Exchange of Best Practices to Raise the Visibility of Family Businesses

APEC Small and Medium Enterprises Working Group

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1. Executive Summary

APEC SMEWG 203 2024A – "Exchange of Best Practices to Raise the Visibility of Family Businesses: Challenges and Strengths" (SMEWG 203 2024A) Mexico, 2025

Family businesses constitute a fundamental pillar of economic activity across the APEC region. Although definitions vary, international evidence consistently shows that family-owned micro, small and medium-size enterprises (MSMEs) represent between 65% and 80% of all businesses in many economies and play a decisive role in job creation, social cohesion, and community development. In Mexico, most MSMEs originate from family structures, shaped by intergenerational leadership, cultural continuity, and a strong identity that links economic activity with family heritage.

Despite their relevance, family businesses remain largely invisible in public statistics and absent from governmental policy frameworks. The lack of a shared and operational definition complicates comparative analysis, policymaking, and access to programs that could strengthen their long-term resilience. This APEC project—implemented under the APEC SMEWG host years of Indonesia 2024 and Japan 2025—aimed to address this gap by identifying successful organizational models, documenting challenges, and proposing replicable policy recommendations.

Purpose and Approach

This project sought to:

1. Identify best practices established by APEC economies to make family businesses visible.
2. Analyze organizational models of successful family MSMEs that have overcome generational, financial, gender, and digital barriers.
3. Highlight women's key role in family enterprises and promote their leadership and decision-making empowerment.
4. Understand statistical, institutional, and regulatory gaps that limit family business recognition as a specific sector.
5. Generate policy design recommendations to strengthen their longevity, formalization, and market access.

To achieve this, Mexico implemented a two-part methodology:

- A structured survey distributed to 21 economies. Three economies—**Mexico; the Philippines; Thailand**—submitted full responses; **Chile** provided expert insights through the Technical Cooperation Service (SERCOTEC).
- A two-day workshop (14–15 August 2025, Mexico City) with government institutions, international experts, business support organizations, and family-owned MSMEs.

Key Economic Findings

1. Definitions and Formal Recognition

Most APEC economies do not have a formal "family business," definition, including Mexico; the Philippines; Thailand. Chile has highlighted the need for statistical visibility, but does not yet use that category.

2. Main Challenges Identified

Common challenges across economies include:

- Generational transition and lack of formal succession planning.
- Limited financial access, with reliance on internal funds.
- Gender barriers that limit women's participation in leadership roles.
- Digitalization gaps impacting competitiveness.
- High informality levels.
- Lack of statistical tools to properly measure and categorize family businesses.

3. Strengths and Opportunities

Key strengths include:

- High resilience during economic shocks.
- Strong community engagement.
- Decision-making flexibility.
- Strong family identity and cultural continuity.
- Digital tools as growth catalysts.

Workshop Insights

The workshop included institutions such as IMPI, SEPOMEX, INEGI, NAFIN, Mexico Ministry of Economy, SERCOTEC Chile, META, and Tiendanube. Among the main insights:

- **Statistical Needs:** Standardized variables are needed to measure family businesses.
- **Digital Transformation:** Social media and e-commerce are vital competitiveness tools.
- **Intellectual Property:** Trademark protection is essential for business continuity.
- **Gender Perspective:** Integrating women into decision-making is essential.
- **Chile's Case (SERCOTEC):** One-on-one support and community-based models are highly effective and replicable.

Cross-Fora Relevance within APEC

This project directly aligns with the 2021-2024 SMEWG Strategic Plan, particularly in entrepreneurship and innovation, GVC participation, inclusive digital transformation, and finance access. It also links to PPWE (gender), DESG (digital economy), and EC (structural reform).

Policy Recommendations

1. Develop a shared APEC definition for family businesses.
2. Strengthen statistical visibility through official instruments.
3. Promote gender-inclusive governance.
4. Implement digital transformation support for family MSMEs.
5. Design financing instruments tailored to family enterprises.
6. Create formalization and institutionalization capacity-building programs.
7. Promote inter-fora cooperation.

Conclusion

Family businesses are essential contributors to economic stability, cultural identity, and community coherence. This project lays the groundwork for future regional cooperation, particularly in statistical visibility, policy design, digital strengthening, and gender mainstreaming. Mexico extends its appreciation to all participating economies and institutions and looks forward to continued collaboration within the SMEWG.

2. Introduction

Family businesses constitute a foundational pillar of economic and social development across the Asia-Pacific region. Although their statistical visibility varies among APEC economies, their presence is undeniable: they make up a significant share of micro, small, and medium-size enterprises (MSMEs), generate employment, preserve cultural identity, and promote long-term business continuity rooted in community values.

Despite their prevalence, family businesses have historically remained underexplored in public policy frameworks. Absence of common definitions, limited statistical measurement, and scarce institutional mechanisms to recognize their specific needs have contributed to their invisibility. This gap hinders the design of targeted programs that could strengthen their resilience, support orderly generational transitions, and promote their integration into value chains. Recognizing these challenges, APEC economies have increasingly shown interest in advancing a shared understanding of family enterprises and identifying policy tools that enable their long-term development.

Within this context, the project **"Exchange of Best Practices to Raise the Visibility of Family Businesses: Challenges and Strengths" (SMEWG 203 2024A)** emerges as a strategic effort led by Mexico under the SME Working Group (SMEWG). The initiative responds to key areas of the SMEWG Strategic Plan 2021–2024, including inclusive capability development, entrepreneurship, finance access, and digital transformation. By focusing on family businesses as strategic actors, the initiative contributes to strengthening local economies, fostering innovation, and promoting sustainable and inclusive growth across the APEC region.

A central component of this project was the development and dissemination of a survey designed to collect qualitative and quantitative information from APEC economies. The instrument covered topics such as statistical visibility, gender inclusion, organizational models, challenges, strengths, and policy actions related to family MSMEs. Although responses were limited—received from Mexico; the Philippines; Thailand—findings yielded valuable insights and highlighted the need for further regional collaboration.

To complement the survey, Mexico hosted a two-day workshop in August 2025 in Mexico City. Government officials, business support institutions, academics, MSME representatives, and international experts participated in the event. The workshop addressed topics such as family businesses definitions, succession planning, sustainability practices, digital tools, gender inclusion, and barriers to competitiveness. Through panel discussions, expert presentations, and participatory sessions, attendees shared diverse perspectives and identified actionable recommendations to strengthen the role of family MSMEs in the APEC region.

This report consolidates results of the survey and workshop, offering a comprehensive overview of the current landscape of family businesses in the region. It also outlines key conclusions and policy recommendations that may guide future work within the SMEWG.

3. Background and Rationale

3.1 Family Business Importance in APEC

Family businesses constitute one of the most significant yet under-recognized pillars of economic activity across the APEC region. Although precise and comparable data remain limited, available official studies and institutional estimates suggest that **between 65% and 80% of all productive units** in many member economies are family-owned or family-managed. Their presence is particularly strong in sectors such as **retail trade, food services, light manufacturing, agriculture, crafts, logistics, and professional services**, where intergenerational knowledge, trust, and flexible decision-making are critical for day-to-day operations.

Beyond their numerical weight, family businesses provide a **unique social and economic contribution**:

- **High adaptability:** They can rapidly adjust operations in response to market fluctuations or crises, as demonstrated during the COVID-19 pandemic.
- **Low entry barriers:** Family networks often serve as the primary source of labor, capital, and informal training.
- **Strong social roots:** Their operations are deeply rooted in local communities, contributing to social cohesion, local employment, and cultural continuity.
- **Resilience to economic shocks:** Evidence presented during the workshop and surveys indicate that family-owned MSMEs tend to maintain operations longer during downturns.
- **Long-term strategic orientation:** Decisions typically prioritize generational continuity over short-term profit.

