

Family Business Survey

March - June 2026 Survey
with Data Analysis from the
2024 & 2022 Survey

Presentation by
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THE MALTA CHAMBER
OF COMMERCE, ENTERPRISE
AND INDUSTRY

A survey conducted by

EMICS
ADVISORY

Respondents

Responses were collected from family businesses across various sectors of our economy and of various sizes

Economic Sectors

Importation & Distribution	37%
Manufacturing	12%
Services	33%
More than one sector	19%

Size

Less than 10 employees	14%
10 - 30 employees	30%
31 - 50 employees	13%
51 - 100 employees	17%
101 - 250 employees	17%
More than 250 employees	9%

Governance

Do you have a functioning board of directors that meets regularly to discuss the present performance and future direction of the family business?

November - December 2022

Yes	96	83%
No	19	17%
Total Replies	115	

February 2024

Yes	107	67%
No	53	33%
Total Replies	160	

March - June 2026

Yes	157	71%
No	63	29%
Total Replies	220	

Governance

If yes, does the board have independent non-executive directors who are not family members, within it?

February 2024

Yes	33	31%
No	74	69%
Total Replies	107	

March – June 2026

Yes	72	46%
No	84	54%
Total Replies	156	



Strategic Planning

Does the family business have a written strategic plan which is regularly reviewed?

November - December 2022

Yes we do	38	33%
No, but we need to get there	57	50%
No, we do not need it	19	17%
Total Replies	114	

February 2024

Yes we do	51	32%
No, but we need to get there	84	53%
No, we do not need it	25	16%
Total Replies	160	

March – June 2026

Yes we do	86	40%
No, but we need to get there	113	53%
No, we do not need it	16	7%
Total Replies	215	



Strategic Planning

If you answered 'No, but we need to get there', is it the case that you are constantly taken up by daily operational issues and find it difficult to carve time to work on your strategic plan?

March – June 2026

Yes	90	80%
No	22	20%
Total Replies	112	



Succession Planning

Do you have a written succession plan?

November - December 2022

Yes	38	35%
No	70	65%
Total Replies	108	

February 2024

Yes	57	36%
No	103	64%
Total Replies	160	

March – June 2026

Yes	83	39%
No	129	61%
Total Replies	212	



Succession Planning

If YES (you do have a written succession plan) is the succession plan being implemented, and is the next generation being exposed and trained on matters related to the present family business?

February 2024

Yes	46
No	11
Total Replies	57

March – June 2026

Yes	63
No	20
Total Replies	83

Reasons for the replying NO

- Next generation is not interested in the business
- Implementing remains a key challenge
- Succession plan is in progress
- No not yet

Succession Planning

If NO (you do not have a written succession Plan) what is the reason/s that is holding the family business from drafting a succession plan?

March – June 2026

No one from the future generation is interested	33	26%
Other Reasons	95	74%
Total Replies	128	

Other main reasons given:

- Work in progress / actively drafting
- Informal or implicit understanding within the family
- Next generation is too young or no children yet
- General inertia and procrastination ("never got around to it")
- Current leadership generation is still too young
- Lack of time and daily operational pressures
- Uncertainty regarding the next generation's interest or readiness
- Business is in an early stage
- Complexity, lack of external guidance, or consensus challenges
- Perceived lack of need or indifference

Succession Planning

In the case of no succession plan to family members, is it likely that the family business will consider:

(i) *a possible sale or merger to./with 3rd parties* (ii) *A possible sale to employee/s* (iii) *None of these options*

- **Neither option considered (None of these options): 57.6%** will not consider selling to either employees or third parties.
- **Sale/Merger to 3rd parties only: 32.8%** would exclusively consider third-party buyers or mergers.
- **Both 3rd parties and employees: 7.2%** are open to exploring both routes.
- **Sale to employees only: 2.4%** would strictly consider selling internally to employees.

Matters that Occupy most of your DAY

As a family business owner, leader or manager, please list the top 5 matters / areas that occupy most of your time during the day, on an ongoing basis.

