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The family variable in the French and Italian wine sector

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Abstract

Purpose – The purpose of this paper is to highlight the differences in terms of economic and financial performance, between family firms (FFs) and non-family firms (NFFs) in the wine sector in Italy and France, where this sector is one of the most representative national economic activities.

Design/methodology/approach – This study is based on a sample of Italian and France companies operating in the wine sector. The sample, including medium and large firms, includes 288 FFs and 302 NFFs, for a total of 590 firms. Amadeus database represents the data source. According to Astrachan and Kolenko (1994), a firm is classified as a FF if family had to own over 50 per cent of the business in a private company or more than 10 per cent of a public company.

Findings – This study confirms that the family variable is relevant to achieve good economic and financial performance, and endow firms with different features. In terms of economic performance, FFs both in Italy and France outperform in. terms of return on equity and return on assets, though only Italian NFFs outperform in earnings before interest and taxes. In terms of financial performance, both in Italy and France NFFs outperform FFs in current ratio and liquidity ratio, while FFs outperform in solvency ratio.

Research limitations/implications – Limitations of the study concern the method adopted, as it could be integrated with some econometrical models. The implications of the paper are relevant for families and regulatory bodies because it helps them to better understand the effects of governance on economic and financial performance. Moreover, the findings of the study can influence the decision-making process of investors in order to identify the long-term outperformers listed on a stock exchange.

Originality/value – This study contributes to the literature on family businesses phenomenon on wine sector, which represents one of the most representative of the economy of several countries and in which family businesses are widespread.

Keywords Performance, Family firms, Family business phenomenon, French wine sector, Italian wine sector, Non-family firms

Paper type Research paper

Introduction

Winemaking is one of the most representative economic activities in several countries as a result of the variety of fine products and the convergence of know-how, craftsmanship and traditions of producers. Italy and France are two of such countries, and their wine industry is highly representative of their economic contexts, in terms of both revenue and exports recorded by wine companies (Giacosa *et al.*, 2014a, b).

The wine sector has been studied from various aspects. In recent years, the culture of quality wine has been enhanced also through sizeable investments by both large corporations and medium- and small-sized companies, including FFs. The contributing factors to winemakers' economic and financial performance are the focus of this research.

Common in the wine industry, family-run businesses (Gallucci and D'Amato, 2013; Georgiou and Vrontis, 2013) offer an attractive opportunity to test for differences between family firms (FFs) and non-family firms (NFFs) (Marks, 2011; Ritchie, 2009; Rossi, 2008; Sellers-Rubio, 2010), also considering the positive impact on regional

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competitiveness and its drivers (Bresciani and Ferraris, 2014; Contò *et al.*, 2014; Jaffe and Nebenzahl, 2006; Orth *et al.*, 2012; Sidali *et al.*, 2011; Viassone, 2009; Vrontis and Viassone, 2013; Vrontis *et al.*, 2011a; Zanni, 2004). Consequently, the relevance of family-run businesses in the economic and social context cannot be ignored (Astrachan and Shanker, 2003; Bresciani *et al.*, 2013a, b; Claessens *et al.*, 2000; Culasso *et al.*, 2012, 2013; Faccio and Lang, 2002; IFERA, 2013; La Porta *et al.*, 1999; Morck and Yeung, 2004; Marques *et al.*, 2014; Chrisman *et al.*, 2014; Singal and Gerde, 2015).

FFs are characterized by a strong relationship between family and wine as a product, the latter representing a set of family values, symbols and traditions rooted in the territory, and more so if the family has a good reputation in the market.

A number of works highlighting the influence of the family in various aspects of the business were considered, including Dyer's (2006) work, who stated that ignoring the impact of the family can lead to incomplete or misleading results. Sharma *et al.* (2012) in turn agreed with the studies conducted by Yu *et al.* (2012). These works claimed that the family strongly impacts the economic and financial performance of family enterprises. These studies strengthened the emerging consensus about the role of the family in the company business (Astrachan and Shanker, 2003; Rogoff and Heck, 2003; Zahra and Sharma, 2004).

