



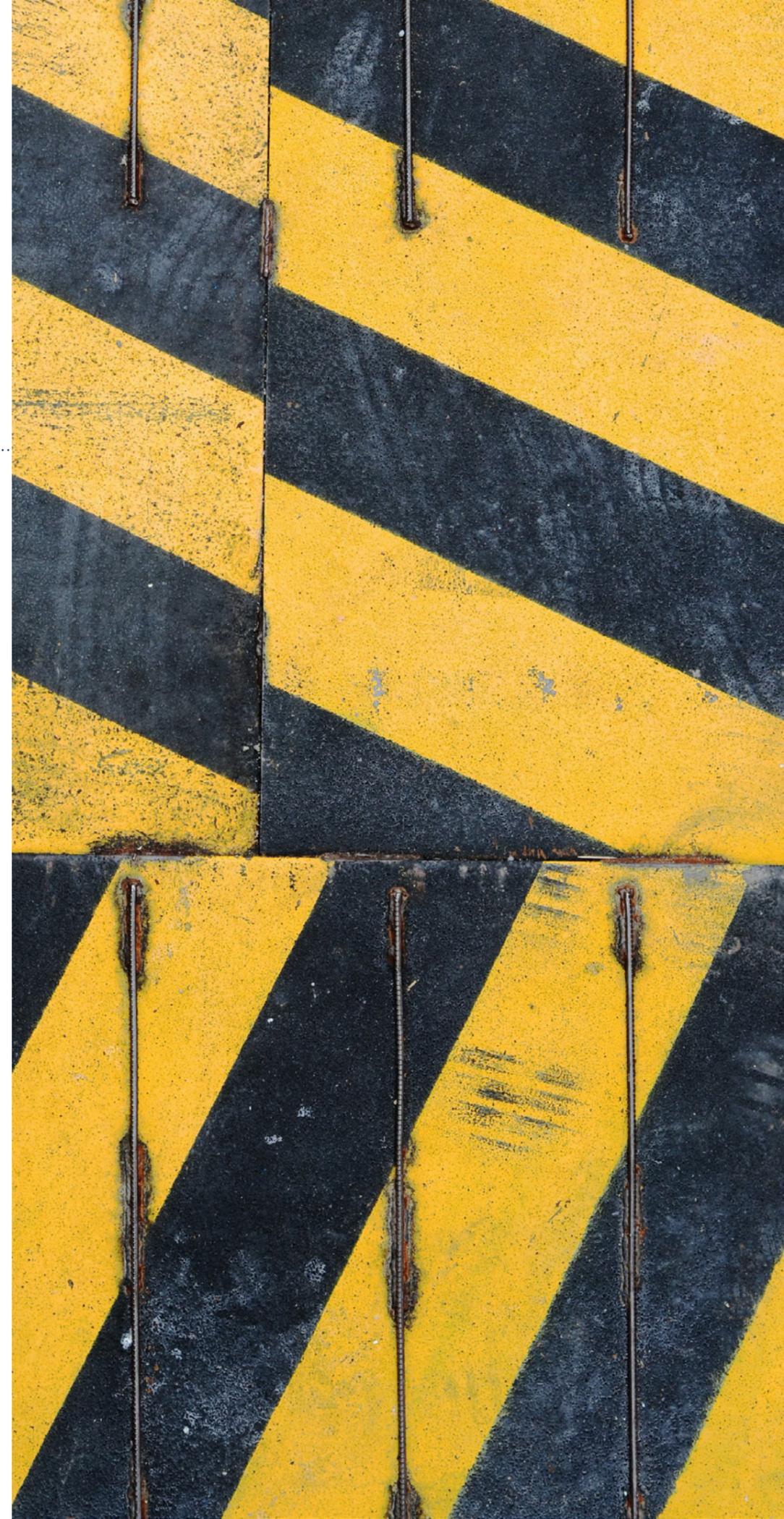
A Toolkit for Responsible Ownership

An Anthropological View on the Narratives
Family Businesses Tell Themselves

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Foreword

Between 2017 and 2020, I have engaged in immersive fieldwork among large family businesses across 17 countries observing, interviewing, and interacting with family members when these individuals were at home, at their businesses, or in what they often described as ‘safe spaces’ among peer families and advisors.

Through my anthropological field research, it became evident that large business-owning families tell strikingly consistent narratives about themselves. These narratives manifest in the speech, actions, and rituals of family owners and their service providers, and work to create a clear and aspirational vision of owners as actors who care for their communities and workers in ways that non-family-owned businesses do not. The narratives make clear how family businesses understand their obligations, duties, responsibilities, and accountability toward multiple stakeholders, be they local and national communities, governments, workers, their fellow family members, and their generations to come.

Family mythmaking and storytelling also helps to build stickiness into the family business, which serves a number of functions: encouraging family members

to remain involved even if their personal interests lie elsewhere, shoring up the perceived strengths of a family business in a competitive market, and giving a sense of identity and purpose for family members born into their unique and often complex roles.

