Toward a Theory of the Family Firm: The Case of Bouchayer-Viallet of Grenoble, 1868-1972

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An Explanatory Model

According to folk wisdom concerning family firms, industriousness yields success, success invites sloth, and sloth leads to ruin in three generations. In Britain and the United States, family businesses went from "shirtsleeves to shirtsleeves," in France from "wooden shoes to wooden shoes," but the results were the same. Indeed, Maurice Lévy-Leboyer has noted that surveys throughout the world confirm that only a small minority of family firms endure beyond three generations, although collectively they constitute a major element in a national economy [2]. The familiar pattern of rise and fall, as dramatized in *Buddenbrooks*, has seemed so well established as to need no further explanation, or conversely, individual firms seem so unique that they defy generalization. For these reasons historians of French family firms have suggested no adequate hypothesis to explain the typical trajectory of rise and fall in three generations. This essay suggests outlines of a theory by examining such a firm as a social institution where changing public and private spheres intersected and in which leaders of successive generations played different roles based upon their cultural inheritance. To be sure, brusk changes in economic conditions account almost entirely for the success or failure of many family enterprises, but more commonly, as in the case of Bouchayer et Viallet, the interrelationship of social and psychological factors is more compelling.

Three clusters of factors operate in the model that I propose. First, the family's character and traditions shape the original enterprise, namely the number of children and relatives living under patriarchal jurisdiction; marriage strategies; values such as work, honesty, and frugality; the grooming and empowering of an heir; and fixation upon the firm as the basis of social and

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personal identity. Second, advanced formal education gives the founder's children the chance to achieve both higher social status and expertise useful to the enterprise, but also a taste for lifestyles that risk diverting their attention from the business. Finally, well educated heirs discover new roles in broader public spheres of business, civic affairs, and culture. During this process, the factory, founded by a modest family as a private and domestic operation, becomes a social hybrid of overlapping public and private spheres and begins to serve as the base for the family's patriarch to function as a civic leader as well as an entrepreneur. Thus, as the small firm becomes an imposing enterprise, the full sweep of history presents opportunities and hazards. In addition to the shifting economic tides, the entire historical context affects the firm, for it shapes the various public spheres--economic, social, and political--where the family has taken its place and shaped its identity.

Early in the twentieth century, for instance, the domination of the various forms of public discourse in provincial cities like Grenoble was fast slipping out of the hands of local notables. By the First World War, the provincial public sphere was challenged not only by the labor movement but by financial and cultural interests based in Paris [3]. The bourgeois ruling class of the twentieth century became a national elite composed of graduates of the *grandes écoles*, members of the *grands corps*, and above all Parisian agents of large corporations or the state. Consequently, a provincial entrepreneur who headed a family firm in the twentieth century and wished to attain the autonomy and authority enjoyed by his nineteenth century ancestor had to rise above the provincial milieu, acquire an education at a *grande école*, and forge links with a national industrial elite based in Paris. In sum, the life cycle of the family firm developed as follows: the founder and his family provided the initial impetus; education enhanced their social status and broadened their horizons; industrial success situated the growing firm in a shifting public domain where the family gained a voice and status; but decline ensued as the family, obeying its own internal dynamic, ceased to furnish heirs well suited to lead the enterprise in a shifting economic and social context. The *Buddenbrooks* trajectory of Bouchayer et Viallet leads us to conclude that a family firm, especially one that endures beyond three generations, can provide an illuminating perspective from which to view the society as a whole.

