment.

Despite small average size, the aggregate footprint of family firms is substantial. Their total sales and employment equal 149 billion euros and 537,000 people. Other firms have 184 billion in revenue, but they only employ 402,000 people. Foreign-owned firms are the third most important category with total sales of 120 billion euros and employment of 291,000 people. Government-controlled firms generate 30 billion euros in revenue and employ 61,000 people. The total assets of family firms and foreign companies both equal 136 billion euros. Other private firms have accumulated 250 billion euros in assets whereas government-owned firms have 94 billion.

Figure 1 summarizes these statistics by reporting the fraction of assets, revenue, employment, and firms accounted by family firms, compared separately to all firms, domestically controlled firms, and domestically controlled non-governmental firms. Family firms account for 22% of

³ The aggregate statistics cited in this paper are from the StatFin database at https://stat.fi/tup/statfin/index_en.html.

assets, 31% of revenue, and 42% of employment of all firms. Excluding foreign-controlled firms increases these fractions to 28%, 41% and 54%, respectively. Further removing government-owned firms yields fractions of 35%, 45% and 57%, respectively.

Although the sample of limited liability firms in this paper represents the bulk of the corporate sector in Finland, it leaves out some other corporate firms, particularly partnerships and co-operatives. In total, Statistics Finland reports the corporate sector generates 590 billions euros in revenue and employs 1.5 million people. Compared to these aggregates, family firm shares would be 25% and 36%, respectively. However, the bulk of the firms omitted from this study, in particular partnerships, would likely qualify as family firms. Assuming all partnerships were indeed family firms would bring up the corresponding shares to 29% and 43%, suggesting the fractions reported in this paper closely match those obtained from using the full corporate sector.

Figure 2 reports that these fractions show an increasing trend up to 2019 after which they modestly retrench. On average, family firms represent 74% of firms, 43% of employment, 31% of revenue, and 23% of assets in 2006-2022. Figure 3 shows how these fractions have changed by ownership type. Family firms have increased their importance in all four dimensions: the employment and revenue shares have increased 1.8 and 3.8 percentage points. Foreign-controlled firms have also witnessed increases with their employment and revenue shares growing by 6.0 and 3.5 percentage points. These increases have largely come at the expense of other firms in which employment and revenue have decreased by 5.8 and 5.2 percentage points. Government-owned firms have also seen their importance wane, with the exceptions of their asset share.

Table 1 also shows that family firms are important taxpayers. Their corporate income taxes amount to 1.8 billion euros with only those of other private firms being higher at 2.2 billion. The tax burden of foreign-owned firms is 1.6 billion euros whereas government-owned firms pay only 0.5 billion. Relative to other firms, family firms thus contribute 30% of all corporate income taxes. This share equals 40% and 45% when family firms are compared to domestic and domestic, non-government owned firms, respectively.

These findings show that family firms are significant for the Finnish economy and their importance has remained high throughout the sample period. These facts align with the evidence that family-controlled firms are pervasive around the world (La Porta et al, 1999; Faccio and Lang, 2002; Villalonga and Amit, 2006; Aminadav and Papaioannou, 2016).

How do my estimates compare with those obtained for other countries? Andersson et al. (2019) document that the employment share of family firms in domestically controlled non-government-owned firms in Sweden was 46% in 2017 (57% in this paper). Berzins et al. (2018) report that the employment share of family firms among all firms in Norway was 39% in 2015

(42% in this paper). This comparison suggests that the importance of family firms in Finland matches or even exceeds that in other Nordic countries.

How sensitive are my results to the family firm definition? The inclusion of sole-owned firms lacking any intent of family succession is a commonly expressed criticism. I find that sole-owned firms that have no family members in executive or director roles account for 19% of family firms but only 10% of their employment and 7% of their revenue. Consequently, their exclusion brings down the share of firms classified as family firms to 59% whereas the share of employment and revenue drops much less to 37% and 29%. These results suggest that excluding sole-owned firms leaves the economic footprint of family firms sizeable.

3.2 *Family firms by size*

Table 2 analyzes the importance of family firms across the firm size distribution. The four leftmost columns break down firms by their employee count and calculate the fraction of firms, employment, revenue, and assets in each category. Two sets of size breakdowns appear. The first splits firms into 1-9, 10-49, 50-249, 250-499, and at least 500 employees. The second split aggregates these categories to 1-49 and at least 50 employees.⁴

The results show that 83% of firms employ 1-9 workers whereas only 0.4% and 0.3% fall into the 250-499 and 500- categories. Splitting the firms at 50 employees shows that 97% of firms employ less than 50 workers whereas only 3% employ at least 50 workers. The 3,600 firms belonging to the latter category carry significant aggregate weight: they employ 59% of workers, generate 70% of revenue, and hold 70% of assets.

Figure 4 illustrates the four rightmost columns in Table 2 by showing the fractions attributable to family firms in each size category. Family firms dominate among small firms: they account for 73% of employment and 62% of revenue. The presence of family firms is smaller, but still substantial, at the top of the size distribution. In companies employing at least 500 people, family firms account for 18% of employment and 13% of revenue. The alternative breakdown at 50 employees reported in Table 2 shows that, in firms with at least 50 workers, family firms represent 35% of firms and are responsible for 27% of employment and 21% of revenue. These results thus show that family control thrives in both simple and complex organizational settings.

⁴ The first categorization corresponds to those commonly employed by the European Commission and OECD. The second split is often used by Confederation of Finnish Industries (EK) in its analysis of Finnish “Mittelstand” firms.

3.3 *Longevity of family firms*

Table 3 studies longevity of firms. Panel A includes all firms existing in 2006 and traces their survival probability up to 2022. It splits firms by their size to account for potentially differential survival rates. It is worth noting that this analysis tracks the legal entity associated with a firm. Mergers, acquisitions, and other restructurings can make the legal entity disappear even when its business continues to be carried out by another entity. The numbers in the table thus underestimate the true survival rates.

The results indicate that family firms have an overall survival rate of 37% whereas that for non-family firms is somewhat lower at 35%. The higher survival of family firms applies across the firm size distribution, with the only exception being the very largest firms. The average firm age reported in Panel B shows higher longevity translates into family firms being on average older than non-family firms. Family firms are 15 years old, which represents a two-year advantage compared to non-family firms. The difference in median ages equals three years. These results are consistent with the view that families value the survival of their firm and that this preference translates into higher longevity.

3.4 *Industry distribution of family firms*

Table 4 studies the sectoral footprint of family firms by documenting how firms are distributed across industries and how much of their economic activity is attributable to family firms. By employee count, the three largest industries are manufacturing, trade, and construction, and together they account for 49% of total employment, 71% of revenue, and 55% of assets. The fractions of employment attributable to family firms in these industries are sizeable: 41% in manufacturing, 49% in trade, and 65% in construction.

Figure 5 reports family firms' employment shares in each industry and shows they are particularly dominant in several industries. Primary activities, other service activities, and construction have particularly high ratios indicating strong presence of family firms in these industries. The high ratio for finance and insurance likely emanates from family offices and investment companies (banks and insurance companies are not included in the sample). Other preferred habitats of family firms include accommodation and food services, trade, and transportation and storage. Family firms have a small role in utilities that are typically controlled by government entities. Health and social work, information and communication, and education also show small a presence of family firms.

3.5 *Family firms across the country*

Table 5 reports on the geographical distribution of family and non-family firms by following the same format as Table 4. The largest province of Uusimaa is broken down into the Greater Helsinki Area and the rest of the province. The capital region is an economic hub with 30% of firms and employment, 58% of revenue, and 47% of assets. The role of family firms is the smallest in this region with a 31% employment share and an 18% revenue share. Outside the capital region, family firms are much more important: 16 provinces out of 20 display family firm employment shares above the national average of 42%. Across these 16 provinces, the average revenue and employment shares equal 48% and 49%, respectively.

Figure 6 reports the employment shares of family firms across provinces. Ahvenanmaa, Päijät-Häme, Keski-Pohjanmaa, Etelä-Pohjanmaa, and Pohjois-Savo have particularly high ratios, indicating a dominant position of family firms in these provinces' business life. The Greater Helsinki Area, Kymenlaakso, and Etelä-Karjala are at the other end of the distribution.