However, the project identified that family businesses also face **persistent structural challenges** which can threaten their longevity and competitiveness:

- **Low professionalization levels**, particularly in accounting, digital skills, human resource management, and strategic planning.
- **Succession vulnerability**, especially when leadership transitions are unplanned or informal.
- **Limited credit and investment access**, due to informality, lack of collateral, or insufficient financial records.
- **High informality levels**, especially among micro and small family enterprises operating in traditional sectors.
- **Gender imbalances** in ownership and decision-making, as women—despite often managing daily operations—frequently lack legal or financial authority within the business.

These findings reaffirm the importance of strengthening the institutional visibility of family businesses, recognizing their differentiated needs, and designing policies tailored to their structure and governance.

3.2 Current Data Limitations

A key finding of the survey phase and workshop discussions is the **significant lack of standardized, comparable data on family businesses across APEC economies**. Mexico; the Philippines; Thailand indicated that **no official legal or statistical definition exists** for “family business,” and Chile highlighted similar limitations despite the existence of programs supporting MSMEs.

As a result:

- **Few government institutions collect specific data** on family ownership, family participation in governance, or succession practices.
- **There is no standard operational methodology** applied across economies for identifying or categorizing family businesses.
- Existing MSME surveys and economic censuses rarely include variables related to:
    - family governance structures,
    - intergenerational participation,
    - ownership distribution within family units,
    - conflict mitigation internal mechanisms,
    - succession planning processes.

Due to these data gaps, **policymaking tends to rely on generic MSME frameworks**, which—although valuable—do not fully address the distinct characteristics of family enterprises. This lack of visibility affects:

- program design and targeting,
- financing access,
- the development of tailored training and advisory services,
- long-term institutionalization and professionalization,
- and the design of corporate governance mechanisms.

Therefore, the project underscores an urgent need for **improving statistical visibility at economy-level and regional levels**. This includes the adoption of survey variables, standardized definitions, and data-collection instruments that recognize family businesses specific dynamics.

3.3 Alignment with APEC Priorities

The project "Exchange of Best Practices to Make Family Businesses Visible: Challenges and Strengths" directly contributes to the strategic frameworks guiding APEC cooperation and the SMEWG mandate.

APEC Putrajaya Vision 2040

The initiative supports all three PV2040 pillars:

a) Innovation and Digitalization

By documenting digital gaps faced by family MSMEs and showcasing successful cases (e.g., social commerce strategies, e-commerce adoption, digital payments), the project strengthens regional efforts to promote **digital transformation for all**.

b) Strong, Balanced, Secure, Sustainable and Inclusive Growth

The project highlights women's role in family enterprises, aligning with APEC's priority to ensure economic participation for all.

c) Integration and Resilience

By focusing on succession planning, governance models, and long-term institutionalization, the project contributes to MSMEs resilience and stronger **local and regional value chains**.

Alignment with APEC Sub-fora and Cross-Fora Work
The project also strengthens synergies with several APEC groups:

- **SMEWG:** institutional strengthening, entrepreneurship, market access, and digitalization.
- **PPWE:** gender equity in decision-making and leadership within family MSMEs.
- **DESG:** promotion of e-commerce, digital skills, and online market integration.
- **HRDWG:** upskilling and professionalization of family businesses.
- **EC:** structural reform and regulatory clarity for business environments.

The cross-fora relevance reinforces the importance of addressing family businesses not as isolated economic units but as **multidimensional actors** whose development intersects with digital policy, structural reform, and MSME competitiveness.

4. Methodology

This project's methodology combined qualitative and quantitative approaches to generate a holistic understanding of visibility, challenges and strengths of family businesses across APEC economies. Given the limited availability of comparable statistical information and the absence of standardized definitions, the project adopted a **mixed-methods design** that triangulated findings from surveys, workshops, expert interviews, and documented case studies. This approach allowed the team to integrate institutional perspectives, empirical evidence, and family enterprises first-hand testimonies.

The three methodological pillars included:

1. **A regional survey** distributed to all APEC economies to assess definitional criteria, existing programs, and statistical availability.
2. **A two-day international workshop,** held in Mexico City, gathering regional policy-makers, practitioners, experts, and business representatives.
3. **Expert interviews and case documentation** to generate deeper insights into governance structures, digitalization practices, women's leadership, and succession planning in family MSMEs.

Together, these components provided complementary evidence that informed the project's analytical framework and final policy recommendations.

4.1 Survey Design

To identify regional patterns and institutional gaps, the project team designed a structured survey consisting of **five analytical sections**, each aimed at capturing both quantitative indicators and qualitative descriptions. The instrument covered:

1. **Known Family MSME Statistics**
   Inquiry into available economy data sources, classification methods, and any official or working definitions used by government agencies or statistical offices.

2. **Women-Owned / Women-Led Family MSMEs**
   Collection of sex-disaggregated information on women's ownership, leadership, and participation in family business governance.

3. **Family MSME Studies and Research**
   Identification of official studies, academic research, institutional assessments, or published reports focusing on family enterprises.

4. **Key Challenges and Strengths**
   Qualitative assessment of the main obstacles and structural advantages perceived in family MSMEs, including generational, financial, digital, and regulatory factors.

5. **Existing Programs and Policy Interventions**
   Mapping of public programs, institutional initiatives, or private support mechanisms designed for family-owned businesses or MSMEs that include family structures as a priority group.

Survey Distribution and Responses

The survey was distributed to **all 21 APEC economies**, using the SMEWG official communication channels. Three economies submitted complete responses:

- **Mexico (MEX)**
- **the Philippines (PHL)**
- **Thailand (THA)**

Two economies engaged with the project team, but did not complete the survey:

- **Canada (CDA)** requested information on the definition being considered for the project.
- **Chile (CHL)** requested definitional clarity and later contributed through an expert SERCOTEC speaker.

Conceptual Variability and Limitations

A key methodological finding emerged early in the survey phase:

None of the responding economies shared a standardized or formal "family business." definition

Instead, each used informal, academic, or functional interpretations based on:

- degree of family ownership,
- level of family participation in management,
- intergenerational continuity,
- legal structure, and
- business size or sector.

This variability reinforced the methodological need to treat responses as **indicative rather than comparable**, and it shaped the analytical approach used throughout the report.

4.2 Workshop Structure

The international workshop, **"Exchange of Best Practices to Raise Visibility of Family Businesses,"** held on **14–15 August 2025**, served as the project's central knowledge-exchange platform. The two-day event followed a structured agenda combining expert presentations, thematic panels, hands-on exercises, and policy dialogues intended to validate survey findings and deepen regional context understanding.

Day 1: Conceptual and Institutional Foundations

- **Overview of family business definitions** across surveyed economies.
- **Comparative regional practices** in institutional recognition and statistical visibility.
- **Case study presentations** showcasing challenges and success stories from Mexican and Chilean MSMEs.
- **Women's economic participation session**, examining women's leadership roles, barriers, and opportunities within family enterprises.

Day 2: Operational and Strategic Dimensions

- **Digitalization and resilience**, as key catalysts for competitiveness in family MSMEs.
- **Governance and succession planning**, presented by experts in institutionalization and family protocols.
- **Policy roundtable with APEC economies**, discussing challenges in adopting standardized definitions and data frameworks.
- **Group work sessions**, enabling participants to collaboratively prioritize regional challenges and propose policy actions.

Multi-Sector Participation

The workshop gathered stakeholders from diverse sectors, ensuring a multi-dimensional perspective:

- **Government agencies** (IMPI, SEPOMEX, INEGI, NAFIN, and Mexico Ministry of Economy).
- **Family-owned businesses** from various sectors (services, retail, manufacturing).
- **Academia and research institutions** specializing in MSME development.
- **Business support organizations**, including digital platforms and entrepreneurship networks.
- **SERCOTEC Chile**, which offered a detailed framework on community-based support models and technical assistance.