The relevance of family businesses to the wine sector requires high quality studies of all aspects of the business (Orth *et al.*, 2007). Nevertheless, the most relevant research databases (Google Scholars, EBSCO) and international journals on family businesses (*Family Business Review*), point to a lack of research in economic and financial performance comparisons between FFs and NFFs.

This project aimed to fill the gap, contextualizing existing evidence on Italian and French wine industries which are highly representative of the economic context in terms of both revenue and exports recorded by wine companies. In particular, this work compares Italian and French FFs (FFs) and NFFs in terms of economic and financial performance. The idea was to highlight the differences in terms of economic and financial performance between FFs and NFFs in Italy and France, and then Italy vs France.

Section two of the paper reviews the literature covering the main issues under investigation. Section three outlines the research methodology. Sections four and five review and discuss findings, followed by conclusions, implications and limitations of the research.

Review of the literature

The wine sector

Attention was devoted to the wine sector literature, considering different topics, such as the "food tourism phenomenon" and the positive impact on regional competitiveness and its drivers. In addition, an assessment was made of the trend in wine consumption in different countries, as a consequence of changing geography in the wine sector (Anderson and Wittwer, 2013; Gillespie, 2005; Rossi *et al.*, 2012; Thrassou and Vrontis, 2006, 2009, 2010; Thach and Olsen, 2005; Thach, 2013; Vrontis and Paliwoda, 2008; Vrontis and Papasolomou, 2007; Vrontis and Thrassou, 2011, 2014; Vrontis *et al.*, 2006, 2011b).

Also, the literature was reviewed for the impact of the wine sector both in Italy and in France, which were compared in terms of production, export and consumption. The comparison revealed that Italy and its major competitor, i.e. France, are ideal for wine production because of their territorial conformation and favourable mild climate.

In 2012, France remained leader, and Italy contracted by 33 per cent, dropping to third place. The USA ranked second, with Germany and China behind Italy (Giacosa *et al.*, 2014b).

The economic and financial performance of FFs and NFFs

The relationship between FFs and economic and financial performance was also the focus of attention. The various inputs from theoretical background were grouped in three categories as outlined hereunder:

- Authors who claim that FFs outperform NFFs, reporting that controlled family ownership has a positive influence on the firm's economic and financial performance (Broccardo, 2011; Tardivo *et al.*, 2011). In particular, Anderson and Reeb (2003) and Gonzalez *et al.* (2012) found that FFs outperformed NFFs according to S&P 500, noting that FFs are significantly better performers than NFFs, and FFs have a higher return on assets (ROA) than comparable NFFs. Arosa *et al.* (2010) too highlighted the fact that the distinctive features of FFs have a positive effect on their economic and financial performance. Generally, the family avoids acting opportunistically as regards earnings (Burkart *et al.*, 2003; Wang, 2006), because they look to long-term survival and company capital preservation. To verify the impact of company size on economic and financial performance of FFs, Chu (2011) stated that, in small- and medium-sized enterprises more than in large companies, family ownership is positively associated with economic and financial performance, especially where the CEO is a family member.
- Authors who claim that FFs do not perform as well as NFFs. Faccio *et al.* (2001) and Volpin (2002) also noted that FFs are relatively poor performers due to conflicts that arise when a family attempts to manage the enterprise by itself. A study by Miller *et al.* (2007) stated that only businesses with a single founder outperform others.
- Authors who claim that family ownership has a neutral effect on economic and financial performance, in terms of both absolute ownership and share capital (Sciascia and Mazzola, 2008).

Lastly, the economic and financial performance of wine companies was analysed (Heijbroek, 2003; Coelho and Rastoin, 2004) with a study covering a sample of listed wine companies, to ascertain to what extent they maximized profits (Coelho and Rastoin, 2006). Investigating the situation in various countries, some authors (Rossi *et al.*, 2012; Vrontis *et al.*, 2011b) noted an improvement in economic and financial performance emerging in some countries, such as in France (Amadieu and Viviani, 2010; Viviani 2009).