But through re-telling over time, family business narratives can calcify into perceived fact. Meanwhile, the unforgiving calculus of global challenges—from climate change to wealth inequality, to pandemics—requires not just aspiration, but empirical proof of responsibility from the families’ core operating businesses. As the realities behind family narratives become increasingly scrutinised, families need new ways of approaching their intergenerational ownership.

A refrain I frequently encountered in the course of my research was that business-owning families and family businesses are ‘on a journey’ toward greater responsibility, whether defined as purpose, environmental awareness, positive social impact, or improved corporate governance. This ‘journey’ does not necessarily denote an arrival at any particular destination. Meanwhile, the social and financial shocks of the past 12 years, from the

financial crisis to Covid-19, have underscored the need for bold and decisive action. Even if family businesses are described as slow to change, rapid, monumental change in large corporations happens all the time, whether in the form of mergers, acquisitions, restructuring, contractions, or expansions. Bold steps on the journey towards responsibility and sustainability are not only possible, but urgently required.

This toolkit has been crafted to initiate and guide these bold steps for businesses-owning families who would like to be responsible owners and create businesses that provide solutions to the world’s challenges. The toolkit outlines entry points, milestones, and bridges for families and their businesses as they move toward greater responsibility. By offering an anthropological view onto the stories family businesses tell themselves about themselves, this toolkit provides strategies to transform aspirations into concrete steps toward responsible ownership.

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‘The unforgiving calculus of global challenges requires not just aspiration, but empirical proof of responsibility from the families’ core operating businesses.’

The Seven Narratives

The operating business is the most impactful resource that family owners possess. This toolkit tells family owners how to bridge the gap between their aspirational, largely positive view of themselves as owners, and the realities of their companies and ownership practices that might not measure up. The actionable, practical measures highlighted in the toolkit are drawn from anthropological observations of the practices of large family businesses and its communities.

The narratives are based on fieldwork conducted from 2017-2020 in 17 countries, including participant observation, recorded interviews, focus groups, and informal conversations. For a fuller description of the research methods used, including the utility of the anthropological approach, and the theories behind 'responsible ownership,' see The Ownership Project [website](#) for an up-to-date listing of academic research papers.

This toolkit is relevant for families across the globe; the world's largest family businesses live and operate across world regions. Some presumptions are North American and European-centric, due to their prominence in exporting business practices (e.g. via professional services firms), and serving as sites for global commerce and financial activity. But this toolkit is only the beginning. Regional topics and business norms vary, and this matters deeply. Subsequent toolkits will focus on issues relevant for families in different parts of the world, from Asia to the Middle East.

The toolkit explores the following seven narratives that business-owning families tell themselves about themselves:

1.

Family business as a force for good.

2.

We have a long-term orientation. We think in generations, not financial quarters.

3.

Family owners are uniquely agile.

4.

Employees prefer working in a family-owned business. Our employees are like family.

5.

I don't consider the business as something that belongs to me. I consider myself a steward of it for the next generation.

6.

We care about our community.

7.

Shirtsleeves to shirtsleeves in three generations.



Why This Toolkit Matters

Family businesses are the lifeblood of the global economy, accounting for between 70-90% of all businesses worldwide, according to various estimates. Most of these are small and medium-sized businesses, making their necessity self-evident: family businesses constitute the fabric of local communities.

But intergenerational asset ownership is also at the heart of global wealth inequality. Where does this leave intergenerational family business owners, and large family businesses? Not to mention large family businesses or those with revenues above USD 1 billion. Is there a way to meaningfully bring 'family values' to bear on multi-million- or billion-dollar corporations, when the norms of capitalism have, over the past fifty years, made the pursuit of profit paramount?

This toolkit is relevant for several actors within the global family business ecosystem:

For current family business owners, there is no such thing as being 'just' a shareholder. To own is to possess power. The toolkit highlights tools applicable for family owners regardless of their position within the family, work experience, or background.

For next generation owners who stand to inherit the business, this toolkit presents a number of existing practices and frameworks devised by other family businesses. The toolkit provides a foundation for considering where and how change is possible, and what can be set in motion now in order to realise impacts in the decades to come.

For family advisors and family business service providers the toolkit is an asset that can spur essential inter-generational discussions, allow for succession topics to be broached in a new light, and can help families meet the demands of the public in a more transparent and uncertain world.

For non-family CEOs of family businesses, this toolkit offers a way to deepen working relationships with family owners, by finding entry points into taboo topics that have business ramifications, ensuring that the business is maximising the potential benefits that family owners can bring.

'To own is to possess power.'

NARRATIVE 1:

Family business as a force for good.

Bringing privilege to bear on the needs of the present.

The force-for-good narrative has long been a prominent rallying cry at the Family Business Network, a global network of large family businesses. Yet, it's unclear what the phrase is actually meant to do. The expression is commonly deployed in three ways:

- First, to simply describe reality by those who truly believe that families are the best types of owners.
- Second, as a riposte to criticisms that family businesses are a force for harm, whether due to nepotism, non-professionalism, or because the concentration of extreme wealth in such few hands is central to the problem of global, intergenerational wealth inequality.
- Third, as a 'performative utterance' or a phrase that enacts an aspiration as reality, rather than describing the current state of affairs.