This diversity strengthened the project's analytical rigor by incorporating institutional, operational, and experiential viewpoints.

4.3 Expert Interviews

To complement survey and workshop inputs, the project team conducted **semi-structured expert interviews** with key stakeholders. These interviews provided deeper insights into the nuanced internal dynamics of family MSMEs and helped validate trends identified through other methodological components.

Interviews included:

- **Family business owners** across micro, small, and medium enterprises, covering sectors such as hospitality, retail, personal services, and manufacturing.

- **Consultants specializing in succession planning**, governance, and professionalization of family enterprises.
- **Representatives from governmental statistical agencies**, who provided technical perspectives on measurement challenges.
- **Digitalization and e-commerce experts**, offering insights on how digital tools can bridge generational gaps and transform business models.

Interview data were coded to identify recurring themes such as:

- informal leadership structures;
- absence of documented succession plans;
- participation patterns;
- financial constraints;
- government program perceptions;
- digital transformation barriers;
- and institutional support opportunities.

These qualitative findings enriched the report's analytical depth and ensured that all subsequent sections—particularly policy recommendations—reflected **lived experiences and practical challenges** directly reported by APEC stakeholders.

5. Regional Survey Findings

This section summarizes results of the regional survey distributed to all 21 APEC economies. Three economies—**Mexico; The Philippines; Thailand**—submitted full responses, while two additional economies (Australia and Canada) interacted with the project team regarding definitions. Although the response rate was limited, the qualitative depth of the submissions offers valuable insights into operational realities, conceptual gaps, and policy needs surrounding family MSMEs in the region.

All figures below are descriptive. Detailed numerical data will be presented through tables and visualizations in the final report.

5.1 Definition and Identification Practices

A central survey objective was to examine how economies define and identify family businesses. All three responding economies reported **no official legal or statistical definition**, relying instead on functional or program-based interpretations.

Economy	Working Definition	Notes / Application Context
Mexico (MEX)	Enterprises where ownership and management lie within a family unit; often multigenerational.	No legal definition; identification occurs indirectly through program participation, interviews, or business self-identification.
The Philippines (PHL)	Business owned by a family through shareholding or daily operational involvement.	Used functionally for business development programs, but not tracked in domestic statistics.
Thailand (THA)	Any enterprise where at least one family controls management or governance.	Broad definition applicable across MSME categories; no formal registry.

Key Observations

- **No responding economy maintains an official registry or legal classification** for family businesses.
- Definitions vary in emphasis: ownership, governance, management involvement, or intergenerational succession.
- **Absence of a standardized definition**:
    - prevents cross-economy comparability,
    - contributes to underreporting,
    - complicates program eligibility criteria, and
    - limits targeted policy tools development.

This variability underscores the need for a shared conceptual framework, across APEC, to improve data alignment and policymaking.

5.2 Contribution to Economies

Despite the lack of formal definitions, all responding economies emphasize that family businesses constitute a **majority of their MSME landscape**. This aligns with global evidence, indicating that family enterprises often dominate micro and small business ecosystems.

Reported Contributions

- **Mexico (MEX):** Family enterprises are estimated to account for **70%–90%** of all firms. Their presence is especially pronounced in retail, services, hospitality, and food production.

- **The Philippines (PHL):** Family ownership is widespread across micro and small enterprises, particularly in **retail, personal services, and agriculture value chains**.
- **Thailand (THA):** A large proportion of SMEs exhibit varying degrees of family control, with many businesses displaying multigenerational continuity and household-based management.

Shared Economic Roles

Across the three responding economies, family MSMEs are described as:

- Key **local employment generators**,
- Stabilizing forces within **rural and semi-urban communities**,
- Vehicles for **income diversification** and household resilience,
- Traditional sectors and cultural economic activity anchors.

Although precise quantitative contributions were not uniformly reported, the survey confirms that family MSMEs play a **structural and foundational role** in domestic economic ecosystems.

5.3 Women's Economic Participation

Two economies—**Mexico and The Philippines**—provided information specific to women's participation in family-owned MSMEs. Insights highlight both enabling conditions and persistent gender inequalities within family enterprise structures.

Common Patterns Identification

- **Women can occupy administrative, financial, or coordination roles**, particularly in microenterprises.
- Women's participation is often **constrained by caregiving responsibilities**, and time availability.
- **Women-led family MSMEs exhibit higher levels of informality**, which limits their access to credit, training, and formal networks.
- Persistent barriers include:
    - limited access to external financing,
    - limited digital skills adoption,
    - perceptions about "appropriate" sectors for women entrepreneurs.

Despite these challenges, economies also noted that women often drive innovation, digital adoption, and quality improvements in family enterprises.

5.4 Challenge Identification

Survey results confirm that family MSMEs across the responding economies face similar structural and operational challenges. These challenges can be grouped into five thematic categories:

1. Succession and Continuity

- Lack of formal succession planning across generations.
- Business vulnerabilities increase as founders age.
- Low advisory services availability for structured generational transition.

2. Governance and Professionalization

- Decisions centralized in one individual, usually the founder.
- Limited documentation of processes or internal controls.
- Low levels of business governance training.
- Challenges in separating family and business roles.

3. Finance Access

- Family MSMEs often lack collateral or credit history.
- High informality rates impede access to banking services.
- A tendency to rely on **own savings**, **family funds**, or **informal lenders**.

4. Digitalization Gaps

- Limited digital tools adoption for operations, marketing, or management.
- Low e-commerce platform use.
- Limited uptake of digital payment systems or electronic invoicing.
- Barriers include cost, digital skills, and generational divides.

5. Data and Visibility

- Absence of domestic registries or classification systems for family businesses.
- Limited academic research or sectoral studies.
- MSMEs are generally not categorized by ownership type in administrative or statistical systems.

These recurring challenges underline the need for institutional visibility and tailored support mechanisms across the APEC region.

5.5 Strength Identification

Survey responses also highlighted key strengths that underpin resilience and longevity of family enterprises. These strengths often relate to cultural identity, trust, and internal cohesion.

Core Strengths

- **Long-term planning horizon**, driven by legacy and family continuity.
- **High adaptability**, especially among micro and small enterprises.
- **Resilience to economic shocks**, supported by strong family networks and shared risk.
- **Fast decision-making** due to concentrated ownership and low bureaucracy.
- **Knowledge and craftsmanship intergenerational transfer**, contributing to product quality and tradition.

These strengths show why family MSMEs continue playing a vital role in economic and social systems, and why targeted policies can unlock even greater regional potential.

6. Case Studies: Mexico; the Philippines; Thailand

This section synthesizes qualitative and quantitative insights obtained through survey responses, expert interviews, and discussions held during the APEC workshop. Although the three economies differ in institutional capacity, levels of informality, and economic structure, their case studies reveal clear patterns and shared challenges that affect family-owned MSMEs across the region.

6.1 Mexico

Institutional Context

Mexico does not currently have a legal or statistical "family business" definition However, several federal institutions interact with family MSMEs through thematic programs, often without explicitly classifying them as family enterprises. The main institutions involved include:

- **INEGI** (National Institute of Statistics and Geography) – collects MSME data but not by ownership type.
- **IMPI** (Mexican Institute of Industrial Property) – supports brand protection, frequently relevant for traditional family businesses.

- **NAFIN** (National Development Bank) – provides MSME financing and training.
- **SEPOMEX** (Postal Service) – supports logistics and e-commerce distribution.
- **Mexico Ministry of Economy** (SE)– designs policies for competitiveness, digital transformation, and business development.

Each institution works with family businesses indirectly through broader MSME programs, illustrating this group's **structural invisibility** within domestic policy frameworks.

