

Greek Report

Family Business Survey 2023

Transform to build trust

Family businesses need to adopt new
priorities to secure their legacy



www.pwc.gr/familybusinesssurvey



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Introduction

PwC's Family Business Survey 2023 has been conducted during unprecedented times. The positive anticipation for a post-Covid world has been severely affected by the war in Ukraine and its effect on economies around the globe.

In this polarised and uncertain world, businesses appear to be the sole trusted, competent and ethical institution (compared to government, NGOs, media) and, among them, the family-owned businesses are perceived as the most trusted ones (Edelman Trust Barometer 2023).

Trust has been—and remains—a vital competitive advantage that sets family businesses apart from other companies. However, 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 keystone tests for trustworthiness. Due to powerful demographic shifts, most of today's customers and employees come 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.

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.



1

The new formula of trust

Our survey revealed that the formula of trust has been transformed and appears that many family businesses are unfamiliar with it.

The new formula suggests that the way businesses define their purpose, prioritise actions related to ESG and DEI and stand on social issues are as important to stakeholders groups as the quality of products/services.

Family businesses not only need to make transformative changes to build trust, they've also got to show and tell—by making their efforts visible and communicating them clearly to their stakeholders.

In today's world, that means not just their customers, employees and family members, but also the public at large.



The new formula of trust

Whose trust do we need?

The stakeholder groups have expanded:

Customers

Employees

Family



Public

What do these constituents require to earn trust?

Expectations have grown:

Excellent service/product

Brand recognition/history



Defined purpose

Commitment to ESG and DEI

Transparent & effective communication

What are we using to gain trust?

The toolkit has changed:

Owner's annual report letters

Website

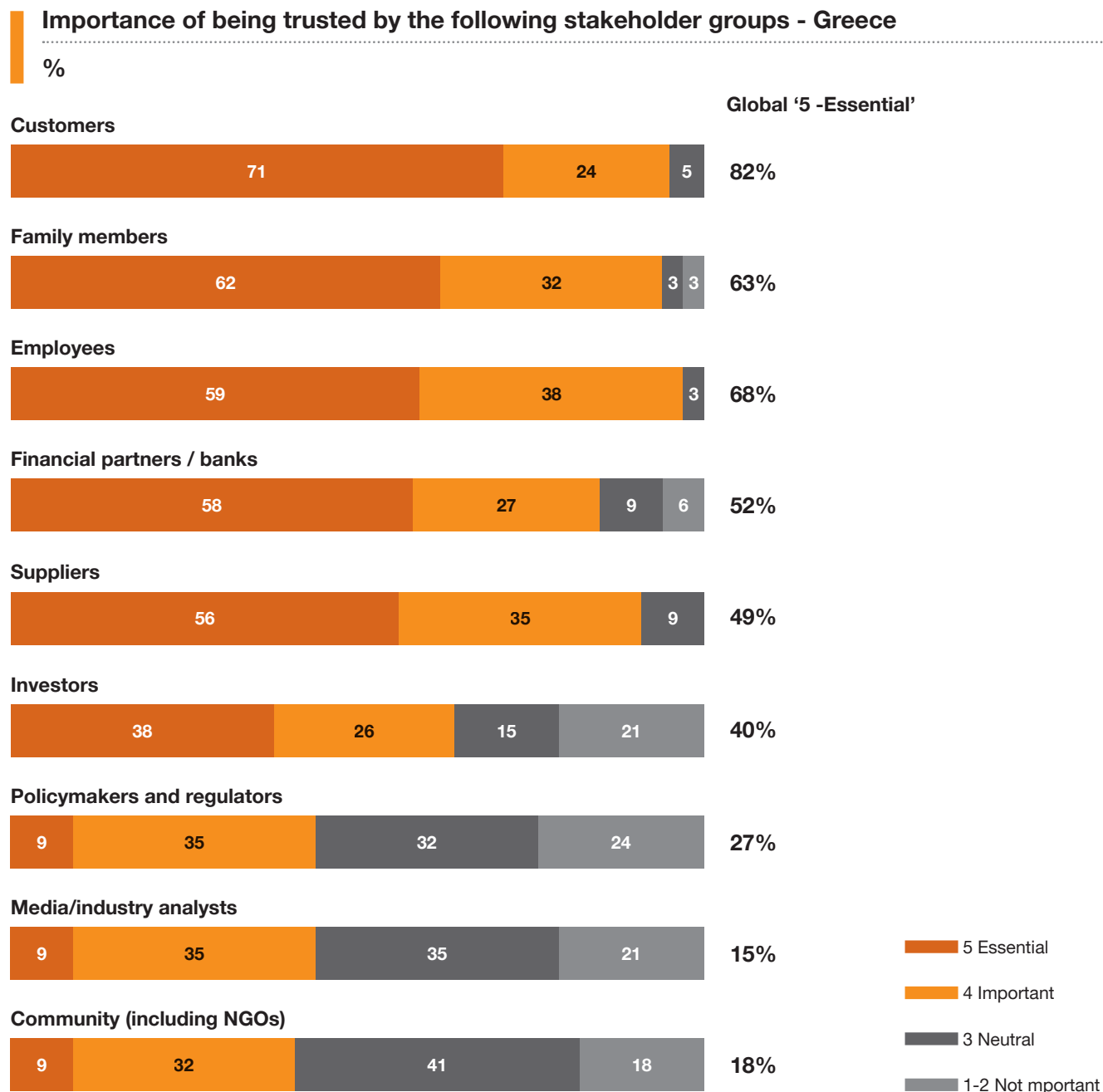


Social media

Speaking out on social issues

Taking actions on commitments

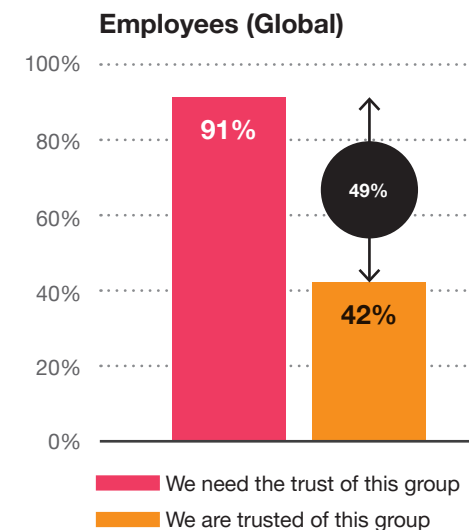
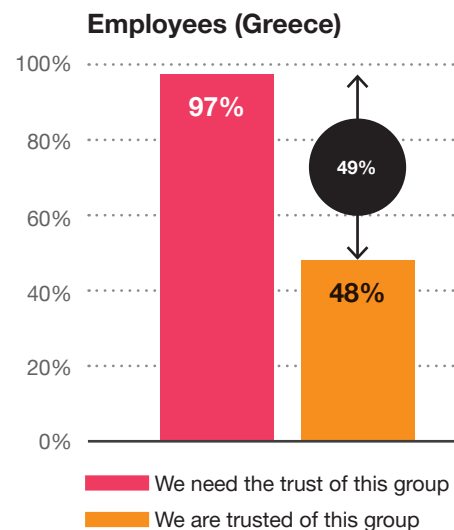
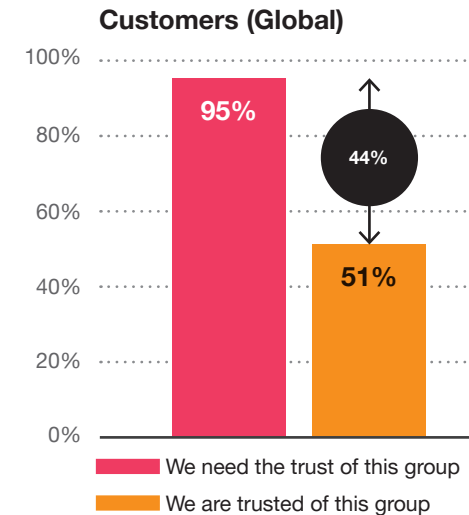
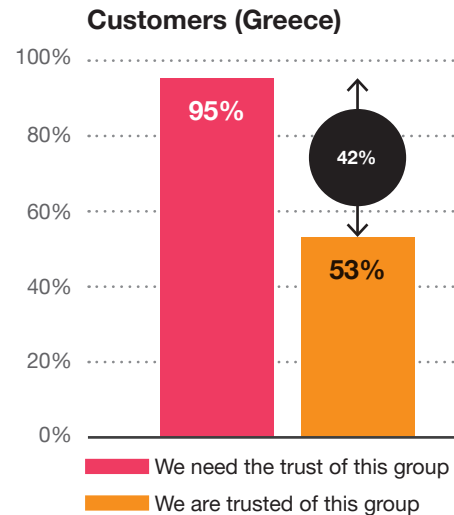
When it comes to trust, family businesses (both in Greece and Globally) still see the customer as king, followed by family members and employees...



Mind the trust gap

...but many family businesses say they're not trusted by two crucial stakeholder groups; customers and employees.

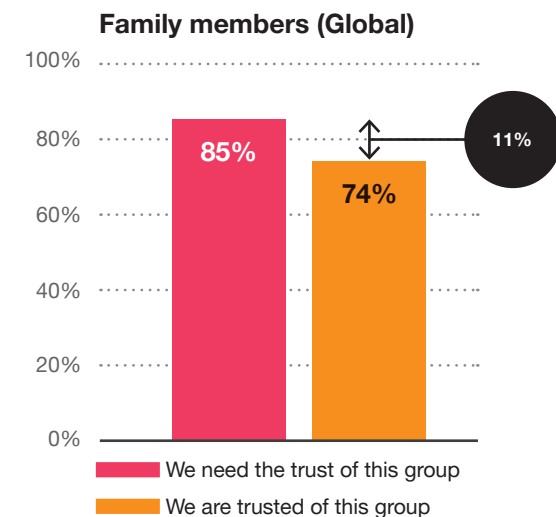
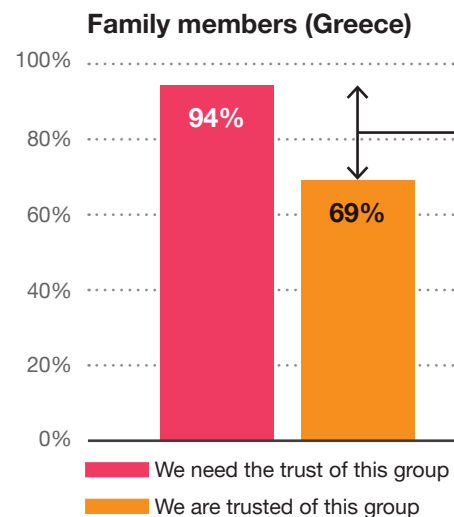
This perception appears to be consistent between Greek and Global family businesses.



