Impact of Family Business on Economic Development: A Study of Spain’s Family-owned Supermarkets

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Abstract Family-owned businesses are the backbone of many economies around the world. This research aims at exploring the overall contribution of the family-owned supermarkets to the economic development of Spain. The secondary data has been used throughout this research paper to meet this objective. For this reason, we systematically examine previous research on these topics of family business. The findings show that there is a significant contribution of family-owned supermarkets to the economic development of Spain. Additionally, we identify future research areas that provide scholars opportunities to push theoretical boundaries and offer further insights into the family business.

Keywords: family business, family-owned supermarkets, economic development

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1. Introduction

Family businesses deliver an important infrastructure for wealth creation and economic activity [67]. Family businesses are playing a vitally important role in the economic development throughout the world. A study stated that over two-thirds of all worldwide businesses are owned and maintained by families’ firms which are responsible for about half of total GDP (Gross Domestic Product) [70]. Approximately 90% of all the businesses in the Canada and USA are claimed to be family-owned [37]; whereas in Australia, approximately half of all businesses are stated to be family businesses [28]. Family businesses also play a significant role in economic advancement of developing countries like India [4].

Nowadays family businesses are regarded as a major form of business organization [48]. Family businesses keep a significant contribution to the Spanish economy, which, regarding the 2008 financial crisis, is still struggling with huge debt. Spanish Family Business Institute states that the family businesses account for 85% of the Spanish business organizations, 70% of countrywide GDP and 70% of job in the private sector [23]. In Spain, there are several family-owned supermarkets e.g. Mercadona, El Corte Inglés, Froiz, Dia etc. Mercadona, the country’s largest family-owned supermarket chain, showed profits of €515 million in 2013 [24]. These numbers illustrate that family businesses have a significant influence on the economic development of Spain.

On the basis of these arguments, the objective of this research is to show the actual contribution of family-owned supermarkets to the economic development of Spain and find the more scopes for the further development of family-owned supermarkets reducing the existing limitations. This research paper contributes to the literature on family businesses by exploring the actual economic contribution of family-owned supermarkets in Spain. From the practical point of view, the overall findings of the research may contribute to expand the family-owned supermarkets in Spain. This research also contributes to the theoretical basis for further studies on family-owned supermarkets existing in the other developing and developed countries.

The research paper is structured as follows. Section 2 includes a review of the literature on family business. Section 3 describes the research methodology. Section 4 describes the pros and cons of family-owned supermarkets and economic development in Spain. Section 5 includes a discussion of the overall findings. Section 6 presents some recommendations for the further development of family-owned supermarkets in Spain. Finally, section 7 concludes the paper by describing the implications and limitations of the study, and by suggesting future research directions.

2. Literature Review

2.1. Family Business

A family business is defined as a company where the voting majority is in the hands of the controlling family;
including the founder(s) who plan to pass the business on to their successors [32]. Recently, multi-criteria definitions have also been offered. Such as, Smyrnios, Romano, and Tanewski [72] stated that a business needs to meet at least one of the following four criteria for it to be regarded as a family business: Over 50% of ownership is held by a single family. Over 50% of ownership is held by more than one family. A single family group successfully maintains the business. The majority of senior management is taken from the identical family.

Family businesses signify an important economic force globally [39], yet no strong consensus exists concerning the definition of family businesses. Nevertheless, Villalonga and Amit [86] state that most definitions consist of at least three dimensions: One or several families grasp a major part of the company’s capital; family members hold the major control over the company (e.g., voting rights, distribution of capital) with probable legislative or lawful restrictions; and family members grasp top management positions. Chrisman, Chua, and Sharma [14] distinguish between definitions that concentrate on family business components, for example ownership, trans-generational succession, governance and management, and those concentrated on what a family business is, comprising the intent of the family to have control, firm behaviors, and particular resources deriving from family involvement. In spite of the shortage of perfect consensus regarding its definition then, there is broad agreement that a family business is a business maintained and owned by a nuclear family [16,31].

The purposes of family businesses can be focused more towards long-term existence of the business, and retaining in the hands of the family, while comparing with the short-term, more profit-oriented purposes of non-family businesses [33]. This can facilitate profitability and turnover growth being lesser, and the business being less likely to have risks, to expand its offering etc. The family owners are seen as the guardians of the business, which also indicates a dissimilar set of success criteria, rather than direct profitability. These criteria may encompass providing prospects for family members, both currently [44] and in the future [58]; running the business in such a way as to reveal well on the family owners; and social endeavors [59, 7] and conserving family unity wealth [15,30], with profits the consequence of following these purposes.

Family participation can lessen agency clashes between shareholders and managers [2] and support long-term approaches [43]. The concentration of family owners in continuing firm control over generations, as well as status, longer relationships and altruism that typically describe family owners, can also lessen agency clashes with suppliers and creditors. Moreover, family businesses advance a robust culture and precise values, for example centralized group, internal and long-term orientation [91], which can be a key strategic resource.

