

A photograph of two hikers in red hooded jackets and backpacks climbing a rocky cliff. The scene is set against a dramatic sunset sky with orange and yellow clouds. The hiker in the foreground is reaching up towards the second hiker who is higher up on the cliff.

PwC's 11th Global Family Business Survey

# Transform to build trust

Family businesses need to adopt new  
priorities to secure their legacy



**pwc**

[www.pwc.com/familybusinesssurvey](http://www.pwc.com/familybusinesssurvey)

# Foreword

PwC's 11th Global Family Business Survey comes at a time of great change. The optimism of a post-covid world has been sorely tested by the geopolitical turmoil caused by the war in Ukraine and its effect on economies around the globe. We live in a world of uncertainty. That's why we focused our survey on trust.

As family business owners, you understand that your success and your advantage over the competition is, first and foremost, built on trust. But today, the very nature of trust has changed. What you told us in our survey is that you need to be trusted not only by your customers but also by your employees, family members and the general public.

Digging deeper, we also see that you are struggling to prioritise the things that are fundamental to building trust with all stakeholder groups—including the general public—and you may be missing the opportunity to explain your company's mission, values and impact.

There is a new formula for building trust, and the stakeholder groups you need to be trusted by have expanded.

The good news is that trust can be built systematically. In this first report, we present the results of the survey and describe what constitutes the new trust formula. In subsequent articles, we will look more closely at the three foundational groups that you need to have on your side—your customers, your employees and your family members—and explain how to bridge the trust gap that you have identified, by prioritising what matters most to all your stakeholders.

**Our message:** transform to build trust. Do that, and there's every reason to believe in a bright future.



**Peter Englisch**

Global Family Business and EMEA Entrepreneurial  
and Private Business Leader, Partner, PwC Germany

# Contents

|  |           |
|--|-----------|
| <b>Transform to build trust: Survey overview</b> | <b>04</b> |
| .....  |           |
| <b>What customers really want</b>                | <b>09</b> |
| .....  |           |
| <b>Prioritising employees</b>                    | <b>15</b> |
| .....  |           |
| <b>Keeping the family united</b>                 | <b>20</b> |
| .....  |           |
| <b>About the survey</b>                          | <b>26</b> |
| .....  |           |
| <b>Acknowledgements</b>                          | <b>27</b> |

# Transform to build trust

## Family businesses need to adopt new priorities to secure their legacy.

The notion of how to build trust in business is changing—fundamentally and rapidly. For everyone—including customers and employees—issues like environmental, social and governance (ESG) and diversity, equity and inclusion (DEI) have become litmus tests for trustworthiness. Due to powerful demographic shifts, most of today's customers and employees hail from generations—millennials and gen Z—whose values differ from those of baby boomers. Family businesses, which for years have relied on a trust premium, built up over generations, have been slow to get the message.

At a basic level, the formula for building trust is expanding. Businesses will need to take into account new groups of stakeholders who have different expectations around what builds trust, and who consume information in entirely different ways. When it comes to these new measures for earning trust, family businesses will need to do a much better job of both showing and telling: increasing the visibility of their efforts and communicating them consistently to stakeholders.

These are among the key findings of PwC's Family Business Survey 2023.

Trust has been—and remains—a vital competitive advantage that sets family businesses apart from other companies. The [Edelman Trust Barometer](#) confirms that family businesses are trusted more than other businesses: their trust score is 12 percentage points higher than that of businesses in general. Higher levels of trust can result in better performance, as demonstrated by recent PwC research showing a strong correlation between [trust and profitability](#).

Finding ways to protect and nurture that trust premium is essential to achieving the ambitious long-term goals that the survey's participants say they're pursuing:

- 77% expect to grow in the coming two years; 14% expect to grow 'quickly and aggressively.'
- 51% say expanding into new markets is their top priority.

This year's survey of 2,043 family business owners in 82 territories uses a model developed by Sandra Sucher, a Harvard Business School professor of management and the author, with Shalene Gupta, of *The Power of Trust*, to assess whether family businesses are doing the right things in today's world to build trust (see the four pillars, below). The results of the survey reveal a disconnect between traditional views about trust and their impact on how family businesses operate today. They also highlight where and how family businesses will need to transform to ensure their legacy.

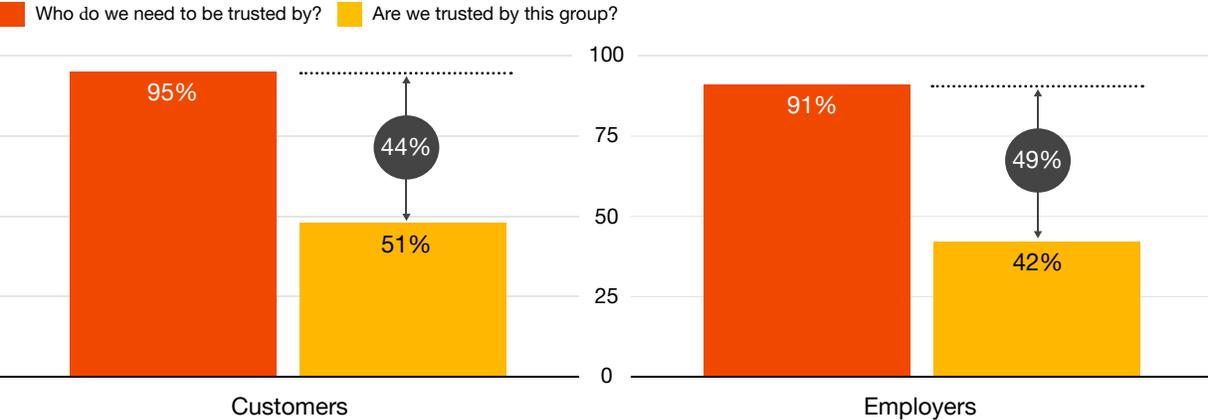
Four pillars for building trust:

- Competence: is the company good at what it does?
- Motive: whose interests is the company serving?
- Means: is the company using fair means to achieve its goals?
- Impact: what is the tangible impact the company has, as opposed to the impact it claims to have?