The Rise of the Firm

The Bouchayer family, which dominated the firm throughout its history, evolved from peasants and artisans to *grands bourgeois*. In their social ascent, the family's leaders became public figures as well as entrepreneurs; they broadened their field of interest from the domestic and private spheres of family and firm to a public sphere that encompassed civic affairs and industrial policy in Grenoble and the entire Dauphiné. The latter Bouchayers, who

became notables of the region, never forgot, however, that they had originated from a modest rural environment.[2]

Joseph Bouchayer, the founding patriarch, came from a peasant world southeast of Grenoble. He was the second son among ten children in a family that for at least a century had been artisan nailmakers, shepherds, and goatherds. When industrial developments threw the local nailmaking business into crisis in the 1840s, his father and uncles were forced to close down their forges. Joseph's father accepted work as a coal miner and ceased to be a small businessman in his own right. Soon afterward, in 1847, Joseph overheard his father despair of providing for the family, resolved to make things easier for his parents, and left home for Grenoble although he was only twelve years old. Finding refuge with relatives in the city, he attended a technical school and, upon graduation, found work with a local *chaudronnier* named Bouvier, who manufactured boilers and heating systems for public buildings. In 1861, after a decade of apprenticeship, Joseph became the director of operations for this company, married Bouvier's niece, and received twenty-five percent of the firm's profits in addition to his salary. Soon after Bouvier's death in 1868, a quarrel with his widow caused Joseph to leave the firm and, with forty thousand francs saved, to set up his own *chaudronnerie*. He thereby regained something that his father had lost by going to work in the mines, namely the status of a property owner who ran his own business.

In devoting all of their energies to their family and business, Joseph and his wife Joséphine seemed to reestablish the essentially private world of Joseph's extended family in the countryside. The Bouchayers had eight children of their own and did their utmost to involve in their enterprise their four sons and the husbands of their four daughters so as not to be forced, as Joseph wrote to his son Aimé, to depend upon "outsiders." Joseph was particularly fortunate to attract to his new firm a younger brother, Eugène, but periodically other brothers worked for him as well. By providing places in his own firm for his siblings and serving as their protector, Joseph became estranged from his father, whose parental role he had usurped. Nevertheless, ever since Joseph had left home, thereby escaping and implicitly defying his father's authority, he retained as a model for the dynasty that he founded the patriarchal extended family that he knew as a child.

Joseph's primary education and practical experience as director of operations for a *chaudronnerie* seemed to exclude him from the society of better educated entrepreneurs and notables. His sphere of action was restricted essentially to his family and business associates--workers as well as entrepreneurs--who shared his own virtues of hard work, frugality, honesty, and trust. Yet in travelling to other cities and negotiating contracts with city officials and wealthy clients, he became familiar with a social world that might be accessible to better educated children provided that the family firm

[2]Information concerning the Bouchayer family has been drawn from a variety of sources, but especially memoirs of family members and their letters. I am profoundly grateful to Robert Bouchayer for giving me access to these documents and for responding patiently to my questions.

prospered. Joseph was driven by the knowledge that his firm's success would establish his heirs in society.

His new company prospered from the start because he brought with him a loyal clientele cultivated over many years, and he could count on the cooperation of other small businessmen who were eager that he succeed. Moreover, capital requirements for such a business were modest at first. With advances from customers, the firm bought sheet iron (later, sheet steel), which it cut, shaped, drilled, and riveted to make boilers, heating ducts, and apparatus for gasworks, which many municipalities were then installing. As business improved, Joseph invested in his own forge to make metal castings from sand molds--waffle irons, hot irons for pressing, hot water radiators, and custom fixtures for his main business.

Nevertheless, Joseph envisioned an enterprise of far larger scope, one that would give his family real distinction in Grenoble. Although he wished to keep his company exclusively in the hands of his family, in 1870 he took on as an equal partner Félix Viallet, who brought an additional investment of forty thousand francs to the enterprise and a social background and experience that gave the firm a new dimension. Viallet was cosmopolitan, cultivated, and eloquent, a genuine *bourgeois* who had become an engineer at the Ecole Centrale in Paris and could operate in a broader public sphere, deal with important clients, develop a farsighted strategy for investment, and carry out civic responsibilities. Immediately he brought to the firm qualities that Joseph lacked but could appreciate. The financial results for the new firm of Bouchayer et Viallet were favorable. During the 1880s, a period of economic depression, net profit on annual sales of half a million francs exceeded ten percent, and by the turn of the century sales had doubled and profits remained strong.[3]