Comparing the economic and financial performance between FFs and NFFs in the wine sector, Gallucci and D'Amato (2013) discovered a relationship between family power and revenue, as well as the reverse relationship between family power and profitability. Their findings point to an empirical framework which could stimulate the academic debate on the influence of the family. Gallucci and Nave investigated the economic and financial performance of Italian wine businesses to clarify the effect of the family on company economic and financial performance through the degree of family involvement in ownership and management. Here, a positive impact on company performance was noted in terms of profitability and leverage.

Another research (Richard and Ceferi, 2012) focused on family wine businesses to prove how leadership can transform a family, its business and a region.

Background investigation highlighted a gap in comparative analysis of economic and financial performance between FFs and NFFs in the wine sector. To fill the gap, this work addressed the question: are FFs better performers than NFFs?

Methodology

Research method and design

The object was to compare FF and NFFs operating in the wine sector in Italy and France and their economic and financial performance.

To this end, the following question was asked:

RQ1. Do Italian and French FFs outperform NFFs in terms of economic and financial performance?

The research method included the phases specified below:

(1) Phase 1: review of the existing literature for the characteristics of the wine sector, types of companies operating therein and wine business dynamics of the different topics observed. The literature on economic and financial performance comparisons between FFs and NFFs was also looked at.

(2) Phase 2: empirical study. As Weinzimmer *et al.* (1998) underlined, studies on performance comparison need to focus on multiple measures of business performance. However, it was decided to assess the extent of economic and financial performance using relevant economic and financial indicators:

   - first, because the authors' research fields were based on accounting topics, such indicators give an idea as to whether FFs outperform NFFs;
   - second, as suggested by Ferrero *et al.* (2003), the ratios used were appropriate for comparing economic and financial performance between firms; and
   - third, even if other more complex methodologies such as regression analysis seemed to be more suitable for this kind of analysis, some studies (Westhead and Howorth, 2006) using multivariate regression analysis did not show significant relationships and made the comparison more difficult.

The most significant economic and financial indicators known in the literature were used (Baginski and Hassel, 2004; Ferrero *et al.*, 2003; Foster, 1986; Giroux, 2003; Helfert, 1997; Higgins, 2007; Ingram *et al.*, 2002; Meigs *et al.*, 2001; Value, 2001) for FFs and NFFs. As regards economic indicators, the following ratios were adopted:

- return on equity (ROE);
- ROA; and
- earnings before interest and taxes (EBIT).

For financial indicators, the parameters involved were:

- current ratio;
- liquidity ratio; and
- solvency ratio (considering total debt/total assets).

The period considered was three years (2011-2012-2013), which was representative of an up-to-date situation of a company's economic and financial performance. The Amadeus database was selected as data source.

Subsequently, the 2011-2013 mean was calculated for each ratio. The mean of each financial and economic ratio achieved by companies included in the sample was determined for every financial year covered by the study.

This was followed by comparison of economic and financial performance of FFs vs NFFs for Italian Companies, in turn followed by comparison of FFs vs NFFs for French Companies. Finally, a comparison between Italian and French Companies was made.

The sample

The literature provided several definitions of family business, based on different classification criteria. Kraiczy (2013) stated that using different definitions was a major problem in FF research, as it made it difficult to compare results. One of the biggest challenges to developing a general definition was the heterogeneous nature of FFs.

The parameter adopted here was that if a private company is over 50 per cent family-owned or a public company is over 10 per cent family-owned, they are considered FFs (Astrachan and Kolenko, 1994). As suggested by Chrisman *et al.* (2005), this criterion is the most appropriate for the components-of-involvement approach and for family businesses in the Italian and French wine sector, which is characterized by a strong presence of single families.

To obtain a valid sample, the companies selected were medium and large private wine-producing FFs and NFFs operating in Italy and France. The sample included all 590 medium- and large-sized wine producers in Italy and France (288 FFs and 302 NFFs) (see Table I).

Information for distinguishing between FFs and NFFs were extracted from Amadeus database, a source of comparable financial and business information on Europe's biggest 510,000 public and private companies by assets.

Findings

Findings are presented in relation to the comparison of economic and financial performance of FFs vs NFFs operating in Italy and in France, respectively.