Entrepreneurship assists as the “means” to the family business “end” of long-term existence, sustainability, renewal and growth. It is therefore not astonishing that entrepreneurship and family business are normally connected together [11]. The long-term possession of a family business assumes a degree of proficiency in entrepreneurial exploitation and exploration, except which the family business can’t be continued as a family business [60]. In the family business area, entrepreneurial exploitation and exploration are characterized in and linked to results, like succession [53], novelty [12,90], competitive advantage [92], creation of wealth [35,50], performance of the firm [9], and existence [63].

Family-controlled businesses are the dominant form of enterprise all over the world, making important contributions to socioeconomic development and entrepreneurship in most countries. Families are the most consistent final owner in non-widely held mentioned corporations in Western Europe (44.3%), US (19.8%), the East Asia (37.9%) and Canada (31.2%), with 56.4%, 63.2%, 28.1% and 44.6% being the portion of non-widely held quoted corporations in every geographic area, consecutively [45]. Considering unquoted businesses across Europe, approximately 70%-80% of enterprises are family businesses [52].

Family business is a powerful form of ownership throughout the globe [8]. Recent studies find that families control large stakes in approximately one third of the Standard and Poor’s 500 companies [2] and grasp ownership positions in over 38% of the 2000 biggest non-financial non-utility firms in the United States [88]. Even outside the United States, family businesses signify a dominant form of business either in developed or developing countries [89]. Subsequently, the assessment whether the existence of family bonds within the chains of control of the enterprise can generate the conditions for gaining a distinguished performance comparing to non-family businesses has attained growing attention [21].

2.2. Family Business and Economic Development throughout the World

Family businesses are a vital source of economic expansion and growth. Worldwide, these firms are the biggest form of business recognizing 40-60% of gross national products and 35 to 70% of employment creation [27]. Family businesses create the most widespread form and oldest business organization, signifying more than 70% of overall business and play a pivotal role in the economic expansion of an environment [68]. Family business capabilities to fuel economic expansion and growth have always been predicted when owners are recognized with nurturing cross-generational entrepreneurial talent, a sense of faithfulness to business success, long-term strategic commitment and corporate independence [66,79]. Previous research has revealed that family businesses play a major role in enhancing employment and GDP growth in emerging and developed economies [82].

The influence of family business on the economy is well acknowledged, contributing an projected 70-90% of global GDP annually [22] and constituting the immense majority of businesses in nearly all nations [2,61]. Family businesses make a important contribution to economies in Europe [5], the United States [13], Australia [71], and the Asian region [17,26], thus heightening the imperative to confirm their leaders are best organized to effectively lead their businesses. According to Kokkranikal [47], successful family businesses improve community development, generate new employments, and offer a better quality of life for the citizens. They draw new businesses and citizens to these areas [78].
Family Owned Businesses (FOBs) are the backbone of many economies around the globe. FOBs are the prime form of enterprise around the globe and many of the world’s most famous big corporations of today have run as FOBs [20]. Such as Acer Computers, Wal-Mart, Mills Fleet Farm, Ford Motor Company, Matthew Algie, SC Johnson Company, Vanee Foods Company, Anheuser-Busch, Tetra Pak, William Grant & Sons, DuPont, Kosh Industries and Cadbury etc. Besides, family ownership of scheduled businesses is a very common characteristic of domestic capital markets in Europe, Asia, Latin America. Several studies identify that FOBs contributes greatly in the economic wealth generation in most country’s economies. The best conservative estimates between 65% and 80% have augmented the proportion of all global business enterprises that are managed and owned by families [32].

In the United States, family businesses currently account for 80% of all business organizations, creating over 50% of the gross national product and hiring over 50% of the domestic workforce [54]. In United States, statistics specify that 35% of the 500 largest businesses are family owned [85]. In Canada, 80% of the businesses scheduled on the Toronto Stock Exchange closely held in family owned [85]. In Canada, 80% of the businesses scheduled specify that 35% of the 500 largest businesses are family controlled and/or owned.

Nearby 27% of firms scheduled on the Australian Stock Exchange are family controlled[85]. 80% of the businesses are family controlled and/or owned. Over 96% of all small businesses are family businesses [36]. The 1997 Australian Family Business Survey showed that family firms signify 83% of all private sector firms, and hire more than 59% of the employees [72].

Family firms are the major way of doing business in South Africa today including approximately 80% of South African businesses. For the past 300 years or more, family firms have been creating a optimistic influence towards the South African economy and their influence, as well as their numbers, can be projected to enhance significantly in the future [85].