---

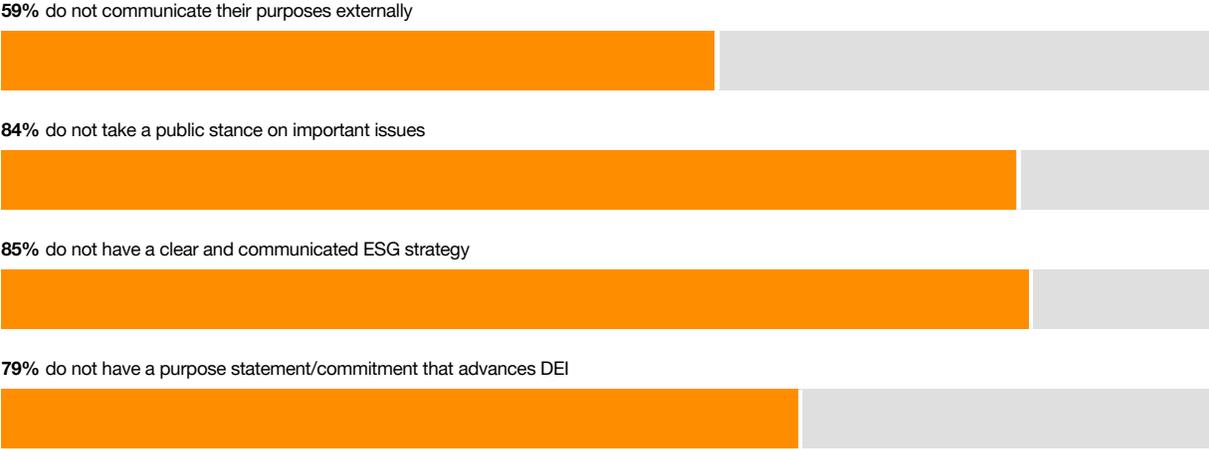
# Mind the trust gap

**What family businesses say:**



# Are we doing enough to build trust?

The majority of the family businesses do not have in place the mechanisms and systems to build trust among customers and employees



Source: 2023 PwC Family Business Survey/PwC analysis

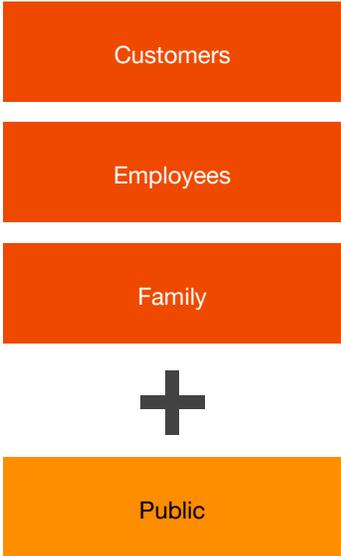
---

Family businesses know that the trust of customers and family members is essential, but those businesses need to be more proactive in building trust with their wider key stakeholder groups, especially employees and the general public.

---

# The new formula

**Whose trust do we need? The stakeholder groups have changed:**



**What do these constituents require to earn trust? Topics have changed:**



**What are we doing and what do we need to do? How we communicate has changed:**



Source: PwC analysis

---

The expectation that business has societal and political responsibilities is now a consensus view..

**Sandra Sucher**, Harvard Business School economist

The family businesses that are building trust in these new ways—addressing ESG, DEI and broader public concerns—express more optimism about their prospects. For example, 49% of survey respondents who have a strong focus on attracting and retaining talent (a characteristic suggestive of heightened awareness of DEI, among other factors) predict strong future growth, compared to 40% who were not prioritising these areas.

---

Trust is about being clear about what you stand for. Do the right thing first. Deliver on what you say. Family businesses have an enormous differential capacity because people do trust them, and they are not about short-term gain.

**Marika Westra**, Chief Communications and Sustainability Impact Officer, COFRA Holding AG

The good news is that trust is tangible and can be systematically built. But if family businesses are to protect their trust advantage, it will require transformation—a reality that many business leaders are already acknowledging. Of the 4,410 executives participating in [PwC's 26th Annual Global CEO Survey](#), more than 40% believe their company will not be fit for purpose in ten years if it stays on its current course; a similar percentage of the cohort identifying as family business leaders say the same thing.

This means that they will need to change policies and practices, revisit their priorities, and communicate those changes to every stakeholder group and across generations. Here we'll look more closely at what needs to be done to build trust with the three most important stakeholder groups for family businesses: customers, employees and family members.



Transform to build trust

What customers really want

The customer is king. It's a mantra that businesses live by, whether they are B2B or B2C. And customer trust is essential for all businesses. [Research](#) using data from PwC's Global CEO Survey shows that after industry conditions, the biggest contributing factor to profitability is levels of customer after industry conditions. Not surprisingly, PwC's [11th Global Family Business Survey](#) of 2,043 family business owners in 82 territories found that when asked who it was important to be trusted by, 95% said the trust of their customers is paramount.

But it's one thing to value the trust of customers and quite another to secure it. Just under half (49%) of the respondents said that they don't believe they are fully trusted by their customers. This is a singularly honest assessment and speaks of the self-awareness of family business owners, who acknowledge that there's a trust gap. In [another recent PwC survey on trust](#), 84% of business executives think that customers highly trust the company, yet only 27% of customers say the same of the companies they buy from.

So, given the importance of customer trust and the fact that family businesses know they need to earn it, what should they be doing differently?

The short answer? They have to come to grips with the new, expanded formula for building trust highlighted in the [2023 survey](#). Certainly, great products, top-class service and brand value are still ingredients for building trust, as evidenced by the fact that family businesses scored 20 points higher than non-family businesses on the Edelman Trust Barometer a decade ago. But today, those attributes are table stakes.

More than [half the world's population](#) are millennials and gen Z—people born after 1980—and they have new priorities in this fast-changing world. They want the businesses they support not only to deliver great goods and services but also to demonstrate their commitment to environmental, social and governance (ESG) issues and diversity, equity and inclusion (DEI)—all along the supply chain. And they want companies to take a stand on the issues that matter most to them.