February 2024

Operational	86%
Strategic	14%

March – June 2026

Operational	90%
Strategic	10%

Top Operational Elements

- **Daily Firefighting & Reactive Problem-Solving** (38.6% of operational matters)
- **Routine HR, Staffing & Workforce Issues** (16.5% of operational matters)
- **Sales Execution, Quoting & Customer Care** (11.8% of operational matters)
- **Finance, Cash Flow & Debt Collection** (9.9% of operational matters)
- **Technical Operations, Maintenance & Production** (9.8% of operational matters)

Top Strategic Elements

- **Business Development, Growth & Market Expansion** (38.5% of strategic matters)
- **Strategic Planning & Long-Term Direction** (36.9% of strategic matters)
- **New Projects & Capital Investments (CapEx)** (9.2% of strategic matters)
- **Digital Transformation, IT Strategy & Innovation** (6.2% of strategic matters)
- **Corporate Governance & Succession Planning** (6.2% of strategic matters)

TRAINING

As a family business kindly outline your view on training by rating the following statements.
(from 1 being in Full Agreement and 5 Disagree Completely)

Average Score

Average Score (2026)	Average Score (2024)	Replies
1.87	1.86	Besides training for our employees, we believe it is also important that family business owners and directors get trained on how to lead a family business
2.15	2.09	Training for our employees on Interpersonal Skills related to Leadership, Communications and Teamwork is as important, if not more important, than technical skills training
2.28	2.43	Training for our employees is needed on Technical Skills related to our business only
2.85	3.03	No time to train for employees although it is considered Important
4.16	4.32	Training for our employees is considered a waste of time and money

TRAINING

Do you have a policy in place requiring family members to attend training on family business issues?

Yes	33	22%
No	119	78%
Total Replies	152	



DECISION MAKING

What is the overriding culture that guides decision making in your family business?

Decisions are taken after a good overall discussion amongst the concerned persons where everyone’s point of view is given some weight.

February 2024

Yes	120	75%
No	40	25%
Total Replies	160	

March – June 2026

Yes	110	71%
No	45	29%
Total Replies	155	



DECISION MAKING

What is the overriding culture that guides decision making in your family business?

Decisions are mostly taken by the same person or group of persons, as they always override what others think.

February 2024

Yes	24	15%
No	136	85%
Total Replies	160	

March – June 2026

Yes	23	15%
No	132	85%
Total Replies	165	



DECISION MAKING

What is the overriding culture that guides decision making in your family business?

Decisions are mostly taken on research & data analysis.

February 2024

Yes	58	36%
No	102	64%
Total Replies	106	

March – June 2026

Yes	68	44%
No	87	56%
Total Replies	155	

DECISION MAKING

What is the overriding culture that guides decision making in your family business?

Decisions are mostly based on the perceptions of things of the leading force within the family business.

February 2024

Yes	51	32%
No	109	68%
Total Replies	160	

March – June 2026

Yes	50	32%
No	105	68%
Total Replies	155	

POLICIES

Does your family business have a policy related to dividend distribution?

February 2024

Yes	65	41%
In the Process	22	14%
No	73	46%
Total Replies	160	

March – June 2026

Yes	71	46%
In the Process	16	10%
No	68	44%
Total Replies	160	



POLICIES

Does your family business have a family employment policy in place?

February 2024

Yes	42	26%
In the Process	13	8%
No	105	66%
Total Replies	160	

March – June 2026

Yes	54	35%
In the Process	15	10%
No	86	55%
Total Replies	155	

FINANCIAL PERFORMANCE

Taking the post pandemic years of 2022 to 2025, was the financial performance trajectory of your family business, with regards Turnover or Profits, mainly represented by

Increase in Turnover with higher profits	57	37%
Increase in Turnover but lower profits	57	37%
Increase in Turnover but stagnant profits	28	18%
Lower Turnover with lower profits	10	7%
Lower Turnover but higher profits	2	1%
Total Replies	154	

A total of 142 out of 154 family businesses reported expanding turnover in the post-pandemic cycle (2022–2025).

Despite expanding turnover, 55% experienced stagnant (18%) or declining (37%) profits.

FINANCIAL PERFORMANCE – WHY?

Rate from 1 to 5 the following statements, with 1 being Extremely False and 5 Very True.

