

# How Family Firms Can Identify and Preserve Their Legacy

Miruna Radu-Lefebvre (Audencia Business School)

Jim Davis (Huntsman School of Business, Utah State University)

William Gartner (Babson College)

**KEYWORDS:** legacy planning, Family Business Review, family business advice, legacy.

Many family firms are not fully sure of their legacy and how to communicate it to others. Research suggests ways to get a better handle on it.

*EDITOR'S NOTE: This article was produced in partnership with Family Business Review, a leading journal in the field of family business, as part of FamilyBusiness.org's mission to bring research-proven insights and practical advice to our readers.*

Family businesses are the most prevalent type of business worldwide, and understanding legacy - something that greatly affects these firms - is crucial for their continuity and success over time. While the term "legacy" is used frequently, we have no common understanding of what legacy means, who creates it, how it's passed on, and what impact it has.

From our own work, we've come to define legacy as "a co-constructed process by which motivated legacy senders and receivers build, interpret, and use values, norms, knowledge, and beliefs from the past by either acting on them directly or through the mediation of verbal, symbolic, physical, and visual artifacts, in a particular family business, industry, and country context." (Radu-Lefebvre, Davis & Gartner, 2024). For example, founder values might be perpetuated through stories about the business and through rituals. Similarly, family norms regarding work ethics might be transmitted to junior family members during their first summer jobs within the company. As for entrepreneurial legacy, it might help firms innovate by building upon traditional materials and procedures used in the past by senior generations.

Yet, family members often think differently about legacy, which might make things difficult when deciding what should be transmitted to the next generation in terms of values, key objectives, and other priorities. Moreover, family firms are not always aware of the richness of their own legacy and might thus fall short in deliberately nurturing it and protecting it throughout generations. This lack of clarity makes it difficult to study legacy's effects on family businesses, both in theory and in practice.

We wanted to better understand the concept of "legacy" and how it's perceived and communicated within family businesses. Our approach was to look at what other scholars have found, focusing on the meaningful takeaways for family firms. We also identified some unanswered questions that should be pursued by future researchers.

## What We Studied

We analyzed 140 English-language articles published in academic journals up to December 2022, looking specifically for those that focused on these five main questions:

- What is legacy?
- Who creates and receives legacy?
- Why is legacy created and either accepted or rejected?
- How is legacy shared and received?
- What are the contexts in which legacy operates?

## What We Found

Our review reveals that legacy is often viewed positively: Most studies see legacy as an asset - something beneficial to a family business, as it might support continuity, competitive advantage, innovation, internationalization, and strategic management.

However, legacy can also be a burden (a liability) or have both positive and negative aspects (a paradox), particularly when a new generation of leaders is taking over. Founders and senior generations are seen as the primary sources of legacy, while spouses, grandparents, and the role of the overall organization are less studied. Conversely, the next generation is the primary recipient of legacy, but there is limited research on how legacy affects other groups like successors, employees, and customers.

We also saw that the desire to preserve identity is a major motivator for passing on legacy, whereas the main motivation of legacy receivers is to construct their own identity within the family and the business. Emotional attachment and perceived moral obligation also play a major role in both sharing and receiving legacy.

Family stories, strategic education (intentional training), and workplace practices are key ways through which legacy is transmitted within the family and the company. Artifacts such as the family home, the business's building and land, old pictures, movies, and letters embody the legacies of the past and help family members remember and celebrate their ancestors.

More research is needed about the impact of industry, national culture, and institutions on legacy, as evidence exists that different cultural environments can either encourage or hamper legacy building, interpretation, and use.

## Takeaways

This research highlights the importance of clearly defining and communicating what legacy means within a family business. Here are some things that family business leaders should consider:

- Recognize that legacy is a process: It's not a one-time event but an ongoing interaction between those creating it and those receiving it. It's also important to remember that legacy can change over time.
- Understand the different types of legacy: Founder legacy, family legacy, family firm legacy, and entrepreneurial legacy all have different implications for the business.
- Consider the potential downsides of legacy: While often positive, legacy can create pressure, stifle innovation, or lead to conflict if not

managed well.

- Think beyond the next generation: How does the legacy you're creating affect successors, employees, and even customers?
- Be mindful of the context: Industry, culture, and institutions all shape how legacy functions within a family business.

And here are things that family firms can do to continue their legacy:

- Implement a system for recording and sharing family and business stories. These stories transmit knowledge, values, and identity across generations.
- Develop a formal legacy plan. This plan should outline what the family wants to pass on, and how.
- Create opportunities for intergenerational learning. This could involve mentoring programs, family councils, or simply working side-by-side.
- Be open to questioning and adapting legacy. What worked in the past might not work in the future. Encourage dialogue and be willing to make adjustments.

Family businesses might be most surprised to learn that the way they view and manage legacy may differ significantly from how researchers study it. Focusing only on the positive aspects of legacy doesn't reflect the complete picture. Recognizing the potential downsides and paradoxes of legacy can help families make more informed decisions about preserving what's important while adapting to change.

## Explore the Research

**Legacy in Family Business: A Systematic Literature Review and Future Research Agenda**  
<https://journals.sagepub.com/doi/10.1177/08944865231224506?cid=int.sj-full-text.citing-articles.1> *Family Business Review*, February 2024.