---

Reputation is an outcome of trust. It's hard to have a good reputation if you're not trusted.

**Sandra Sucher**, professor of management practice at Harvard Business School

---

# Mind the trust gap

## Family businesses want the trust of their customers...

95% say customer trust is the top priority\*



## ...but they're not getting it

49% say they aren't fully trusted by customers\*\*



## That's because they're not prioritising what customers value

69% do not measure environmental impact



76% do not measure social impact



91% do not measure DEI performance



84% do not take a stand on public issues



71% do not actively communicate how they protect private data



\*Q: How important is it that your company is trusted by this stakeholder group. (Showing 'essential' and 'very important.')

\*\*Q: Which of these statements do you believe best describes the level of trust the following stakeholder group has in your company. (Showing 'not fully trusted.')

Source: PwC's 11th Global Family Business Survey/PwC analysis

When asked about their priorities for the next two years, 42% of family business owners in the survey say they want to increase customer loyalty. But they are not listening to their customers. For example, as the chart above shows, three-quarters of family businesses do not actively communicate how they protect private data, even though [a recent PwC survey](#) of more than 2,500 consumers found that 79% of those consumers say data privacy is their top concern.

In a [separate study](#) of more than 5,000 consumers from 2021, four out of five said that they are more likely to buy from companies that share their values, which gives considerable weight to ESG and DEI priorities. But the Family Business Survey respondents don't ascribe nearly the same importance to ESG or DEI: only one in five say that minimising the company's impact on the environment is a priority; a third admit that they put little energy, resources or investment into ESG issues. Even fewer prioritise the company's social responsibility or its performance on diversity.

There are some notable regional differences. European family businesses are ahead of others: 20% have an ESG statement that is communicated to shareholders, compared with 8% of North American family businesses. Overall, it's clear that family businesses view customers primarily through a traditional lens of product quality and customer service. They don't take into account wider concerns—and that's what's creating the trust gap.

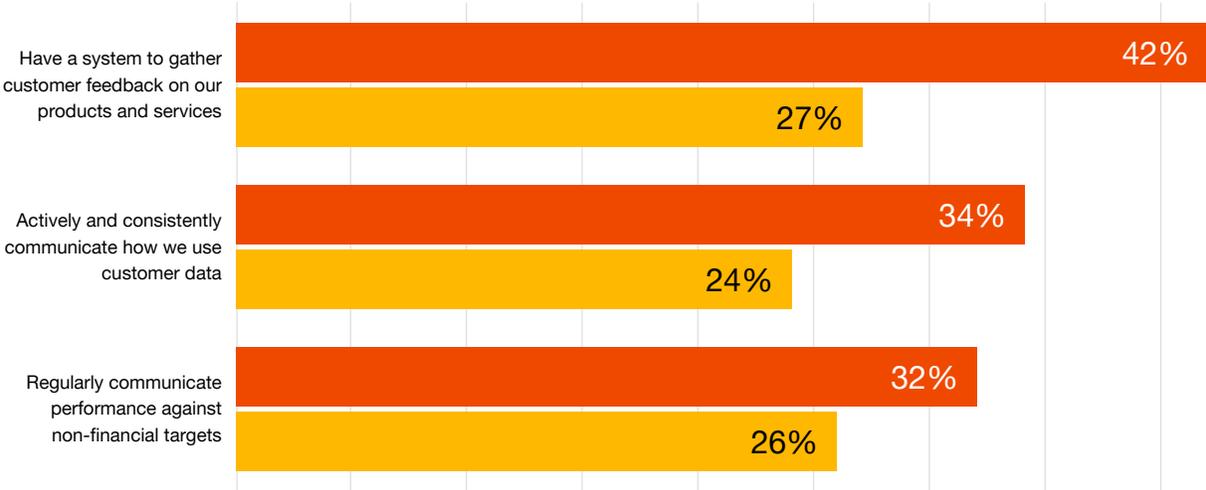
Although the research doesn't show a causal link between commitment to social issues and building trust, there are some telling correlations. Family businesses that are proactive in communications are more trusted. Those that have more processes in place to gather customer feedback and communicate how the company uses customer data and, crucially, how it performs against non-financial targets say they are more fully trusted by customers.

---

# How communication affects customer trust

■ Companies that have these measures in place   ■ Companies that don't have these measures in place

## Share of respondents who say they're trusted by their customers



Q: Which of these statements do you believe best describes the level of trust the following stakeholder group has in your company. (Showing 'fully trusted'.)

Source: PwC's 11th Global Family Business Survey

---

Today, customers want to know how the companies they do business with operate, what their values are and how they demonstrate those values. As our results show, family businesses are strong on prioritising competence, one of the four pillars in Sandra Sucher's trust model, but they are stuck on understanding whose interests they are serving and are not using the right means to satisfy the expanding needs of their customers. The survey shows that only 43% of family businesses publish values and mission statements; only 43% have a senior leader in charge of ESG; and only a third have one dedicated to DEI.

These sins of omission are not hard to correct: 78% of family businesses say they have clear values, so they should take the time to articulate those values publicly and demonstrate that they operate according to them. 'We have to say what we mean and mean what we say,' says Farhad Forbes, co-chairman of Forbes Marshall, a business dedicated to improving process and energy efficiency and making its customers more environmentally responsible. His third-generation family business also publishes data on how it helps local communities by improving healthcare, the education of girls, and working conditions for informal workers in its supply chain.

## Three ways to build customer trust

Addressing the widening trust deficit will require family businesses to focus on three key actions:

### 1. Measure and report on non-financial targets.

Commitment to ESG or DEI is not enough on its own; customers want to see action. This means putting in place mechanisms that help to build trust, including reporting the company's ESG and DEI targets and updating customers on progress towards meeting those targets. In the survey, family businesses that say they are fully trusted by customers are more likely to regularly communicate their performance against non-financial as well as financial targets.