3.6 *Family management, generational stage, and number of owners in family firms*

Family firms differ along key dimensions. Some family firms have hired a CEO that does not belong to the owning family whereas others employ a family member. Some family firms are owned by just one generation whereas others involve family members across multiple generations. Finally, some family firms have only a handful of shareholders whereas others have more dispersed ownership.

Table 6 shows that 91% of family firms are led by a family CEO and the remaining 9% by an external. Only one generation is involved in 61% of family firms whereas 39% have owners or directors across many generations. The sole-owned family firm accounts for 57% of family firms whereas 41% have two to ten owners, and only 1% more than ten owners.

The distribution of family firm types is more balanced when judged using their economic footprint. Family firms led by an external CEO account for 42% of revenue whereas multi-generation firms and more widely held firms are responsible for 67% and 19%, respectively. The corresponding employment shares are 31%, 60%, and 13%. The greater weight of these types of family firms emanates from their larger size.

3.7 *Performance and behavior of family firms*

The family firm literature has uncovered systematic differences in performance and distinct behavioral patterns in family firms compared to others. Table 7 studies these issues by using

comprehensive and reliable accounting data on the sample firms. Financial performance encompasses accounting profits and returns as well as labor costs and capital intensity. Growth and internationalization consider the firm's sales growth and export activities. Investment and financial policies study investment activities, leverage, cash holdings, and payout policy. Detailed definitions of firm characteristics are given in Table 7.

The first three columns in Table 7 report the average value of each metric in family and non-family firms and their difference. The remaining three columns display medians and their difference. Means and medians generally deliver similar conclusions so reporting will focus on means.

The indicators of accounting performance show that family firms are more profitable, measured by both EBIT margin and EBIT to assets. The average performance difference equals 2.4% for both metrics. Measures related to labor and capital intensity provide clues about the origins of the performance advantage. Family firms have 4,700 euros lower labor costs per employee and they are less capital intensive with 11,900 euros less assets per employee.

While family firms are more profitable, their sales grow at a lower rate. Sales growth equals 7.6% for family firms whereas non-family firms post a 9.5% growth rate. Family firms are also substantially less likely to engage in international business, as measured by their involvement in export activities. This rate equals 11% for family firms but only 5% for non-family firms.

Family firms invest substantially more than non-family firms. Investment rate, measured as the annual change in gross fixed assets scaled by total assets, equals 5.6% for family firms, which is 1.1% higher than that for non-family firms. Family firms also appear reluctant to use leverage, hold more cash, and distribute larger payouts to shareholders. Equity makes up 51% of their total liabilities versus 43% in non-family firms. Cash holdings equal 27% of total assets for family firms and 24% for non-family firms.

The propensity to pay dividends is substantially higher at 37% for family firms compared to only 20% for non-family firms. When family firms do pay dividends, the payout scaled by book value of equity is lower than that for non-family firms. These two forces result into dividend payments averaging 3.7% of book value for family firms and 2.5% for non-family firms.⁵

⁵ Dividend payout ratios deliver a similar conclusion. The payout ratio, defined only for firms with strictly positive earnings, scales dividends by earnings. Its average equals 23.4% for family firms whereas it is 16.3% for non-family firms.

3.8 *Performance and behavior of family firms across firm size*

Table 8 analyzes how the differences in performance and behavior vary across the firm size distribution. It reports averages of eight key firm characteristics for family and non-family firms and their difference.

The profitability advantage of family firms is largely driven by smaller firms, but it also applies to the largest firms employing at least 500 people. The largest differences in labor costs and assets per employee appear in mid-sized firms. The very largest firms reverse the pattern in assets with family firms having a larger asset base per employee than non-family firms. Throughout the size distribution, labor costs are lower in family firms.

Sales growth is particularly low among smaller family firms whereas the largest family firms grow faster than the largest non-family firms. The internationalization gap is also emanating from smaller firms. For firms with at least 50 employees, the pattern reverses.

Investment is higher for family firms in all size categories except for the very top. The lower leverage across all sizes—with the gap particularly pronounced at the bottom and the top—and a uniformly higher propensity to pay dividends, suggest a common financial style: conservative capital structures, reliance on internal funds, and a preference for dividends.

3.9 *Regressions of performance and behavior*

Table 9 addresses the concern that family firm status correlates with other determinants of performance and behavior. It presents results of OLS regressions of each firm characteristic on an indicator for family firms and controls for logged total assets, logged employment, logged age, and fixed effects for years and industries. These regressions effectively compare family firms to non-family firms of similar size and age that operate in the same industry in the same year.

Relative to the univariate comparisons in Table 7, ten of the 12 differences between family and non-family firms retain their signs. The two outcomes that flip signs indicate that, conditional on controls, family firms exhibit higher sales growth and lower cash holdings.

These results suggest that most of the distinctive differences of family firm performance and behavior are not mechanical artifacts of compositional differences. Table 10 reinforces this view by showing that these conclusions are robust to alternative specifications that add controls

sequentially and replace continuous logged covariates with their decile dummies. All the eight key characteristics reported in the table are insensitive to specification.⁶

3.10 Performance and behavior across different types of family firms

Table 11 splits family firms according to family management, generational stage, and ownership dispersion and shows univariate comparisons between these types of family firms. Table 12 presents regression results by estimating separate coefficients for each type of family firm in the sample of all firms. Because these dimensions of family firms strongly correlate with firm size, the emphasis in reporting is on regressions.

The coefficients in Table 12 show the conditional differences for each type of family firm compared to non-family firms. Most of the distinctive behaviors of family firms appear to be driven by firms led by a family CEO. These firms are more profitable, have smaller asset base and lower labor costs, engage less in international activities, invest more, carry less debt, and pay higher dividends. By contrast, differences by generational stage are generally small. Ownership dispersion matters primarily at the extreme. Family firms with more than ten owners exhibit small and often insignificant coefficients, suggesting they lack the distinctive characteristics of other family firms and thus resemble non-family firms. Family firms thus differ the most where family influence is strongest.

3.11 Owners in family firms

How many individuals own shares in family firms, how do they differ from the population, and how is the business wealth distributed? Tables 13 and 14 answer these questions by repeating some of the key analyses in Knüpfer (2025) for family firm owners. Table 13 shows there are about 135,000 individuals who hold shares in family firms, which amounts to 2% of the population. Their average age at 49 is six years higher than that of the population. Men are overrepresented among family firm owners with a share of 71%. Figure 7 details these differences by plotting the share of family firm owners and the population in five-year age intervals stratified by gender. Very few individuals below the age of 20 own shares in a family firm. The ownership propensity increases strongly with age and reaches its peak at ages 55 to 59. The large drop

⁶ An additional regression also controls for province fixed effects to account for differences in the geographic distribution of family and non-family firms. These additional fixed effects have little effect on the results with all the coefficients retaining their signs and magnitudes.

following age 60 likely reflects a mix of generational successions, transitions to a new owner, and business closures.

Table 13 further shows that Swedish-speaking individuals make up 8% of family firm owners whereas this share is only 5% in the population. This higher share is accounted for by a corresponding lack of owners whose native language is neither of the two official languages. Family firm owners have a higher level of education than the population with 17% of them holding a Master's degree. The average income of owners equals 76,500 euros whereas the national average is 29,100 euros.

Table 14 reports that family firm owners have on average 415,000 euros in business wealth, defined as the firm's book value of equity allocated to an owner according to her ownership stake. This average masks considerable variation: business wealth is heavily concentrated among owners. By placing the owners into percentiles of business wealth, the table shows that the average owner among the wealthiest 1% holds 21 million euros of wealth whereas the median equals 10 million euros. The top 1% collectively holds 51% of business wealth whereas the top 10% account for 82%. Given the 56 billion euros of total business wealth in family firms, the top 1% and 10% thus hold 29 and 46 billion euros, respectively. Table 14 also shows that the economic footprint of the family firms owned by the top 1% is sizeable. These owners account for 19% of employment and 33% of revenue in all family firms. For the top 10%, the corresponding shares are 47% and 66%, respectively.