In Indonesia, the family business is responsible for 80% of the Gross National Product (GDP). Family business can encounter social problem like criminalities, unemployment and poverty. The study of family business in Indonesia displays that nearly 78% owned and controlled by families passed down from their own descendants and some are continuing from sibling. Grant Thornton Indonesia conducted a study 250 family business in Indonesia found most of them engaged in retail and trade (36%) and have less than Rp 500 million of annual sales [87]. In Lebanon, the influence of family owned businesses is also noteworthy. By their presence they play a vital role as providers of innovation opportunities and act as main players for local expansions [41].

In Taiwan, the small and medium-sized family business accounts for more than 98.5% of companies, 80% of employment and 47% of the total economy. It is projected that 40% of the Fortune 500 are family owned or maintained. Large FOBs (both listed and privately held) perform a key role in OECD (Organization for Economic Co-operation and Development) economies. Family-run businesses are responsible for more than 85% of all businesses in OECD nations [32].

In the Kingdom of Saudi Arabia, 95% of all businesses are family businesses, spending nearly $70 US billion or 24% of the country’s GDP in 2006 [51]. In India, and during the 1970s, 93% of privately owned businesses were family businesses. Family businesses signify minimum 55% of the GNP of any Arab country, 95% of all scheduled businesses in the region and employ 70% of the employments outside of the public and government sector in the area. The local investments of 20 thousand FOBs in the Gulf region only go beyond $500 US Billion while their total international investments value more than $2 Trillion [32].

Family firms have showed to be both resilient and successful. The significance of their role in the economy is noticeable. Such as in Europe, more than 14 million family firms provide over 60 million employments in the private sector. In numerous European countries, family businesses signify from 55% to 90% of all companies, and they are present in businesses of all sizes, from corner shops to large corporations (as an example, 40% of the 250 biggest companies in France and Germany are family-owned) [6]. In 2010, there were just under 3 million family businesses operating in the UK, signifying 66% of the private sector total. The UK family business sector is projected to have employed 9.2 million people. This is 41% of total private sector employment [40].

Based on the current estimations, it can be presumed that between 93% and 95% of all businesses in Germany are recognized as family businesses. So, regarding to their share in the whole businesses population, family businesses are in-deed of high significance for the German economy. Family businesses merely responsible for between 41.1% and 48% of the total annual turnover of the German economy and between 61.2% and 57% of all employments which are subject to social security contributions [34]. In France, such as, the majority of businesses are family owned [1]. They hire the majority of country’s work force and generate more than 70% of new employments [75]. In France and Germany, the majority of the 250 biggest scheduled companies are family and/or individual dominated. Vadnjal [83] projected their share in employment and valued added according to the projected share of family businesses among SMEs in Slovenia. Based on his estimation, family businesses employ minimum 26% of the active adult population and contribute 22% to the total value added of the Slovenian economy. Nevertheless, he took into account both shares to be conservative (bottom-line) estimations. Based on other estimations, the share of family businesses falls in the 60 to 80% range [29], contributing 30% of the GDP [84].

In Scotland, 69% of all businesses are recognized as family businesses. Research conducted by Professor Peter Rosa at the University of Edinburgh in 2007 exposed that 41 of the 100 biggest firms in Scotland were family-owned, a figure that rose to 43% of the top 250. It is assessed that Scotland’s family businesses create 45% of the country’s GNP (Gross National Product) and
employ 50% of the private sector employees [76]. In Sweden, Luxemburg and Norway research findings display that nearly 30% of the biggest businesses are family businesses; in Belgium this share is even upper, responsible for approximately 50% [52].

Family businesses create a sizeable contribution to the Spanish economy, which, following the 2008 financial crisis, is still struggling with huge debt and a falling population [24]. In Spain, statistics specify that 50% of the top 3000 businesses are family owned [85]. According to the Spanish Family Business Institute, family businesses are responsible for 85% of the Spanish business sector, 70% of national GDP and 70% of employment in the private sector [23]. However, succession remains a great challenge for Spanish family businesses as merely a quarter of Spanish family businesses make it to the second generation, just below the 30% worldwide average estimated by the Family Business Institute [24].

3. Research Methodology

This research paper is based on an extensive review of published and unpublished data/information on family businesses in Spain. Articles and research papers published in scientific journals were also reviewed. In a word, it is a review research paper based on secondary data. However the research paper is absolutely based on reviews of English language research papers and reports.

4. Overview of Family-owned Supermarkets and Economic Development in Spain

Supermarkets are the largest grocery channel in Spain, generating sales worth € 32.5 billion. Over the past few years the channel has been gaining market share. In 2007, supermarkets represented 47.8% of the grocery market in Spain; this share rose to 53% in 2012. Overall, supermarkets grew by 2.5% year-on-year, a growth that was driven by the eight biggest players. Over the next five years, these retailers will continue driving the growth, generating over 85% of the sales added in the channel [74].