Key Workshop and Interview Findings

Insights highlighted during the workshop and through interviews with entrepreneurs and consultants include:

- **High cross sector prevalence:** Family firms dominate micro and small enterprises in retail, services, traditional manufacturing (food, textiles), and hospitality.
- **Succession risk is the most critical challenge:** Many enterprises close after the founder's death or retirement. Consultants emphasize that fewer than 30% of family businesses survive to the second generation, and less than 10% to the third (consistent with global literature).
- **Women as key stabilizers:** Women often manage accounting, procurement, and operations, acting as "continuity anchors," even when not formally recognized as leaders.
- **Digitalization disparities:** Uneven digital tools adoption. Urban businesses increasingly use social media, digital payments, and e-commerce, while rural or traditional businesses remain largely offline.

Relevant Public Programs and Supports

- **NAFIN:** Credit programs for MSMEs, financial literacy courses, and entrepreneurial development.
- **IMPI:** Training on trademarks, patents, and brand registration—critical for businesses seeking to protect family legacy and expand markets.
- **SEPOMEX:** Affordable logistics services for small businesses; partnerships with e-commerce platforms.
- **Mexico Ministry of Economy (DGDP):** Programs focused on productivity, digitalization, business development, and female entrepreneurship.

Although not designed specifically for family businesses, once statistical visibility improves, these programs highlight **targeted policy development potential**.

6.2 The Philippines

Institutional Context

Family MSMEs constitute a dominant domestic economy structure. They are strongly embedded in the cultural and social fabric, especially in:

- Retail and sari-sari stores
- Food processing and food service
- Agriculture and primary production
- Small-scale manufacturing
- Transport and personal services

Despite this prevalence, **family-owned MSMEs remain mostly informal**, lacking formal governance structures or succession frameworks.

Key Findings

- **Multi-generational continuity is common but informal:** Roles are typically passed down within the household without formal documentation or planning.
- **Women as operational leaders:** Women frequently manage bookkeeping, procurement, and day-to-day operations, especially in microenterprises.
- **Extended-family labor model:** Many family businesses employ cousins, in-laws, and other relatives, creating flexible but unregulated labor arrangements.
- **Succession challenges:** Respondents described succession as a “major concern,” especially where young family members migrate or pursue employment outside the family firm.

Notable Observations

- **Data scarcity:** The Philippines respondents emphasize the lack of systematic data collection, limiting the government’s ability to design targeted support policies.
- **Digital payment constraints:** Digital payments and e-commerce tools adoption is uneven, with infrastructure gaps affecting rural regions.

- **Community embeddedness:** Family businesses often hold important social roles, supporting community events, providing local employment, and operating as “anchor institutions” within barangays.

These findings highlight opportunities for the Philippines specific policies focused on **digital participation**, **succession support**, and **statistical classification**.

6.3 Thailand

Institutional Context

Thailand has a large and diversified MSME sector, with many enterprises understood to be “family-controlled” in practice. While no official definition exists, public agencies recognize the importance of family influence in business operations and strategic decisions. Family MSMEs are common in:

- Food production
- Tourism and hospitality
- Retail and wholesale
- Light manufacturing
- Agriculture-based industries

Key Findings

- **Governance structures vary widely:** Some family firms maintain informal decision-making processes, while more established enterprises are adopting formal boards or governance mechanisms.
- **Reliance on family-based talent:** Many businesses limit hiring to family members, which supports trust and cohesion but may restrict skill diversification.
- **Growing interest in institutionalization:** Participants expressed a need for training in corporate governance, conflict resolution, and succession planning.
- **Generational transition challenges:** Older generations often prefer traditional business models, while younger members seek digitalization—creating internal tensions that can hinder modernization.

Strategic Takeaways for Thailand

- There is strong readiness and willingness to receive training on institutionalization.
- Similar structure economies may benefit from **exchange programs**, especially regarding governance and professionalization.

- Thailand’s experience reinforces a broader regional trend: **family MSMEs are resilient but constrained by modernization gaps**, rather than by lack of entrepreneurial capacity.

7. External Best Practice: Chile (SERCOTEC)

Although Chile did not complete the regional survey instrument, its participation through the **“Servicio de Cooperación Técnica” (SERCOTEC)**—a leading domestic institution specialized in promoting micro and small enterprises—provided substantive technical insight during the workshop. Expert contributions offered two detailed presentations (Day 1 and Day 2), which significantly strengthened this report’s comparative dimension and allowed participants to contrast institutional approaches within the APEC region.

Chile’s experience is particularly valuable for APEC economies seeking to support family MSMEs, despite the absence of an official definition or classification mechanism.

7.1 Why is the Chilean Model Relevant?

Chile stands out within APEC as one of the economies that has progressively **institutionalized MSME support ecosystems**, many of which benefit family businesses, even when they are not explicitly targeted as a separate category.

Several characteristics make Chile’s model relevant for regional learning:

1. Long-standing institutional architecture

SERCOTEC operates under a robust economy-level framework coordinated with the Ministry of Economy, regional governments, business associations, and local development centers. This structure allows interventions to be **systematic, scalable, and sustained**, rather than isolated or short-term.

2. Emphasis on localized and community-based support

Chile has invested significantly in **territorial business development centers**, which ensures that micro and small family-owned firms—especially in rural or remote areas—receive direct technical and advisory support.

3. Socially oriented approach

SERCOTEC integrates rural development, indigenous inclusion, and social cohesion into its programs. This perspective aligns closely with APEC priorities on growth for all, and community resilience.

4. Data-informed policy improvements

Even without an official definition of "family enterprise," Chile uses program-generated evidence to continuously refine its instruments. This shows that **empirical progress is possible even in contexts of limited statistical categories**.

These elements illustrate that visibility can be strengthened not only through formal definitions, but also through **integrated, well-designed support systems**.

7.2 SERCOTEC Presentation (PP4) Key Elements

During the workshop, the SERCOTEC expert presented a comprehensive overview of Chile's MSME support ecosystem. The following components were highlighted as central pillars:

1. The Business Development Centers Network (Centros de Desarrollo de Negocios)

These centers operate across multiple regions and provide:

- Personalized business advisory services
- Diagnostic assessments
- Long-term accompaniment
- Monitoring and performance evaluation

This model is widely recognized as one of Latin America's most structured systems for micro and small business support.

2. Formal Training Programs

SERCOTEC delivers certified training on:

- Business management
- Marketing and branding
- Financial literacy

- Digital skills
- Entrepreneurial competencies

These courses are accessible economy-wide and tailored to small and family-owned enterprise needs.

3. Digitalization and Formalization Support

Programs include:

- E-commerce enablement
- Website and digital catalog development
- Digital payment adoption
- Assistance with registering businesses and securing permits

This component is critical for family MSMEs transitioning from informal structures to formal markets.

4. Seed Funding and Co-Financing Schemes

SERCOTEC manages competitive funds that offer:

- Entrepreneurs' initial seed capital
- Expansion project co-financing
- Equipment acquisition support
- Business improvement resources

Co-financing mechanisms ensure accountability and encourage long-term planning.

5. Women Entrepreneurship Programs

Chile has developed specialized initiatives for women-led businesses, including:

- Training programs
- Mentorship networks
- Funding instruments
- Networking and visibility actions

This aligns directly with APEC's gender mainstreaming objectives.

6. Indigenous and Rural Enterprises Support

SERCOTEC implements programs tailored to:

- Indigenous communities
- Rural producers
- Agricultural MSMEs
- Community-based enterprises

These programs emphasize cultural preservation and development for all.