Table 15 studies the taxes paid by family firm owners by reporting the total income taxes paid by each business wealth group, both in euros and as a fraction of the national totals. The table reports two income tax measures. The first measure includes personal income taxes levied by the municipal and state governments. The second measure allocates the corporate income taxes paid by the firms that the owners hold to each owner according to their ownership stake.

Family firm owners are responsible for 11% of the nation's total income taxes of 40 billion euros. The top 1% contributes 21% of all income taxes paid by owners and 2% paid by the population. The corresponding shares for the top 10% are 45% and 5%. Considering the fact that these top categories represent small fractions of the population, their tax burdens are disproportionately large. Figure 8 illustrates this point by calculating the ratio of the owner's tax share to their population share by business wealth. The contribution to national totals increases in business wealth and is substantially larger for the most affluent owners. Income taxes paid by owners in the top 1% are 95 times their population share. Even in the lowest parts of the distribution, the ratio is about two, suggesting family firm owners are disproportionately important tax payers compared to their prevalence in the population.

4 Summary

The key findings of this study are the following:

- **Economic footprint.** Family firms are the backbone of Finland's corporate sector. In 2022, they represent 73% of active limited liability firms and account for 42% of employment, 31% of revenue, and 22% of assets; excluding foreign-controlled and government-owned firms, the corresponding shares are 76%, 57%, 45%, and 35%. Their aggregate importance has modestly increased over 2006–2022. Family firms are also important taxpayers: they contribute 30% of corporate income taxes, with this share increasing to 45% when foreign-controlled and government-owned firms are excluded.
- **Firm size.** Family firms represent sizeable fractions across the size distribution, with the highest prevalence among small and mid-sized firms. Among firms with 1–9 employees, family firms account for 78% of firms, 73% of employment, 62% of revenue, and 48% of assets. Even among firms with at least 500 employees, the corresponding shares are 21%, 19%, 13%, and 10%, respectively.
- **Longevity.** Survival over 2006–2022 is higher for family firms (37%) than for non-family firms (35%). As a consequence, family firms tend to be somewhat older than other firms.
- **Industry mix.** Family firms are disproportionately represented in primary activities, construction, accommodation and food services, other services, and trade. They are relatively uncommon in health and social services and information and communication.
- **Geography.** Family firms play a particularly important role outside the capital region. In the Greater Helsinki Area, family firms' employment and revenue shares are 31% and 18%, versus averages of 48% and 49% across other provinces. Family firms are especially influential in Ahvenanmaa, Päijät-Häme, Keski-Pohjanmaa, Etelä-Pohjanmaa, Pohjois-Savo, and Pohjois-Karjala, and much less so in Greater Helsinki Area, Kymenlaakso, Etelä-Karjala, Pirkanmaa, and Keski-Suomi.
- **Family firm types.** Most family firms have a family CEO, involve one generation, and are owned by few individuals. However, larger shares of family-firm revenue accrue to other types of family firms: 42% of revenue is generated by firms with an external CEO, 67% by multi-generation firms, and 19% by firms with more than ten owners.
- **Profitability.** Financial performance is higher in family firms: mean EBIT to assets is 7.0% versus 4.6% for non-family firms. This advantage is largest among small firms but

remains positive even for large firms. It also survives controls for size, age, and industry. This performance difference partly arises from family firms employing less capital and having lower labor costs.

- **Growth and internationalization.** Family firms grow more slowly, by 1.1% less in annual revenue growth. They are also less likely to engage in international business by exporting (5% vs. 11%). These patterns solely emanate from smaller firms. Among firms with at least 50 employees, family firms grow faster and display greater international engagement.
- **Investment and financial policies.** Investment rates are 1.1% higher in family firms, and the difference remains significant for larger firms and in regressions. Family firms carry less debt and pay higher dividends. The equity ratio is 51% in family firms versus 43% in non-family firms, and the propensity to pay dividends is 37% versus 20%. These differences hold across the size distribution and in regressions. While family firms hold more cash in univariate comparisons, this result does not carry over to regressions.
- **Heterogeneity by management, generations, and ownership dispersion.** Conditional on size, age, and industry, family-managed firms outperform, grow and invest more, carry less debt, pay higher dividends, have lower labor costs and smaller asset base, and are less internationalized. Differences by generational stage are smaller. Firms with the greatest ownership dispersion are least likely to display the distinctive traits of family firms.
- **Owners in family firms.** About 135,000 individuals, reflecting 2% of the population, hold shares in family firms. These owners are predominantly men aged between 40 and 60 years, and their average business wealth equals 415,000 euros. The wealthiest 1% of family firm owners holds 51% of business wealth. They account for 19% of employment and 33% of revenue in all family firms and pay 21% of income taxes collected from family firm owners. Collectively, family firm owners contribute 4.4 billion euros in income taxes in 2022, representing 11% of the nation's income tax collection.

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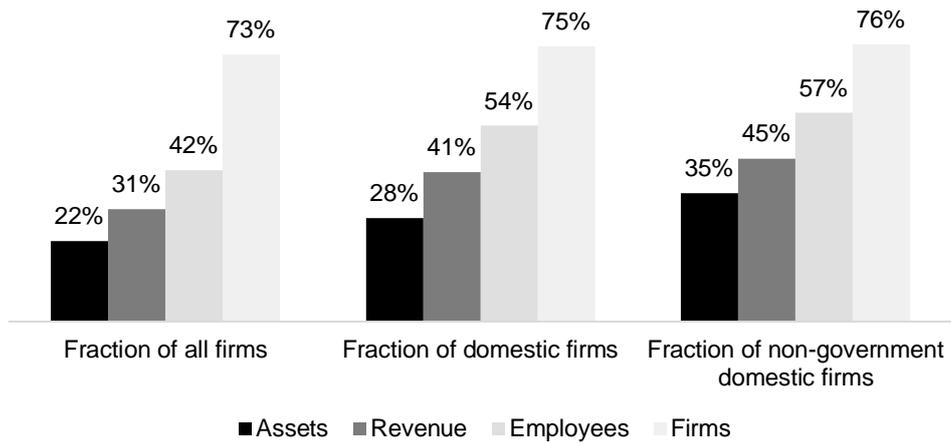


Figure 1. Economic footprint of family firms, 2022

This figure illustrates total assets, revenue, and employee count in family firms, along with the number of these firms, as a fraction of those in all firms, domestically controlled firms, and domestically controlled non-government owned firms.

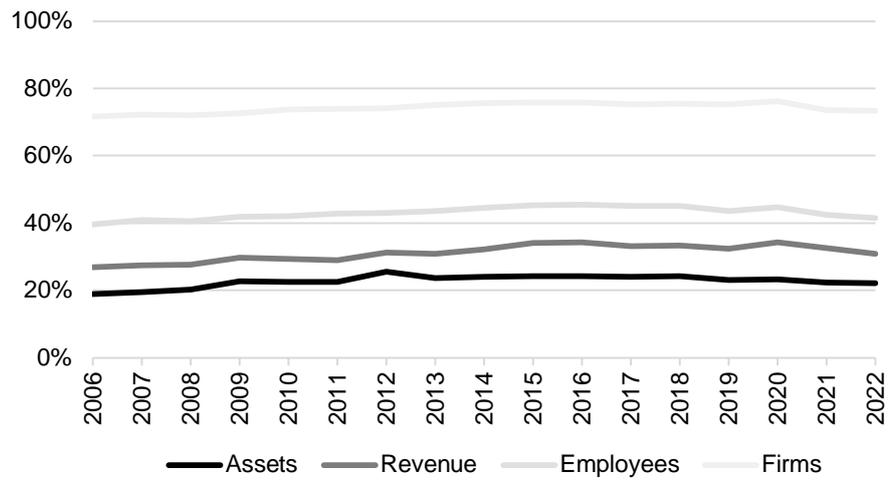


Figure 2. Importance of family firms, 2006-2022

This figure illustrates total assets, total revenue, and number of employees in family firms, along with the number of these firms, as a fraction of those for all firms over time.