Mercadona, the country’s largest family-owned supermarket chain, represents over 60% of total supermarket sales in 2012 [74]. Mercadona posted profits of €515 million in 2013 [24]. These numbers illustrate that family-owned supermarkets have a significant influence on the economic development of Spain [74]. Let’s discuss some of the most important family-owned supermarkets like Mercadona, El Corte Inglés, Froiz and Dia in the following paragraphs.

4.1. Mercadona

Mercadona is a Spanish family-owned supermarket chain. Francisco Roig Ballester and his wife, Trinidad Alfonso Mocholi, founded the company in 1977, which began as a small butcher shop in Valencia. Juan Roig, the CEO, owns 63%, his wife Hortensia Herrero owns 28%, and his brother Fernando Roig owns 9%. They are all billionaires [10]. The company is present in 50 provinces in 17 of Spain’s Autonomous Communities with a total of 1,594 local supermarkets. With an average sales area of 1,500 square meters, they account for 14.7% of the market share of total food retail space in Spain and help to stimulate the commercial areas where they are located [56]. Mercadona was ranked the 9th most reputable company in the world in 2009 by the Reputation Institute as listed in Forbes magazine [46].

Mercadona supermarket stores offer a variety of products and services. The company strategically buys products at the best possible time to ensure freshness and to supply all of its “environments,” a term used to refer to each department, with the best quality products at the lowest possible price. Stores also provide a multitude of services including home delivery service, bag lockers, climate control, telephone orders, bank cards, a free customer service line, online shopping, and bakeries [55].

The objective of Mercadona since its foundation has been to fully satisfy all the food and beverages, cleaning and personal hygiene needs of its customers, as well as those related to pet care. For this purpose it has 1,467 local stores, with an average sales area of 1,500 square meters, which represent a market share of 14.1% of total food retail space in Spain and help to stimulate the commercial areas where they are located. All the supermarkets offer a broad and efficient range of products, comprising approximately 8,000 product lines, and are within easy reach of the more than 4.8 million households who place their trust in the company every year [57]. Mercadona was the first Spanish company to implement the barcode scanning system in its stores [56].

In 2008, Mercadona became the leader in the Spain industry thanks to their Total Quality Management (TQM) policy. This policy was focused on the idea of value creation for suppliers, employers and customers. With long-term contracts for suppliers, Mercadona ensured that there is price stability and quality produce that come to their shelves. Training programs for the employers, salary insurance in times of emergencies and hiring of well-educated staff ensured that Mercadona created a good atmosphere for their workers [25]. Mercadona has a marketing model that does not spend capital resources on advertising or market campaigns and adds yet another method of cutting costs. It instead relies on word of mouth and free social media to promote and maintain its brand. The official Mercadona Twitter feed, Mercadona, shares pictures and videos of products and company practices with thousands of followers to entice consumers to choose their brands and services. The same occurs on their Facebook and YouTube accounts. The company has been quick to accept to the trend of social media which reaches out directly to the increasing number of technologically connected consumers [56].

Mercadona provides multiple outlets for customers to provide their input and voice their opinions. The official Twitter feed, Facebook page and YouTube channel are monitored daily and allow customer needs to be addresses in a timely fashion. The company also provides a free customer service hotline, in addition to options for submitting comments electronically, or via post. The website caters to speakers of Spanish, Valencian, Catalan, Galician, Euskara, English and German, further demonstrating its dedication to its diverse customers [56].
Mercadona has its own Environmental Management System and has for some years been implementing initiatives to promote the Circular Economy [57]. Mercadona runs an EDLP strategy (everyday low prices – “SPB, siempre precios bajos”), a pricing strategy adopted from Wal Mart in the 1960’s, aimed at keeping prices 3% below its competitors [42]. In 2009, Mercadona launched a number of initiatives to lower their prices in response to the economic crises in Spain. Amongst these initiatives, was the reintroduction of the bulk sale of fruits and vegetables – as opposed to pre-packed - the addition of a more rational and efficient fish mix (tray and counter) and the sale of frozen meats [42].

Mercadona employs more than 70,000 workers, all of whom are under permanent contracts in 2012. Employees receive salaries above the national average of workers in the grocery store industry and the majority of employees receive a bonus each year. It is also believed to have helped the company to maintain a relatively low level of only 5% employee turnover in 2012 [3].

In 2015, Mercadona operated a network of 1,574 stores and accounts for 14.7% market share of total retail space in the organized distribution sector in Spain. In the perspective of employee, in 2015 the achievements of Mercadona were: 75,000 employees in long-term and quality jobs, 1,000 new steady jobs, 39 million euros invested in training, 1,277 euros/month gross starting salary for core staff, €1,109 net per month and 277 million euros in variable incentive bonuses distributed among our workforce. In the perspective of supplier, in 2015 the achievements of Mercadona were: 15,393 million euros of purchases in Spain, over 85% of the total, 125 integrated supplier-manufacturers, 525 million euros invested by integrated suppliers, 67 new factories and production lines, more than 2,000 commercial and service suppliers, more than 20,000 small and medium enterprises (SMEs) and raw material producers [55].