Italy

To assess economic performance considering the mean of each ratio, the following assumptions were made (see Table II):

- FFs outperformed NFFs in terms of the ROE, (1.65 per cent) against (–3.67 per cent), even with a low rate of economic performance;

	FFs	% FFs	NFFs	% NFFs	Total	% Total
Italy	203	55	166	45	369	100
France	85	38	136	62	221	100
Total	288	49	302	51	590	100

Source: Personal elaboration

Table I. The sample

Table II.
Economic performance of Italian FFs and NFFs

	FFs Italy	NFFs Italy	Outperformance classification
ROE % year 2013	−2.23	−3.57	FFs
ROE % year 2012	1.72	−1.88	FFs
ROE % year 2011	5.46	−5.56	FFs
ROE % mean 2011-2013	1.65	−3.67	FFs
ROA % year 2013	0.88	0.45	FFs
ROA % year 2012	0.56	0.45	FFs
ROA % year 2011	0.88	0.62	FFs
ROA % mean 2011-2013	0.78	0.50	FFs
EBIT margin % year 2013	3.89	1.62	FFs
EBIT margin % year 2012	2.29	3.97	NFFs
EBIT margin % year 2011	1.97	3.97	NFFs
EBIT margin % mean 2011-2013	2.72	3.18	NFFs

Source: Personal elaboration

- FFs outperformed NFFs in terms of ROA, (0.78 per cent) against (0.50 per cent), even with a low rate of economic performance; and
- NFFs outperformed FFs in terms of EBIT, (3.18) against (2.72), showing a better attitude to reach profitability in operating activities considering earnings before interest and taxes.

Financial performance was evaluated as described below, focusing on the mean of each indicator. In particular, NFFs outperformed FFs in terms of (see Table III):

- current ratio, (1.36) against (1.28); and
- liquidity ratio, (0.81) against (0.72).

Conversely, FFs outperformed NFFs in terms of solvency ratio (30.48) against (31.00), as the solvency ratio is positive when lower.

Table III.
Financial performance between Italian FFs and NFFs

	FFs Italy	NFFs Italy	Outperformance classification
Current ratio year 2013	1.30	1.29	FFs
Current ratio year 2012	1.32	1.26	FFs
Current ratio year 2011	1.21	1.54	NFFs
Current ratio mean 2011-2013	1.28	1.36	NFFs
Liquidity ratio year 2013	0.70	0.71	NFFs
Liquidity ratio year 2012	0.76	0.72	FFs
Liquidity ratio year 2011	0.69	1.01	NFFs
Liquidity ratio mean 2011-2013	0.72	0.81	NFFs
Solvency ratio (liability based) year 2013	33.38	34.49	FFs
Solvency ratio (liability based) year 2012	29.76	30.02	FFs
Solvency ratio (liability based) year 2011	28.29	28.51	FFs
Solvency ratio (liability based) mean 2011-2013	30.48	31.00	FFs

Source: Personal elaboration

France

To assess economic performance, considering the mean of each ratio, the following assumption were made (see Table IV):

- FFs outperformed NFFs in terms of ROE, (6.79 per cent) against (2.26 per cent);
- FFs outperformed NFFs in terms of ROA, (1.66 per cent) against (0.62 per cent), even with a low rate of economic performance; and
- FFs outperformed NFFs in terms of EBIT, (5.2) against (1.07), showing a better attitude to reach profitability in operating activities considering earnings before interest and taxes.

Financial performance was evaluated as described below, focusing on the mean of each indicator. In particular, NFFs outperformed FFs in terms of (see Table V):

- current ratio, (2.84) against (1.89); and
- liquidity ratio, (1,48) against (0.57).

Conversely, FFs outperformed NFFs in terms of solvency ratio, (44.39) against (53.66).