**Case study:** The business-to-business chocolate manufacturer Barry Callebaut Group is taking a leading role in addressing ESG concerns in its own sector through an initiative it calls [Forever Chocolate](#). The company, founded in 1994, has considerable influence—it sources a fifth of cocoa beans grown worldwide—and has committed very publicly to improving the livelihoods of cocoa farmers. It has publicly set four key targets to meet by 2025, including lifting half a million cocoa farmers out of poverty and using 100% sustainable ingredients in all its products. The company regularly publishes its progress towards these targets. Peter Boone, who stepped down as CEO on April 5 after a decade at the company, spoke widely about how the company is tackling challenges in its sector, especially in eradicating child labour. As he told [one international conference](#): 'We cannot close our eyes to something which is out there we know should not be part of our supply chain.'

### 2. Codify, communicate and demonstrate values.

The values of the family behind a business are often cited as a critical differentiator that sets family businesses apart—70% of our survey respondents say that their family has a clear set of values, but only 43% have taken the important step of putting those values in writing. And values mean nothing unless they are acted upon. Customers and other stakeholders will trust family businesses that live up to their promises.

**Case study:** Moose Toys, an Australian toy designer, has a very clear [values statement](#), which includes 'treating others the way we want to be treated' and 'taking personal responsibility for your actions and outcomes.' In 2007, the company was riding high, competing successfully with huge multinationals, and had won the Australian Toy of the Year award for a craft kit of multicoloured plastic beads called Bindeez, which accounted for 90% of its rapidly growing revenue. Then disaster struck. A subcontractor started using a glue that was [potentially deadly](#) to children if ingested. When Moose Toys CEO Manny Stul found out, he immediately recalled all Bindeez products and offered a full and immediate refund to all customers even though the move threatened to bankrupt the company. Stul persuaded the company's distributors to allow Moose Toys to continue trading, found a food-grade glue that could be used on the production line and signed personal guarantees that the revised product was safe. Today, Moose Toys is thriving.

### 3. Consider taking a public stand.

Family businesses have historically preferred to keep a low profile. They are bound by fewer financial transparency obligations than public companies (though many large family businesses are also publicly traded), and this has perpetuated a culture of silence in the public arena. Of the 2,508 consumers participating in the [recent trust survey](#) mentioned above, 59% said they would trust a company more if they agreed with the stand the company took. Of course, there's a flipside to that: 45% of respondents in that survey said their level of trust would decrease if they disagreed with a company's public stand. Still, in an era of heightened consumer expectations, family businesses should consider how and when to take a public stand. Their customers will expect it.

**Case study:** Mars, the family-owned pet-care, chocolate and chewing gum company, is not shy. It has well-publicised [environmental and social goals](#). It has committed to doubling its sustainability spend across its production, packaging and supply chain from US\$1.1 billion over the past three years to US\$2.7 billion over the next three years. It also expects sales to double from US\$45 billion today. When Mars was [criticised](#) in late 2022 for being too 'woke' because it redesigned its M&M 'spokescandies' to be more inclusive, the company stayed the course, publicly referencing its efforts to make the world and workplace more inclusive. As CEO Poul Weihrauch told the Financial Times, 'We don't believe that purpose and profit are enemies.'

Family businesses pride themselves on a reputation for quality products and services. They have also traditionally relied on philanthropy as a way to give back to society—and to build trust with communities. Going forward, their reputation will not be linked so much to their charitable giving as to how they address the issues that concern the public directly: the way they do business in a world challenged by climate change; who they select as their business partners; how they control their levels of pollution; what they do about diversity and inclusion; whether they speak up and take a stand on social issues. This is family business values 2.0.



## Transform to build trust Prioritising employees

Trust is built from the inside out; a company won't be trusted by its customers if it's not trusted by its employees. [According to PwC research](#), companies that actively create opportunities for their employees to build skills have greater earnings resilience and demonstrate a superior ability to attract and retain talent. Family businesses understand the importance of employee trust. Two-thirds say it is essential. But when looked at more closely, this conviction is not matched by action: 36% say they have little focus on attracting and retaining talent.

---

If you can't attract and retain talent, you will have no business in the future. So, putting effort and resources now into your employees should be top of mind.

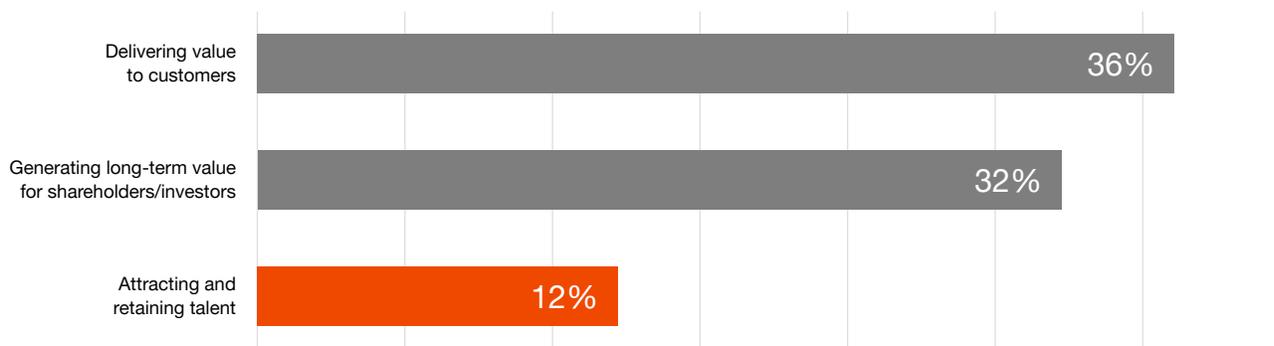
**Sir James Wates CBE**, Chairman of Wates Group, a UK construction, residential development, and property services business

One of the most striking findings to come out of PwC's 11th Global Family Business Survey is the fact that only 42% of the 2,043 family business leaders who responded believe they are fully trusted by their employees, though 91% say that the trust of their workers is essential or very important. Given that discrepancy, it is perhaps even more surprising that less than a third (32%) of respondents said they will prioritise building trust with their employees in the next two years, and only 12% say a top priority is attracting and retaining talent.