SERCOTEC Insights

The expert emphasize several cross-cutting needs shared by many APEC economies:

- **Recognition of family enterprises as socio-economic units**, not only commercial ones.
- **Gender inclusion** as a continuity and innovation determinant factor.
- **Institutional frameworks for business succession**, including governance training, family protocols, and conflict management.

These insights were directly aligned with challenges identified in Mexico; the Philippines; Thailand.

7.3 APEC Relevant Lessons

Chile's experience offers highly transferable lessons for economies at different stages of institutional development. Key lessons include:

1. Effective support does not require a formal definition

Chile shows that robust programs can be implemented even when family businesses are not formally classified. Economies can immediately begin strengthening support ecosystems.

2. Multi-sector coordination increases impact

Collaboration across:

- Local governments
- Business associations
- Academic institutions

- Private sector partners create comprehensive support structures that reach micro and rural enterprises.

3. Territorial business development centers amplify reach

Localized advisory centers ensure that assistance is:

- Accessible
- Context-sensitive
- Continuous

This model is especially beneficial for remote or marginalized communities.

4. Incentives matter

Co-financing and competitive grants foster formalization, innovation, and long-term planning among family MSMEs.

5. Digital transformation must be mainstreamed

As shown in Chile, digital tools integration substantially increases competitiveness and resilience—particularly for women-led and rural enterprises.

8. Workshop Proceedings

The two-day workshop **"Exchange of Best Practices to Raise the Visibility of Family Businesses: Challenges and Strengths"**, held on **14–15 August 2025** in Mexico City, constituted the central component of the project's qualitative evidence-gathering strategy. It served not only as a space for sharing practices, but also as a laboratory for dialogue, networking, and consensus-building among policymakers, experts, statistical authorities, business development institutions, and family-owned MSMEs.

The workshop provided real-time insights that complement survey findings, allowing for a more comprehensive understanding of family business dynamics across APEC economies.

8.1 Workshop Objectives

The workshop was guided by four overarching objectives, each aligned with the SMEWG priorities and the Putrajaya Vision 2040:

1. Share experiences and best practices across the APEC region

Participants explored how different economies approach challenges such as informality, succession, data visibility, and governance.

2. Identify common family business barriers

Discussions emphasize visibility constraints, limited access to financing, cultural norms influencing governance, and digital gaps.

3. Highlight the role of women, youth, and intergenerational leadership

Participants examined how generational transitions shape family business long-term continuity.

4. Explore elements for a potential APEC working definition

Given the absence of standardized terminology, the workshop aimed to collect inputs that may inform future SMEWG conceptual alignment work.

These objectives framed the workshop content and helped structure this report's analysis.

8.2 Structure and Sessions

The workshop combined **plenary sessions, technical presentations, interactive panels, and working-group discussions**, which ensured a balance between technical rigor and participatory engagement.

Opening Session

- Formal welcome from Mexico's Ministry of Economy, emphasizing the importance of family businesses for economic resilience and community development.
- Presentation of the APEC project remit, expected deliverables, and how workshop outcomes would feed into the final report.

Session 1 – Regional Overview and Survey Findings

This session set the analytical foundation by presenting:

- Preliminary quantitative and qualitative results from Mexico; the Philippines; Thailand.

- Observations from Australia; Canada regarding definitional queries.
- Initial data gaps and methodological barriers.

A key point was the **absence of a unified definition** across all participating economies—reinforcing the need for collaborative work within SMEWG.

Session 2 – Mexican Institutions Case Experiences

Mexican agencies presented a multi-dimensional approach to supporting MSMEs, offering lessons applicable to family firms:

- **IMPI:** Importance of trademark protection and intellectual property, as continuity and brand legacy tools.
- **NAFIN:** Micro and small businesses financial mechanisms, limited collateral challenges, and cultural informality dimensions.
- **SEPOMEX:** Logistics, economy-wide delivery solutions, and postal networks role in supporting small businesses' access to digital marketplaces.
- **INEGI:** Statistical limitations due to the absence of disaggregated data for family businesses, highlighting opportunities to incorporate new variables in future surveys.

This session illustrated how different public institutions can indirectly strengthen family businesses through existing mechanisms—even when the category is not formally recognized.

Session 3 – External Best Practice: SERCOTEC (Chile)

Chile provided one of the most structured examples of MSME support within APEC.
Highlights included:

- **The Business Development Centers Network**.
- Training programs, technical assistance, and co-financing mechanisms.
- Women, rural entrepreneurs, and indigenous communities' economic participation.

The Chilean experience shows that economies can effectively support family businesses, even **without a formal definition**, through a robust institutional design.

Session 4 – Women and Family Businesses

This panel examined:

- The central role of women in family enterprises.
- Dynamics surrounding inheritance, authority, caregiving, and skill development.

Session 5 – Digitalization and Sustainability

Experts and private-sector platforms (e.g., META, Tiendanube) discussed:

- Digital presence importance for visibility and survival.
- E-commerce as a democratizing tool.
- Practical examples of how digital tools can boost family business competitiveness.

Session 6 – Interactive Panel: “What Makes Family Businesses Different?”

Moderators facilitated a discussion encouraging participants to identify key family businesses’ characteristics, including:

- Long-term strategic orientation
- Collective identity and intergenerational values
- Flexible decision-making
- Emotional ties influencing governance and conflict resolution

Participants from different economies shared personal experiences, thus enriching the comparative dimension.

Session 7 – Working Session: Towards a Working Definition

This collaborative exercise aimed to collect core elements that could shape a preliminary working definition for SMEWG consideration. Participants agreed that family businesses should be understood not only as economic units but also as:

- Social institutions,
- Cultural repositories,
- Sources of local identity and community cohesion.

Closing Session

Mexico’s Ministry of Economy (SE) synthesize workshop takeaways:

- Data gaps must be addressed through new statistical instruments.
- Women equity should be included in support programs.
- Digitalization remains a critical pathway for resilience.
- The SMEWG could consider exploring a shared understanding or definition of the term “family business.”

Participants expressed interest in continuing collaboration and exchanging tools and methodologies.

8.3 Participation

The workshop included a diverse range of stakeholders whose insights enriched discussions:

APEC Economies

Representatives participated in person or virtually, enabling broad regional engagement, despite geographic constraints.

Government Institutions (Mexico)

- Mexico Ministry of Economy (SE)
- DGDP (General Productive Development Directorate)
- IMPI (Intellectual Property Institute)
- INEGI (Statistics and Geography Institute)
- NAFIN (National Development Bank)
- SEPOMEX (Postal Logistics Provider)

Family Business Owners

Multiple sector participants—including food services, manufacturing, local commerce, and services—provided firsthand insights on challenges and successful strategies.

International Experts

SERCOTEC Chile offered a comparative perspective.

Digital and Business Development Organizations

Platforms such as META, Tiendanube, business consultants, and MSME specialists contributed to the digitalization and organizational strengthening discussion.

Micro, small, and medium-size family businesses' participation added authenticity and grounded the workshop in practical, real-world experiences.

9. Key Challenges Identification

Workshop survey responses and discussions revealed several **cross-cutting, structural challenges** faced by family businesses across the APEC region. Said challenges are not isolated; rather, they interact and often reinforce one another, especially in micro and small-size enterprises with limited institutional maturity.

Challenges can be grouped into **five interconnected dimensions**:

9.1 Conceptual and Statistical Challenges

One of the most persistent policymaking barriers is **visibility absence**. Without a clear definition or dedicated statistical category, family businesses remain indistinguishable from general MSMEs or self-employment units.

Key Issues Identification

- **No formal** "family business" domestic definition in Mexico; the Philippines or Thailand.
- **Lack of standardized statistical criteria**, making cross-economy comparisons nearly impossible.
- **Fragmented data** scattered across ministries, development agencies, tax authorities and business registries, with no unified system to identify family ownership.
- **Difficulty differentiating between:**
    - self-employment (solo or subsistence work),
    - household microenterprises,
    - family-owned MSMEs,
    - and multigenerational enterprises operating under formal structures.