In the perspective of society, in 2015 the achievements of Mercadona were: 1,497 million euros in tax contributions and the economic impact of Mercadona’s value chain in Spain was 1.8% of national GDP. In 2015 Mercadona made collaboration with more than 100 soup kitchens, 55 food banks and other organizations, 4,200 tons of food donated. In the perspective of capital, in 2015 the achievements of Mercadona were: 20,831 million euros turnover, 10,649 million kilos/litres (kililiter) sold, 651 million euros investment, 611 million euros net profit, 500 million euros devoted to reinvestment [55].

In 2013, Mercadona has continued to support various charitable institutions and organizations which have helped many people over the course of the year. In total, through a range of initiatives in which it has participated in every Autonomous Community, it has donated the equivalent of 32,000 shopping carts. In 2013 Mercadona has supported the work of 40 institutions in a number of towns and cities in Spain, to which every day it donates products that are not suitable for sale but are perfectly fit for consumption [57]. Mercadona works year by year to ensure that the increase in its activity is inversely proportional to its impact on the environment, since it is aware that one of its responsibilities as a company is to contribute to the sustainability of our planet.

4.2. El Corte Inglés

El Corte Inglés S.A., headquartered in Madrid, is the biggest department store group in Europe and ranks fourth worldwide [18]. It is the sixth largest grocery retailer in Spain in terms of sales, only taking in account its grocery sales. As of 2011, it operated a network of 475 stores, generating revenue of € 15.7 billion overall, a decrease of 3.9% year-on-year. The specialist grocery business comprises 292 stores and generates € 2.87 billion in sales [74]. El Corte Inglés operates a wide portfolio of retail stores: department stores (El Corte Inglés), hypermarkets (Hipercor), supermarkets (Supercor), convenience stores (Opencor and Supercor Express), apparel stores (Sfera), DIY stores (Bricor), optical stores (Optica 2000), perfumeries and online operations. El Corte Inglés also operates ancillary businesses such as telecoms, banking, and insurance both in-store and on the internet. The majority of sales come from department stores and hypermarkets, attributable for 58% and 13% of sales respectively. Like these two larger divisions, supermarkets and convenience stores have experienced difficult trading conditions, but have generated slightly better performances and are continuing to expand. Unlike the core businesses, these concepts offer a quick and easy shopping trip. These two divisions merged under dedicated management in March 2012 [74].

El Corte Inglés reported 10 commitments to the Matrix of Action Points 2013 setting the focus on sustainable products (MSC, ecological supermarket products), food waste reduction, energy efficiency, reduction of GHG (Greenhouse Gas) emissions, and the centralization of products in central stores and training to employees. During 2012, El Corte Inglés has introduced several MSC (Marine Stewardship Council) certified references in their supermarkets [65]. These products have thus tripled compared to the previous year. The company has also introduced some products sourced from ecological aquaculture. El Corte Inglés has also further expanded its offer in ecological products to 400 products. In new buildings, it has implemented solar photovoltaic panels for own consumption, approximately 260,000 kw/h per year, and it continues to implement energy efficiency measures in stores, such as replacing conventional bulbs, transformers, sensor switches, promoting LED lighting, doors for freezers, refrigerators and heat recovery. In 2012, energy consumption has been reduced by 4% [65].

El Corte Inglés has increased the number of products delivered directly by providers to a centralized platform, achieving 100% for non-refrigerated food. Finally, El Corte Inglés is also working to strengthen the environmental training of its employees [65]. El Corte Inglés has had to re-adjust its pricing strategy to respond to the current economic situation and price-cutting strategies adopted by other Spanish retailers and discount stores. As part of their strategy, in October 2008 the retailer launched a range of 400 “first price” products under the new Aliada brand covering basic food products. Margins in El Corte Ingles vary from 30-35% for branded products (VAT not included) and 30 to 60% for own label, depending on the product category. Basic foods for instance such as cereal, milk, etc., have lower margins in
comparison to value added products, which can be as high as 60% [42].

El Corte Inglés places heavy emphasis on promotions, forcing manufacturers and suppliers to carry out a number of different promotions throughout the year, which are agreed in the annual “plantillas”. El Corte Inglés operates two large distribution centers located in Valdemoro (Madrid), 400,000 square meters, (main logistic center sourcing over 550 stores and 650,000 products) and Montornes del Valles (Barcelona) 200,000 square meters. The Warehouse in Barcelona supplies its stores located in Catalonia, Valencia, Murcia and the Balearic Islands whilst the rest of mainland Spain is stocked from Madrid [42]. El Corte Inglés is playing a vitally important role in the economic development of Spain. In 2011, the number of customers in the El Corte Inglés was about 631 million [74]. In 2013, the number of employees working in the El Corte Inglés was 93,300. In 2014, the revenue and net income of El Corte Inglés were €14.59 billion and €118.08 million respectively [19]. These numbers illustrate that El Corte Inglés has a significant influence on the economic development of Spain.