---

# Under-prioritising the workforce

## Share of family business owners who are taking action in these areas



Source: PwC's 11th Global Family Business Survey

---

This disconnect could have significant consequences for businesses' future. There is a strong correlation between [trust and profitability](#), and the survey findings suggest that the correlation extends to employee trust: companies that prioritised their employees, gave them incentives, and invested in attracting and retaining talent reported higher levels of growth in the prior 12 months than companies that didn't take those measures. As Sir James Wates, a fourth-generation family business leader who is the former chairman of Wates Group, a UK construction, residential development and property services business, put it: 'If you can't attract and retain talent, you will have no business in the future. So, putting effort and resources into your employees should be top of mind.'

Powerful demographic shifts mean that most employees are now from generations—millennial and gen Z—whose values differ from those of baby boomers and gen X, the cohorts who now lead most businesses. What employees are looking for today in their working lives is at odds with what family businesses are providing, according to our survey.

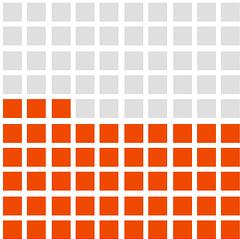
What employees expect from their employers has changed over time, in terms of both employment packages and perceptions of the company they work for. Increasingly, people [are prioritising](#) skills development, work-life balance and wellness. Indeed, the relative importance of financial compensation has declined by 24% over the past decade (though the data was collected before the current cost of living crisis). And importantly, employees today want the companies they work for to reflect their own values and concerns.

In a recent [PwC study](#), 86% of employees said they wanted to work for a company that shared their values, and in PwC's 2023 Trust Survey of more than 2,000 employees, 53% said it is very important that their purpose and values be aligned with their employers'. The data from the 11th Global Family Business Survey shows family businesses are not in tune with those expectations.

---

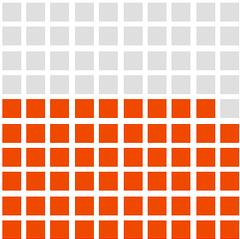
# Falling short of employees' expectations

Share of family business owners who are not taking action in these areas



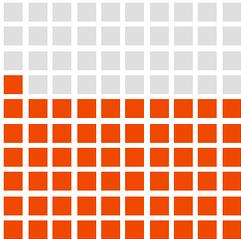
**53%**

do not build the company values and purpose into their appraisal and reward system



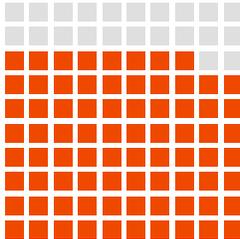
**59%**

do not communicate their purpose externally



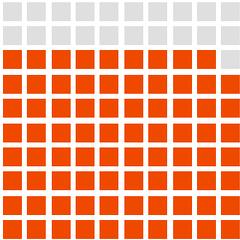
**61%**

do not have systems in place to report misbehaviour



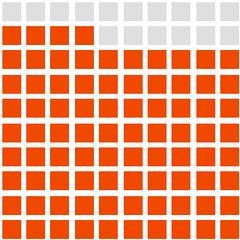
**78%**

do not have processes in place to let employee appeal or question management decisions



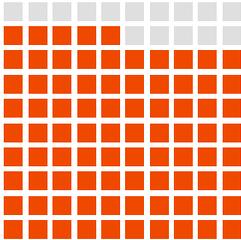
**79%**

do not have a purpose statement or stated commitment that advances diversity, equity and inclusion (DEI) efforts



**84%**

do not take a public stance on important issues



**85%**

do not have a clear and communicated environmental, social and governance (ESG) strategy

Source: PwC's 11th Global Family Business Survey

---

'The opposite of trust is control—you can't control people who have your trust: they have to find ways of doing things [for themselves] and be allowed to do it,' says Hans-Jacob Bonnier, executive vice president of his family's publishing company, Bonnier News Business.

## Four actions you can take today to close the trust gap with your employees.

### 1. Communicate the company's purpose and values.

Family businesses believe they know what they stand for—79% say they have a clear purpose—but they do not make this the focus of their communications. Though 61% say their company purpose is communicated internally, only 46% write it down or publish it on their website. The business's values should be front and centre, set out clearly on the website and on all external and internal communications. Regular reporting should reinforce what the company is doing to demonstrate those values. An even more important priority is aligning the company's appraisal and reward system with the company's values and purpose. More than half of the survey's respondents do not do this.

Family businesses have traditionally shunned the limelight, but more are beginning to open up about how they operate and what they stand for. Recently, Thomas Brenninkmeijer, a fifth-generation member of the family that owns the major clothing retailer Cofra, told the *Financial Times* in a [wide-ranging interview](#), 'The important thing is that we attract around us a very large group of extraordinarily talented non-family members who have the exact same passion and view of the world and society.'

At Grupo HD Covalco, a leading supermarket chain in Spain, communicating with employees has become a goal in itself. 'Everyone in our team understands who we are, what we do and why we do it,' says Josep Saperas Aymar, the director general of the 93-year-old company and the grandson of the founder. 'You communicate by example, not just words.'

### 2. Deliver on non-financial goals and values.

Family businesses should be transparent about the progress they're making on non-financial goals. There is strong evidence that employees want their employers to show commitment to ESG issues, and to be more transparent about their ESG activities. In PwC's [2022 Global Workforce Hopes and Fear Survey](#), 53% of the 52,000 workers who responded said it's important that their employer be transparent about the company's impact on the environment, and 54% said it's very important that their employer be transparent about its record on DEI. Yet only 37% of family businesses regularly communicate how they are performing against these types of non-financial commitments.

In our survey, only 34% of respondents said there was a person responsible for DEI, and only 43% had an ESG leader. If companies are serious about these issues, they need to appoint senior leaders who are responsible for making progress in these areas and reporting on that progress.

At W.L. Gore & Associates, the US family-run business that invented Gore-Tex, founders Bill and Vieve Gore were determined to create a company with diversity at its heart. ‘I dreamed of an enterprise with great opportunity for all who would join it, a virile organisation that would foster self-fulfilment and which would multiply the capabilities of the individuals comprising it beyond their sum,’ said Bill Gore in 1961. In 2022, the company, which has revenues of US\$3.8 billion, earned a rating of 95 out of 100 in the [Corporate Equality Index](#), which measures organisational policies and practices related to LGBTQ+ workplace equality. ‘Our associates are what differentiate us,’ says the company’s [diversity statement](#). ‘Diversity and inclusion are critical ingredients for sustaining an engaging working environment.’