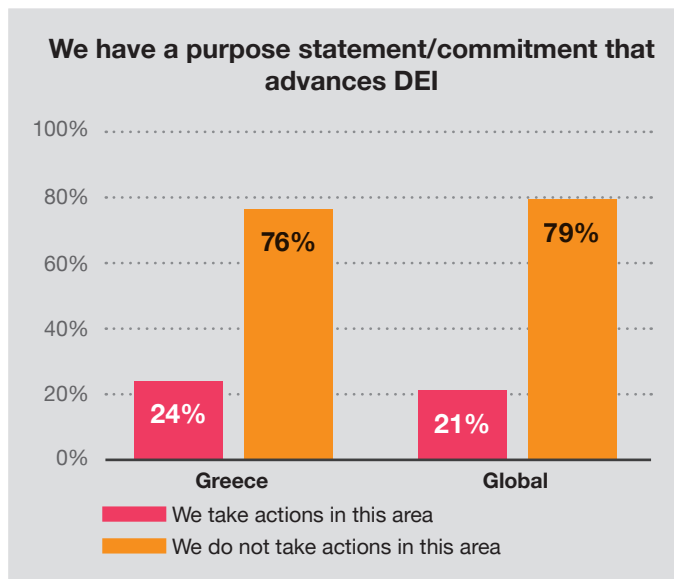
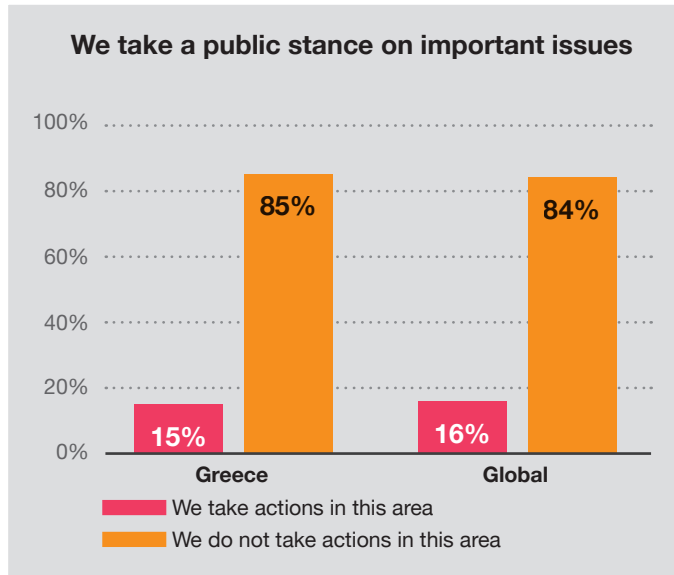
Mind the trust gap

When it comes to family members the gap is narrower but it still exists.

Greek family businesses perceive that this gap is greater than their Global peers.



Actions taken to build that trust



Both Greek and Global families acknowledge that they do not take necessary actions to bridge this gap.

2

Transform to build trust: Customers

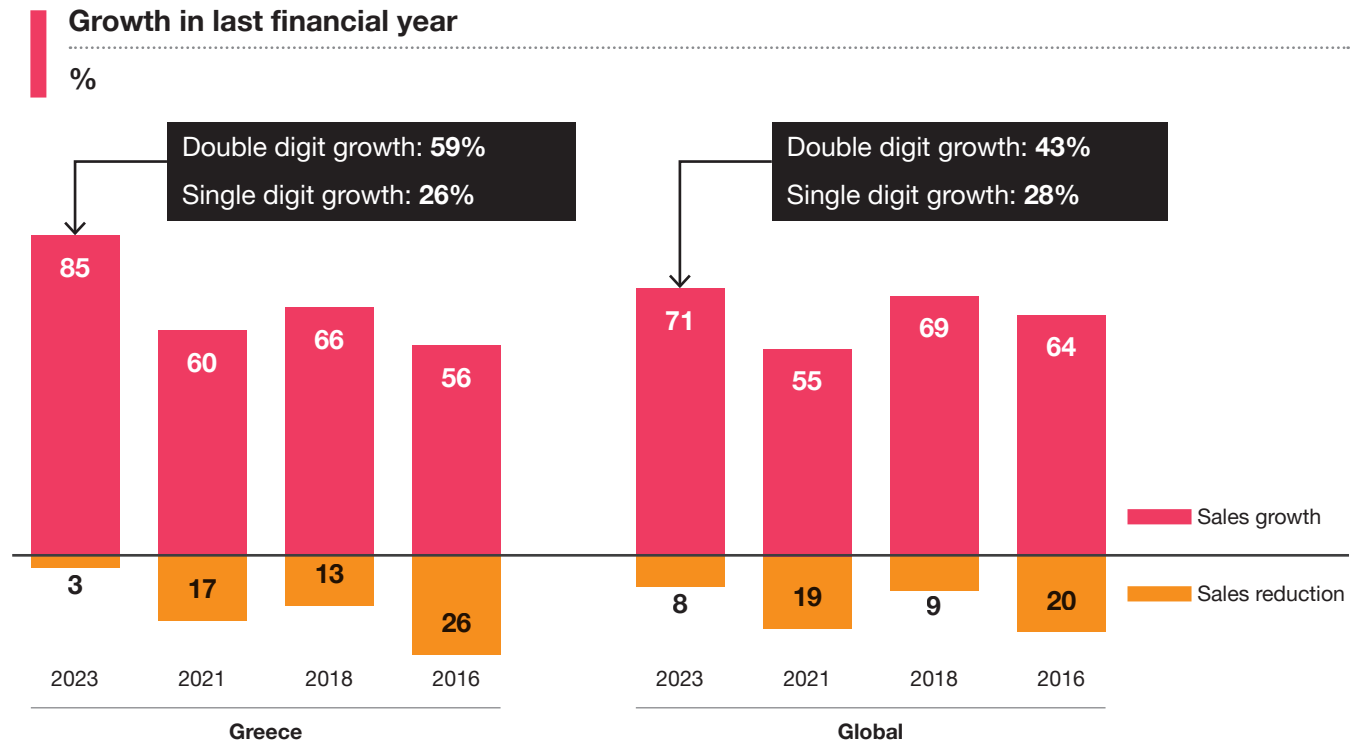
Greek family businesses set their goals, prioritise their actions and direct their energy on traditional ingredients that build trust; quality of products, customers satisfaction, introduction of new products. However, today, these ingredients are table stakes.

In a fast-changing world where half of its population are millennials and gen Z—people born after 1980—the priorities have changed. These generations want the businesses they support not only to deliver great goods and services but also to demonstrate their commitment to ESG issues and DEI—all along the supply chain. And they want companies to take a stand on the issues that matter most to them.

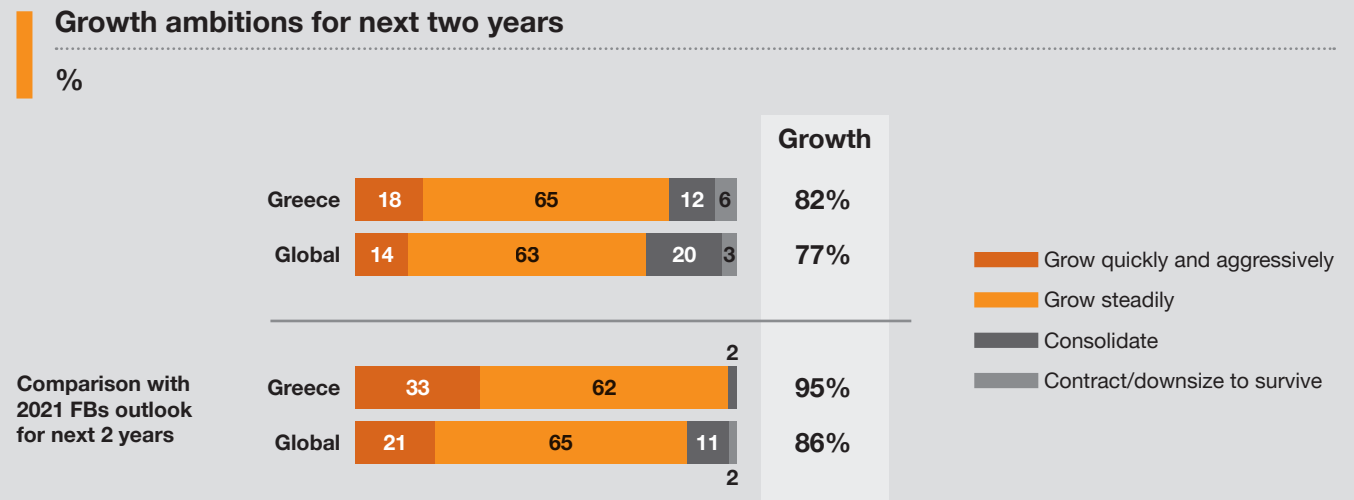
Greek family businesses appear self-aware and honestly reported that they perceive that they are not trusted by their customers in the desired level. The root cause is that they do not prioritise what their customers value most.



Greek family businesses experienced increased growth compared with previous years and the global average...

