



RESEARCH ARTICLE

THE ROLE OF LEGACY IN FAMILY BUSINESS

Shreyas Kulkarni

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ABSTRACT

Legacy plays a central role in family businesses, it helps in shaping work culture and guides a long-term vision. It is not confined to history but it is an incremental addition of value through actions of the family members who lead the family business. Legacy influences succession planning, leadership transitions, and it ensures the continuity of family values across generations. This paper explores how legacy is created, maintained and passes on within family businesses through practice. It also explores how legacy is institutionalised and becomes a core element of the family business identity. The study also highlights the challenges that young generations face to preserve the legacy while addressing the need to innovate in changing business environments. Finally, the study concludes by proposing that a well-defined legacy can serve as a foundation for continuity, purpose, and identity across generations.

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Keywords and Meaning

- Family: a group of people related by blood or marriage, along with their children living together as a unit.
- Family Members: all the descendants of a common ancestor.
- Business: a commercial operation.
- Family Business: a business that is owned and/or run by current generation members of the founding family.
- Legacy: a tangible or intangible thing handed down by a predecessor.

Objective

- To study the concept of legacy in the context of family businesses.
- To understand the dimensions of legacy such as material, social, and symbolic.
- To investigate whether legacy motivates the performance of family business.
- To identify challenges and opportunities.

Limitations

- Narrow scope: Only specific academic literature and family business are studied; hence the findings cannot be generalised.
- Legacy: It is broad term and difficult to quantify or

measure its impact on the family business objectively.

- Contextual factors: societal expectations can vary across different regions, impacting the way different families approach legacy.

What is family?

Family is a group of people united by the ties of marriage, genetics, or legal adoption. They are usually a part of a single household and their interaction with each other is mutually beneficial and their external interaction is in accordance with their social positions. The essence of an Indian family is the grandparents-parents-children whereas in western cultures, it is a parent-child relationship. A family unit that only consists of partners and their children is usually recognised as a nuclear family. However, families sometimes also include extended families like uncles and aunts.

There are many perspectives to understand the meaning of family and its dynamics. This differs from discipline to discipline and from history to cultures. Hardwig explores the ethical side of family decision-making. He talks about family interests to emphasise the implications of an individual decision on the entire family. According to Hardwig, a family is a unit where decisions and responsibilities are interdependent where individual-centric decisions can challenge the stability of the family.

Otto identifies families with some characteristics like adaptability, communication, and values. He promotes a sociological perspective where family evolves with changing time. This also strengthens the family and provides stability in his opin-

*Corresponding author: **Shreyas Kulkarni**

ion. Thus, Otto defines a family by its ability to adopt internal and external challenges while nurturing emotional support and strengthening family bonds.

Halley highlights historical roots of family and the changing context of social, economical, political and cultural shifts. She approaches from a legal perspective to establish family as a legal unit and therefore she focuses on various dynamics such as power and hierarchy. Halley argues that a family is not only a social institution but also a legal construct shaped by broader societal norms.

What is family legacy?

The concept of family legacy is explored academically through various lenses in order to understand its implications. Baldwin et al. examines psychological impact on family legacy on personal identity. They argue that family provides an individual with a sense of belonging and continuity. Development of self-perception and future aspirations begins by establishing a link with ancestors in their opinion. Their work underscores the role of family legacy promoted by collective narrative in the formation of a value identity and a sense of belonging.

Tucker explores family legacy from a family business perspective. He focuses on the importance of family values, traditions, and leadership in maintaining the balance of business requirements and family harmony. He finds family business to be the vehicle that carries legacy across generations. Hence, he warns about conflict between business goals and family relationships. Thus, he concludes that tangible aspects such as wealth and business, and intangible aspects such as values and reputation together form a family legacy.

Daniell and Hamilton emphasises on intergenerational family collaboration for wealth management for sustainable legacy. They offer leadership strategies for bringing families together in the times of economic downturn. Their focus on resilience in preserving legacy is unique to the scholarship.

Hunter and Rowels explore an individual's conceptualisation of legacy and its formation as they grow. They differentiate legacies into various categories such as material legacy in the form of an inheritance, social legacy in the form of relationships, and symbolic legacies in the form of values and traditions. Their study investigates how the meaning of legacy is transferred from one generation to another with memories and actions of adults in family narratives.

What is family business?

The evolutionary study carried out by Debicki et al. from 2000 to 2008 helped them identify gaps by categorising the research by geography, methodologies, trends and wider themes. They recognised governance structure of family businesses and succession as something unique to family business than non-family businesses.

Chami is focused on distinctive characteristics of family businesses and their correlation with economic dimensions of the business. He acknowledged the long-term priority through trust-based relationships and intergenerational continuity over short-term commercial pursuits. According to him, relational capital protects family businesses from market pressures.

Reay and Whetten emphasises on the need to explore interdis-

ciplinary approaches for a meaningful understanding of family businesses. They recommend combining a generalised approach that examines non-family businesses with peculiarities of family businesses.