### 3. Create opportunities for development and upskilling.

Findings from [PwC’s Future of Work and Skills Survey](#) show that companies that actively create opportunities for their employees to build skills achieve more consistent results, have greater earnings resilience, and demonstrate a superior ability to attract and retain talent. Yet, less than half of the 54,000 workers surveyed in PwC’s [2023 Global Workforce Hopes and Fears Survey](#) said their employers provide them with the opportunities to apply the skills that they think will be most important to their careers in the next five years. And although two-thirds of employees in that survey said they are confident their company would support upskilling, that still leaves one in three who are not.

The message: be clear about upskilling opportunities, and create clear pathways for advancement within the firm. These formal mechanisms will deepen employee trust. Germany’s Freudenberg Group, for example, hires senior management from the ranks of its organisation whenever possible, rather than making external hires. ‘When you talk of trust, you also have to talk of the relationships it’s built on,’ says Ralf Krieger, who sits on the group’s board of management. ‘That starts at the first interview and is built over the years.’

### 4. Listen to your people.

Creating a culture in which employees can voice their opinions and concerns, knowing they will be taken seriously, builds trust. For the companies employing the 61% of respondents in the 11th Global Family Business Survey who said their workplace lacks a system for reporting misbehaviour, the remedy is relatively simple: introduce a formal, secure mechanism to report incidents, making sure that credible reports are acted on. Many companies, for example, have a dedicated whistle-blower hotline. Companies should also have a process in place for employees to appeal management decisions.

One stumbling block is a perception gap between employers and employees when it comes to speaking up. PwC’s 2023 Global CEO Survey of more than 4,400 leaders worldwide found that 56% of CEOs believe their managers encourage dissent and debate. And yet, 63% of employees polled in PwC’s 2023 Global Workforce Hopes and Fears Survey said their bosses rarely encourage them to speak their mind.

To their credit, the leaders participating in the 11th Global Family Business Survey seem to be aware of their own shortcomings in this regard: 78% of them admitted that they aren't very advanced in the area of enabling employees to appeal management decisions. The solution, however, may be more complicated than simply introducing a hotline; it will require creating a stronger culture of empowerment among rank-and-file workers. [Empowering employees](#) by giving them autonomy to make decisions will help bridge the trust gap. Culture should never be an afterthought in workforce strategy.

Winning the trust of employees—by improving communications, delivering on ESG and DEI, creating development and upskilling opportunities, and empowering workers to speak up—will go a long way to regaining that trust premium.



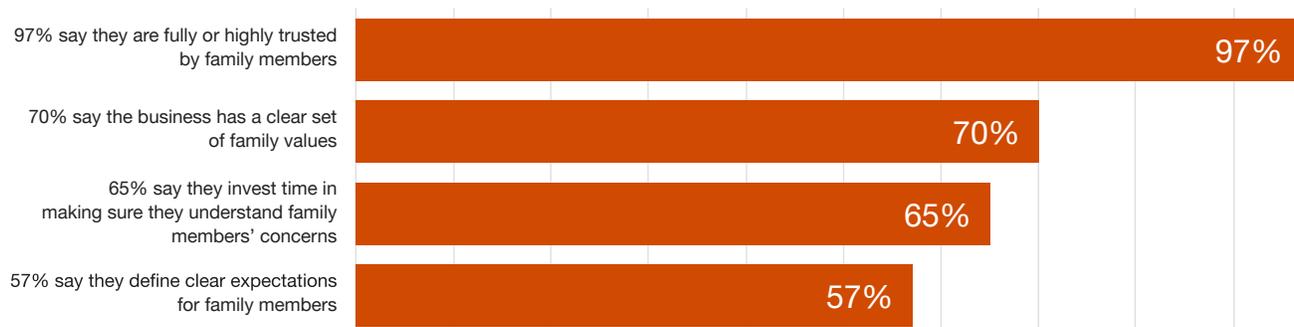
Family business leaders understand the need to have trust between their family members, and 74% believe they have built that trust. But they also say that conflict within the family has a spillover effect on building trust across the wider business. More than one in five respondents say family disagreements are the biggest challenge when building trust with all stakeholders.

When family trust breaks down, a family business will inevitably suffer. History is filled with stories of high-profile family business disputes. So, it's not surprising that 85% of respondents to PwC's 11th Global Family Business Survey, which polled 2,043 family business leaders in 82 countries, say that trust between family members is essential. The good news is that nearly three-quarters (74%) of those surveyed say they are extremely confident they are trusted by family members. A further 23% say trust levels are high among family members. Only a small minority say that trust levels are low. But that's not the whole story. As the second chart below shows, stubborn trust gaps remain.

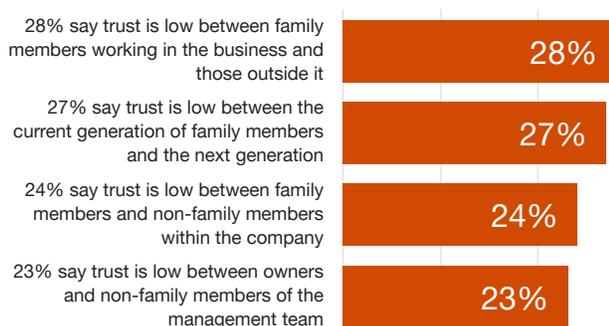
---

# Family values

## Family business leaders report high levels of trust and transparency...



## ...but gaps persist between groups



Source: PwC's 11th Global Family Business Survey

---

The relationships between family members, both those involved in the business and those who are not, can affect the management of the company in ways that simply don't exist in non-family businesses. Succession planning, for example, can take a toll if it is **not managed transparently**. Explaining to a son or daughter that they are not doing their job well is tough. Not surprisingly, a significant share—one in four—of respondents report a trust gap between the current generation and the next. There is a similar trust gap between family members who work in the business and those who don't.