	FFs France	NFFs France	Outperformance classification
ROE % year 2013	7.58	1.52	FFs
ROE % year 2012	9.09	2.94	FFs
ROE % year 2011	3.71	2.33	FFs
ROE % mean 2011-2013	6.79	2.26	FFs
ROA % year 2013	1.75	0.37	FFs
ROA % year 2012	1.78	0.71	FFs
ROA % year 2011	1.44	0.78	FFs
ROA % mean 2011-2013	1.66	0.62	FFs
EBIT margin % year 2013	5.48	0.82	FFs
EBIT margin % year 2012	5.76	1.31	FFs
EBIT margin % year 2011	5.92	1.09	FFs
EBIT margin % mean 2011-2013	5.72	1.07	FFs

Source: Personal elaboration

Table IV. Economic performance between French FFs and NFFs

	FFs France	NFFs France	Outperformance classification
Current ratio year 2013	1.88	3.08	NFFs
Current ratio year 2012	1.95	2.92	NFFs
Current ratio year 2011	1.83	2.52	NFFs
Current ratio mean 2011-2013	1.89	2.84	NFFs
Liquidity ratio year 2013	0.59	1.60	NFFs
Liquidity ratio year 2012	0.57	1.51	NFFs
Liquidity ratio year 2011	0.56	1.33	NFFs
Liquidity ratio mean 2011-2013	0.57	1.48	NFFs
Solvency ratio (liability based) year 2013	45.97	56.38	FFs
Solvency ratio (liability based) year 2012	44.86	52.77	FFs
Solvency ratio (liability based) year 2011	42.33	51.84	FFs
Solvency ratio (liability based) mean 2011-2013	44.39	53.66	FFs

Source: Personal elaboration

Table V. Financial performance between French FFs and NFFs

Italy vs France

Relative economic and financial performance of Italian and French Companies was evaluated as shown in Table VI.

In the sample considered, French FFs performed better in terms of economic performance (with the exception of ROE in 2011), and the same applied to French NFFs in terms of financial performance (except solvency rate for which Italian FFs performed better).

Discussion

Discussion focused on findings covering:

- Italy;
- France; and
- Italy vs France.

In Italy, on economic performance, FFs outperformed NFFs for ROE and ROA, but NFFs outperformed FFs in terms of EBIT. In particular, FFs outperformed NFFs in terms of ROE, which measures the ROE: Italian FFs seemed more efficient at generating higher ROEs. ROA too, showed FFs total assets to be more profitable at generating revenue. Conversely, EBIT showed NFFs to be better able to generate profit in 2011 and 2012, considering earnings before interest and taxes, the mean trend showing NFFs to be better than FFs. Specifically, a downward trend was noted for FFs

	FFs Italy	FFs France	NFFs Italy	NFFs France	Outperformance classification
ROE % year 2013	−2.23	7.58	−3.57	1.52	FFs France
ROE % year 2012	1.72	9.09	−1.88	2.94	FFs France
ROE % year 2011	5.46	3.71	−5.56	2.33	FFs Italy
ROE % mean 2011-2013	1.65	6.79	−3.67	2.26	FFs France
ROA % year 2013	0.88	1.75	0.45	0.37	FFs France
ROA % year 2012	0.56	1.78	0.45	0.71	FFs France
ROA % year 2011	0.88	1.44	0.62	0.78	FFs France
ROA % mean 2011-2013	0.78	1.66	0.50	0.62	FFs France
EBIT margin % year 2013	3.89	5.48	1.62	0.82	FFs France
EBIT margin % year 2012	2.29	5.76	3.97	1.31	FFs France
EBIT margin % year 2011	1.97	5.92	3.97	1.09	FFs France
EBIT margin % mean 2011-2013	2.72	5.72	3.18	1.07	FFs France
Current ratio year 2013	1.30	1.88	1.29	3.08	NFFs France
Current ratio year 2012	1.32	1.95	1.26	2.92	NFFs France
Current ratio year 2011	1.21	1.83	1.54	2.52	NFFs France
Current ratio mean 2011-2013	1.28	1.89	1.36	2.84	NFFs France
Liquidity ratio year 2013	0.70	0.59	0.71	1.60	NFFs France
Liquidity ratio year 2012	0.76	0.57	0.72	1.51	NFFs France
Liquidity ratio year 2011	0.69	0.56	1.01	1.33	NFFs France
Liquidity ratio mean 2011-2013	0.72	0.57	0.81	1.48	NFFs France
Solvency ratio (liability based) year 2013	33.38	45.97	34.49	56.38	FFs Italy
Solvency ratio (liability based) year 2012	29.76	44.86	30.02	52.77	FFs Italy
Solvency ratio (liability based) year 2011	28.29	42.33	28.51	51.84	FFs Italy
Solvency ratio (liability based) mean 2011-2013	30.48	44.39	31.00	53.66	FFs Italy

Source: Personal elaboration

Table VI. Economic and financial performance of Italian and French FFs and NFFs during the 2011-2013 period in terms of ROE (reaching negative profitability in 2013), accompanied by an upward trend in terms of EBIT. As regards NFFs, a downward trend was observed in terms of ROA and EBIT during the 2011-2013 period, also ROE being negative in 2013.