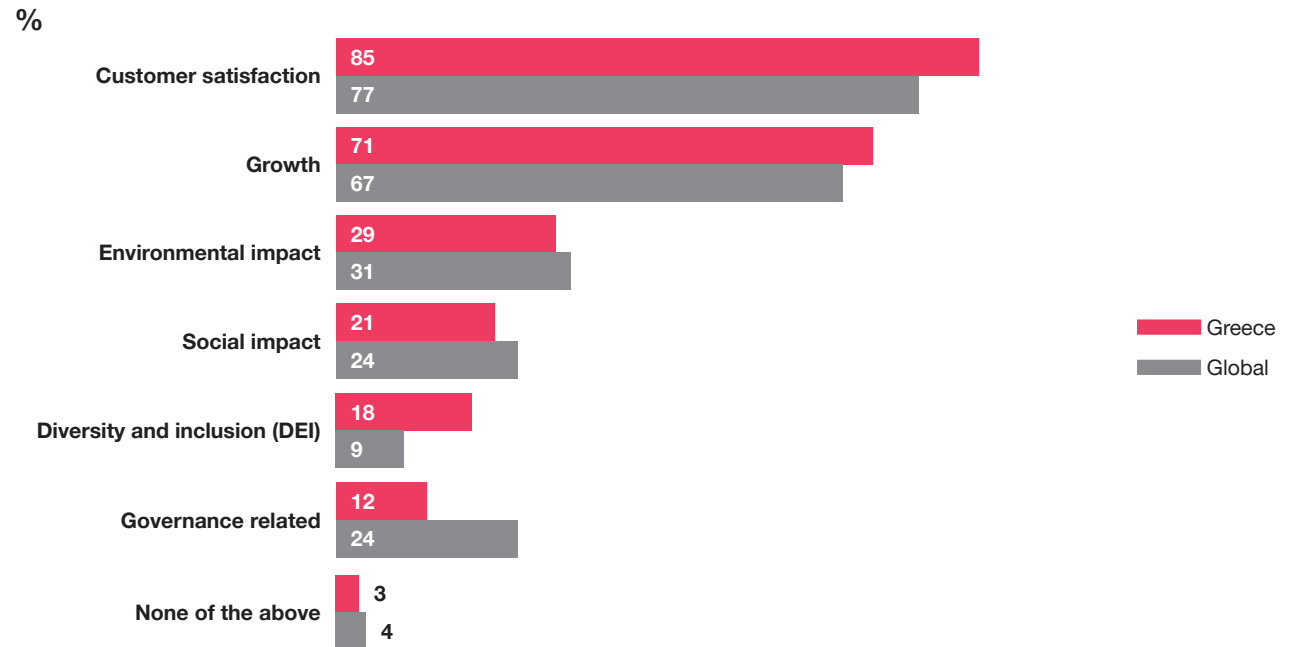


Growth aims in Greece over the next two years are more ambitious than the global average.



...and these results are consistent with their targets and goal setting which emphasise on their customers' satisfaction and their growth, while targets as ESG, DEI and Social Impact are low in their agenda.

Goals and targets set as standard policy (in addition to revenues and profits)



Agreeing with statements



Greek family businesses perform below average at measuring progress against their goals and publishing on this progress widely

58%

Greece FBs measure / monitor progress against goals
(among those setting goals)

Global: 82%

37%

Monitor progress at least quarterly
(Global: 65%)

21%

Publish performance against goals more widely
(Global: 29%)

Today's stakeholders expect companies to demonstrate and communicate their values.

Family businesses can be reluctant to share details about their business publicly. However, they have to be more vocal, visible and active than ever before, as transparency is essential to trust.

The key priority for Greek FBs is the value delivered to customers, followed by maximising profit in the short term...

26% of Greek FBs say maximising profit is their most important priority, well above the global average of 10%

Rank order of priorities to overall business - Greece

%

Global '1st - most important'

Delivering value to customers



Maximising profits in the short term



Generating long term value for shareholders/investors



Attracting / retaining top talent



Dealing fairly and ethically with suppliers



Take care of the impact on local communities



Minimizing or reducing any negative impact on the environment / use of critical resources

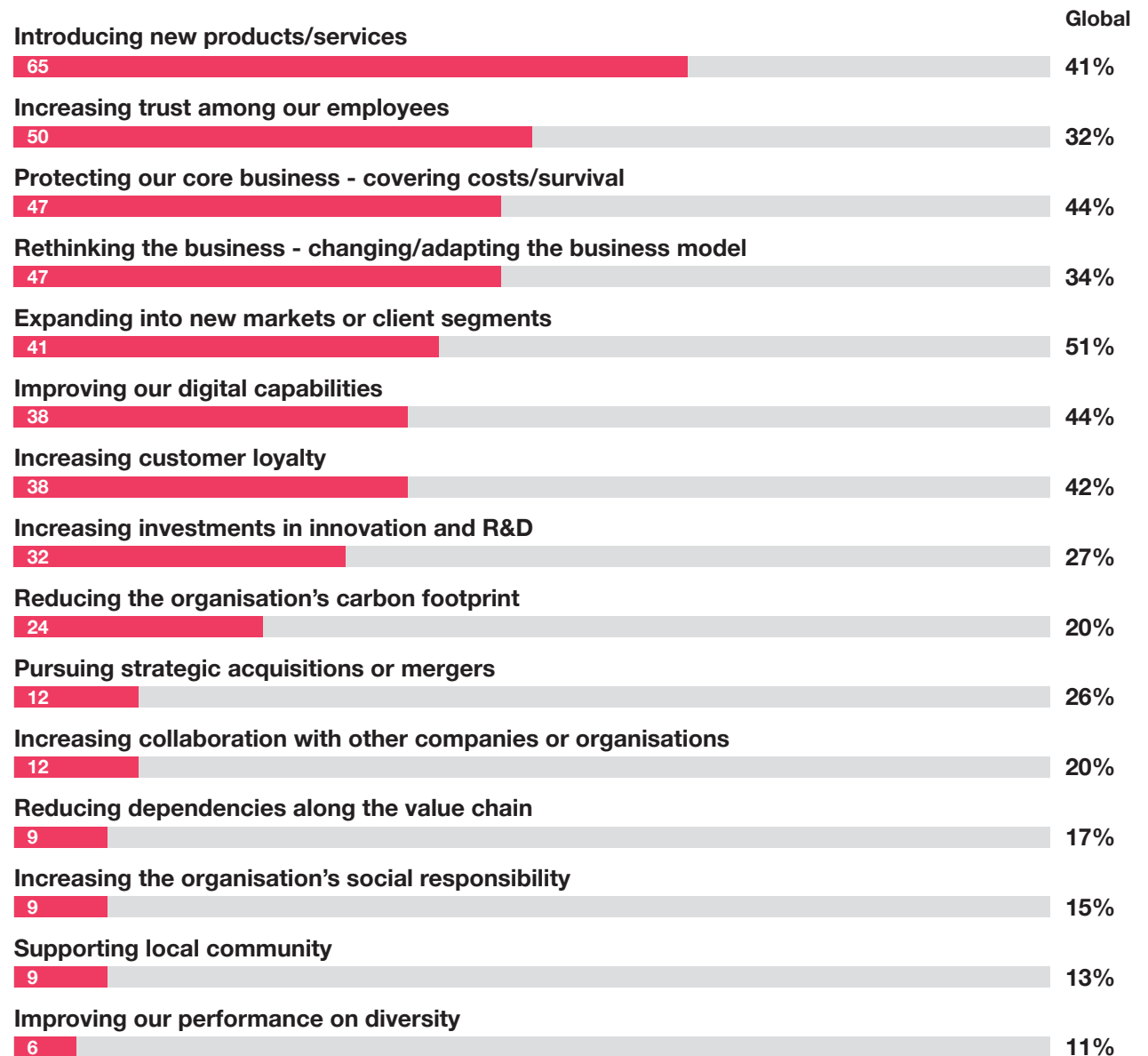


1st - most important 2nd 3rd 4th-7th / Don't know

...while issues related to diversity, the local community and social responsibility tend not to be key priorities...

Key priorities over the next two years (Top 5) - Greece

%



...and they take less action in relation to customer feedback, quality control, ESG, public stance and customers' private data management.

Actions being taken - Greece

%

INSTITUTIONAL

Global 'very advanced'

Are able to adapt / make decisions quickly to adjust to shifting conditions



Have quality control systems in place for all our services and products



Have a clear purpose statement and commitment that advances DEI



Have a system in place to gather customer feedback



Have an agreed and communicated ESG strategy



Take a public stance on important issues (e.g., social, political, environmental)

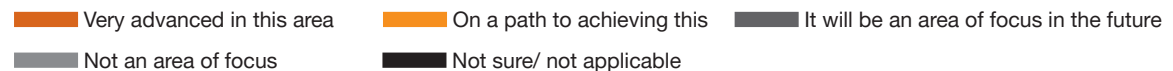


TECHNOLOGY

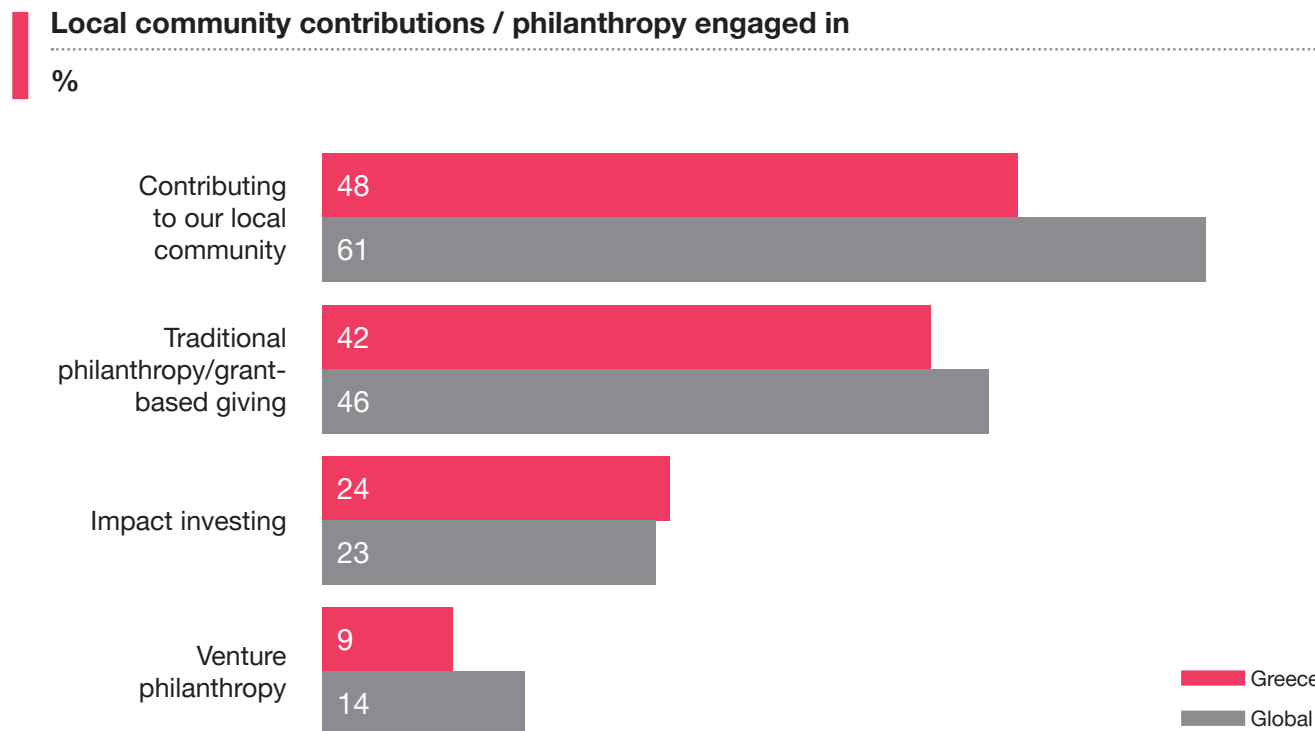
Actively protects and consistently communicates about how it uses private data



Effectively responds to and addresses data/privacy breaches



Greek family businesses rely on traditional 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.