When trust is low, conflicts occur: 30% of respondents say that disagreements happen from time to time, and one in ten say they happen regularly. Such conflicts have a spill-over effect on trust across the wider business: 22% of respondents (rising to 24% among second-generation businesses) say family disagreements are the biggest challenge when building trust with all stakeholders.

Dealing with conflict has never been easy for family businesses. It's part of an ongoing struggle many have with establishing strong family governance structures. In the 2021 edition of the Family Business Survey, only 15% of respondents said they had conflict resolution mechanisms to deal with family disputes. In this year's survey, that share is only marginally higher, at 19%. And only 65% of family business leaders say they have formal governance structures in place. This includes shareholder agreements, family constitutions and protocols, and even wills.

Family businesses often cite the fact that they are not constrained by the reporting requirements that regular corporations face. Family businesses can, for example, take a longer-term view without outside investors breathing down their necks. But to thrive and minimise conflict, they will have to become more like non-family businesses when it comes to strategy and communications. This is especially true when delineating the potential roles family members take on in the company, whether as owners, board members or other kinds of leaders.

### **Four key areas for building family trust**

In light of these challenges, we go back to the model for building trust developed by Sandra J. Sucher, a Harvard Business School professor of management and the author, with Shalene Gupta, of *The Power of Trust*. By examining the relationships and challenges that families face through the lens of the four pillars of trust described by Sucher, it's possible to identify key actions that leaders can take to ensure that trust remains high, and that the family legacy is preserved, even as the business and the family grow through the generations.

### **Competence: Clearly defining roles and qualifications reduces friction.**

Running a family business means having the many difficult conversations that any business leader must have about operations and performance—only with relatives, and often ones who are leaders-in-waiting. That is not easy. It's not a given that all family members will have the same expectations about their roles in the business or will agree on strategy. As the chart above shows, not all family members enjoy the same trust levels. What's more, 41% of respondents say that not all family members share similar views and priorities about the business's direction.

At PwC's NextGen Leader Academy, held in Boston in August 2022, the room was filled with highly qualified and capable young family business leaders, with an average age of 33. All held leadership positions in their family businesses, managing hundreds of people. But the majority said they were still in the dark about where the business was heading, and about what role they should play. A respect for their elders, combined with a certain degree of fear for the future, was holding them back from having essential conversations about their long-term roles.

A solid majority of family business leaders report good communications within the family—65% say relevant information is shared in a transparent and timely way, and 65% say family members regularly communicate with stakeholders about the business. But this still means that around a third are not communicating as well as they should—and it's the younger generation of family members who often feel left out or constrained as a result.

The fact is, the world is changing rapidly for businesses, regardless of the mode of ownership. Forty percent of CEOs in [PwC's 2023 Global CEO Survey](#) said that their companies will not be fit for purpose in a decade if they continue on their current track. The imperative to transform is urgent, and leaders need to be clear about what that means for the business. As Philippe Haspeslagh, the honorary chairman of Ardo, his family's US\$1.2 billion Belgium-based global frozen foods company, says, 'In our company, what moved us forward the most was when the current generation stepped away from defining what the next period would look like. We asked the next-gen to prepare their view and present it to us instead.'

**Room for improvement:** Only 27% of respondents say they have a family employment policy.

**Actions that build trust:** Formally agree on education and business-experiences pathways for family members. Set milestones, and review them regularly with next-gen family members.

### **Motive: Write a “constitution” establishing what the family wants to achieve and how.**

A constitution is a family mission statement—essentially its licence to operate—that goes beyond providing details on the dividends family members can expect. It can cover everything from sustainability to community relations and financial goals. It should also include actions that specifically relate to what the company stands for. In our survey, 68% of respondents say the family that owns the business has a clear sense of agreed values and purpose for the company. But only 43% say those values and purpose are written down, and only 36% say they're communicated with family members.

A written mission statement, created with input both from those who work in the business and from those who don't, helps manage expectations and can reinforce the family business's innate advantage when it comes to a long-term view of financial returns—the so-called patient-capital approach. By contrast, when values and purpose are left to interpretation, disagreements are bound to occur. 'Communication in the family can be challenging when there is a business. It's not easy to get the point across when everyone wants to get their idea across,' says Whalen Kadji, a project manager at the Cameroon-based conglomerate Kadji Group and the grandson of the company's founder. 'That's why we all need to be clear about our values and mission.'

Assuming that different generations share the same values is unwise. 'We get people together to talk about our values and our purpose,' says Helena Brennand, family governance advisor at Valor, a consultancy, and a

shareholder at Grupo Cornelio Brennand, her family's Brazil-based business. 'As head of the family council, I understand it is this board's responsibility to have family members understand the family's purpose, to make sure it is properly communicated.'

There is a correlation between trust, communication and performance. Our survey shows that respondents who have higher levels of trust report fewer conflicts, and those who have agreed values written down report higher levels of growth in the past 12 months.

**Room for improvement:** Only 50% of respondents say they have a shareholders' agreement. Only 41% have a dividends policy, and only 30% have a family constitution.

**Actions that build trust:** Ensure that the shared vision of the family stays up to date and is supported by all family members. Bring together all generations, as well as non-family members of senior management teams, at least twice a decade to review and revise the family constitution and protocols in the face of changing circumstances and mindsets.

### **Means: A formal governance structure improves clarity and communications.**

A governance structure describes the ecosystem in which family members navigate their relationship with the business, the community, and their own roles and responsibilities. If that structure is not clear, then conflicts will be harder to resolve. Harmony and support between family members are an essential part of the socio-emotional wealth of a family, which cannot be taken for granted, especially when the family grows from one generation to the next. This is true not just for those who work in the business, but also for those with roles in philanthropic activities, as well as for passive investors: they are all part of the human capital of a family business.

A governance structure will include ways to manage dissent. Challenging a company's leaders can surface new ideas, so a certain amount of conflict can be healthy. But what is the right level of tension? It needs to be high enough to trigger change or innovation but not so high that it causes a rift or poor decision-making. A formal conflict-resolution mechanism is essential for dealing with such rifts, yet only 19% of respondents in this year's survey say they have one in place, an improvement of only four percentage points over the previous survey, conducted in 2021.