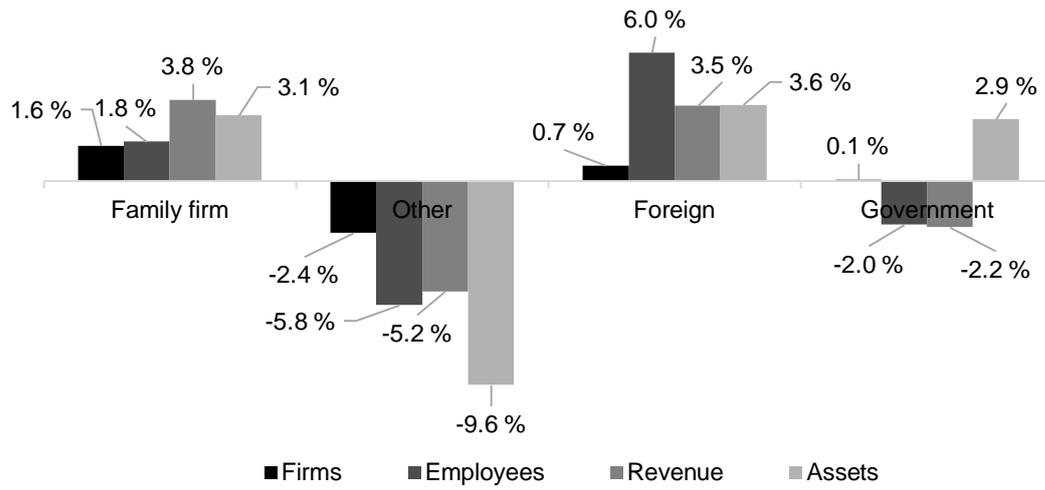


Figure 3. Changes in importance of firms by ownership type, 2006-2022

This figure shows the changes in the fractions of total assets, total revenue, and employee count, along with the number of firms, by ownership type over time.

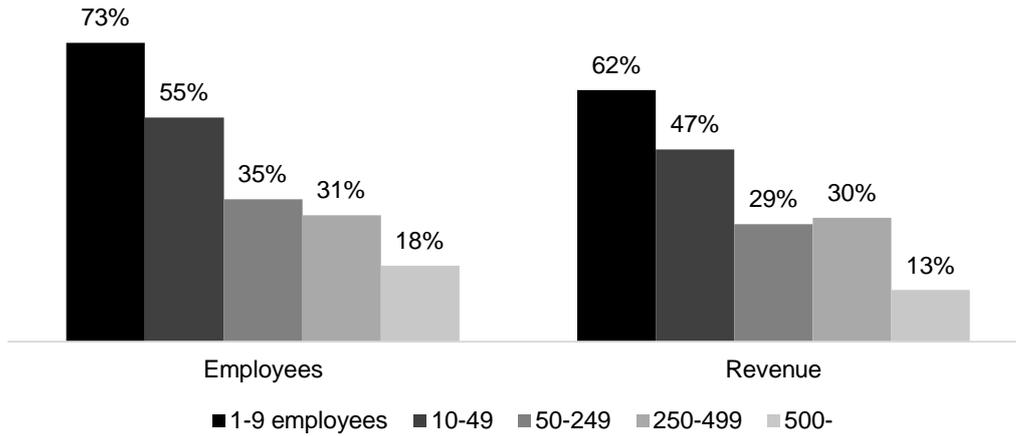


Figure 4. Fraction of employees and revenue in family firms by firm size, 2022

This figure reports the fraction of number of employees and total revenue in family firms, compared to all firms, by firm size, measured as number of employees in a firm.

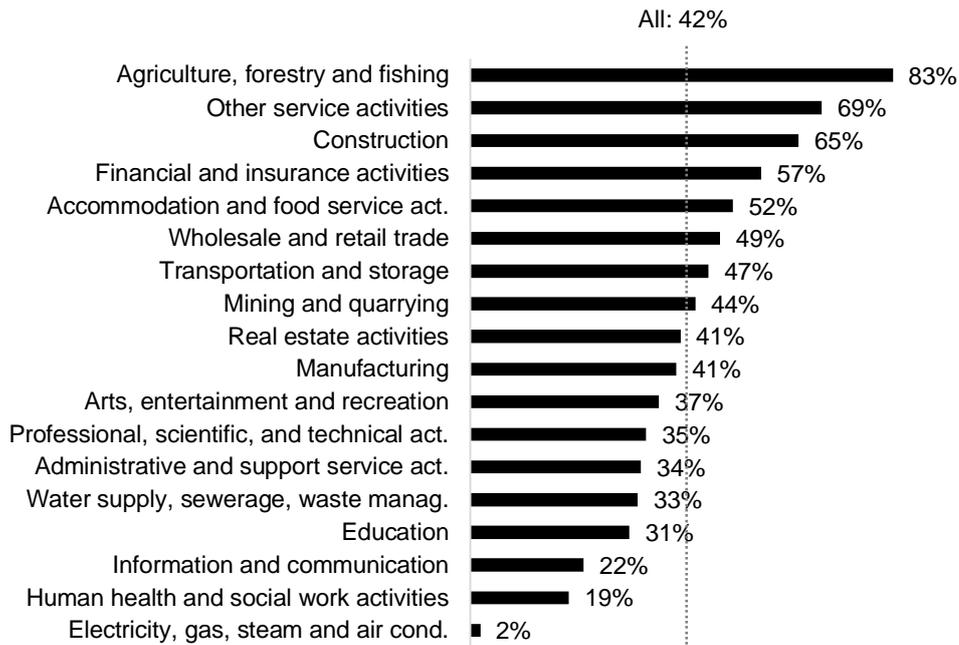


Figure 5. Fraction of employment in family firms across industries, 2022

This figure calculates the fraction of employment in family firms in each industry. It also shows the corresponding share across all industries.

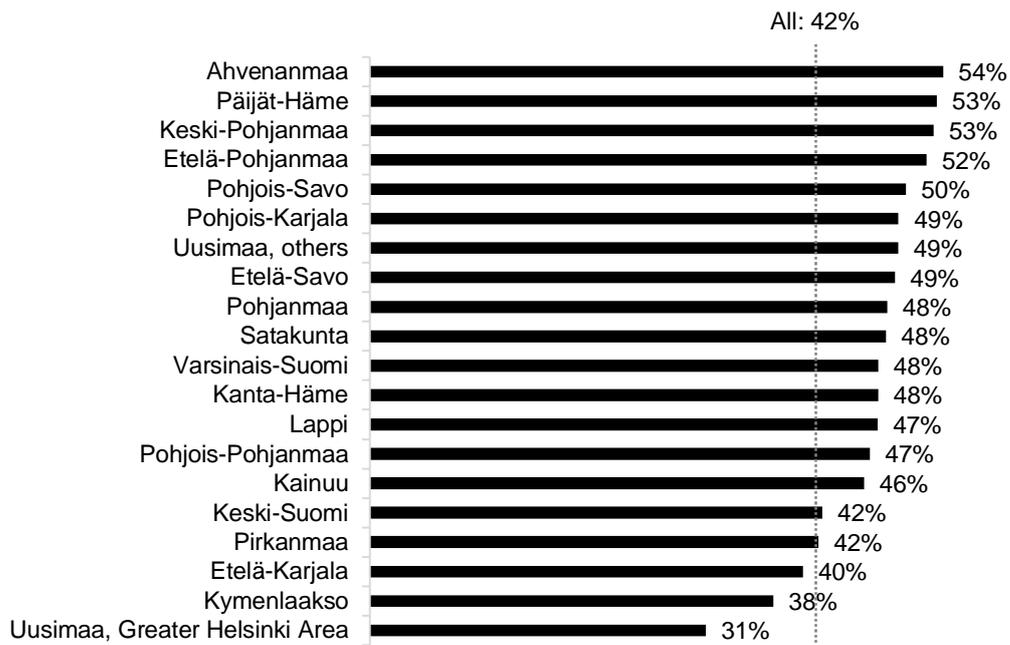


Figure 6. Fraction of employment in family firms across provinces, 2022

This figure calculates the fraction of employment in family firms in each province. It also shows the corresponding share across all provinces. “Uusimaa, Greater Helsinki region” encompasses the cities of Helsinki, Espoo, Vantaa, and Kauniainen whereas “Uusimaa, others” contains all the other municipalities in the Uusimaa province.