In that direction, new forms of social responsibility such as venture philanthropy and impact investing will gain ground.

3

Transform to build trust: Employees

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 in the three factors that employees' trust most depends on:

Purpose and values:

This is traditionally where family businesses have excelled (74% said they have a clear company purpose) but the message has not been widely disseminated to employees.

Accountability:

Creating a structure for accountability that allows employees to speak up about their concerns is a good way to help build trust. Of the family business owners surveyed, 42% said they allow employees to appeal or question management decisions. That means 58% do not. So here, too, there is significant room for improvement.

Diversity, equity and inclusion:

This is an area where family businesses counter perform. Of the family business owners surveyed:

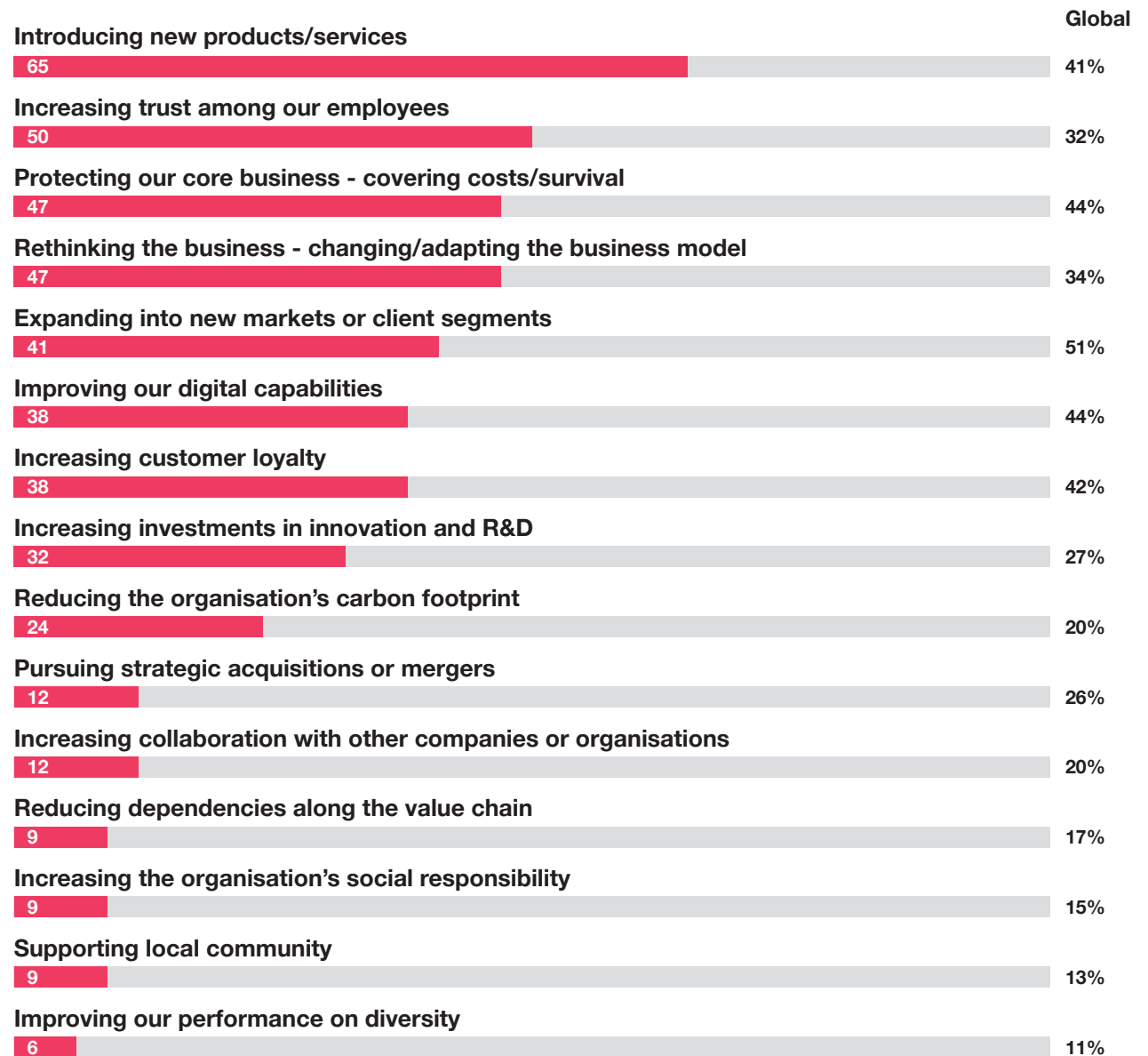
- Only **18%** stated that they have a standard policy on DEI
- Only **26%** responded that they have a clear commitment that advances DEI
- Only **24%** noted that they have a person/ team responsible for DEI



Increasing trust among their employees is the 2nd key priority for the Greek family businesses over the next 2 years...

Key priorities over the next two years (Top 5) - Greece

%



...however, they do not disseminate effectively their purpose and values to their employees...

74%

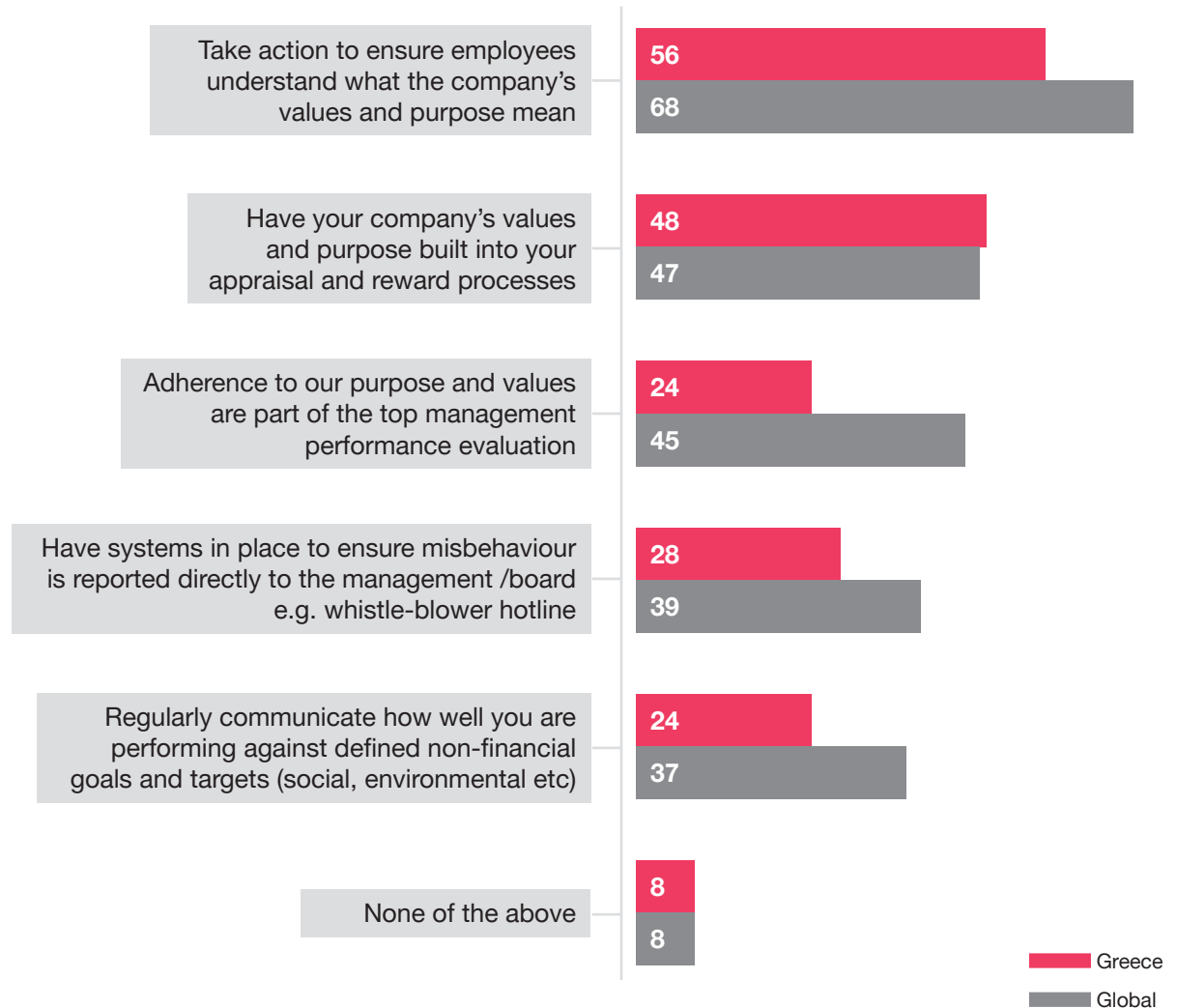
Greece FBs have a clear company purpose

i.e. one that can be summed up / articulated in one sentence

Global: 79%

Actions taken to ensure your purpose and values are being acted on within the business on a day-to-day basis (among those who have a purpose)

%



...and they do not take enough actions in order to increase that trust...