4.3. Distributions Froiz, S.A.

Distributions Froiz, S.A. is a Spanish family-owned supermarket chain based in Poio, Galicia. It operates in the Spanish regions of Galicia, Castile and Leon, Castilla-La Mancha, Madrid and in Northern Portugal. The company was founded in 1970 by Magín Alfredo Froiz and remains a family-run business [69]. In October 2014, Froiz bought rival supermarket model becoming the third biggest supermarket chain in Galicia. Froiz has 306 stores serving in Spain and Portugal [77]. Froiz's operations are divided into four formats, differentiated by size and the range of products sold. Tandy or Mercadona is the name given to Froiz's franchised convenience stores. Froiz is the owner of the cycling team Grupo Deportivo Supermercados Froiz (Súper Froiz) and the main sponsor of the Óscar Pereiro Foundation cycling team [77].

Distributions Froiz, S.A. is also playing an important role in the economic development of Spain. In 2013, the number of employees working in the Distributions Froiz, S.A. was 4,650 [77]. In 2013, the revenue of Distributions Froiz, S.A. was €522 million [69]. These numbers illustrate that Distributions Froiz, S.A. has a significant influence on the economic development of Spain.

4.4. Dia (Distribuidora Internacional de Alimentación, S.A.)

Dia (Distribuidora Internacional de Alimentación, S.A.) is a Spanish international hard-discount supermarket chain founded in 1979 which as of 2013 operates 6,914 stores internationally, 46 distribution warehouses, making it Europe's third largest food sector franchiser. It has also owned Schlecker in Spain and Portugal since 2013. The company is headed by the Venezuelan-born Ana María Llopis, making it the largest Spanish company to be headed by a woman [80]. Dia operates under different formats, including Dia Market, Dia Maxi, Clarel, Fresh by Dia, El Árbol and Minipreço in order to provide shoppers with a broad range of products at unbeatable prices [81]. Dia’s mission is to offer shoppers quality at unbeatable prices, to which end the company is inspired and abides by the following core business principles: efficiency, initiative, respect, teamwork and customer focus. Dia’s values provide the guidance for behaving responsibly at all times and taking decisions informed by business ethics in order to deliver the mission of enabling shoppers to buy quality products at unbeatable prices across the network of stores [81]. Dia is a discount supermarket chain which follows a policy of reduction of prices by means of minimizing operational costs [38]. Dia has undertaken an ambitious plan of international expansion with standard Dia stores in Argentina, Brazil, Spain, Greece and Turkey, in Portugal with "Minipreço" stores (although until 2001 they had "Dia" stores) and in France with "Ed" standard. In 2003 Dia opened stores in the People's Republic of China, where the number of openings in a year reached 300 stores. In Senegal, Ivory Coast and Nigeria, stores have been opened under the brand "citydia", with rapid growth being projected. The provided philosophy by Dia is to adapt each store to the needs of the local population [38].

Dia boasts a unique business model that has translated into unrivalled specialization in the neighborhood segment. Dia is boosting shoppers’ purchasing power by offering quality at the best price. These prices are the result of efficient overall business management. Quality food that everyone can afford is a priority for the company. Dia’s track record in the design of an unrivalled business blueprint is transferable to a network of franchises managed by enterprising men and women who run their own businesses under the umbrella of the Dia trademark. Dia’s management model is unique. The company has acquired and developed internally the know-how that gives Dia its distinct positioning. This experience informs all the links in the chain from inside the company to beyond its confines, acting as a knowledge conveyor belt. Continual process fine-tuning, innovation and the constant search for excellence are part of Dia. This efficiency guarantees the company’s sustainability. Dia has exhibited an unwavering commitment to profitable and sustainable growth by means of the efficient use of its resources since its origins, which date back to 1979 [81].

In 2015, the Board of Directors of Dia approved an updated version of its Ethics Code, which formerly sets down the DIA Group’s ethics and compliance model and the codes of conduct binding upon the employees, officers and directors of the DIA Group. Dia’s corporate governance model is designed to facilitate delivery of its corporate objectives and transparent and effective protection of the interests of its shareholders and other stakeholders [81]. Dia creates value for its shareholders and generates wealth for its other stakeholders. Dia works with 4,687 suppliers worldwide. These stakeholders play a crucial role in the company’s proposition of offering unbeatable value for money. Purchases from name brand suppliers exceeded €4.5 billion and purchases from private-label brand suppliers, meanwhile, topped €3.3 billion. The mix between name brand and private label brands was 57% vs. 53%, respectively [81].