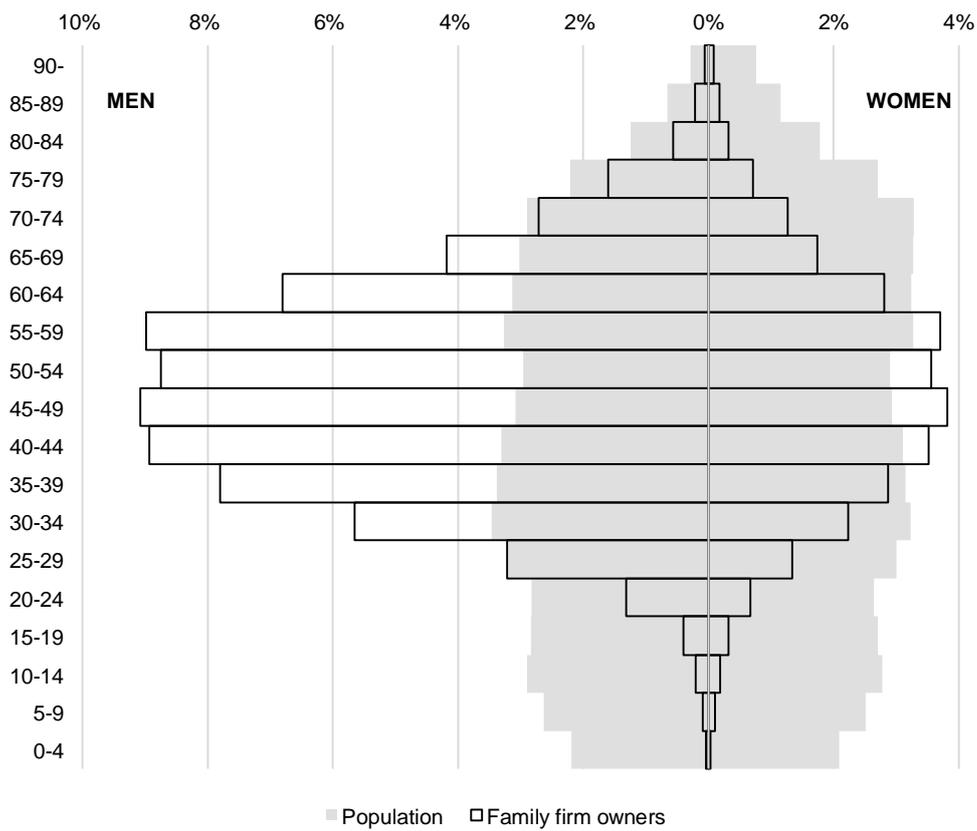


Figure 7. Fraction of population and family firm owners by age and gender, 2022

This figure displays the fraction of the population and family firm owners within each of the 19 age categories, stratified by gender.

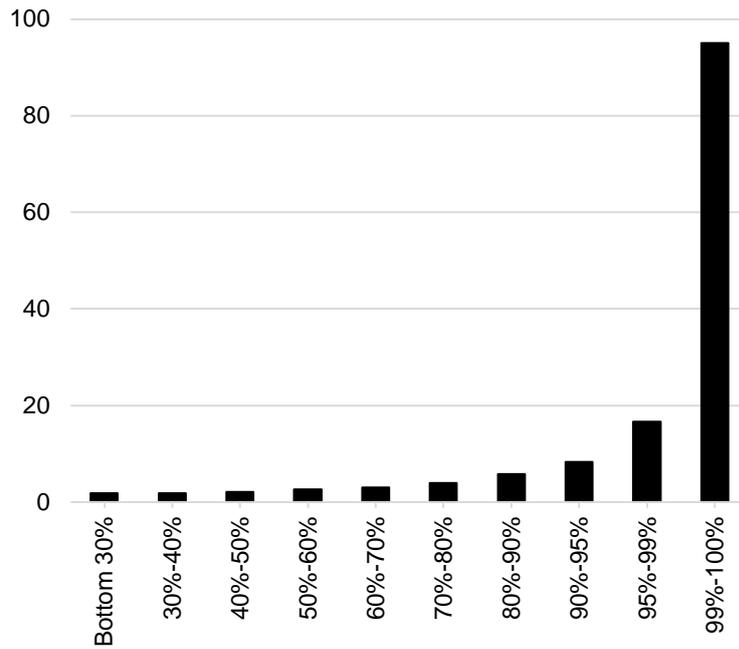


Figure 8. Ratio of family firm owners' tax share to their population share

This figure presents the ratio of the share of family owners' income taxes to the share of family firm owners in the population, stratified by owners' business wealth. Income taxes include the owners' personal income taxes (state and municipal) and the firms' corporate income taxes allocated to each owner based on her ownership stake. The national totals are based on statistics released by the Finnish Tax Administration.

Table 1
Firm characteristics by ownership type, 2022

This table reports revenue, total assets, number of employees, corporate income taxes, and number of firms grouped by ownership type in 2022. Family firms are defined in text. The categories of foreign and government refer to firms majority-owned by foreign shareholders and by local or state governments, respectively. Other firms are the companies that do not fall into any of the other three categories. Subsidiaries are categorized based on the ownership of their parent company.

	Ownership type				All firms
	Family firm	Other	Foreign	Government	
Totals, mill. euros / persons					
Revenue	148,915	184,110	119,531	30,059	482,615
Assets	135,830	249,684	136,082	93,621	615,217
Number of employees	536,701	401,503	291,221	61,458	1,290,883
Corporate income taxes	1,778	2,159	1,592	485	6,013
Means, th. euros / persons					
Revenue	1,909	7,481	39,567	37,527	4,534
Assets	1,741	10,145	45,045	116,880	5,780
Number of employees	7	16	96	77	12
Corporate income taxes	23	88	534	612	57
Medians, th. euros / persons					
Revenue	297	511	7,548	2,937	355
Assets	191	286	5,334	6,091	224
Number of employees	2	3	26	12	2
Corporate income taxes	1	0.3	21	0.2	1
Number of firms	77,999	24,612	3,021	801	106,433

Table 2
Family firms by firm size, 2022

This table reports the distribution of firms, employees, revenue, and total assets in each firm size category, and the fraction of those attributable to family firms in 2022. The measure of firm size is number of employees. Two size categorizations are shown: 1-9, 10-49, 50-249, 250-499, and at least 500 employees, and 1-49 and at least 50 employees.

	Number of firms	Distribution of all firms across size categories				Fraction attributable to family firms			
		Firms	Em- ploy- ees	Rev- enue	Assets	Firms	Em- ploy- ees	Rev- enue	Assets
1-9 employees	87,842	82.5%	17.8%	12.6%	14.8%	77.6%	73.2%	61.5%	48.3%
10-49	14,953	14.0%	23.3%	17.6%	14.8%	57.4%	54.8%	47.0%	34.1%
50-249	2,996	2.8%	22.3%	25.8%	22.8%	36.7%	34.8%	28.8%	21.7%
250-499	373	0.4%	9.9%	10.7%	18.4%	30.6%	30.9%	30.2%	11.3%
500-	269	0.3%	26.6%	33.3%	29.1%	21.2%	18.5%	12.5%	9.7%
1-49 employees	102,795	96.6%	41.1%	30.2%	29.7%	74.6%	62.8%	53.1%	41.2%
50-	3,638	3.4%	58.9%	69.8%	70.3%	34.9%	26.8%	21.2%	14.0%
All	106,433	100.0%	100.0%	100.0%	100.0%	73.3%	41.6%	30.9%	22.1%

Table 3
Longevity of family firms

Panel A reports on the longevity of the firms that exist in 2006. It shows, separately for firms of different size and family firm status, the fraction of firms that still exist in 2022. Panel B reports the mean and median age of firms in 2022 by family firm status.