Actions being taken - Greece

%

INDIVIDUAL

Have transparent communications

Global 'very advanced'



Leadership encourages a culture of accountability



Offer staff incentives at all levels



Have internal processes for employees to appeal or question management's decisions

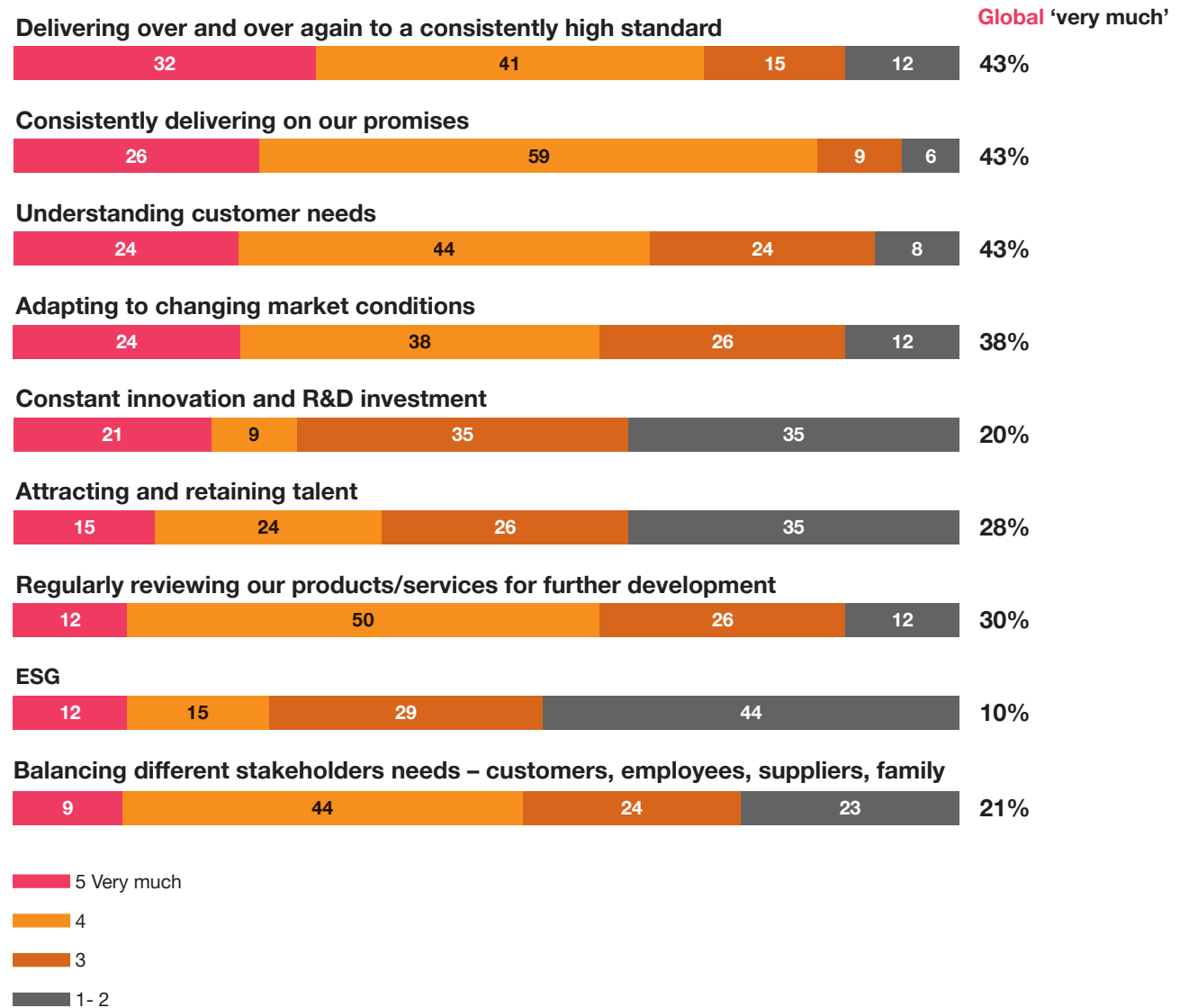


- Very advanced in this area
- On a path to achieving this
- It will be an area of focus in the future
- Not an area of focus
- Not sure/ not applicable

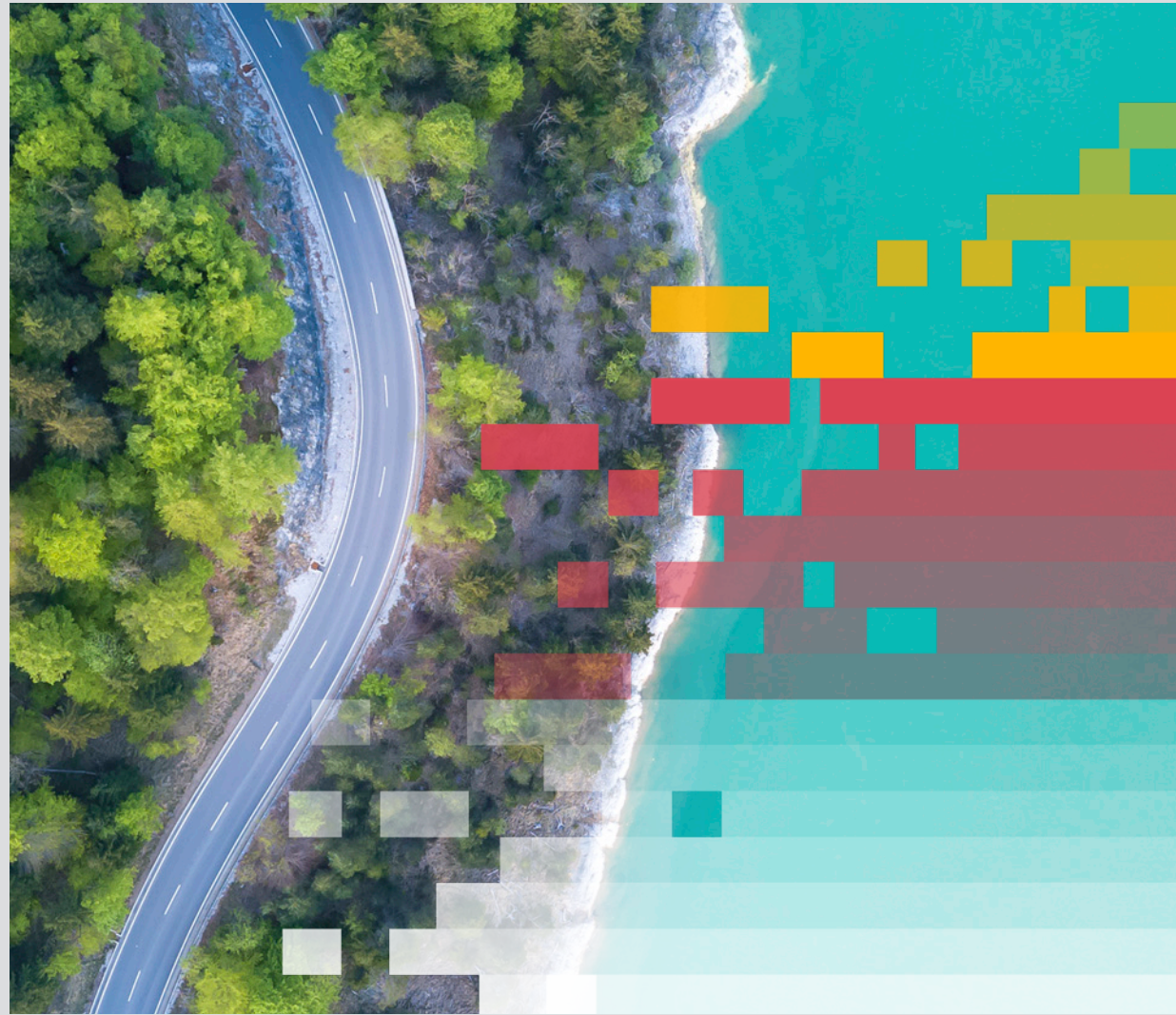
...admitting
that little focus,
energy, investment
and resource is
currently put into
attraction and
retention of talent.

On scale of 1-5, amount of focus, energy, investment and resource put into... - Greece

%



Not surprisingly, only 24% and 38% of Greek family businesses respectively have a person or team in place responsible for DEI and ESG.



4

Transform to build trust: Family members

Family business leaders understand the need to have trust between their family members, and 69% 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.

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 5% 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 7%. And only a minority of family business leaders say they have formal governance structures in place. This includes shareholder agreements, family constitutions and protocols, and even wills.



Most Greek FBs believe they have a clear set of family values, similar to the global average



Agreeing with statements

%

The family that owns the business has a clear set of family values

71

70

The family has a clear sense of agreed values and purpose for the business

64

68

The values of the family that owns the business define clear expectations for family members

45

57

The family has a defined code of conduct

39

44

The family has the family values and mission for the company articulated in written form

30

43

The family has a documented vision and purpose statement (mission)

29

45

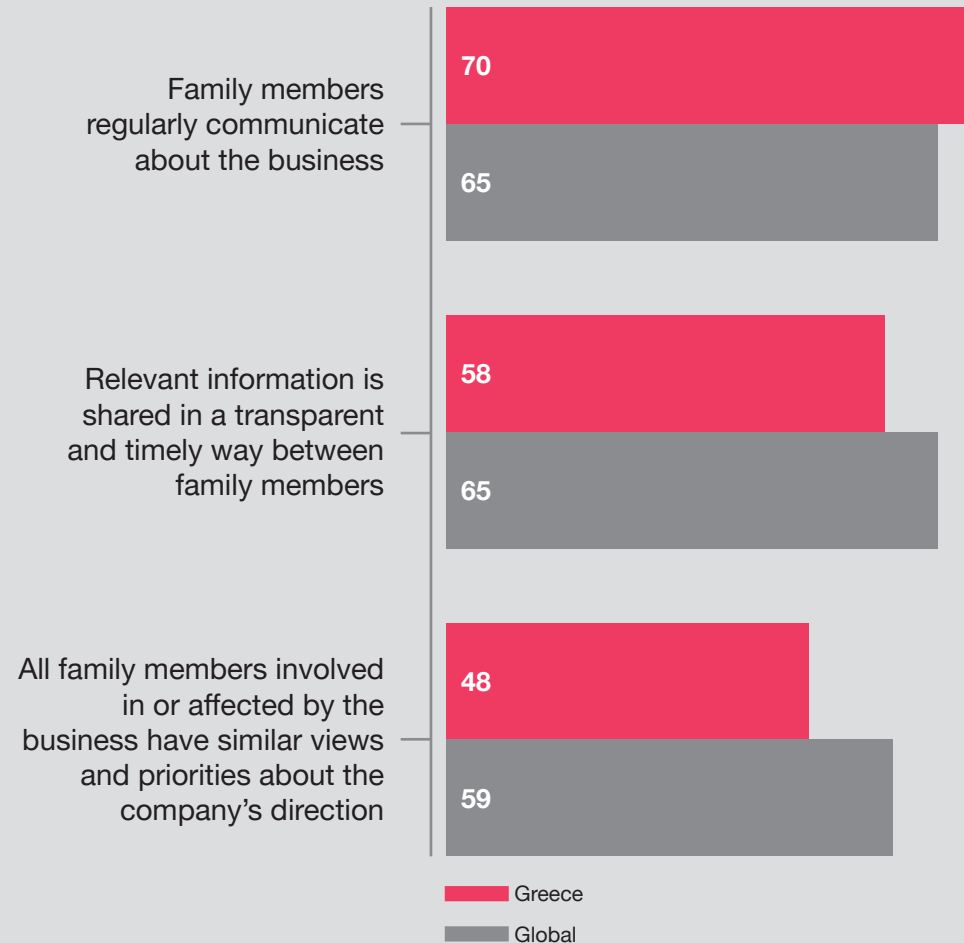
Greece

Global

Communication between family members is quite high, but only 48% say there is family alignment on company direction (vs. 59% globally)