Dia’s General Corporate Social Responsibility (CSR) Policy constitutes the framework applied by Dia at corporate level in order to meet its commitments in the following fields: Compliance with the best practices of...
Corporate Governance and the establishment of a framework based on ethics, transparency and efficient risk management. Dia involves in the Employment generation, development of the franchise, supplier agreements, collaboration on social programs and humanitarian aid and creating value for shareholders and society. Dia offers franchisees the knowledge and the right tools to efficiently manage their business. Dia also offers consumers solutions to their food needs and consumer products based on a single undertaking on the market in terms of quality and price. Dia innovates in its daily work to reduce energy consumption, limit the environmental footprint of its logistics activities, and properly manage its emissions, consumption and waste [81].

The Dia Group is aware of its responsibility toward the environment and considers it fundamentally important to establish general principles to govern the management and planning of the company’s activities that integrate energy efficiency and sustainability criteria. The purpose of this policy is to express the Dia Group’s commitments in this area. In 2015, Dia reinforced its environmental commitment, increasing environmental spending and capital expenditure by 74% to €26.95 million [81]. Dia is growing fast in its home market. In the third quarter of 2012 the retailer reported an increase in sales of 5.7%. This rapid growth is driven by store expansion. In 2012, the retailer aimed at opening 100 stores in Spain, investing EUR 116 million in the country. The majority of this expansion has been achieved through franchising. By the end of 2013, Dia expects that 40% of its Spanish store network will be franchised [74].

In 2015, Dia generated revenue of €8,925 million and net income of €299 Million [62]. At the end of March 2013, Dia had 6,914 stores, 46 distribution warehouses and approximately 47,500 employees worldwide [80]. Dia is strategically committed to job stability: at year-end 2015, 87% of the workforce was employed under permanent contracts. The Dia Group is firmly committed to the provision of equal opportunities in the workplace. Female employees account for 66% of the total headcount and 37% of management positions at the group level; this percentage rises to above 48% in Spain and China [81]. These numbers illustrate that Dia has a significant influence on the economic development of Spain.

5. Findings

The purpose of the research is to explore the actual contribution of family-owned supermarkets to the economic development of Spain and find the more scopes for the further development of family-owned supermarkets reducing the existing limitations. From the stated analysis, it is clear that the Spanish family-owned supermarkets have a great importance in the economic development of Spain. The key findings of the research are:

In 2015, Mercadona operated a network of 1,574 stores and accounts for 14.7% market share of total retail space in the organized distribution sector in Spain. In the perspective of capital, in 2015 the achievements of Mercadona were: 20,831 million euros turnover, 10,649 million kilos/litres (kilolitres) sold, 651 million euros investment, 611 million euros net profit, 500 million euros devoted to reinvestment [55]. In case of employee, in 2015 the achievements of Mercadona were: 75,000 employees in long-term and quality jobs, 1,000 new steady jobs, 39 million euros invested in training, 1,277 euros/month gross starting salary for core staff, €1,109 net per month and 277 million euros in variable incentive bonuses distributed among our workforce. In the perspective of supplier, in 2015 the achievements of Mercadona were: 15,393 million euros of purchases in Spain, 125 integrated supplier-manufacturers, 525 million euros invested by integrated suppliers, 67 new factories and production lines, more than 2,000 commercial and service suppliers, more than 20,000 small and medium enterprises (SMEs) and raw material producers. For the society perspective, in 2015 the achievements of Mercadona were: 1,497 million euros in tax contributions and the economic impact of Mercadona’s value chain in Spain is 1.8% of national GDP. In 2015 Mercadona made collaboration with more than 100 soup kitchens, 55 food banks and other organizations, 4,200 tons of food donated [55]. In 2013, Mercadona has continued to support various charitable institutions and organizations which have helped many people over the course of the year [57].

El Corte Inglés is playing a vitally important role in the economic development of Spain. In 2011, the number of customers in the El Corte Inglés was about 631 million [74]. In 2013, the number of employees working in the El Corte Inglés was 93,300. In 2014, the revenue and net income of El Corte Inglés were €14.59 billion and €118.08 million respectively [19]. These numbers illustrate that El Corte Inglés has a significant influence on the economic development of Spain.

Distributions Froiz, S.A. is also playing an important role in the economic development of Spain. In 2013, the number of employees working in the Distributions Froiz, S.A. was 4,650 [77]. In 2013, the revenue of Distributions Froiz, S.A. was €522 million. These numbers illustrate that Distributions Froiz, S.A. has a significant influence on the economic development of Spain [69].

In 2015, Dia generated revenue of € 8,925 million and net income of €299 Million [62]. At the end of March 2013, Dia had 6,914 stores, 46 distribution warehouses and approximately 47,500 employees worldwide [80]. Dia is strategically committed to job stability: at year-end 2015, 87% of the workforce was employed under permanent contracts. The Dia Group is firmly committed to the provision of equal opportunities in the workplace. Female employees account for 66% of the total headcount and 37% of management positions at the group level; this percentage rises to above 48% in Spain and China [81]. These numbers illustrate that Dia has a significant influence on the economic development of Spain.