Panel A: Survival probability of firms existing in 2006				
	Family firms		Non-family firms	
	Number of firms	Exists in 2022	Number of firms	Exists in 2022
1-9 employees	51,227	34.3%	17,457	30.6%
10-49	7,351	52.3%	4,463	46.3%
50-249	900	55.1%	1,264	53.7%
250-499	92	63.0%	223	56.5%
500-	42	66.7%	192	66.7%
All firms	59,612	36.9%	23,599	35.4%

Panel B: Age of firms existing in 2022				
	Family firms		Non-family firms	
	Mean	Median	Mean	Median
Firm age	15.1	12.0	13.5	9.0

Table 4
Family firms across industries, 2022

This table reports the distribution of firms, employees, revenue, and total assets across industries, and the fraction of those attributable to family firms in 2022.

Industry code and name	Distribution of all firms across industries				Fraction attributable to family firms			
	Firms	Em- ploy- ees	Rev- enue	Assets	Firms	Em- ploy- ees	Rev- enue	Assets
A Agriculture, forestry and fishing	2.7%	1.1%	0.8%	1.2%	87.4%	83.1%	71.4%	45.0%
B Mining and quarrying	0.3%	0.4%	0.6%	1.0%	81.2%	44.3%	21.8%	9.1%
C Manufacturing	9.6%	23.3%	38.7%	40.3%	71.0%	40.5%	21.2%	17.5%
D Electricity, gas, steam and air cond.	0.4%	0.9%	4.7%	16.4%	17.2%	2.2%	0.4%	0.2%
E Water supply, sewerage, waste manag.	0.5%	0.7%	0.7%	0.8%	55.3%	33.0%	31.1%	15.1%
F Construction	18.8%	11.6%	8.8%	5.7%	80.0%	64.5%	57.6%	61.1%
G Wholesale and retail trade	15.7%	13.7%	23.5%	9.3%	74.1%	49.2%	41.1%	41.4%
H Transportation and storage	6.8%	7.5%	5.1%	3.8%	82.2%	46.9%	34.5%	26.8%
I Accommodation and food service act.	5.9%	3.8%	1.4%	0.8%	72.1%	51.7%	51.6%	53.0%
J Information and communication	6.0%	7.6%	5.3%	6.1%	52.2%	22.4%	16.8%	19.3%
K Financial and insurance activities	0.7%	0.2%	0.5%	2.3%	71.8%	57.2%	71.9%	48.1%
L Real estate activities	2.3%	1.0%	0.7%	2.9%	72.2%	41.4%	46.8%	29.7%
M Professional, scientific, and technical act.	14.6%	8.8%	4.2%	4.9%	71.9%	34.7%	35.9%	25.3%
N Administrative and support service act.	5.5%	10.1%	2.3%	2.0%	66.3%	33.6%	32.2%	23.5%
P Education	1.1%	0.5%	0.2%	0.1%	71.7%	31.3%	31.1%	32.2%
Q Human health and social work activities	4.8%	7.0%	1.9%	1.9%	75.8%	19.4%	20.6%	18.9%
R Arts, entertainment and recreation	2.2%	0.9%	0.6%	0.5%	64.0%	37.1%	23.7%	23.6%
S Other service activities	2.1%	0.7%	0.2%	0.1%	80.8%	69.1%	70.2%	80.1%

Table 5
Family firms across provinces, 2022

This table reports the distribution of firms, employees, revenue, and total assets across provinces, and the fraction of those attributable to family firms in 2022.

	Distribution of all firms across provinces				Fraction attributable to family firms			
	Firms	Em- ploy- ees	Rev- enue	Assets	Firms	Em- ploy- ees	Rev- enue	Assets
Uusimaa, Greater Helsinki Area	29.9%	29.9%	58.3%	47.4%	64.0%	31.4%	18.0%	14.3%
Uusimaa, others	9.0%	7.3%	4.7%	5.4%	80.2%	49.4%	56.3%	47.3%
Varsinais-Suomi	9.1%	8.6%	5.1%	6.7%	76.8%	47.5%	46.9%	42.3%
Satakunta	3.5%	3.6%	2.5%	2.8%	79.5%	48.3%	37.0%	36.9%
Kanta-Häme	2.8%	2.6%	1.8%	2.0%	79.0%	47.5%	37.2%	33.2%
Pirkanmaa	8.9%	9.9%	5.5%	7.3%	74.5%	41.9%	47.4%	34.2%
Päijät-Häme	3.4%	3.4%	1.6%	2.4%	77.2%	53.0%	62.0%	55.8%
Kymenlaakso	2.1%	2.4%	1.2%	1.5%	75.2%	37.7%	35.9%	21.4%
Etelä-Karjala	1.6%	1.8%	0.7%	1.0%	77.6%	40.5%	49.7%	18.2%
Etelä-Savo	1.9%	1.6%	0.8%	1.4%	78.3%	49.1%	53.1%	38.8%
Pohjois-Savo	3.4%	3.7%	2.2%	2.9%	75.7%	50.1%	58.1%	42.5%
Pohjois-Karjala	2.3%	2.2%	1.3%	1.8%	78.3%	49.4%	61.5%	62.4%
Keski-Suomi	3.9%	4.2%	1.7%	2.8%	75.7%	42.3%	49.3%	33.8%
Etelä-Pohjanmaa	3.4%	3.0%	1.8%	2.2%	81.0%	52.0%	67.6%	59.9%
Pohjanmaa	3.0%	3.3%	2.4%	2.7%	77.2%	48.4%	43.7%	39.9%
Keski-Pohjanmaa	1.2%	1.1%	0.9%	0.9%	78.5%	52.7%	44.4%	31.2%
Pohjois-Pohjanmaa	6.2%	7.1%	3.3%	5.1%	75.2%	46.8%	62.1%	43.3%
Kainuu	0.9%	1.0%	0.5%	0.7%	79.0%	46.2%	44.0%	21.9%
Lappi	2.9%	2.8%	3.1%	2.2%	78.5%	47.5%	23.9%	25.6%
Ahvenanmaa	0.7%	0.5%	0.5%	0.7%	68.0%	53.6%	55.5%	61.0%

Table 6**Family firms by family management, generational stage, and ownership dispersion, 2022**

This table reports the fraction of firms, employees, revenue, and total assets in family firms by their type. Family management splits family firms by whether the CEO has at least one family member among the owners or directors of the company; only firms with a CEO enter this split. Family members encompass partners, siblings, children, grandchildren, parents, and grandparents. Generational stage differentiates between firms among which the combined set of owners and directors include members of one or multiple generations of the same family. Number of owners counts the number of owners from the same family.

	Number of firms	Fraction in family firms by type			
		Firms	Employees	Revenue	Assets
By family management					
Family CEO	45,167	91.1%	68.9%	58.1%	52.9%
Non-family CEO	4,398	8.9%	31.1%	41.9%	47.1%
By generational stage					
One generation	47,160	60.5%	40.1%	32.6%	27.5%
Multiple generations	30,839	39.5%	59.9%	67.4%	72.5%
By number of owners					
1	44,720	57.3%	30.9%	22.8%	17.8%
2-10	32,206	41.3%	56.4%	57.8%	63.1%
11-	1,069	1.4%	12.6%	19.4%	19.2%

Table 7
Performance and behavior of family firms, 2006-2022

This table reports performance metrics and firm characteristics for family and non-family firms in 2006-2022. EBIT margin is EBIT divided by revenue whereas EBIT to assets divides by total assets. Assets and labor cost per employee scale total assets and personnel expenses with number of employees. Sales growth measures the one-year percentage change in revenue for firms for which revenue from the previous year is available. Exports is an indicator for a firm engaged in exporting activity. Investment is measured as the sum of the one-year change in fixed assets and depreciation divided by total assets. Equity ratio and cash to assets are the book value of equity and cash and bank deposits divided by total assets, respectively. Cash to assets is only available for 2013-2022. Dividend to equity (for payers) divides dividends paid by the book value of equity (for firms that pay dividends). Pays dividends is an indicator for a dividend-paying company. All continuous variables have been trimmed at the 2nd and 98th percentiles.