Retaining my present staff and finding new staff with the right skills is a challenge	1st	Mean Score: 4.18
The business's wage bill is increasing at a faster rate than my revenue growth	2nd	Mean Score: 3.69
I am actively investing in digital solutions (like for example CRM & ERP systems) to sustain future growth, rather than by employing much more persons	3rd	Mean Score: 3.35
Our family business is also investigating & exploring the use of AI and studying the effect on our operations	4th	Mean Score: 3.31

- **78.6%** agreeing (more than half gave it the maximum score of 5), talent acquisition and retention represent the single greatest operational friction point for family businesses.
- Over half (**54.5%**) confirm their payroll expenses are inflating faster than their revenue,
- Nearly half (**46.8%**) are using digital platforms (ERP/CRM) to drive business scalability rather than continuing to expand headcount linearly.

Family Business Priorities

Priority	2022	2024	2026	Change Rating (2024 vs 2026)
Improving your financial performance (cashflow, profitability)	3	1	1	0
Retaining your present labour force	1	2	2	0
Having regular and timely reporting of financial performance and key KPIs	2	4	3	+1
Investing in digital transformation to automate processes and increase efficiency	5	3	4	-1
Improving your internal organisational structure	4	8	5	+3
Introducing new products/services	8	6	6	0
To have the family business run on more professional lines	N/A	7	7	0
Investing and expanding into new markets/client segments	6	5	8	-3
Increasing involvement of the next generation in decision-making/management as part of the succession plan journey	10	11	9	+2
Rethinking/changing/adapting the business model	9	10	10	0
Becoming more environmentally friendly in your operations	7	9	11	-2
Improving your corporate governance and including independent non-executive directors to the board	14	14	12	+2
Increasing your present labour force	12	13	13	0
Increasing investments in innovation and R&D	13	15	14	+1
Increasing your organisation's social responsibility	11	12	15	-3
Lowering your wage costs	N/A	16	16	0
Dealing with trade tariffs and geopolitical risk	N/A	N/A	17	N/A
Pursuing strategic acquisitions or mergers	15	17	18	-1
Selling your family business	N/A	18	19	-1

Is Internationalisation a Priority?

Considering the present situation of your family business and future plans, how likely is it for your family business to consider internationalisation as a strategic option? (Rate from 1 Unlikely to 5 Very likely)

Response Option / Rating	Description / Classification	Number of Respondents (Count)	Percentage (%)
Already being undertaken	Currently active in international markets	18	11.7%
5	Very likely	23	14.9%
4	Likely	19	12.3%
3	Moderate / Neutral	27	17.5%
2	Unlikely	17	11.0%
1	Very Unlikely	50	32.5%
	All responses	154	

- 11.7% (18 businesses) are already engaged in international operations.
- 27.3% (42 businesses) consider internationalisation a likely or very likely future strategic move.
- Domestic Focus / Reluctance (Ratings 1 & 2): 43.5% (67 businesses) view expanding abroad as unlikely, with nearly a third (32.5%) rating it at the absolute minimum (1 - Unlikely).
- Excluding those already active internationally, the mean likelihood score stands at 2.62 out of 5.00 (median: 3.0), indicating a cautious, domestically centered outlook for most family firms.

External Advisors

Which category of external advisors does your family business regularly engage with?

External Advisor	Engagement Rate (%)
Accountant or auditor	89.0%
Lawyer	63.0%
Bank or financial institution	47.9%
Business consultant	39.0%
Family business advisor	22.6%
Corporate service provider	15.8%
Other	2.7%
None	1.4%

- The advisory landscape is heavily dominated by traditional compliance and legal professionals (**89.0%** accountants/auditors and **63.0%** lawyers).
- Only **22.6%** regularly consult dedicated family business advisors, mirroring earlier findings where succession frameworks, family employment policies, and structured governance remain largely informal.

Artificial Intelligence

What do you understand by AI and how do you think it is relevant for your family business?