Yet it was as a model for Joseph's heirs that Viallet's influence was most fundamental. He demostrated how an educated entrepreneur could exercise influence in a public sphere that included political and civic leaders as well as bankers, merchants, and other industrialists. Not only did Viallet organize hydroelectric projects for investment, but he founded Grenoble's prestigious Alpine Club and became mayor of the city. All four of Joseph's sons attended lycées, institutions that were socially as well as culturally bourgeois, and two received engineering degrees, like Viallet, at the Ecole Centrale. Thus the second generation of Bouchayers acquired cultural capital that enabled them to breach the boundaries of family and firm associated with Joseph's social class. By sending his children to bourgeois schools, however, Joseph had unwittingly laid a foundation for his children with ambiguous implications: sophistication, breadth, and expertise, but also a temptation to neglect industry and commerce in favor of extraneous diversions.

The first two generations, however, seemed destined to succeed in fashioning a durable family enterprise. From 1868 to 1912 the family

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[3]Financial data have been drawn both from documents in the collection of Robert Bouchayer and from the company's records, deposited in the Archives Départementales de l'Isère, 73 J 1-5.

expressed its unity concretely by pooling its finances; they kept their savings in a company account that paid five percent interest. Profits went into this account as well as dowries "paid" or received. Since the Bouchayers lived frugally, the accounts swelled and proved adequate as a source of capital until 1912, when the firm incorporated and sold bonds to the general public to finance major investments in plant and machinery. By the turn of the century, the prospects of Bouchayer et Viallet were tied heavily to its entry into a new field that required larger outlays of capital. The company began to produce and install conduits that channeled water from high alpine sources to paper mills at lower elevations. Soon the demand for electric power opened up a brilliant future, and the company's *conduites forcées* began to cut through mountainsides in the Alps to feed water to hydroelectric stations that seemed to spring up everywhere. Joseph's eldest son and designated successor, Aimé, became the most illustrious industrialist in this field.

A propitious transfer of power from Joseph's generation to the next was based upon a family dynamic that permitted Aimé to acquire self-confidence before assuming full responsibility for the firm. His parents were only one generation removed from their peasant/artisan and petty bourgeois origins, and their domestic world overlapped with a limited circle of business colleagues and peers. For instance, Joséphine, like the wives of countless other small businessmen, not only raised the children and looked after the house, but kept the company's books and paid the workers as well. As Joseph's health declined from the mid-1880s, she often reminded Aimé that the family needed him to take his father's place. When Joseph died in 1898, Aimé, having been assured of his parents' wholehearted support, took his place at the age of thirty-one.

While Aimé was empowered in a moral sense by his parents within a constricted social environment, he gained intellectual and social confidence at Grenoble's lycée by winning the major prizes and thus transcended, at least partially, the *esprit primaire* of his parents' household, while retaining their values and their taste. After seeing a performance by Joséphine Baker in Paris in the 1920s, for example, he marvelled in his diary at the probable gross receipts but neglected to comment on the entertainment itself. Nevertheless, his vision of the world and his place in it was far broader and more ambitious than his father's had been, for he became a champion of the alpine region, the mayor of his small town, Grenoble's leading industrial spokesman, and a benefactor of civic causes. Like Viallet, he entered a broader public sphere as an industrial notable. In expanding his own horizons, however, Aimé left his wife confined to a domestic sphere that no longer overlapped with her husband's world of the factory. As the family rose in social status, the domestic aspect of the factory itself disappeared and led to a gendered separation of domains and different roles for the sexes. Aimé's private sphere, concerned largely with the factory and his rising personal fortune, was increasingly intertwined with a public sphere that encompassed social welfare and government policy. He epitomized the entrepreneur who moved masterfully in both spheres and thus had earned his place in the local ruling class.