Agreeing with statements

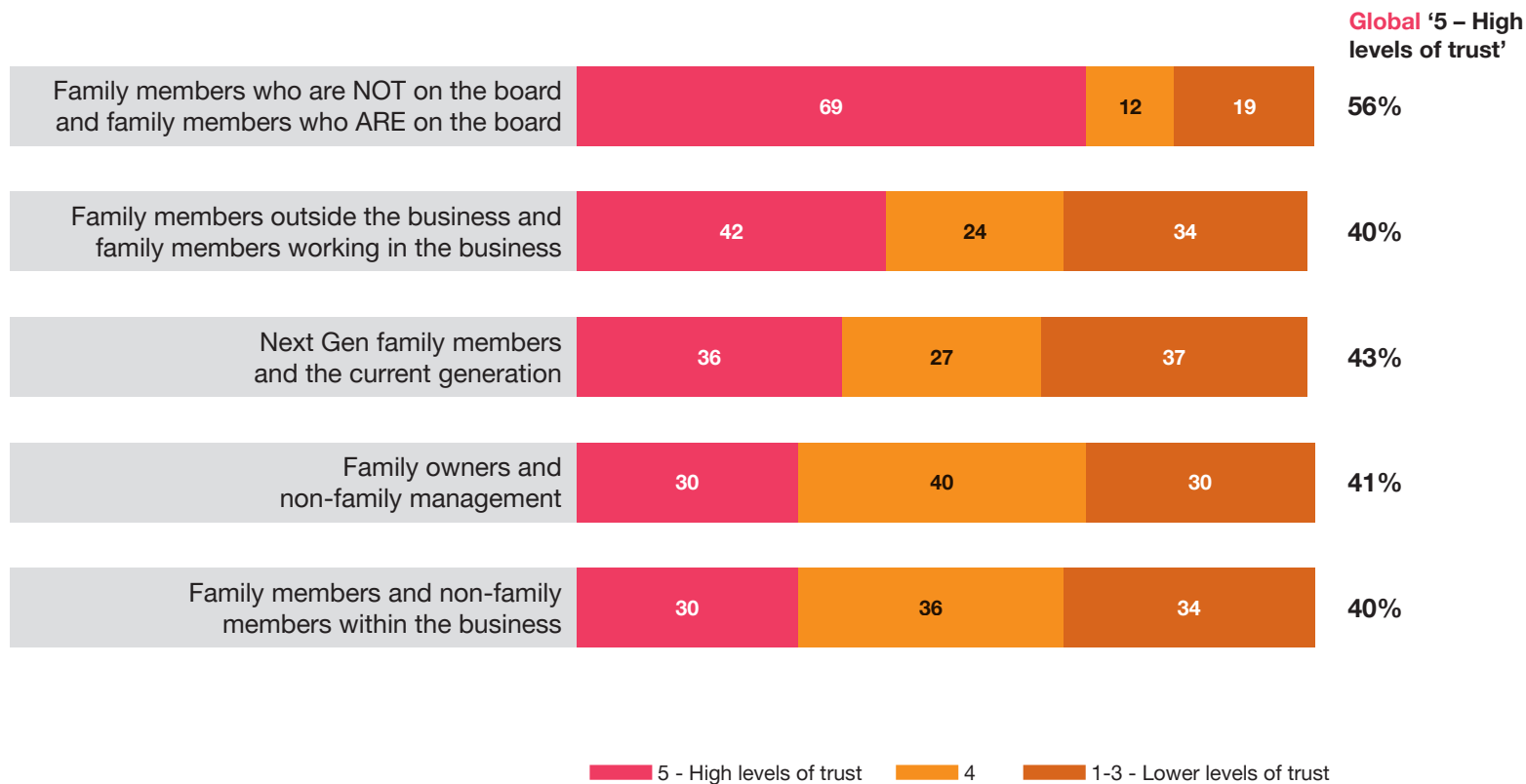
%



The level of trust is differentiated between certain types of family members.

Levels of trust between family members (1-5) - Greece

%



Notably, only **42%** say (consistently with their global peers) there are high levels of trust between family members outside the business and family members working in the business.

A fifth of family businesses say disagreements among family members is one of the biggest challenges to building trust with stakeholders

Biggest challenges to building trust with stakeholders (Top 3) - Greece

%

Global '5 - High levels of trust'

Current company culture	32	24%
Disagreements among family members	21	22%
Pressure from financial partners to deliver growth / profit	21	12%
Inability to change supply chain processes, structures and dependencies	18	18%
Negative reputational issues specific to your industry	15	12%
Not sure where to start to build relationships	15	8%
Unclear what stakeholders want	9	15%
Unsupportive leadership team and/or board of directors	9	7%
Other		2%

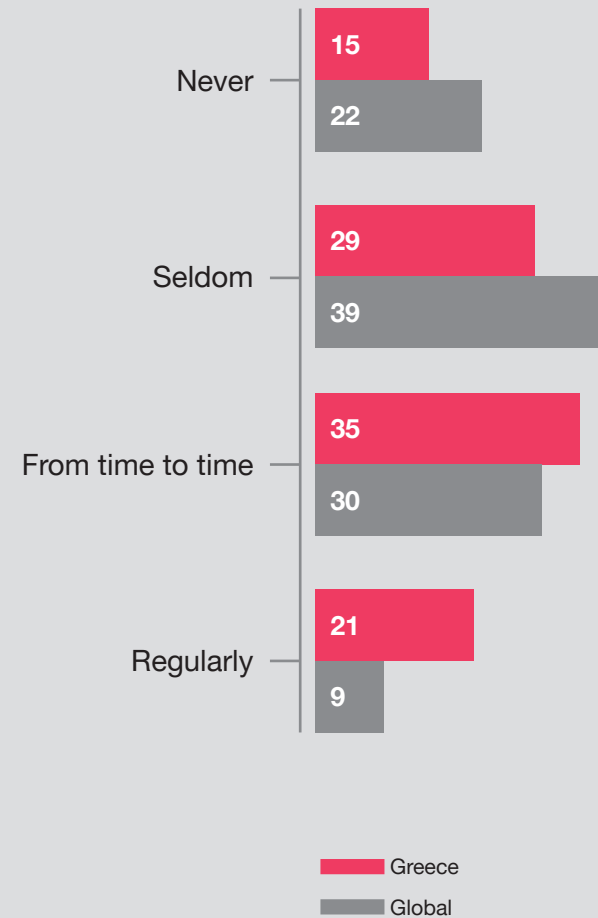


Family conflict within the business occurs more regularly in Greece than elsewhere...



Does family conflict within the business occur?

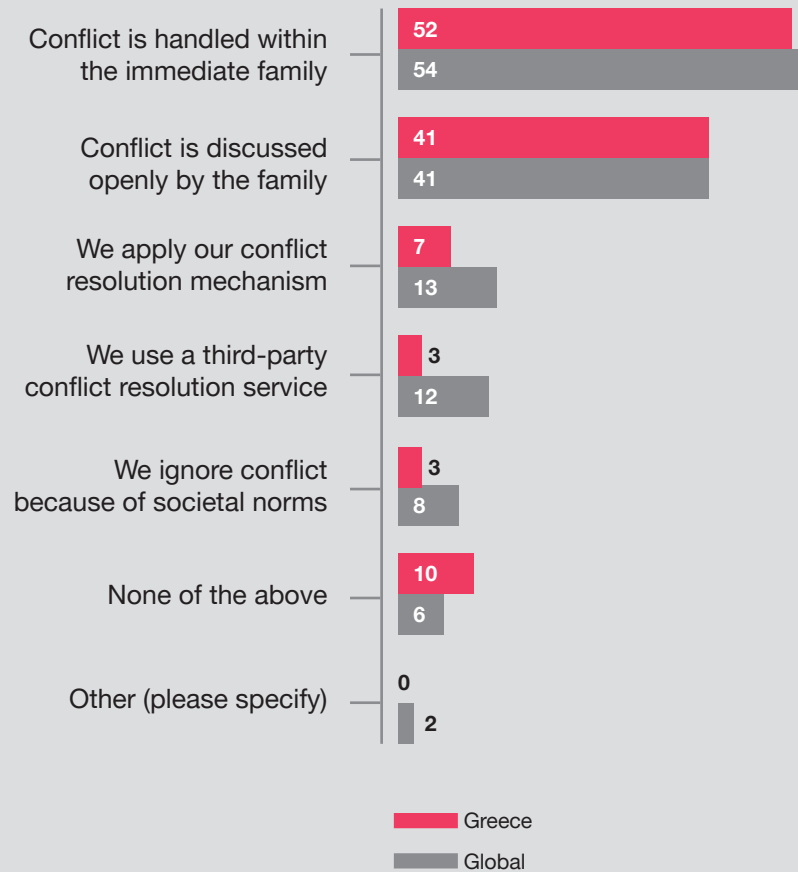
%



...and is seldom resolved through conflict resolution mechanisms or services.