Board composition is another area where family businesses are falling behind in their governance. Only 9% of those surveyed report having diverse boards, defined as ones that include two or more women, one board member under the age of 40, one non-family member and one from a different sector background. This shortcoming can be addressed explicitly in a family constitution that sets guidelines for board representation. But only 30% of respondents to the survey say they even have a family constitution or protocols in place.

Those protocols should include provisions for smooth and timely succession, for example. ‘If family board members are only required to retire at 70, that means the younger generation are at least 40 before they join the board,’ says Haspeslagh. ‘Transitioning younger generations to a board role helps to manage generational transition overall.’

**Room for improvement:** More than a third (36%) of those surveyed say their board consists solely of family members; 31% say that they have no women on their board.

**Actions that build trust:** Consider organising regular family meetings during which family values and challenges—including diversity, equity and inclusion—are debated across generations.

### **Impact: Transparent reporting on non-financial goals shows commitment to deliver.**

A recurring theme of this year’s survey is that although family businesses say they have clear values and purpose, they are often failing to effectively codify those values and communicate them both inside and outside of the family.

Still, most family businesses want to be seen as leaders on issues that build trust in their communities and beyond. Nearly two-thirds (64%) say there is an opportunity for family businesses to lead the way in sustainable business practices, up from 55% in 2021; 60% say businesses need to deliver greater benefits for the planet and human society, up from 53% in the previous survey.

Delivering on those aspirations requires defining what actions are needed and then taking them. As Marike Westra, the chief communications and sustainable impact officer at COFRA Holding AG, a Switzerland-based multinational clothing retailer owned by the Brenninkmeijer family, puts it, ‘It’s not necessarily about being vocal, but asking if you are taking action, and how you are going to show what you are doing.’ Family businesses should “walk the talk” by becoming more transparent on non-financial measures, and by holding themselves accountable for their climate, social and environmental impact.

**Room for improvement:** Though 79% of respondents say they have a clear purpose, only 41% say it is regularly communicated.

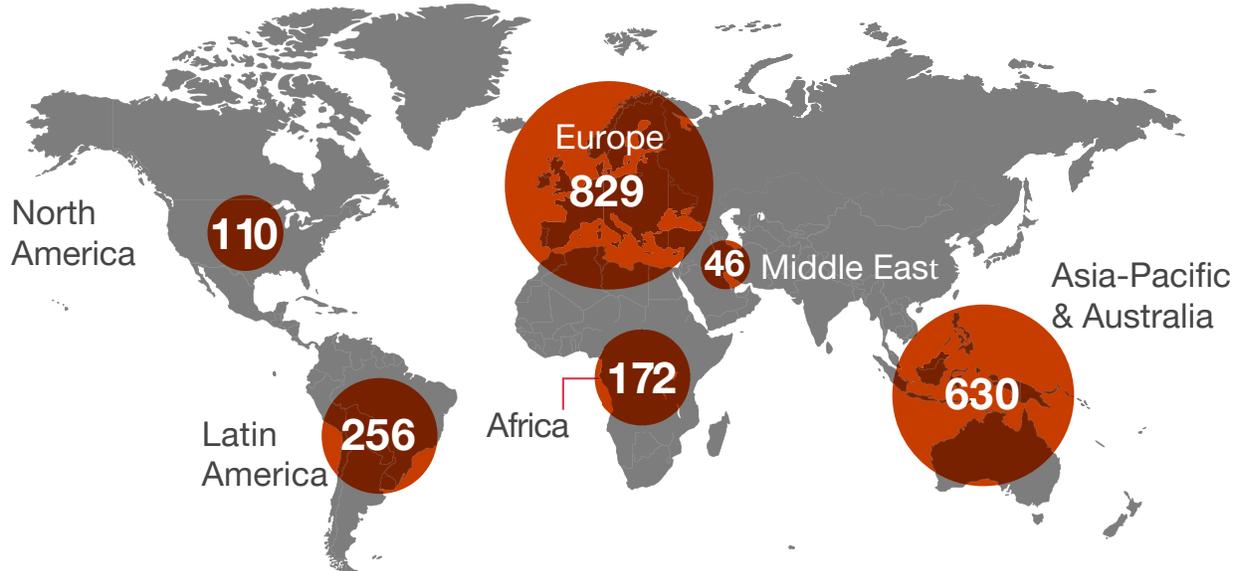
**Actions that build trust:** Consider setting targets for, and reporting on, non-financial activities, including carbon usage and diversity, equity and inclusion initiatives; and document those priorities in the family constitution. Review the philanthropic activities of the organisation, and ensure that they are aligned with the family’s values.

**The message from this year’s survey is clear:** family businesses not only need to make transformative changes to build trust, but they’ve also got to show and tell—by making their efforts visible and communicating them clearly to all their stakeholders.

# About the Family Business Survey

PwC's Family Business Survey 2023 is an international market survey of family businesses. The goal of the survey is to get an understanding of how family business leaders perceive their companies and the business environment. The survey was conducted online in collaboration with the Family Business Network (FBN). The survey conducted 2,043 interviews in 82 territories between 20 October 2022 and 22 January 2023.

## 2,043 interviews conducted globally



# Contact us



**Peter Englisch**

[peter.english@pwc.com](mailto:peter.english@pwc.com)

Global Family Business and EMEA  
Entrepreneurial and Private Business  
Leader, Partner, PwC Germany



**Francesca Ambrosini**

[francesca.ambrosini@pwc.com](mailto:francesca.ambrosini@pwc.com)

Family Business Client Programs,  
PwC United Kingdom



**Cydnee Griffin**

[cydnee.griffin@pwc.com](mailto:cydnee.griffin@pwc.com)

NextGen and Family Business Program  
Manager, PwC United States

# **PwC Family Business Survey 2023**

[www.pwc.com/familybusinesssurvey](http://www.pwc.com/familybusinesssurvey)



© 2023 PwC. All rights reserved.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity.

Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.