AI Understanding / Application Statement	%
Software that handles repetitive data entry, scheduling, or administrative work.	65.0%
Using AI systems that are fed historical data to forecast future trends, such as sales volumes or inventory needs.	58.7%
Use systems like ChatGPT or Gemini that create text or images based on prompts.	54.5%
AI used to tailor marketing, recommendations, or communication to individual client preferences.	44.1%
Using AI-driven insights to supplement human judgment in business strategy.	37.8%
Tools used for fraud detection, cybersecurity, or monitoring compliance.	21.7%
Physical machines or sensors used in manufacturing, warehousing, or delivery.	18.9%
I am aware of the term but not sure how it applies to my family business operations	13.3%

Family businesses take a practical, operational view of AI: 86.7% identify concrete use cases, led by administrative automation (75.0%) and predictive forecasting (67.7%). Prompt-based generative AI has achieved mainstream traction (62.9%), while hardware robotics and physical IoT lag behind at 21.8%, reflecting the service and distribution orientation of most local enterprises.

What is/are the determinants of Profitable Growth?



Is Size a Determinant of Profitable Growth?

Company Size (Headcount)	Increase in Turnover with Higher Profits	Increase in Turnover but Lower Profits	Increase in Turnover but Stagnant Profits	Lower Turnover with Lower Profits	Lower Turnover but Higher Profits
Less than 10 employees	54.2%	29.2%	8.3%	4.2%	4.2%
10 to 30 employees	34.1%	43.9%	12.2%	9.8%	0.0%
31 to 50 employees	21.7%	43.5%	21.7%	13.0%	0.0%
51 to 100 employees	32.1%	25.0%	35.7%	3.6%	3.6%
101 to 250 employees	30.4%	47.8%	17.4%	4.3%	0.0%
More than 250 employees	60.0%	26.7%	13.3%	0.0%	0.0%
Overall	37.0%	37.0%	18.2%	6.5%	1.3%

- Businesses in the middle tiers experience the highest degree of profit margin compression. Across the 10–30, 31–50, 51–100, and 101–250 brackets, between 56% and 65% saw turnover expand while profits either stagnated or declined.
- Large Enterprises Benefit from Scale (250+ employees): 60.0% of companies with over 250 employees managed to expand both turnover and profits simultaneously, showing superior pricing power, operational leverage, and economies of scale.
- Micro-Enterprises Agility (<10 employees): Micro-enterprises also recorded a strong conversion rate, with 54.2% reporting higher profits alongside rising turnover, likely reflecting leaner overhead structures and less exposure to heavy fixed payroll escalation.

Is Size a Determinant of Profitable Growth?

- Rather than "larger equals more profitable," businesses at both extreme ends (micro-enterprises and large corporations) outperform those trapped in the middle
- Company size affects profitable growth via a U-shaped pattern ($\chi^2 = 8.56, p = 0.014$), rather than a linear trend.
- Micro-enterprises (<10 staff) achieve high profitability (54.2%) through lean overheads, pricing agility, and direct owner oversight. Large enterprises (>250 staff) perform best (60.0%), benefiting from economies of scale, pricing power, and professional governance.
- Conversely, mid-sized firms (10–250 staff) suffer a "squeezed middle" trap: only 30.4% achieve profitable growth, while 60.9% experience margin compression. They outgrow founder control but lack institutional systems, absorbing higher payroll without capturing scale. Growth requires either micro-agility or structured systems to remain profitable.

Is the Economic Sector a Determinant of Profitable Growth?

Economic Sector	Increase in Turnover with Higher Profits	Increase in Turnover but Lower Profits	Increase in Turnover but Stagnant Profits	Lower Turnover with Lower Profits	Lower Turnover but Higher Profits
Importation & Distribution	37.5%	41.1%	8.9%	10.7%	1.8%
Services	44.2%	30.8%	19.2%	5.8%	0.0%
Manufacturing	31.3%	31.3%	25.0%	6.3%	6.3%
More than one sector (Diversified)	26.7%	43.3%	30.0%	0.0%	0.0%

Services led profitable growth through pricing agility, while diversified firms suffered severe margin compression from operational drag. Meanwhile, distributors and manufacturers faced heavy profit erosion from freight, increased raw materials and escalating costs.

Is the Economic Sector a Determinant of Profitable Growth?

Sector is **not a statistically definitive determinant** of profitable growth, but it strongly shapes cost exposure and margin vulnerability.

While Services achieved the highest rate of profitable expansion (44.2%) due to contract repricing agility and low inventory drag, the sector difference is not statistically significant ($p = 0.43$).

Margin compression remains prevalent everywhere, affecting over 50% of firms across all categories and peaking at 73.3% in diversified groups.