Aimé's brothers Auguste and Hippolyte, who had both attended the Ecole Centrale, also enlarged their horizons beyond the family firm, but in different ways. Auguste remained Aimé's chief engineer for many years, but he was at heart a man of letters and an inventor rather than a practical engineer. Hippolyte went into business for himself after a year at his father's firm and a year at his father-in-law's button factory. As a Parisian financier and an official of Pechiney, he became the wealthiest Bouchayer, listed by *Le Crapouillot* in 1936 as the head of one of France's wealthiest two hundred families. In short, Bouchayer et Viallet alone failed to satisfy the ambitions of Joseph's sons. As the firm grew profitable in the first generation, the young male heirs eyed a world that transcended the family and its business and left behind their parents' more constricted and cautious world. Wealth and a classical secondary education encouraged personal ambition and independence, qualities that eventually undermined the familial and communitarian principles on which the firm was founded.

Nevertheless, the independence and ambition displayed by Joseph's sons seemed at first only to enhance the firm's growth and prosperity. There was a fruitful intersection in the firm of a domestic sphere infused with family tradition and a public sphere where men determined industrial policy and influenced social change. During the two decades following the turn of the century, the three Bouchayer brothers complemented each other as they functioned effectively as agents of their own company and as public figures in a wider arena. Aimé invested heavily in buildings, machinery, and real estate, and made his company the leader in its field; Auguste became the country's most renowned engineer for *conduites forcées*; and Hippolyte represented the firm in Paris as it bid on contracts throughout France.

The First World War gave Aimé and his brothers a prime opportunity to function as entrepreneurs influential in the public sphere, and all three seized it. Aimé was the most prominent industrialist in the Dauphiné during the war as he converted his factories for arms production, became an informal broker for military contracts, and acted as the government's agent in allocating coal reserves in the region. In addition, he pioneered a progressive welfare policy for industry, became a patron of the University, and led a group of Grenoble's notables in redefining the Alps as an economic region [4]. Just as he gained fame as a citizen in the public sphere, however, his company became especially vulnerable in a worsening economic climate because of "patriotic" investments made during the war.

After contracts for armaments no longer assured a rich stream of profits, Aimé's preoccupation with civic projects seemed to affect his judgment as a businessman. A most paternalistic captain of industry with a heightened sense of his public responsibilities, he determined toward the end of the war to find employment for women to be dismissed when war production ceased. But the chocolate factory that he set up for the purpose, Chocolat Dauphin, lost heavily, and the Bouchayers absorbed a heavy share of these losses. Worse losses resulted from one of Auguste's inventions, an electrolytic process to manufacture large as well as small conduits, upon which Aimé had counted for the firm's expansion. Only in 1925, after huge investments in plant,

machinery, and an entire hydroelectric project, did Aimé recognize the project's flaws and withdraw the company's support.

Aimé died suddenly of pneumonia in 1928, leaving his eldest son Jean, one of three children, to take his place. But Jean's task was far more daunting than Aimé's had been thirty years earlier. Aimé achieved his impressive public reputation during a period of sustained hydroelectric expansion and profits for his firm. Jean, on the other hand, faced the necessity for retrenchment both in his business and in the public role he could expect to play. He confronted a stagnant hydroelectric industry and a fragmenting public sphere whose interest groups, such as organized workers, showed scant respect for older paternalistic elites. For this reason, Jean's career and the firm's success during the third generation would depend upon his invention of a persona and an industrial program appropriate for an era of economic crisis, social fragmentation, and political strife.

