

From 'Passing Down' to 'Building Up': Rethinking Values in Family Firms

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Rather than being inherited like family heirlooms, values are shaped and re-shaped by interactions between the generations at the family firm.

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Many family business members, and the people who study and advise them, assume that family values should be carefully preserved and handed down from one generation to the next to keep the firm stable. Yet, research increasingly shows that values do not just persist; they evolve. Successive generations actively reinterpret and reshape what family values mean in light of their own experiences, priorities, and the challenges of a changing world. Rather than requiring deliberate “value transmission” efforts, this process happens naturally through everyday interactions among business families.

In many business families, generations work and live side by side for years. As they collaborate in the company, they make decisions and automatically bring their value priorities into daily operations. That long, shared context shapes values dynamically, rather than transmitting them in a straight line.

To date, much of the research on family values has

focused on “WHAT values do people/business family members/family businesses have?” while little attention has been given to the question: “HOW do values in (business) families evolve?”

We were curious about whether examining families who work together year after year might reveal new insights into how values develop and transform over time. Before undertaking our research, we expected a mostly stable handover of values, with more continuity than change. We thought that the family business would encourage transmitting similar values, as the business reflects the senior generation's values. We expected to discover strategies for transmitting the same values from one generation to the next.

However, as we spoke with multiple generations across different family businesses, one theme stood out: A family business makes its family's values unusually visible. Unlike in non-business families, the company acts as a kind of platform where the priorities, behaviors, and decisions of senior generations are on display every day. This visibility gives the next generation countless opportunities to observe, question, and interpret what they see. They can recognize which values remain useful and worth carrying forward—and which ones may need to be rethought or reimaged as the outer world changes rapidly.

In this way, family values are not just inherited; they are continuously formed and transformed through authentic experiences in the business. The goal of our research, presented here, is to offer families a practical lens and language for this process: to use the business as a platform for reflection, to embrace their value diversity

across generations, and to actively co-shape the priorities that will guide the family business tomorrow.

What We Studied

We conducted 23 semi-structured individual interviews with members of eight multigenerational business families. Our interview subjects ranged in age from 18 to 83. We asked them to discuss what they are proud of, how family conflicts unfold and how they communicate with one another.

We systematically coded the interview by using the [Schwartz value system](https://i2insights.org/2022/05/10/schwartz-theory-of-basic-values/) (https://i2insights.org/2022/05/10/schwartz-theory-of-basic-values/). Then we traced who influenced whom in the family (“I suffered when my grandfather did X...”, “As a child I was very impressed by my parents doing Y...”); and where it happened (family and family business contexts). Finally, we looked at outcomes: Either the values prevailed or new updated values emerged.

What We Found

After coding and analyzing this input, we discovered four ways that families co-create and adapt values across generations.

Continuity and Change: How Generations Shape Each Other's Values

Across the families we studied, both generations were active players in shaping what the family stands for. Rather than simply inheriting values, family members constantly observe one another, react, and make deliberate choices about what matters to them. Sometimes values are reaffirmed – continuing from one generation to the next. Other times, they are turned upside down. We saw shifts such as power transforming into autonomy, achievement into sustainability, and conformity into stimulation. Yet these changes didn't happen in isolation. Family members almost always experienced new priorities in direct relation to the experiences they had with the other generation.

“My father never shared the financials with me,” one successor told us, “so when I took over, I decided to make transparency one of my key principles.”

This example captures what we observed across many families: values evolve through interaction within the business.

From Transmission To Co-Creation

We also found recurring patterns in how families navigate these intergenerational value dynamics. Across cases, four key relational processes stood out:

- **Mutual recognition**- Each generation acknowledged the other's values as legitimate and meaningful, even if different.
- **Negotiation**- Families openly discussed and debated what their values meant in practice, often around real business issues.
- **Adoption**- One generation deliberately took up a value from the other because it proved useful or inspiring.
- **Reinterpretation**- Values were updated or reframed to fit new contexts without losing their original spirit.

These processes showed us that family businesses are not passive carriers of tradition. Instead, they are living laboratories where values are visible, tangible, and subject to co-creation.

From “Sameness” to “Connected Diversity”

Perhaps the most surprising insight was that when we analyzed shared family values. We found that family values don't have to mean identical values. In fact, our data suggested that strong family values often thrive through connected diversity- a dynamic composition of “old” and “new” priorities that evolve from shared experiences. Think of a family's values like a plant: Previous research mainly focused on the flowers on the top, the visible and measurable expression of values. With our data, we looked at the entire plant, including its roots.

Above the surface, family members may hold different values: A grandfather focused on power; the daughter started to value autonomy; and the grandchildren continue to appraise this value of self-determination.

Yet underneath, these values share the same roots, the same evolutionary line. The daughter's autonomy may have developed from her experience with her father's authority, and the grandchildren have adopted this value because it has remained useful for them.

So, when families experience value differences or even tensions, this doesn't necessarily mean something has gone wrong. On the contrary, it could represent a

healthy and natural process of adaptation and renewal, highlighting how certain values are especially important for specific contexts and times.

Takeaways

Our research provides some insights for all generations pondering family values in the context of a family business.

First, realize that values are often co-created over time, rather than handed down with no room for disagreement. The family firm can be a platform for testing those values and seeing if what is written down really works in real life scenarios. Older generations should expect (and invite) younger generations to question or re-interpret their long-held values, and realize that a shift in priority can be a healthy renewal, not a betrayal. They should be open to what the next-gens have to say. This process also works in the other direction, allowing the next generation to explore and understand the value of their parents' values.

Members of all generations should focus on how they refer to the other generation's beliefs and values and contrast them with their own. It will provide some insights into how their own values are being shaped. Recognizing the strength of the other generation's values helps family business members test and fine-tune their own.

Finally, create an appreciative atmosphere where families can learn from, challenge, and inspire one another. Four strategies help:

- **Mutual recognition.** See and be seen. Start to ask yourself in appropriate ways: "What I learned from the other generation recently..."
- **Negotiation.** Talk it through and decide together: Which of our two (different) value priorities are coming to the surface in this decision? How can we fulfill both values as well as possible, or rethink both values in a way that they complement each other?
- **Adoption.** Take in and make it ours. Ask yourself: Which habits do I have that I have seen in the other generation already (or for the senior generation: What impact have my kids had on my priorities?)
- **Reinterpretation.** Ask yourself: how do I relate to my parents' or grandparents' values, and how do I feel about them? Becoming aware of these

emotional connections helps you see the invisible threads linking your family's values over time.

Explore the Research

["From transmission to co-creation: Understanding family value composites in multigenerational business families."](https://www.sciencedirect.com/science/article/pii/S1877858525000270?via%3Dihub)

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