6. Recommendations

At the end of the research, we highly appreciate and recommend the managers of family-owned businesses to take new initiatives for the further development of family-owned supermarkets in Spain. The recommendations are discussed in the following paragraphs.

The managers of Spanish family-owned businesses should hire a succession planning consultant because the
Family Business Institute estimated that only a quarter of Spanish family businesses make it to the second generation, just below the 30% global average. This consultant can minimize conflicts when the founding generation is ready to pass ownership of the business on to its children.

Comparatively small family-owned supermarket like Distributions Froiz, S.A. should take further steps to expand its business in the various regions of Spain regarding its economic importance in the country. This supermarket can follow the benchmarking of other successful family-owned supermarkets like Mercadona, Dia etc.

The Dia chain has a big international expansion in Argentina, Brazil, Spain, Greece, Turkey, Portugal, France, China, Senegal, Ivory Coast and Nigeria. Mercadona and El Corte Inglés S.A. have less international expansion in comparison with Dia. So the managers of Mercadona and El Corte Inglés should take new steps to internationalize their brands.

Families run 85% of the businesses in Spain, according to the Family Business Institute. Some Spanish dynasties have been particularly hard hit. Too much debt, some second-generation management snafus and six years of economic crisis have pushed them toward the end of family dominance [49]. In this regard, the government and the managers of family businesses should take further steps to reduce debt, make a good succession planning and develop the economic condition. Finally a family-owned company is not just a business, it is a family business. To be successful, the business and the family must both be managed properly.

7. Implications, Limitations, Future Research and Conclusion

7.1. Implications for Research and Practice

This research paper contributes to the literature on family businesses by exploring the actual economic contribution of family-owned supermarkets in Spain. Family businesses are playing a vitally important role for the economic development of various countries. In this regard, researchers have a special research interest towards the various aspects of family firms. We do believe that this research advances the study of family businesses that, in turn, will keep a significant contribution towards theoretical basis for further studies on family-owned supermarkets or even other family-owned business sectors existing in the other developing and developed countries.

This research also contributes to take some new initiatives for the development of family-owned supermarkets in Spain. Here the details of Spanish family-owned supermarkets are discussed along with the details financial information that can lead to get some further development strategies to reduce the current limitations. For example, comparatively small family-owned supermarket like Distributions Froiz, S.A. can take further steps to expand its business regarding its economic importance in Spain. The managers of the family-owned supermarkets can get a good idea about their competitive position from this research. This competitive position can lead the managers to take further steps to adopt new technology and establish new stores in various regions.

From the practical point of view, the overall findings of the research may help the managers of the Spanish family-owned supermarkets to know the details about their rivals that, in turn, can lead to generate some new steps for the development and expansion of their supermarkets. The findings show that family-owned supermarkets are creating huge jobs and contributing to the economic development of Spain greatly. In this regard, managers can generate and implement new ideas due to its vast economic importance.

This research also helps to identify some limitations regarding the running of family-owned supermarkets in Spain. For example, succession remains a big challenge for Spanish family businesses because only a quarter of Spanish family businesses make it to the second generation, just below the 30% global average estimated by the Family Business Institute. The current economic recession that began from 2008 is also a great obstacle for the expansion of family-owned supermarkets in Spain. So we do believe that this research will help the managers to be careful about these troubles existing in Spanish family businesses.

7.2. Limitations and Future Research

Limitations of the research provide avenues for future research opportunities. This research has been conducted based on only secondary data and a specific sector of family businesses (e.g. family-owned supermarket) of a single country (Spain). The reason is that isolating the research to a single country and a specific sector facilitates the data collection. Future studies can be expanded to other family-owned business sectors (e.g. construction, clothing retail etc.) in Spain or other countries, allowing the generalization of the results. This research can provide a theoretical basis for further studies on family businesses existed in the other developing and developed countries.

7.3. Conclusion

Family businesses play a vitally important role in the economic development of Spain. According to the Spanish Family Business Institute, family businesses account for 85% of the Spanish business sector, 70% of national GDP (Gross Domestic Product) and 70% of employment in the private sector [23]. Therefore, this research finds the actual contribution of family-owned supermarkets to the economic development of Spain. The findings of the research show that the Spanish family-owned supermarkets are creating huge job opportunities and contributing to the country’s GDP (Gross Domestic Product) greatly. The overall research has generated some new ideas for the further development of Spanish family-owned supermarkets, for example, comparatively small family-owned supermarket like Distributions Froiz, S.A. can take further steps to expand its business regarding its economic importance in Spain. Finally it is very clear that family-owned supermarkets have great economic importance in Spain regarding the country’s current economic condition.