Decline and Fall

Jean never attained his father's status as an entrepreneur or a citizen in the public sphere, for he differed in his personality, interests, vitality, and general culture. Jean's correspondence with his parents during the First World War testified to the family's warmth and solidarity, but he had failed to live up to his father's expectations when he abandonned his studies at lycée Louis-le-Grand, where he had been preparing for the Ecole Centrale. Nor did he launch into a rigorous apprenticeship program at the firm, learn the business from the bottom up, and win the respect of the rank and file, as his father had done. Instead he indulged in tennis, golf, and skiing, sports that defined his social status, and cultivated his taste for literature. Serving in the alpine troops during the First World War, he received a citation of merit for bravery and the Legion of Honor based upon his war record. Nevertheless, these distinctions could not confer upon him the kind of empowerment from his father that might have made him a zealous and effective entrepreneur.

Aimé's wife Elisabeth, the daughter of a local hardware merchant, also played a role in framing Jean's options, for even within her domestic sphere she was a far weaker personality than her husband. Although she was economical and upright, Aimé was the brilliant star around which she and the three children, whom he genuinely cherished, revolved like secondary planets. This family dynamic provides a partial explanation for Jean's failure to match his father's forceful presence in the company and in the city: Aimé seemed too overpowering, and his placid wife, so unlike Joséphine of the previous generation, seemed to confirm that her husband's beloved "satellites" should not shine on their own.

After the war, Jean joined the company's administration, but although he mastered the company's financial details and learned to preside authoritatively over business meetings, he remained in his father's shadow. As the years passed, he took refuge, as he admitted later, in a number of *violons d'Ingres*, such as collecting stamps, constructing genealogies, writing history, and managing a lending library. Whereas his father's overriding passion was the industrialization of the Dauphiné, at the core of Jean's life

were hobbies. In effect Jean's diffidence with respect to the public sphere probably stemmed both from his own lack of confidence and from the general tendency of the working class and the government to displace or contend with traditional paternalistic elites. Jean filled many of the business and civic posts that his father had held, but with far less authority. In negotiations with organized labor, for instance, Aimé had played a leading role on behalf of all industrialists in the city, whereas Jean remained in the background.

The Depression, the Popular Front, and the Vichy era all undermined the authority of the city's paternalistic ruling class and seemed to mandate a defensive economic strategy. Moreover, having witnessed his father's losses following the First World War, Jean had already become predisposed to cautious policies. But his practice of selling off parcels of land in lean years to balance the books only concealed the company's weakening position. The company did little more during the Depression than wait for conditions in their line of custom metalwork to improve. Only extreme hardship among the workforce during the Second World War allowed Jean to function decisively as a benevolent paternalist; he sought to protect his workers from deportation, heat their homes with wood from company land, and feed their families with vegetable gardens organized by the firm. His father would have understood and appreciated such initiatives, widely practiced by industrialists at the time.

After the Second World War, however, the political climate became bitter, and Jean was compelled to hire a Communist head of personnel for his factory as a price for having signed a small contract with the Germans to keep his workers employed and exempt from deportation. More than ever he withdrew from a public sphere that recent events had made inhospitable to men of his position and conservative political views. Likewise, the state took over private power companies and created a single national company, EDF, that effectively controlled the market for hydroelectric installations. Unfortunately, EDF did not hesitate to award contracts to foreign bidders whenever they offered competitive prices. Thus, although Bouchayer et Viallet had been a pioneer in *conduites forcées*, it lost ground during the "thirty glorious years" following the war because of geographical isolation from new markets, a financial structure unsuited to weathering unpredictable shifts in demand, and an inability to integrate vertically to lower costs. During the decade following the war, it became clear that in order to survive, the company would require a decisive leader to chart a new course. Much depended upon Jean's elder son Robert, who was expected to succeed him.

Robert Bouchayer grew up in a *bourgeois* household that projected a message of genteel consumption rather than the urgency of any grand economic or social project. Whereas Aimé had functioned in a public sphere geared for production and encompassing the entire Dauphiné, Jean and Marcelle Bouchayer lived essentially in a private world of ideas, objects, and personal experiences. Tapestries, paintings, and elegant furniture together with an extensive library reflected their taste in literature and the arts. There was little in this domestic scene to inspire Robert to become an industrialist, but he could hardly escape knowing that over three generations his family had prospered because of the firm. An uncle often declared to young Robert that he was "the eldest son of the eldest son of the eldest son of the founder."