Concerning financial performance, NFFs outperformed FFS in terms of current ratio and liquidity ratio, but FFs were better in terms of solvency ratio. In particular, NFFs excelled in terms of current ratio, considering the mean trend (although FFs outperformed NFFs in 2012 and 2013), showing a higher propensity to offset current liabilities against current assets. The liquidity ratio showed NFFs to outperform FFs, considering the mean trend (and, in particular, in 2013 and 2011), proving that they were better at meeting short-term debt liabilities thanks to liquidity as they fell due. In terms of solvency ratio, FFs outperformed NFFs, proving a lower tendency to financing assets through debt.

In France, on economic performance FFs outperformed NFFs in terms of ROE, ROA and EBIT. In particular, FFs seemed more efficient at generating profits from every shareholder's equity unit. ROA too, showed FFs total assets to be better at generating revenue. In addition, FFs outperformed NFFs also at generating profit, considering earnings before interest and taxes. Specifically, a marked upward trend in terms of ROE and ROA was observed for FFs during the 2011-2013 period, whereas the increase in EBIT was moderate. During the 2011-2013 period, NFFs posted a downward trend in ROE, ROA and EBIT.

A close look at financial performance revealed that NFFs outperformed FFs in current ratio and liquidity ratio, whereas FFs were better in terms of solvency ratio. NFFs excelled in current ratio, showing higher propension to honour current liabilities using current assets. The liquidity ratio confirmed current ratio results, showing NFFs to outperform FFs. In terms of solvency ratio FFs outperformed NFFs.

Based on 1, this review showed the family to impact economic and financial performance in different ways. Consequently, it was decided to compare the extent of such impact in Italian vs French businesses.

Italy vs France reflected the findings of the main literature on wine sector data in Italy and France (also in terms of production, export and consumption), to permit understanding the context in which wine companies operate and strive to improve their economic and financial performance standards (Giacosa *et al.*, 2014b; Mediobanca, 2013). Economic and financial performance trends were found to reflect a country's production, consumption and export operations. France was the top wine-producing country in the world in 2012, top also in annual wine consumption, and with the highest export turnover.

Our research confirmed in part the validity of data from the literature on FFs performance, about the correlation between family presence and company economic performance (Anderson and Reeb, 2003; Culasso *et al.*, 2012; Gonzalez *et al.*, 2012). This work shows that the presence of the family impacts economic performance. The "familiness" factor in FFs (Habbershon and Williams, 1999) was a key reason for their competitive advantage deriving from unique, tacit and distinctive competencies (Teece, 1982). "Familiness" was influenced by the human capital (Dunn, 1995; Sirmon and Hitt, 2003), a mixture of "warm, friendly and intimate" relationships between its members (Horton, 1986) and financial capital managed as a long-term asset. Human capital being a patient capital (Teece, 1992), FFs invested their own resources in the firm, nurturing tradition, unity and affection values (Ward, 1997), as well as assuring continuity to the economic activity. Because of the "familiness" factor entrepreneurs devoted their efforts to managing the business which they usually considered to be their own creature (Teece, 1992; Ward, 1997) and for which they made sacrifices in order to keep it going long term. It was found that when family members were directly involved in the business, they cared more and applied themselves to secure future opportunities and integrate knowledge of family and non-family members operating in the company. Such efforts tended to improve company performance, which was highly sensitive to inputs of human capital. Findings showed human activities to impact excellence and quality in the company. Consequently, in terms of performance, human capital might make the difference in FFs vs NFFS, and also between FFs themselves.