Implications

- Policymakers lack visibility on family businesses' scale, contribution, and specific needs.
- These enterprises may be excluded—unintentionally—from targeted programs (credit, innovation, training).
- Academic research and business diagnostics are limited by the absence of disaggregated data.

- Regional APEC analysis relies on estimates rather than standardized metrics.

Workshop Insight

Experts agreed that establishing **common parameters (e.g., ownership %, management involvement, and generational control)** could improve data collection and enable cross-economy learning.

9.2 Governance and Professionalization

Governance challenges emerged as a **central theme** in all surveyed economies and throughout workshop discussions.

Observed Patterns

- **Decision-making is highly centralized**, often in the founder or the eldest family member.
- **Informal rules prevail**, shaped by tradition, hierarchy, and personal relationships.
- **Limited adoption** of basic governance tools such as:
    - **family protocols** (rules defining values, conduct, and expectations),
    - **family councils** (formal dialogue and decision spaces),
    - **shareholders' agreements** (defining ownership rights),
    - **succession and continuity plans**.

Consequences

- As the business grows or transitions to a new generation, **internal conflicts emerge** around roles, compensation, and strategic direction.
- Lack of formal governance reduces access to credit, partnerships, or investment opportunities.
- Difficulty professionalizing the business (e.g., hiring non-family managers, separating family finances from business finances).

Chile Insights (SERCOTEC)

Chile’s experience showed that **business development centers** can help formalize management processes, but only when governance is understood as a key part of business continuity—not just administration.

9.3 Succession and Intergenerational Transfer

Succession was repeatedly identified as **the single most critical family business vulnerability**.

Key Findings

- **Few MSMEs have formal succession plans.**
- Transitions are often triggered by emergencies—illness, retirement, or family disputes—rather than planned processes.
- Younger generations may:
    - be uninterested in continuing the business,
    - prefer digital or service-based sectors,
    - seek geographic mobility,
    - propose transformations perceived as "risky" by older generations.

Identified Intergenerational Conflict Types

1. **Ownership conflicts** – stock, inheritance, or compensation disputes.
2. **Role ambiguity** – unclear responsibilities for family business members.
3. **Strategic conflicts** – diversification, digitalization, or expansion disagreements.
4. **Values and identity clashes** – tradition and modernization tensions.

Impact

- Businesses may close after the founder's retirement.
- Even profitable companies are vulnerable due to lack of continuity planning.
- Policy interventions cannot be effective without addressing this structural issue.

9.4 Finance and Market Access

In the three surveyed economies, limited financial inclusion is a major family MSMEs constraint.

Challenge Identification

- **High informality rates** make it difficult to obtain formal loans.
- **Lack of credit history** prevents access to development banking programs.

- Financial institutions perceive family businesses as:
    - high-risk,
    - insufficiently structured,
    - lacking separation between personal and business assets.
- **Collateral requirements** are often not accessible for micro entrepreneurs.
- **Limited export capacity**, especially among micro and small-size family firms.
- Low **global and regional value chains participation**, despite their economic potential.

Implications

- Without access to financing, businesses cannot invest in:
    - modernization,
    - digital transformation,
    - equipment,
    - or expansión,

Workshop Contribution

NAFIN (Mexico) shared simplified credit programs, but noted that informality and lack of documentation remain key barriers.

9.5 Digitalization and Innovation Gaps

While digital tools are increasingly essential for business visibility and competitiveness, many family MSMEs struggle adopting them.

Main Barriers Identification

- **Low digital skills** among owners or older generations.
- **Time constraints**—owners manage operations, making training difficult.
- **Perception that digitalization is costly** or unnecessary for certain traditional sectors.
- **Limited use of e-commerce** and digital payment methods.
- **Lack of basic digital infrastructure** in some rural or low-income areas (notably reported by The Philippines).

Consequences

- Reduced market reach.
- Difficulty competing with digitally-enabled enterprises.

- Limited capacity to build brand identity in online environments.
- Vulnerability during economic disruptions (e.g., pandemics) when digital channels become essential.

Private-Sector Participant Insights

META and Tiendanube emphasize that digital tools are increasingly accessible and low-cost, but require:

- training,
- awareness,
- & institutional support for adoption.

10. Strengths and Opportunities

Despite identified structural challenges, across the APEC region, family businesses also display **inherent strengths** that make them strategic actors for growth, local development, digital transformation, and economic resilience. Said strengths represent important **policy design entry points**, as they can be leveraged to build more effective, culturally aligned and sustainable support programs.

10.1 Long-Term Orientation

A defining family business characteristic is their **long-term strategic horizon**, rooted in the desire to preserve the family's economic legacy. Unlike publicly traded firms or short-term ventures, family MSMEs tend to prioritize continuity and intergenerational sustainability.

Key Advantages

- **Reinvestment over extraction:** Family-owned firms typically reinvest a larger profit share in operations, modernization, and workforce retention.
- **Stable supplier and customer relationships:** Because continuity matters, family firms maintain long-term relationships with local supply chains, often engaging in multi-decade partnerships.
- **Reputation as a strategic asset:** Maintaining the family name becomes a core motivation, encouraging responsible management, product quality, and customer loyalty.

Policy Implication

This long-term mindset aligns with APEC's resilience goals, making family MSMEs natural partners for programs in:

- circular economy initiatives,
- business continuity models.

10.2 Embeddedness in Local Communities

Family businesses are deeply interwoven with local social, cultural, and territorial contexts. Their operations are strongly connected with the communities where they originate, creating bonds that transcend market transactions.

Cross-Economy Strengths

- **High customer trust:** Familiarity and local identity contribute to strong customer loyalty—critical in rural areas and local markets.
- **Cultural heritage preservation:** Many family MSMEs maintain traditional crafts, food products, and artisanal services, reinforcing cultural continuity.
- **Local employment anchors:** They often employ relatives, neighbors, and local talent, creating stable job opportunities where larger enterprises may be absent.

Opportunities

- **Territorial development**, **community-led entrepreneurship**, and **cultural economy programs** can use family enterprises as focal points.
- Family MSMEs can serve as channels to enhance:
  - rural revitalization,
  - regional value chains.

Chile's SERCOTEC model illustrates how **localized support centers** can strengthen these ecosystems.

10.3 Flexibility and Resilience

Family businesses often demonstrate **greater agility** than larger corporate structures, enabling them to respond rapidly to crises, market fluctuations, or consumer demands.

Adaptive Capacity Examples

- **Crisis response:** During economic downturns, family firms frequently rely on internal solidarity (shared roles, pooled resources) to maintain operations.
- **Product diversification:** They can pivot quickly—e.g., adapting menus, redesigning products, digitalizing sales channels.
- **Internal support networks:** Family members share business knowledge, provide unpaid labor during emergencies, or informally contribute capital.

Why This Matters

Such resilience is particularly valuable in the APEC region, which faces:

- natural disasters,
- global supply chain disruptions,
- technological transitions.

Opportunity

Policies aiming to strengthen **crisis preparedness**, **digital readiness**, and **business continuity** can achieve higher returns when channeled to family MSMEs, because of their adaptability.

10.4 Growth for All Opportunity

Because family MSMEs represent a **large proportion of the productive sector** in many APEC economies, supporting them can yield broad, population-level benefits.

Women's Economic Participation

Survey responses and workshop discussions highlighted that:

- women often manage finances and operations,
- many serve as informal leaders without formal recognition,

Supporting family businesses creates space to:

- integrate women-sensitive governance,
- Promote participation by all in decision-making.

This aligns with PPWE and APEC's Inclusivity Goals.