	Mean			Median		
	Family firm	Non-family firm	Difference	Family firm	Non-family firm	Difference
Financial performance						
EBIT margin	4.3%	2.0%	2.4%	3.7%	2.6%	1.1%
EBIT to assets	7.0%	4.6%	2.4%	7.1%	4.9%	2.2%
Assets per employee, th. euros	109.0	121.0	-11.9	60.0	58.9	1.1
Labor cost per employee, th. euros	36.8	41.5	-4.7	36.5	41.3	-4.8
Growth and internationalization						
Sales growth	7.6%	9.5%	-1.9%	2.4%	3.4%	-1.0%
Exports	5.4%	11.2%	-5.9%	0.0%	0.0%	0.0%
Investment and financial policies						
Investment to assets	5.6%	4.5%	1.1%	0.9%	0.8%	0.1%
Equity ratio	50.6%	43.4%	7.1%	51.5%	42.0%	9.5%
Cash to assets	26.9%	24.4%	2.5%	20.2%	16.7%	3.4%
Dividend to equity	3.7%	2.5%	1.2%	0.0%	0.0%	0.0%
Pays dividends	37.4%	20.2%	17.2%	0.0%	0.0%	0.0%
Dividend to equity for payers	9.9%	12.6%	-2.7%	8.0%	8.9%	-0.9%

Table 8

Differences in performance and behavior by firm size, 2006-2022

This table reports selected firm characteristics from Table 7 in each firm size category for family and non-family firms in 2006-2022. Each cell reports the mean value of the firm characteristic. The measure of firm size is number of employees. Two size categorizations are shown: 1-9, 10-49, 50-249, 250-499, and at least 500 employees, and 1-49 and at least 50 employees. See Table 7 for variable definitions. All continuous variables have been trimmed at the 2nd and 98th percentiles.

	EBIT to assets			Assets per employee, th. euros			Labor cost per employee, th. euros			Sales growth		
	Family	Non-family	Difference	Family	Non-family	Difference	Family	Non-family	Difference	Family	Non-family	Difference
1-9 employees	6.9%	3.8%	3.0%	110.3	115.9	-5.5	35.7	37.8	-2.0	7.1%	8.9%	-1.8%
10-49	7.5%	6.3%	1.2%	96.6	123.6	-27.0	42.7	49.6	-7.0	10.5%	11.3%	-0.9%
50-249	6.6%	6.0%	0.6%	125.4	149.4	-24.0	44.7	51.3	-6.6	9.9%	9.2%	0.7%
250-499	5.6%	4.9%	0.7%	163.9	185.1	-21.2	48.4	52.2	-3.8	6.2%	6.8%	-0.6%
500-	5.6%	4.9%	0.8%	201.2	194.8	6.4	49.4	51.8	-2.4	7.3%	6.2%	1.1%
1-49 employees	7.0%	4.4%	2.5%	108.6	117.7	-9.1	36.6	40.6	-4.0	7.6%	9.6%	-2.0%
50-	6.5%	5.7%	0.8%	131.9	158.4	-26.5	45.2	51.5	-6.3	9.5%	8.6%	0.9%

	Exports			Investment to assets			Equity ratio			Dividend to equity		
	Family	Non-family	Difference	Family	Non-family	Difference	Family	Non-family	Difference	Family	Non-family	Difference
1-9 employees	3.2%	5.6%	-2.4%	5.4%	4.3%	1.1%	51.9%	45.2%	6.7%	3.6%	2.2%	1.4%
10-49	14.7%	18.6%	-3.9%	6.8%	4.9%	1.9%	43.1%	40.7%	2.4%	4.4%	3.4%	0.9%
50-249	38.6%	36.0%	2.6%	5.7%	4.9%	0.8%	38.6%	37.0%	1.6%	3.8%	2.9%	1.0%
250-499	58.0%	49.4%	8.6%	5.6%	4.9%	0.7%	39.2%	33.7%	5.5%	3.6%	3.2%	0.4%
500-	67.2%	55.6%	11.6%	4.5%	5.2%	-0.6%	38.7%	33.1%	5.6%	3.8%	3.3%	0.4%
1-49 employees	4.7%	8.7%	-4.0%	5.6%	4.5%	1.1%	50.8%	44.1%	6.7%	3.7%	2.5%	1.2%
50-	41.4%	39.7%	1.8%	5.6%	4.9%	0.7%	38.7%	36.2%	2.5%	3.8%	3.0%	0.8%

Table 9
Regressions of performance and behavior, 2006-2022

This table reports regressions of firm characteristics on an indicator for family firms in 2006-2022. Control variables are logged total assets, logged employment, and logged firm age, and the regressions include fixed effects for years and industries. See Table 7 for variable definitions. All continuous variables have been trimmed at the 2nd and 98th percentiles. The *t*-values are based on standard errors clustered at the firm level.

	Family firm indicator		Number of firms	Number of observations	<i>R</i> -squared
	Coefficient	<i>t</i> -value			
Financial performance					
EBIT margin	3.1%	(57.8)	208,968	1,475,157	5.1%
EBIT to assets	3.8%	(46.8)	208,968	1,475,157	3.7%
Assets per employee, th. euros	-9.7	(-20.4)	207,616	1,434,713	61.9%
Labor cost per employee, th. euros	-2.0	(-26.9)	207,616	1,434,713	22.1%
Growth and internationalization					
Sales growth	1.1%	(12.9)	180,900	1,252,852	5.2%
Exports	-2.2%	(-17.1)	208,968	1,475,157	21.0%
Investment and financial policies					
Investment to assets	1.6%	(48.8)	180,900	1,252,852	3.4%
Equity ratio	4.3%	(33.1)	196,235	1,324,691	11.1%
Cash to assets	-0.3%	(-2.1)	154,866	798,086	12.8%
Dividend to equity	1.3%	(52.2)	196,235	1,324,691	5.8%
Pays dividends	18.0%	(99.0)	196,235	1,324,691	10.2%
Dividend to equity for payers	-2.4%	(-35.1)	96,730	438,844	4.1%

Table 10**Alternative regression specifications, 2006-2022**

This table reports regressions of firm characteristics on an indicator for family firms in 2006-2022. The columns vary the set of controls included in the model. The first column includes no controls whereas the second and third column add logged total assets, logged employment, and logged firm age, and industry fixed effects, respectively. The fourth column replaces the logged variables for total assets, employment, and firm age with their decile dummies. See Table 7 for variable definitions. All continuous variables have been trimmed at the 2nd and 98th percentiles. The *t*-values are based on standard errors clustered at the firm level.

	Controls included							
	None		Logged employment, assets, and age		Logged employment, assets, age, and industry fixed effects		Decile dummies for employment, assets, age, and industry fixed effects	
	Coeff.	<i>t</i> -value	Coeff.	<i>t</i> -value	Coeff.	<i>t</i> -value	Coeff.	<i>t</i> -value
EBIT to assets	2.4%	(30.9)	3.9%	(47.5)	3.8%	(46.8)	3.4%	(43.0)
Assets per empl.	-11.9	(-13.8)	-13.5	(-26.2)	-9.7	(-20.4)	-6.0	(-11.5)
Labor cost per empl.	-4.7	(-57.1)	-2.5	(-31.6)	-2.0	(-26.9)	-2.1	(-29.9)
Sales growth	-1.9%	(-21.7)	0.9%	(10.7)	1.1%	(12.9)	0.9%	(10.9)
Exports	-5.9%	(-37.3)	-1.6%	(-11.8)	-2.2%	(-17.1)	-2.0%	(-16.1)
Investment to assets	1.1%	(33.2)	1.9%	(53.7)	1.6%	(48.8)	1.5%	(46.2)
Equity ratio	7.1%	(53.6)	3.7%	(28.5)	4.3%	(33.1)	4.5%	(34.3)
Dividend to equity	1.2%	(44.9)	1.3%	(53.6)	1.3%	(52.2)	1.2%	(49.5)

Table 11

Performance and behavior by family management, generational stage, and ownership dispersion, 2006-2022

This table reports selected firm characteristics from Table 7 for family firms by their type in 2006-2022. Family management splits family firms by whether the CEO has at least one family member among the owners or directors of the company. Family members encompass partners, siblings, children, grandchildren, parents, and grandparents. Generational stage differentiates between firms among which owners and directors include members of one or multiple generations of the same family. Number of owners counts the number of owners from the same family. Each cell reports the mean value of the firm characteristic. See Table 7 for variable definitions. All continuous variables have been trimmed at the 2nd and 98th percentiles.