Financial performance was also considered, as it might be influenced by the different financing policies of FFs relative to NFFs. First, access to external financial resources was more difficult for medium-sized FFs (Harvey and Evans 1995; Coleman and Carsky, 1999; Ferraris, 2013). Second, this was alleged to result from a limited bargaining power with the banks, especially during economic downturns such as the current one. Also, the availability of family funds affected financing demands on the bank system (Smyrnios *et al.*, 1998) and obtaining credit and loans was influenced by a company's age and status, i.e. FFs vs NFFs (Coleman and Carsky, 1999). Third, the IPO could be the solution to overcome lack of capital (Anderson and Reeb, 2003), although issuing new shares might reduce family control, and was therefore rarely considered by FFs (Mulkay and Sassenou, 1995; Gualandri and Schwizer, 2008). Other options included internal self-financing (Churchill and Lewis, 1985; Ennew and Binks, 1994; Dunn and Hughes, 1995; Mahérault, 2000). FFs were leveraged more than NFFs of the same size, also due to a reluctance to issue new shares (Andres, 2011). The lack of capital availability, typical of FFs (Mahérault, 2000), might impact some financial indicators such as liquidity, current ratio and solvency ratio, which were influenced by the availability of liquidity to face company liabilities.

Conclusion, implications and limitations

This study considers the presence of the family to be partly relevant as regards the achievement of good economic and financial performance and endowing firms with different features. In particular, where the FF focuses on the management aspect there are gains in economic performance. However, FFs are seen to have some financial difficulties, due to a difference in financing policies in FFs relative to NFFs, resulting in limited bargaining power with the banks, especially during the current financial crisis.

The comparison between Italy and France in terms of wine production, exports and consumption is useful to understand the context in which wine companies operate to achieve given economic and financial performance standards. In the sample, French FFs were better (except for ROE in 2011, and solvency rate, for which Italian FFs were better). Thus, the economic and financial performance trend was influenced by national production, consumption and export in France, compared to Italy. In fact, in 2012 France was top wine-producing country in the world, top for annual consumption and top in exports turnover.

Further to other similar papers on FF economic and financial performance issues (Chu, 2011; Gonzalez *et al.*, 2012; Villalonga and Amit, 2006), this study contributes to the literature on FFs by highlighting the effects on economic and financial performance where the family is present on the board. Such effects might be extended to companies operating in other countries, especially where the FF situation is similar to that in Italy and France. Hence, future developments of this study might include comparative analyses of firms from various countries where the family is on the Board and the size of the company represents key variables for defining economic and financial performance.

This study has significant implications for the following:

- FF owners, for enabling them to understand and manage the effects of size and corporate governance on the financial and operating structure of their firms. Specifically, they might wish to take into account our assumptions to formulate more conscious and rational strategic decisions and initiatives, especially regarding business diversification and growth, also considering the associated risks. In their decision-making process, they might consider that the influence of the family on short-term profitability will be weaker in large companies where, supposing a strategy which encourages business diversification and growth, the family might not be able to manage corporate complexities directly in the long term, the enterprise therefore becoming a non-family-run firm.
- Regulators, who have to practically define good policies for listed companies by giving special consideration to the need for integration of risk, strategic planning and control. Risk management systems should be put in place by companies to monitor risks associated with growth and diversification, depending on corporate governance structure.
- Investors, for this work contributes to their decision-making process, as it touches on significant generalizations which help identify leading Italian listed firms. It might also prove useful for upgrading scholarships in this field, above all in view of the growing importance of the topic of FFs.

In order to overcome the limitations of this study, future developments shall have to include:

- Several types of indicators to evaluate company performance. This research focused on economic and financial indicators, as the authors' research fields cover accounting topics. However, qualitative indicators may help verify company performance.
- Other variables (in addition to family presence) that might affect the firm economic and financial performance, i.e. governance, performance management systems and information systems management and reward systems. Future investigators shall have to consider such aspects, as well as their impact on company economic and financial performance.
- Suitable econometric models to simulate the impact of external and internal variables on the wine business, as well as comparison of potential and dynamic wine consumption vs that of other economic sectors equally representative of the Italian economy and/or of the "Made in Italy".

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