Youth Employment and Entrepreneurship

Younger generations bring:

- digital skills,
- new business models,
- innovation in marketing and product adaptation.

Family MSMEs can be youth entrepreneurship incubators, if succession and innovation pathways are intentionally strengthened.

Rural and Indigenous Economies

In many APEC economies:

- rural businesses are predominantly family-owned,
- indigenous enterprises are strongly community and family-based.

Thus, enhancing their capabilities fosters:

- territorial equity,
- cultural preservation,
- diversification of local economies.

Value Chains

Family MSMEs are often the basis for:

- agricultural chains,
- artisanal production networks,
- tourism supply chains.

Integrating them into domestic and regional value chains can significantly boost growth.

10.5 Digital Transformation Catalysts

Family businesses constitute an opportunity to scale digital adoption because:

- they have deep community reach,
- digitalization directly increases their visibility,
- platforms like META and Tiendanube showed that engagement costs are low.

Opportunity Areas

- low-cost e-commerce onboarding,
- social media marketing,
- digital payments,
- online branding,
- basic CRM adoption.

APEC economies can use these strengths to accelerate their digital transformation objectives.

10.6 Strengthening Transitions

Family MSMEs often operate in:

- food,
- crafts,
- retail,
- tourism,
- small manufacturing.

These sectors benefit greatly from economic practices such as:

- waste reduction,
- resource efficiency,
- circular models.

Their long-term mindset allows them to integrate longevity as a strategic investment rather than a short-term cost.

11. Family Business Dimension

This section expands on observed patterns of women's leadership within family enterprises.

11.1 Observed Patterns

Evidence gathered from the three responding economies (Mexico; the Philippines; Thailand), as well as qualitative workshop insights, reveal the following consistent patterns:

Central Operational Roles

Women can constitute the family MSMEs backbone by taking responsibility for:

- **administration and bookkeeping**, often ensuring financial discipline;
- **customer service and supplier coordination**, strengthening business relationships;
- **inventory supervision and process organization**, sustaining day-to-day operations;
- **continuity during crises**, stepping in to maintain operations when founders face illness, financial stress, or temporary absence.

12. Digitalization and Innovation

Digital transformation emerged as one of the most recurrent and cross-cutting themes throughout workshop discussions, survey responses, and expert interviews. While family businesses across APEC economies increasingly recognize the importance of adopting digital tools, significant gaps persist—particularly among micro and small family enterprises operating in traditional sectors such as food services, commerce, and artisanal production.

12.1 Current Situation

Evidence from Mexico; the Philippines; Thailand, as well as qualitative workshop insights, indicate that most family MSMEs remain at an **early or intermediate digital adoption stage**. Common characteristics include:

Digital Tools Basic and Informal Use

- **WhatsApp** orders and client communication reliance.
- **Facebook or Facebook Marketplace** use, as the primary marketing channel.
- **Informal digital payments** use (e.g., peer-to-peer transfers), instead of formal digital financial services.

Limited E-Commerce Presence

- Few family MSMEs operate their own website or online storefront.
- Low integration into structured e-commerce platforms.
- Limited ability to manage digital catalogs, online inventories, or automated invoicing systems.

Digital Literacy Gaps

- Many businesses lack basic digital skills such as:
  - online sales management,
  - digital customer segmentation,
  - cybersecurity awareness,
  - analytics use to guide business decisions.
- Administrative tasks (accounting, invoicing, payroll) remain largely manual.

Infrastructure and Access Barriers

In some APEC economies—particularly in rural areas—family MSMEs face:

- unstable internet connectivity,
- limited access to computers or smartphones with adequate capacity,
- unaffordable subscription costs for digital tools.

These constraints limit family business capacity to scale operations, engage in cross-border trade, or improve internal efficiency.

12.2 Why Digitalization Matters

Digital adoption is not only a productivity factor—it is a fundamental resilience, formalization, and regional competitiveness enabler for family MSMEs. Digital tools offer multiple advantages:

New Markets and Customers Access

- Online platforms enable MSMEs to reach domestic and international consumers beyond their immediate locality.
- Digital marketing increases niche and traditional products visibility.

Operational Efficiency

Digital tools strengthen internal operations by:

- improving inventory control,
- digitizing accounting processes,
- enabling automated record-keeping,
- facilitating real-time data pricing strategies.

Financial Inclusion

Digitalization opens pathways to:

- online banking services,
- fintech credit products,
- electronic invoicing systems,
- digital payment acceptance (QR codes, mobile terminals).

These tools contribute to building **credit histories**, which are essential for future access to financing.

Business Resilience

The COVID-19 pandemic highlighted that digitized MSMEs:

- pivoted more quickly to online sales,
- maintained customer contact during lockdowns,
- adapted operations with lower transition costs.

For family businesses—often vulnerable to disruptions—digitalization is a key mechanism for intergenerational continuity.

Succession and Institutionalization Support

Digital records, standardized processes, and online systems facilitate:

- intergenerational knowledge transfer,
- less dependence on a single individual,
- business process formalization.

Therefore, digital tools are closely linked to governance and continuity.

12.3 Good Practice Sharing

During the workshop, participants and experts presented several **practical approaches,** shown to have positive results in Chile; Mexico; the Philippines; and Thailand. These practices can be replicated across APEC economies.

1. Social Media Effective Use

Family businesses showcased how platforms such as Facebook, Instagram, and TikTok allow them to:

- build brand identity,
- promote local and traditional products,
- interact with customers in real time,
- reach younger audiences.

2. Logistics Partnerships

Examples include:

- collaboration with **domestic postal services** (such as SEPOMEX in Mexico), to expand delivery capacity,
- partnerships with private logistics providers to enable affordable shipping,
- simplified digital tools for tracking orders and managing returns.

These partnerships allow small family firms to operate at a level similar to larger retailers.

3. Digital Training and Capacity Building

Several institutions shared their programs:

- government online training modules on basic digital literacy,
- webinars offered by digital platforms (e.g., META, Tiendanube),
- capacity-building for focused on social media marketing and online payments.

Such initiatives reduce the digital divide and empower new generations within the family.

4. Low-Cost Digital Tools Adoption

Family MSMEs benefit from:

- simple point-of-sale apps,
- QR-based payment systems,
- basic CRM tools,
- digital catalogs.

Low-cost solutions help bridge the gap between informal and formal digital integration.

5. Community-Level Digital Support

The Chilean SERCOTEC model highlighted value of:

- local business development centers,
- personalized digital transformation support,
- blended training approaches (online + in-person).

This model shows that proximity-based support systems can accelerate digital adoption for micro and family businesses.

13. Policy Recommendations

Survey findings, workshop proceedings, and contributions made by participating economies and experts—including SERCOTEC Chile—highlight the need for a systemic and coordinated approach to supporting family businesses across the APEC region. The following recommendations aim to strengthen visibility, resilience, and competitiveness within family MSMEs. These proposed lines of action are adaptable to the diverse institutional contexts of APEC economies.

13.1 Developing a Family Business Operational Definition

One of the most consistent economic needs is a shared operational definition. Without a definitional framework, family businesses remain statistically invisible and are often excluded from targeted policies.

APEC economies, through SMEWG, could:

- **Agree on a flexible definition** that captures fundamental elements shared across economies:
  - *Family ownership and/or equity control*
  - *Active family participation in management or governance*
  - *A stated or implicit intention for intergenerational continuity*
- **Allow economies to apply the definition voluntarily**, recognizing different legal and cultural contexts.
- **Encourage international practice alignment**, while maintaining flexibility for local adaptation.
- **Use definition primarily for statistical and programmatic purposes**, not as a regulatory requirement.

A shared definition would allow APEC economy members to move toward comparable metrics, visibility indicators, and policy design.