Thus his future role as head of the firm seemed assured. Far more uncertain was the sort of entrepreneur he would become, for his father, an unsatisfactory model, remained on the scene and had to be reckoned with.

Robert had been raised by nursemaids, taught his early lessons by tutors, sent to public school briefly, and then to a private school in Switzerland to prepare for serious work in French lycées. While his mother escorted him to museums and instilled in him the culture and manners of a gentleman, his father remained aloof as far as he and his three siblings were concerned. Aimé had kept Jean abreast of his life at the factory and in the broader public sphere, but Jean, perhaps ambivalent about his own role outside the domestic sphere, never did the same for Robert. In short, Robert acquired the culture of a *grand bourgeois* in large measure from his mother, but he encountered no compelling model of an entrepreneur from his father's generation. Only his grandfather Aimé and his great uncle Hippolyte stood out. Nor did he have the chance to take his engineering degree at the Ecole Centrale and thereby become part of a national elite. As the German army invaded Paris in June 1940, his father advised that he return to Grenoble in the unoccupied zone, out of harm's way, where he could take his engineering degree at the local Institut de l'Electricité. Robert complied and subsequently became an engineer at Peugeot during the war, married the daughter of an industrialist of Vienne (Isère), and returned to his father's firm in 1946 only at the urging of his mother-in-law. The stage was set for conflict between father and son ostensibly over policy, but rooted in the psychological distance that had always existed between the two men.

Significantly, Robert chose not to enter the family firm immediately, but became part of a subsidiary run by a gifted engineer, Georges Ferrand, hired by his grandfather Aimé. Thus, outside his father's jurisdiction, Robert continued to fashion his own persona as an entrepreneur, adopting as his models an engineer of Peugeot, his current tutor Ferrand, and his practically mythical grandfather Aimé. Soon, from his strategic position on the periphery of the main company, he led a campaign to change methods, increase investment, and replace inefficient employees at Bouchayer et Viallet itself, all of which implicitly criticized his father's direction of the firm. More than this, Robert's bold moves broke with the paternalism of the past and seemed to announce that the firm would henceforth be governed by economic imperatives rather than social conventions associated with a public sphere dominated by local industrialists. Robert recognized that such a provincial public sphere, which his grandfather had dominated and from which his father had retreated, had virtually ceased to exist for traditional local notables as a lever of power or social control. Robert's conception of the firm was different from that of his predecessors in that he considered it to be a financial operation with an array of economic options rather than an institution with a local tradition to sustain. Yet his activity in the Jeunes Patrons movement in the late 1940s and 1950s suggested his ambition to become the kind of *patron* that his grandfather had been, an idealized and respected leader of men.

Robert assumed control of the main firm in 1954 and several years later he reflected upon the generational conflict that this entailed in a speech at the local Rotary Club:

> We are different from our fathers, and sometimes they reproach us for it, saying that a gulf separates us, but we answer that we do not find, frankly, that they have always been right. Our childhood and adolescence were filled with crises and war. We heard our leaders criticized one after another: everything went wrong in France. So who is there to imitate? . . . but with tact and heart on both sides, fathers and sons can constitute a team. Sons should receive from their fathers something inestimable, *confidence,* but in exchange they will give them a gift of a *second youth*, if they really want it [1, f. 2193].

In this thinly veiled plea for support from his own father, Robert at the same time stood his ground in defense of his new initiatives at the company.