	EBIT to assets	Assets per emp- loyee, th. euros	Labor cost per emp- loyee, th. euros	Sales growth	Exports	Invest- ment to assets	Equity ratio	Divi- dend to equity
By family management								
Family CEO	7.1%	110.1	37.6	7.6%	5.5%	5.7%	50.6%	3.9%
Non-family CEO	5.0%	127.0	41.9	8.3%	16.9%	4.8%	43.3%	3.1%
Difference	2.1%	-17.0	-4.3	-0.7%	-11.4%	0.9%	7.2%	0.8%
By generational stage								
One generation	7.4%	100.0	36.3	8.2%	3.6%	5.7%	50.7%	3.7%
Multiple generations	6.3%	122.9	37.5	6.9%	8.0%	5.5%	50.4%	3.7%
Difference	1.1%	-23.0	-1.2	1.3%	-4.3%	0.2%	0.2%	0.0%
By ownership dispersion								
1 owner	7.4%	100.5	35.8	7.8%	2.9%	5.9%	51.4%	3.7%
2-10	6.5%	117.4	37.7	7.4%	7.6%	5.4%	49.8%	3.8%
11-	4.3%	177.1	48.0	9.3%	28.0%	4.8%	43.6%	3.1%
Difference (1 vs. 11-)	3.1%	-76.7	-12.3	-1.5%	-25.1%	1.0%	7.8%	0.5%

Table 12

Regressions by family management, generational stage, and number of owners, 2006-2022

This table reports regressions of firm characteristics on indicators for different types of family firms in 2006-2022. Each column reports coefficients and their t-values from three different regressions that break down the family firm indicator by family management, generational stage, and number of owners. Family management splits family firms by whether the CEO has at least one family member among the owners or directors of the company. Family members encompass partners, siblings, children, grandchildren, parents, and grandparents. Generational stage differentiates between firms among which owners and directors include members of one or multiple generations of the same family. Number of owners counts the number of owners from the same family. Control variables are logged total assets, logged employment, and logged firm age, and the regressions include fixed effects for years and industries. See Table 7 for variable definitions. All continuous variables have been trimmed at the 2nd and 98th percentiles. The t-values are based on standard errors clustered at the firm level.

	EBIT to assets	Assets per emp- loyee, th. euros	Labor cost per emp- loyee, th. euros	Sales growth	Exports	Invest- ment to assets	Equity ratio	Divi- dend to equity
By family management								
Family CEO	3.9%	-9.5	-2.6	0.7%	-2.7%	1.6%	4.7%	1.3%
	(39.2)	(-16.5)	(-29.4)	(7.0)	(-16.6)	(39.2)	(28.9)	(41.9)
Non-family CEO	0.9%	-0.4	-1.6	0.1%	1.8%	0.3%	-0.1%	0.3%
	(5.4)	(-0.3)	(-11.2)	(0.5)	(5.3)	(4.0)	(-0.3)	(4.6)
By generational stage								
One generation	4.3%	-10.0	-1.7	1.0%	-2.4%	1.7%	4.7%	1.4%
	(50.0)	(-20.5)	(-21.4)	(11.0)	(-19.4)	(45.9)	(33.2)	(54.3)
Multiple generations	3.1%	-9.3	-2.4	1.2%	-1.9%	1.6%	3.9%	1.1%
	(34.0)	(-16.2)	(-29.1)	(12.6)	(-12.0)	(40.3)	(24.9)	(39.2)
By number of owners								
1	4.5%	-10.4	-1.9	0.7%	-2.3%	1.9%	5.3%	1.5%
	(50.7)	(-20.4)	(-24.0)	(8.1)	(-18.2)	(48.6)	(35.9)	(54.3)
2-10	3.4%	-10.0	-2.1	1.4%	-2.5%	1.5%	3.6%	1.2%
	(38.0)	(-18.4)	(-25.3)	(15.4)	(-16.9)	(40.0)	(24.3)	(43.6)
11-	-1.8%	10.9	-1.3	0.6%	6.1%	0.02%	-0.5%	-0.2%
	(-5.2)	(3.8)	(-4.4)	(1.8)	(7.3)	(0.1)	(-0.9)	(-2.2)

Table 13**Characteristics of owners in family firms**

This table reports means of age and taxable income, and fractions by gender, native language, and level of education, separately for family firm owners and the population.

	Owners	Population
Number of individuals	134,895	5,563,720
Mean age	49.0	43.2
Gender		
Male	71 %	49 %
Female	29 %	51 %
Native language		
Finnish	86 %	86 %
Swedish	8 %	5 %
Other	6 %	9 %
Level of education		
Basic or missing	16 %	37 %
High school or vocational	52 %	43 %
Bachelor	15 %	11 %
Master or higher	17 %	10 %
Mean income, th. euros	76.5	29.1

Table 14**Owners in family firms by business wealth**

This table reports the number of owners, mean and median business wealth, and the fraction of business wealth held by percentiles of the business wealth distribution. The table also displays the fractions of employment and revenue attributable to owners by business wealth. Business wealth is defined as the book value of equity attributable to an owner based on her ownership stake.

	Number of owners	Business wealth			Fraction of total	
		Mean, th. euros	Median, th. euros	Fraction of total	Employees	Revenue
Bottom 30%	40,470	2.7	1.2	0.2 %	9.4 %	4.3 %
30%-40%	13,488	16.3	16.1	0.4 %	3.4 %	1.7 %
40%-50%	13,490	31.0	30.7	0.7 %	4.3 %	2.3 %
50%-60%	13,489	55.2	54.5	1.3 %	5.6 %	3.2 %
60%-70%	13,491	95.9	94.6	2.3 %	7.0 %	4.4 %
70%-80%	13,488	173.4	169.9	4.2 %	9.2 %	6.6 %
80%-90%	13,490	363.7	347.9	8.8 %	14.0 %	11.7 %
90%-95%	6,745	793.1	763.6	9.6 %	10.8 %	10.9 %
95%-99%	5,396	2,200.0	1,850.8	21.2 %	17.0 %	21.5 %
99%-100%	1,348	21,286.8	10,396.6	51.3 %	19.4 %	33.4 %
All owners	134,895	414.8	40.8			

Table 15**Owners' income taxes in family firms by business wealth**

This table reports family firm owners' income taxes stratified by business wealth. Income taxes encompass personal income taxes (state and municipal) and corporate income taxes, allocated to an owner according to her ownership stake in a firm. Business wealth is defined as the book value of equity attributable to an owner based on her ownership stake. The table details income taxes in million euros and as fractions of income taxes paid by all owners and the population. The national totals are based on statistics released by the Finnish Tax Administration.

	Fraction of population	Income taxes, mill. euros		Fraction of owners' taxes	Fraction of population's taxes
		Personal	Corporate		
Bottom 30%	0.7 %	540	12	12.5 %	1.4 %
30%-40%	0.2 %	166	13	4.1 %	0.4 %
40%-50%	0.2 %	181	23	4.6 %	0.5 %
50%-60%	0.2 %	216	39	5.8 %	0.6 %
60%-70%	0.2 %	234	66	6.8 %	0.7 %
70%-80%	0.2 %	281	107	8.8 %	1.0 %
80%-90%	0.2 %	355	208	12.8 %	1.4 %
90%-95%	0.1 %	208	196	9.2 %	1.0 %
95%-99%	0.1 %	286	360	14.6 %	1.6 %
99%-100%	0.02 %	344	575	20.8 %	2.3 %
Owner total	2.4 %	2,811	1,599	100.0 %	11.0 %
Population total		31,895	8,014		