13.2 Improving Data Collection and Visibility

Better data is essential for evidence-based policymaking. Family businesses cannot be strengthened without understanding their size, sectoral distribution, employment contribution, and composition.

Economies are encouraged to:

- **Incorporate family ownership and management issues into:**
  - domestic business censuses,
  - MSME surveys,
  - administrative registries.
- **Develop disaggregated indicators**, including:
  - activity sector,
  - firm size,
  - business age,
  - geographic location (urban/rural).
- **Promote cross-agency coordination** among statistical offices, MSME agencies, and business registries.
- **Exchange methodologies,** through technical working groups or capacity-building sessions within APEC.
- **Encourage collaboration with academia** to conduct longitudinal studies on family business survival, challenges, and intergenerational dynamics.

Greater visibility would allow policymakers to better understand barriers and strengths of these enterprises, to tailor future programs accordingly.

13.3 Supporting Governance and Succession Planning

During generational transitions, governance deficiencies and lack of structured succession planning are among the primary business failure causes.

Possible policy measures include:

- **Training programs** on:
  - family protocols,
  - governance systems (family councils, boards),
  - conflict resolution and communication,
  - Inheritance and ownership transfer legal considerations.
- **Practical toolkit development**, adapted to micro and small-size family businesses.

- **Support services through business development centers**, including mentoring by experienced family business consultants.
- **Incentives for businesses adopting governance practices**, such as preferential access to training, financing, or certification schemes.
- **Encourage universities and business schools** to offer specialized family programs and advisory services.

Strengthening governance structures contributes to business continuity, professionalization, and improved resilience.

13.4 Enhancing Finance Access

Access to financing remains a key barrier—particularly for micro and small-size family firms operating in informal or semi-formal contexts.

Policy economic options include:

- **Designing tailored financial instruments**, such as:
  - simplified collateral conditions microcredits,
  - business continuity or generational transfer credits,
  - digital credit products supported by fintech solutions.
- **Promoting collaboration with development banks** to create risk-sharing mechanisms and guarantee schemes.
- **Encouraging financial institutions to recognize informal records**, such as digital sales histories, as part of credit evaluation.
- **Promoting financial literacy**, particularly in:
  - accounting basics,
  - financial planning,
  - debt management,
  - digital invoicing.

Improving access to finance support growth, formalization, and long-term economic sustainability.

13.5 Promoting Digital Transformation

Digitalization is essential for enhancing competitiveness, efficiency, and market reach. Family businesses can greatly benefit from tailored digital support programs.

APEC economies could:

- **Offer digital skills training**, both online and in-person, focused on:
    - social media marketing,
    - e-commerce management,
    - digital accounting and payment systems,
    - basic cybersecurity.
- **Establishing partnerships with digital service providers** (e-commerce platforms, fintech companies, logistics firms), to facilitate affordable access to:
    - online marketplaces,
    - digital payment terminals or QR systems,
    - logistics and delivery services,
    - cloud-based business tools.
- **Creating "digital transformation diagnostics"** within MSME support agencies to evaluate the digital maturity of family businesses.
- **Incentivizing digital adoption** through:
    - voucher programs,
    - digital equipment small grants,
    - digital tool temporary subsidies.

Digital transformation strengthens resilience, especially during economic shocks, and supports family businesses in reaching new markets.

14. Proposed APEC Operational Definition

Developing a shared understanding of what constitutes a family business is essential for improving statistical visibility, enabling meaningful cross-economy comparisons, and guiding program design within the APEC region. Based on survey responses, workshop discussions, expert interventions—including the contributions from Chile's SERCOTEC—and international literature, the project proposes the following operational definition for consideration by SMEWG.

14.1 Core Definition Elements

Within the APEC context, a family business could be defined as an enterprise that meets **at least two** of the following criteria:

1. **Family Ownership:** One or more members of the same family hold a significant enterprise ownership share or control.
2. **Family Management:** At least one family member is actively involved in the business management, administration, or daily operations.

3. **Intergenerational Intent:** The family demonstrates a clear intention for business continuity across generations, whether formally stated or informally understood.
4. **Family Governance Influence:** Family members influence key strategic decisions, either through formal governance structures or informal decision-making dynamics.

14.2 Proposed Definition Rationale

This flexible, operational definition is designed to:

- Accommodate economic structure diversity across APEC economies.
- Recognize both formal and informal governance arrangements typical of MSMEs.
- Allow for the inclusion of micro and small-size informal enterprises, which represent the majority of family firms in many economies.
- Support consistent data collection without imposing regulatory obligations.
- Facilitate regional cooperation by enabling comparable indicators.

14.3 Definition Application

The proposed definition is **non-binding** and intended for use in:

- Statistical surveys and domestic business censuses.
- Research studies and academic analyses.
- Program design for MSME development agencies.
- International comparative work within SMEWG and other APEC fora.

14.4 Economy Considerations

Economies may adapt the definition to their domestic contexts, taking into account:

- Legal frameworks and company registration systems.
- Cultural practices related to inheritance and family roles.
- MSME sector informality levels.

14.5 Path Towards Consensus

To fine-tune and eventually agree on a common framework, SMEWG could consider:

- Establishing a small expert group or task force on family business definitions.
- Organizing technical workshops with domestic statistical offices.
- Piloting said definition in selected economies to test data collection feasibility.
- Sharing methodologies, questionnaires, and case studies.

A shared operational definition would constitute an important step toward greater visibility and more effective policy support for family enterprises across the APEC region.

15. Conclusion

In APEC, family businesses are at the center of economic activity. They shape local markets, sustain cultural traditions, and provide stability in both urban and rural communities. Despite their prevalence—estimated informally at 65–80% of all productive units in many economies—family businesses remain largely absent from statistical systems and policy frameworks. Their invisibility constrains the design of effective support mechanisms, limiting their potential contribution to growth, resilience, and inclusion.

The APEC SMEWG 203 2024A project constitutes a foundational effort to address this long-standing gap. Through a combination of surveys, case studies, expert interviews, and a two-day regional workshop, the project advances three critical contributions to the APEC knowledge base:

1. **Visibility and Recognition:**
   It evidences the widespread presence and economic relevance of family businesses, showing that they are essential actors in retail, services, agriculture, manufacturing, and cultural industries. The project underscores that treating family businesses simply as "MSMEs" overlooks the specific dynamics of governance, intergenerational transition, and family-based decision-making.

2. **Analytical Clarity on Challenges and Strengths:**
   The project identifies structural challenges—lack of standardized definitions, governance informality, succession risks, limited access to finance, and digitalization gaps—while simultaneously highlighting the distinctive strengths of these businesses, such as resilience, long-term strategic vision, rootedness in communities, and strong relational capital.

3. **Regional Cooperation and Forward-Looking Action:**

The workshop showed the value of collective reflection within APEC. Economies such as Mexico; the Philippines; Thailand shared concrete experiences, while Chile provided a valuable institutional model through SERCOTEC. These exchanges enrich the SMEWG agenda and set the stage for continued collaboration through cross-fora initiatives involving fora such as the PPWE, DESG, HRDWG, and the SCE.

As project overseer, Mexico expresses its appreciation to all economies that participated, provided data, or joined the discussions. Special recognition is extended to Chile for its technical contributions, as well as to government institutions, private sector representatives, and family business owners who enriched the dialogue.

This report closes with a call to action. APEC economies are encouraged to deepen efforts to:

- fine-tune an operational family business definition;
- integrate family ownership variables into domestic statistics;
- design targeted policy instruments for governance, succession, and digital transformation;
- and continue sharing best practices within the SMEWG.

Family businesses have the capacity to drive innovation-oriented growth across the Asia–Pacific region. By making them visible, strengthening their governance, and supporting their evolution across generations, APEC economies can unlock a major source of stability, cultural continuity, and economic dynamism for decades to come.

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