Ultimately, sector dictates the *type* of headwind, freight and supply chains for distribution, raw materials for manufacturing, or wage inflation for services, while internal cost control and pricing power determine actual profitability.



Is a Higher Level of Governance a Determinant of Profitable Growth?

Financial Performance Trajectory (2022–2025)	% of Boards with Independent NEDs	% of Purely Family/Internal Boards
Increase in Turnover with higher profits	32.7%	37.0%
Increase in Turnover but lower profits	36.4%	44.4%
Increase in Turnover but stagnant profits	25.5%	11.1%
Lower Turnover with lower profits	5.5%	7.4%
Lower Turnover but higher profits	0.0%	0.0%

Independent non-executive directors are present on roughly half of functioning boards (50.5%). While both cohorts achieved similar profitable growth (33–37%) and resilient top-line turnover, independent NEDs provided a noticeable buffer against severe margin erosion: boards with external directors saw fewer outright profit drops (36.4% vs. 44.4%), steering businesses toward margin stability rather than steep contraction

Is a Higher Level of Governance a Determinant of Profitable Growth?

Higher governance is not an automatic determinant of profitable growth, but rather a vital stabilizer.

Survey data reveals that boards with independent non-executive directors achieved profitable growth rates comparable to purely family boards (32.7% vs. 37.0%).

However, independent boards provided crucial downside protection during inflationary cycles, suffering fewer sharp profit drops (36.4% vs. 44.4%) by stabilizing margins instead.

Ultimately, while strategic governance enhances accountability, risk mitigation, and generational continuity, it cannot substitute for operational execution. Profitable growth still requires commercial pricing power, lean overheads, and digital productivity investments to combat escalating wage and operating costs.



Is a Strategy a Determinant of Profitable Growth?

Financial Performance Trajectory (2022–2025)	Written Strategic Plan - Yes we do	Written Strategic Plan - No, but we need to get there	Written Strategic Plan - No, we do not need it
Increase in Turnover with higher profits	41.5%	33.8%	33.3%
Increase in Turnover but lower profits	26.2%	46.8%	33.3%
Increase in Turnover but stagnant profits	23.1%	14.3%	16.7%
Lower Turnover with lower profits	9.2%	2.6%	16.7%
Lower Turnover but higher profits	0.0%	2.6%	0.0%

Written strategic plans drive profitable growth: 41.5% of firms with active plans expanded profits alongside turnover, compared to 33% without. Conversely, unplanned firms faced operational drift and severe margin dilution, with 61.0% suffering squeezed margins and nearly half (46.8%) seeing profits fall despite rising top-line sales.

What Action (enabler) emerges as the primary driver of Profitable Growth?

When evaluating the survey data through the lens of an actionable managerial enabler, a deliberate strategic tool rather than an immutable circumstance like company size or industry sector, a written and regularly reviewed written strategic plan emerges as the primary driver of profitable growth.

A formal strategic plan provides direct margin defense, reducing exposure to margin compression by nearly twelve percentage points (49.2% versus 61.0%) and preventing the unguided volume growth that erodes earnings.

While independent boards offer vital fiduciary oversight and downside protection, they cannot replace commercial roadmaps, pricing discipline, or resource allocation.

For the half of respondents trapped in constant operational emergencies, the lack of a structured strategic plan is what is not allowing the family business to break daily drift, transforming mere activity and expanding turnover into sustainable, profitable growth.

....and where are you spending 90% of your time?



What questions does a Strategic Plan provide answers too?

- **Where Are We Now?** Assesses financial health, operational bottlenecks, cost structures, and external market threats to establish an accurate performance baseline.
- **Where Do We Want to Go?** Defines long-term vision, measurable margin and revenue targets, and boundaries for future growth.
- **Where to Play & How to Win?** Pinpoints target segments, competitive differentiators, customer preferences and pricing power to safeguard profitability.
- **How Will We Get There?** Outlines prioritised initiatives, capital investments, and digital automation to scale without operational drift.
- **Who Will Do It?** Aligns organisational structure, talent, leadership accountability, and governance frameworks.
- **How Will We Track & Adapt?** Establishes vital KPIs, strategic review routines, and contingency plans.

Thank you for your attention.

