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WHEN FAMILY VALUES SHAPE BUSINESS DECISIONS

This executive summary and set of practitioner insights were developed by the HEC Paris Dieter Schwarz Foundation Family Business Center alongside Inès Sellami, drawing on her 2026 Master’s thesis, *The Cultural Configuration of Socioemotional Wealth: Innovation Deliberation in Tunisian Family Firms*

This summary is based on the core findings of the Master’s thesis. The interpretations and applications presented here have been developed independently for a family business audience.

In every family business, the values that hold the family together also shape every strategic decision. Honour, loyalty, respect for elders… these are not separate from business life. They are business life. But when a family firm faces an innovation decision, those same values can push in opposite directions at once, driving change in one firm and blocking it in another.

This thesis explores this tension through the eyes of second and third generation members of Tunisian family firms. Tunisia offers a revealing window: its cultural logics around collective honour, intergenerational authority, and family obligation are deeply felt and openly present in business deliberation, making visible dynamics that exist in many family firms but rarely surface in research. Through eight in depth interviews across diverse sectors, the research uncovers that culture actively shapes what a family counts as a gain or a loss when innovation is on the table.

What proved decisive across all cases was what the founder had built before stepping back. Where power was deliberately transferred, with clear structures and authority written into formal rules, the tension between preservation and innovation resolved toward change. Where control passed down untouched from one generation to the next, it resolved toward constraint and sometimes toward exit.

BUT WHAT DOES THIS MEANS FOR YOUR FIRM?

Continue reading to learn our **four key insights** and **questions** to ask in your family firm!

1 THE SAME VALUE CAN CUT BOTH WAYS

The cultural values at the heart of a family business (honour, respect for elders, loyalty to the family name) do not automatically help or hinder innovation. The same value can drive bold change in one firm and block any experimentation in another.

In one firm, collective honour motivated a family to be first in its sector and to keep reinventing itself to protect that reputation. In another, the same logic made any public failure unthinkable, so no risk was ever taken.

MANAGERIAL IMPLICATIONS

Before assuming your family's values are holding innovation back, ask what those values are actually protecting. The direction they pull depends on how your family has defined what honourable action looks like.

2 THE FOUNDER'S EXIT IS A STRATEGIC DECISION

What a founder does at the moment of handing over power shapes whether the next generation can innovate. Firms where founders deliberately separated ownership from management, wrote authority into formal rules, and backed their successors publicly were significantly more innovative than those where control passed down untouched.

Two third generation members of Tunisian family firms, same age, same cultural background, same country, produced radically different outcomes. One inherited a functioning governance structure. The other inherited a bottleneck.

MANAGERIAL IMPLICATIONS

Designing your exit is not an administrative task. It is the most consequential strategic decision a founder makes for the firm's future capacity to change.

3 GENDER AMPLIFIES EVERY CONSTRAINT

Women in family firms navigate the same tensions as their male counterparts, but at a consistently higher threshold. The resistance they face is not personal. It is structural, operating at the family level, the organisational level, and the institutional level simultaneously.

In one case, a female successor had to bring an older man to her bank meetings so that her business plans are taken seriously. In another, a woman voluntarily stepped back from decisions to protect her brother's standing, doing violence to herself, as she put it, before anyone asked her to.

MANAGERIAL IMPLICATIONS

If your family firm has women in leadership or preparing for it, the question is not whether they face additional constraints. It is whether your governance structures acknowledge and actively counteract those constraints.

4 LEAVING CAN BE A LEGITIMATE SOLUTION

The research literature treats the tension between preserving family values and innovating as a permanent state that families learn to navigate. The data tells a different story. When governance structures cannot be reformed and cultural logics cannot be renegotiated, the tension reaches a breaking point. The resolution is exit.

Participants did not consider leaving because their firms were performing poorly. They considered it because the personal and emotional cost of navigating a structurally blocked situation had exceeded what they could sustain.

MANAGERIAL IMPLICATIONS

Exit from a family firm should be treated as a strategic option, not a betrayal. Setting a personal threshold in advance, in emotional, financial, or temporal terms, is a form of discipline, not disloyalty.

QUESTIONS TO ASK WITHIN YOUR FAMILY FIRM

? When our family talks about protecting what we have built, what does that mean in practice? And does everyone in the firm share that definition?

? If our founder stepped back tomorrow, does the next generation have the governance structures and the public backing they need to innovate and implement change?

? Are the women in our family firm facing barriers that our governance has never named or addressed? Are the women in our family firm facing barriers that our governance has never named or addressed?

? If a family member wanted to leave, would we treat that as a strategic conversation or as a personal failure?