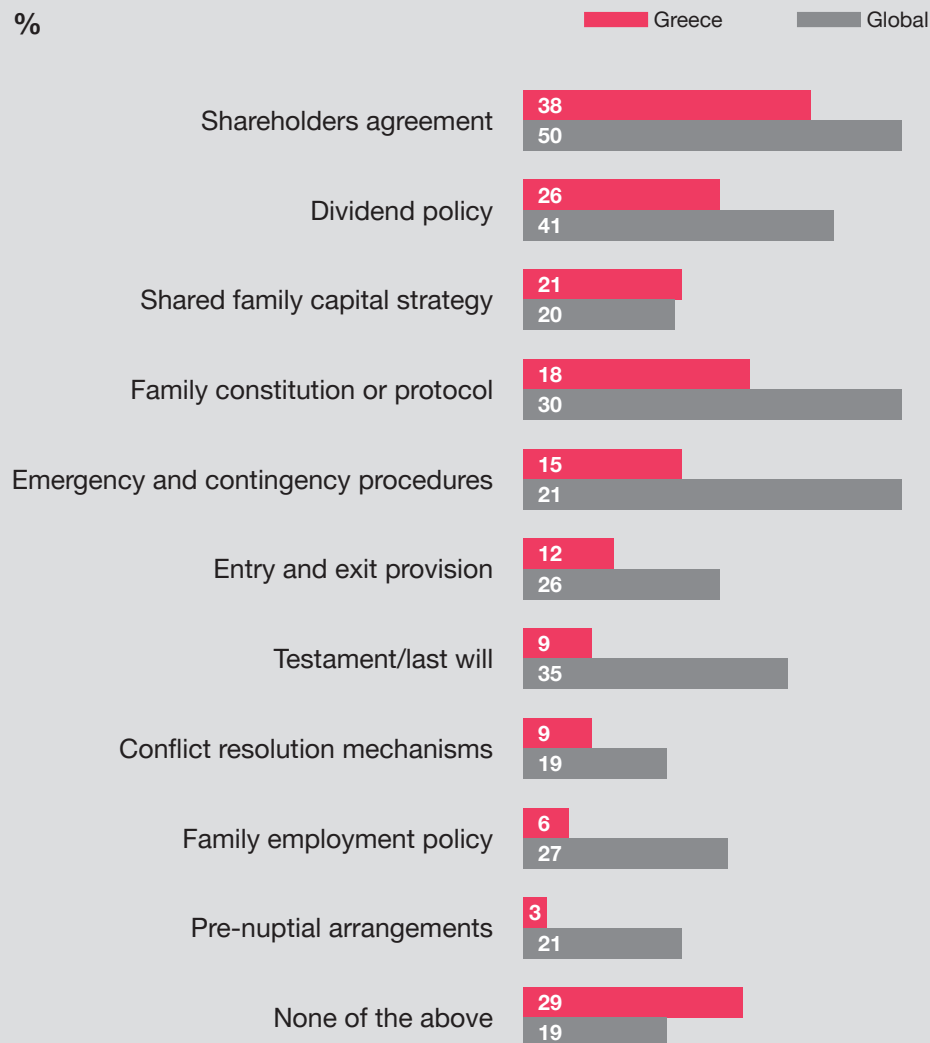
How is this conflict handled? (among those experiencing it at least seldomly)

%



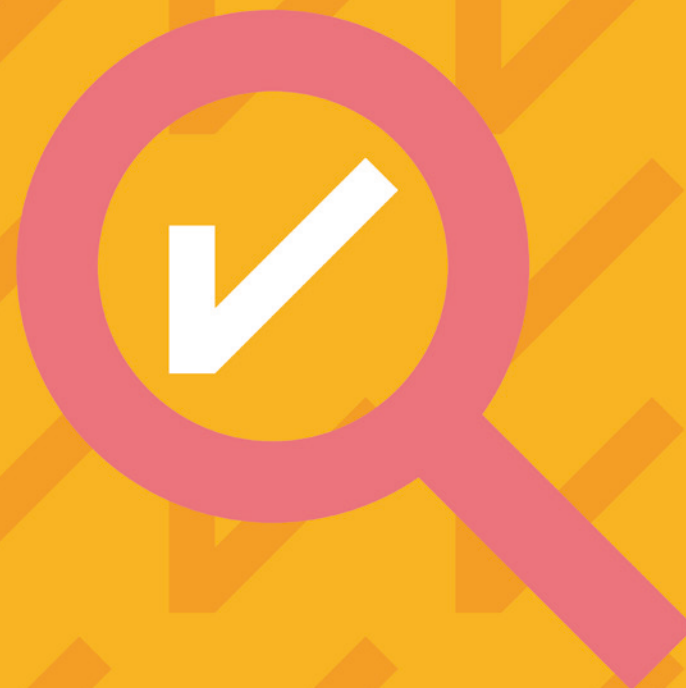
Only a minority of Greek family businesses have some form of family governance policy in place within the business

Governance policies in place?



5

Survey background



About the Family Business Survey

The Family Business Survey is a global market survey among key decision makers in family businesses within a number of PwC's key territories. The goal of the survey is to get an understanding of what family businesses are thinking on the key issues of the day.



2,043

interviews conducted with family businesses



Online interviews averaging

25 minutes



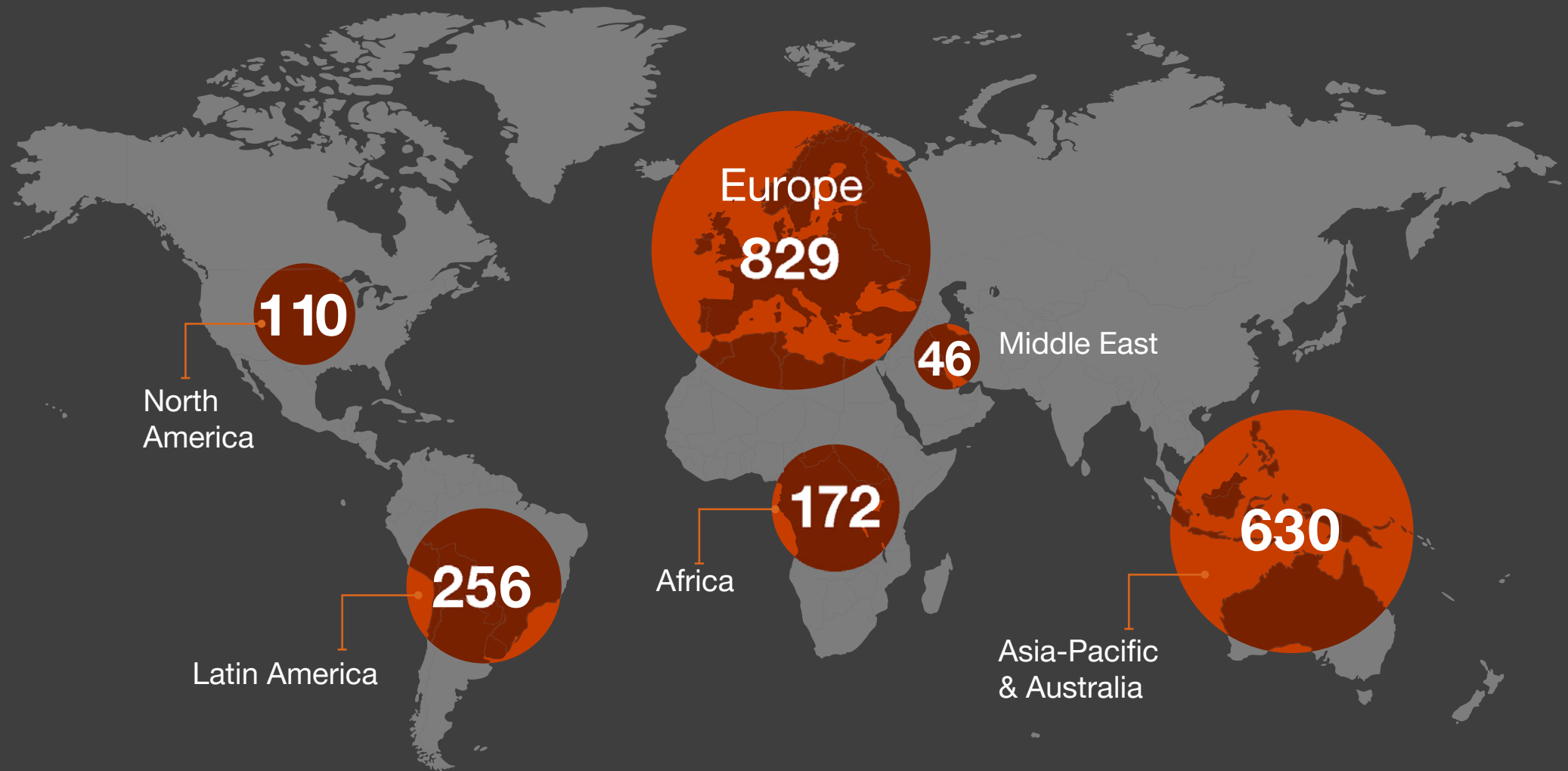
Interviews conducted between
20 October 2022 and **22 January 2023**

