



## Family Business Act

The MEA SME Helpdesk welcomed with satisfaction the Family Business Act. From the Employers' point of view we think that this Act is a necessary tool, which facilitates business governance, provide guidance for the consolidation of ownership, and gives assurance for continuity and transfer, when it comes to a family businesses.

First of all, through this Act, one can find the proper definition of a family business. MEA had highlighted the need to properly define a family business at a very early stage, during the public consultation about this Act. We believe that nowadays it is of extreme importance that we know exactly what we mean by family business. Who can be identified and recognised as a family? What makes a family, in terms of business? How far back in time can we go, when we talk of family generations? All this is now defined in the Family Business Act.

It is a law which does not impose rules and regulations across the board to all family businesses. It is there to act as a source of reference to whoever wants to use it. It is a Law which is there to guide entrepreneurs to adopt better Governance. The Family Business Act, can help administrators to define and determine the role of family members within the family business.

The MEA SME Helpdesk believes that the majority of our local Family businesses are going to find this Act very helpful. Besides they will definitely use it to make sure they will benefit from the advantages which comes out from the same legislation, which are being offered by the Malta Enterprise and which can be utilised to facilitate access to finance, and stimulate investment programmes.

Last but not least, the Family Business Act might resolve the very important issue of succession. At the moment, from local economic statistics, a high percentage of all family businesses does not survive succession, and ends up after the first or second generation. We can assume that this fact is due to lack of information, and lack of proper guidance. With this legislation, and with a little bit of proper business mentoring, we might resolve these problems and ensure a higher rate of survival of family businesses.

As MEA, we are ready to assist all family business entrepreneurs, micro, small and large, through our SME Helpdesk. With our strong relationship with MEIB, I am sure that we can facilitate access for information.

We encourage all family business owners, both MEA members and non-MEA members, to contact us to be better informed about this new legislation.

I wish to end up this endorsement by referring to the quote already mentioned during the public consultation process, which says it all:

*“An Act to encourage the regulation of family businesses, their governance and the transfer of family business from one generation to the next. The Act seeks to encourage and assist family businesses to enhance their internal organisation and structure with the aim of effectively operating the business, and working towards a successful succession of the family business.”*

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