He introduced Taylorist methods on the shop floor, assembled a highly qualified engineering and planning group, and sought new opportunities in markets worldwide. While he retained the old lines of *conduites forcées,* sluice gates for dams, gas storage facilities, and custom boilers of all kinds, he developed a new line of temperature controlled milk containers that seemed to promise a way out for his increasingly troubled company. But a key member of his new brains trust, a graduate of the celebrated Ecole Polytechnique, made a blunder that resulted in huge losses at a critical point. Local banks, now controlled from Paris, questioned the company's credit despite its holdings in real estate, which had guaranteed loans in the past.

By 1964, Robert recognized that the company could no longer manufacture *conduites forcées* competitively in a global market unless it integrated vertically. Governed by financial exigencies, he transferred this traditional core of the business to Schneider (Le Creusot), where he became a Vice-President. Soon afterward, he closed down the forge, a sentimental favorite of his father that had run at a loss for years, industrial operations at Grenoble ground to a halt, and Bouchayer et Viallet became essentially a holding company for real estate development. As the company retrenched, Robert prospected for other joint ventures in addition to the arrangement with Schneider, but these efforts were likewise unsuccessful.

Finally, at a critical juncture in 1972, after plans for developing the land were foiled, the family stockholders lost patience. Robert's father had remained influential on the Board of Directors and became persuaded that a nephew rather than his own son should run the firm. Thus, quite suddenly, he threw his support to Jean Le Chatelier, and Robert--the eldest son of the eldest son of the eldest son--broke off all relations with his father. The firm's real history was finished, and the Bouchayer industrial dynasty had come to an end. The family was hardly reduced to either shirtsleeves or *sabots*, but their firm had endured only one generation beyond the fabled three.

The Family Firm and French History

According to the theoretical model suggested by Bouchayer et Viallet, the trajectory of a family firm is explained by the intersection of the family's dynamics, the economics of the industry, and the characteristics of the public

sphere. The founder and his heirs needed abilities that matched the expanding scope of operations and compensated for the fragmentation of the original extended family into nuclear units whose members had become cultivated, independent, and diverse in their interests. The uncertain process of empowering a suitable heir in each generation took place not only within a domestic context with its own unique dynamic, but within a larger public sphere shaped by social and political trends that tended to make earlier entrepreneurial models obsolete. For this reason, we should expect family firms to be particularly evanescent during periods of dramatic social change.

The social process that the Bouchayer family epitomized, part of the larger context of French modernization and national identity, was rooted in a peasant society and a parcellized countryside. Many of the peasants and rural artisans who "turned into Frenchmen" during the Third Republic set up small industrial enterprises, as did Joseph Bouchayer. There had always been a link between small firms and small farms in France's economic landscape. Inevitably the proprietary traditions of the peasant/artisan world shaped the instincts of the founding entrepreneur and his heirs. Nevertheless, prosperity paved the way for a liberal education, higher social status, and wealth, and within a generation or two, as family members broadened their cultural horizons, their attention usually drifted away from what had been a common family enterprise under the authority of a patriarch in the private sphere. The extended family over which the founder had ruled became less cohesive in the second and third generations and fragmented into its constituent nuclear units. As this process occurred, the family lost its original socio-economic focus, and the firm that had given the family a new bourgeois identity risked failing for lack of sound leadership and finance.

As such firms rose and fell, however, the family members made their way into the bourgeoisie, a social migration that entailed changing roles in the private and public spheres of everyday life. Family firms that endured for more than a generation thus became crucibles through which families redefined themselves and reconciled old and new values. The successful firm not only gave the family a new identity, but it gave them status and a voice in a larger public sphere. Even ephemeral firms facilitated the passage from a peasant society to a modern one by furnishing new recruits to the ruling and middle classes. Since the peasant world, because of its sheer demographic preponderance, was for centuries the great seedbed of French commercial and industrial firms, the retreat of that world since the Second World War has meant that a traditional source of entrepreneurial energy has dried up. As a result, the typical French family firm (if, indeed, that much-cited institution actually exists) will have different social roots in the future from those of the past.

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