Harms puts a spotlight on the lack of consensus to define family business and proposes a cluster-based approach. He focuses on the degree of family ownership, management, and heterogeneity in generational involvement. In his observation, this impacts the operational decisions and strategic goals of a family business.

Chrisman et al. evaluates various theories applied in the academic scholarship of family business research such as agency theory, and stewardship theory. They argue that with family comes family resources like social capital and challenges like conflict of interest, which requires a new theoretical model to explore further.

Poza and Daugherty offer a detailed introduction of family business management. They explore various aspects such as governance, succession, and family interaction to put emphasis on balancing the family interest with business objectives. They offer a practical framework for family business management for effective business performance and continuity while maintaining harmony within family.

What is family business legacy?

Radu-Lefebvre et al. comprehensively categorised existing research on family business into various themes. They highlighted intergenerational transfer, emotional attachment, and strategic vision as some of the themes. They find legacy as a resource but at the same time they warn that it can also become a potential source of conflict. However, they encourage further research to explore psychological, cultural and economic aspects of family business legacy.

Athwal provides a practical guide for long lasting family business legacy. He emphasises on values, strategic vision, and succession planning. He offers a unique combination of cultural, relational and entrepreneurial factors that are distinct to family and calls it "Family Business DNA." He outlines a framework for legacy continuity and resilience across generations. According to him, alignment of values, vision and strategies are very important during succession to ensure a lasting family business legacy.

Hammond et al conceptualised "family legacy orientation" and "family firm legacy orientation" in an effort to distinguish family values and business goals. In their study, the decisions and succession is dependent upon the alignment of those orientations. They emphasised on clearly defining legacy to avoid conflicting orientations.

The Bergfeld and Bergfeld research argue that it is during crisis situations that the next generation leaders of the family business perceive their identity and legacy. They assert that such role-defining and testing times provide the next generation to re-evaluate and reinterpret their family business history. According to them, it is in moments like this the next generation incorporate creativity and innovation for business continuity and reshape their legacy.

Raghavan investigates the role of ownership as a determining factor in preservation or erosion of family business legacy.



He finds that with committed ownership, family can steer the direction of the business in accordance with their long-term values and vision. Whereas, he argues that by reducing family ownership, they reduce their influence and that results in erosion of their legacy. Therefore, he argues, that families must continue to own the majority of stakes and protect their governing power to manage the business while preserving their legacy.

Wong and Vongswasdi use case studies to explain that brand evolution in itself is a tool for legacy building. They explain that multigenerational family businesses have successfully preserved their core values while adapting their brand to changing markets. They emphasise on the role of branding in business continuity across generations.

Key Similarities

All studies reviewed in the paper emphasise on intergenerational continuity of family business legacy with family value, culture, tradition and business goals. According to Bergfeld, this can be done through storytelling, mentorship or, as Raghavan points out, through governance. Most studies highlight the dual nature of legacy which can represent emotions, values and culture as cited in Hammond et al. and Suddaby et. al. when it comes to family legacy while business legacy reflects brand identity, financial stability according to Wong and Vongswasdi.

Next generation successors define, shape and preserve legacy while their identities evolve through challenging events as per Bergfeld and Bergfeld as well as Athwal. Mentorship and adaptive next generation leaders are critical in preserving family business legacy and identity. While continuity is the most important aspect of legacy, adaptation to changing markets is pivotal. According to Wong & Vongswadi, branding strategy and according to Raghavan flexibility in governance are vital tools to align family business legacy with evolving markets.

Key difference

Hammond et al. and Suddaby et al. focus on the emotional and historical aspects of legacy to highlight its role in shaping family identity. Wong & Vongswasdi and Raghavan emphasise the strategic use of branding and governance to maintain competitive relevance while preserving legacy. Thus, the focus on legacy is different in their studies, while one is emphasising on values the other is emphasising on strategy.

Works like Bergfeld & Bergfeld and Athwal highlight how successors actively redefine legacy and introduce innovation to maintain business continuity. Radu-Lefebvre et al. and Hammond et al. present legacy more as an inherited resource or a challenge that successors must navigate. Thus, while one highlights an active role of the next generation, the other indicates a passive role.

Athwal views legacy positively as “family business DNA,” a tool to inspire continuity. Hammond et al. warn that conflicting family and business legacy orientations can create tensions. Thus, for one legacy is a resource while for the other it is a quagmire.

CONCLUSION

The research concludes that family business legacy operates on two interconnected levels, family legacy and business leg-

acy. The next generation plays a pivotal role in shaping and redefining legacy. Legacy is not static, rather it evolves in response to various external and internal factors. Multi-generational family businesses must adopt flexibility as a strategy because legacy can be both an asset and a liability. Clear communication, governance, and strategic planning is necessary because while legacy provides a foundation of trust, it can also create challenges with misaligned priorities.

A sustainable family business legacy requires shared vision, robust leadership, active involvement of the next generation, and adaptability. Future studies should explore the intersection of family business legacy with emerging challenges such as disruptive digital transformation.

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