34 interviews were conducted
in Greece in this period



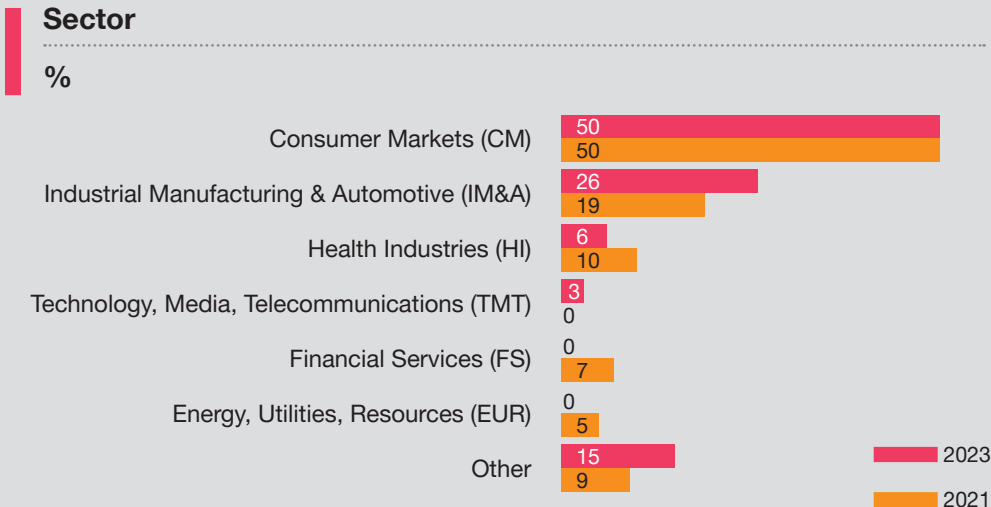
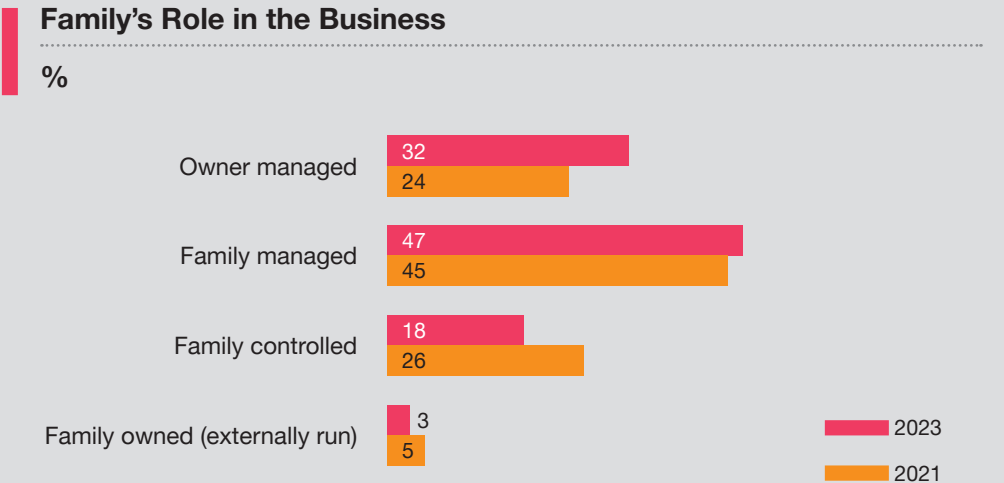
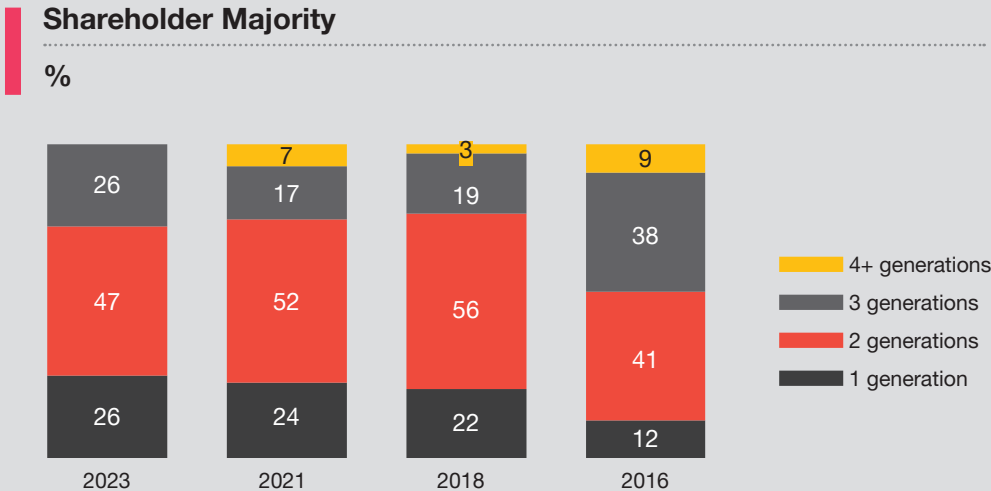
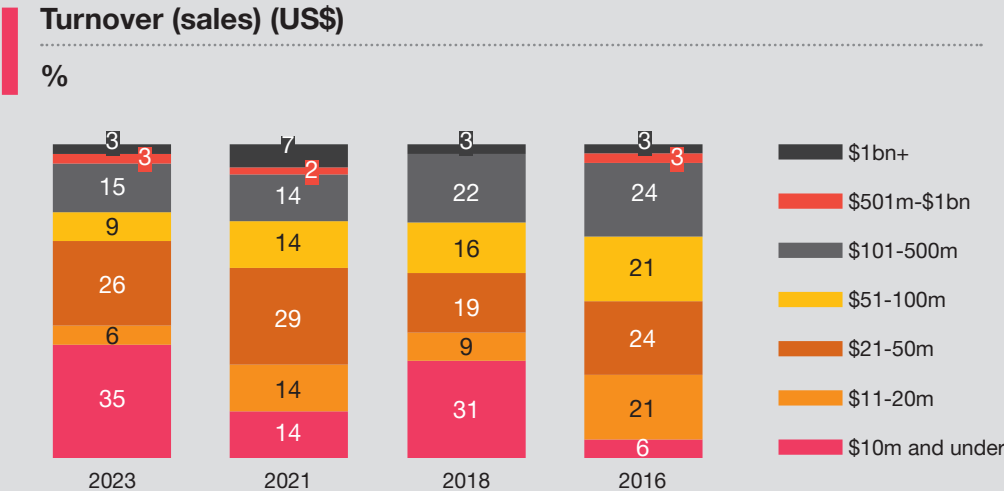
Across **82** territories

2,043 Interviews conducted globally



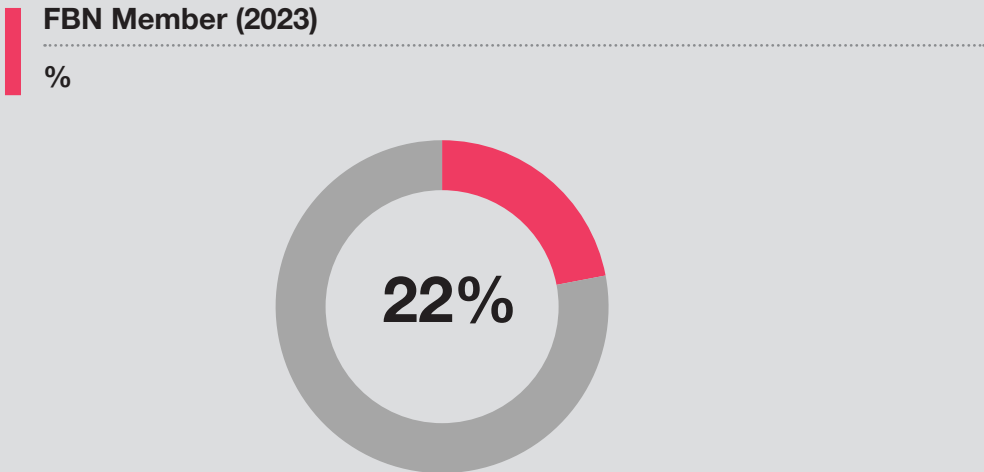
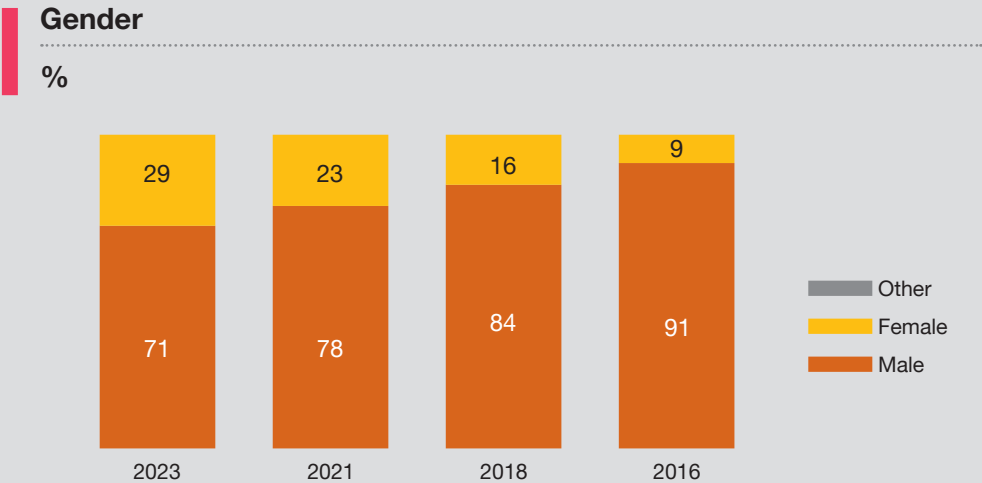
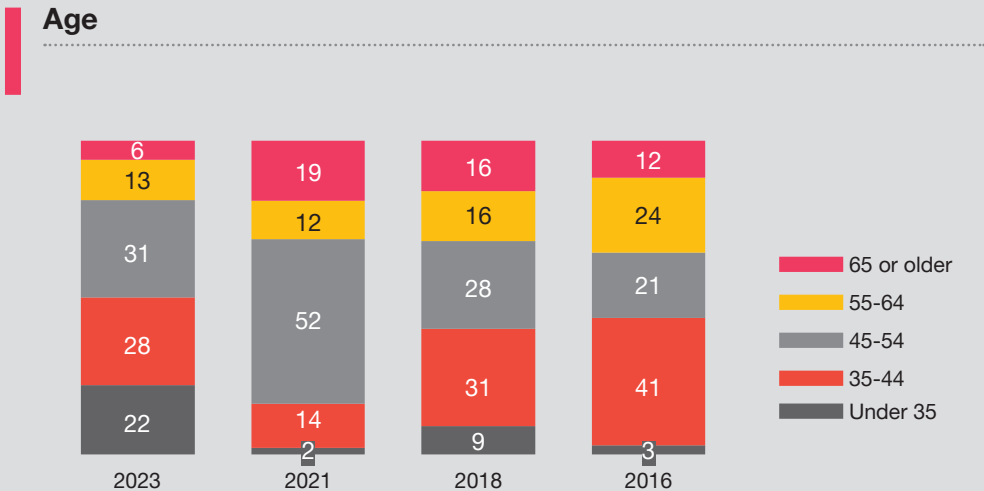
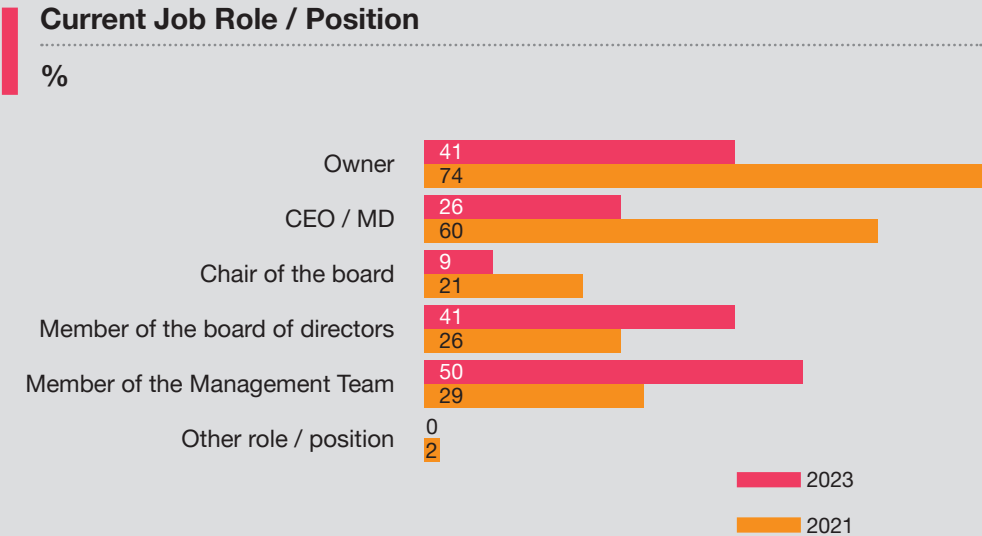
Greece company profile

Which companies have we interviewed?



Greece respondent profile

Who have we spoken to?



Transform to build trust

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