Across all three usages of the phrase, large family businesses present a sharp paradox: such large family businesses have subsumed innumerable smaller family businesses as they have grown, enjoy economies of scale, and have won out over competition. And when family history and legacy are often referred to by families as their source of pride, values, and purpose, how should this be reconciled with legacies of growth and market advantages due to forms of systemic inequality or exploitation?

When it comes to talking to individual family members about the 'force for good' narrative, it is worthwhile to note that the framework ensuring the 'good' is often immaterial and ambiguous, such as family values and traditions, rather than technical or binding, such as corporate governance, shareholder agreements, and trust configurations. And some multi-billion-dollar businesses are owned by fewer than five individuals, some of whom are not publicly known and thus possess no public accountability. This means that their notions of 'good' is completely unknowable and unaccountable.

Tackling issues pertaining to wealth inequality, intergenerational accumulations of negative externalities, and the size of a company's market share due to historic advantages, requires a deep—perhaps even radical—set of conversations. These topics may engage histories of how the family business's growth or expansion was facilitated by colonialism and slavery. It may also extend to other forms of generational privilege and hereditary entitlement, such as those conferred by aristocracy. However, these are not topics that belong in the past. They are directly related to other family views regarding accountability, trust towards governments, and national forms of wealth redistribution, namely taxes.



To realise the aspiration of being a force for good and start addressing inequalities your ownership has benefitted from or is exacerbating:

1. Excavate and acknowledge complicated histories at the core of your business and link them to current and future business strategies. Change requires awareness and acceptance. In the context of family businesses, this means knowing your full legacy and integrating it into your present-day actions. Whether it was family engagement with, or business profits derived from dictatorial regimes, slavery, wars, genocides, or other violent events – family businesses with long histories may well have unsettling and problematic pasts. Commissioning studies or archival investigations can help you make new corporate and philanthropic commitments and allow your family to have a more honest understanding of its legacy.

As a family principal from one multigenerational family who undertook such work explained: ‘The revelations about our past connections had a profound effect on us and went beyond simply making corporate and philanthropic commitments. I truly would say it has affected the preconceived notion we held about ourselves and therefore made us review who we are and what we actually want to achieve – possibly even to make the argument for being a force for good even stronger.’

2. Initiate conversations about decolonising ownership. Multigenerational family businesses may have an origin, or a period of growth tied to advantages secured through a colonial regime. A path toward recognising these ties is to initiate a family conversation regarding reparations, focusing less on wealth redistribution (e.g. philanthropy) and instead on restructuring the ownership of the business. This might involve placing a portion of shares into foundations or a grant of immovable property such as land, with contract terms to ensure their fair usage. Employee stock ownership plans, [popular in the US](#) and [UK](#), are another option.

3. Explore employee profit-sharing. Taxation and philanthropy are not the only forms of redistribution. Ecuadorian national law, for example, requires that all businesses, whether public or private, family-owned or not, give employees 15% of their employers’ gross profits. This need not be unrealistic: profit-sharing is only 3% in the extractive (oil, gas, mining) industries, and is income tax-deductible for the employer.

4. Publish your corporate tax rate, call on your peers to do the same, and engage in political lobbying to re-write the rules of the game that have allowed corporate wealth to balloon at the expense of other stakeholders. Powerful business interests influenced tax codes in many jurisdictions. Current powerful—and even privately-owned—business interests can work to undo this, either publicly or behind the scenes. Use your power and networks to support the creation of taxation lists to champion high corporate and personal tax-givers.

Publishing corporate tax rates for private (as opposed to publicly listed) family businesses can offer a reliable indicator of a family’s private wealth, making this a paradigm shift for family owners who assiduously protect their privacy, and wish to keep their full wealth unknown. While recognising the reasons for privacy, from security concerns to the desire to be seen as normal, to the avoidance of government scrutiny, families can still engage in critical, behind-the-scenes lobbying, calling for harmonisation between global tax regimes that create tax loopholes and the interests of powerful businesses. One model for a fuller set of [Responsible Tax Principles](#) is offered by the B Team, whose leadership includes family business representation. Related lobbying is undertaken by Millionaires for Humanity.

‘Tackling issues pertaining to wealth inequality, intergenerational accumulations of negative externalities, and the size of a company’s market share due to historic advantages, requires a deep—perhaps even radical—set of conversations.’

NARRATIVE 2:

We have a long-term orientation.
We think in generations, not financial quarters.

Think in generations across your portfolio and push your service providers to do the same.

Family owners often differentiate themselves from other types of owners due to the presumption of generational succession resulting in an inherently long-term approach to their business. This long-term approach can make family businesses an important bulwark against short-term profit-seeking that can harm the environment, employees, consumers, and economies.

But institutional investors, such as pension funds, are also long-term owners, with the transparency, reporting, and known structures to prove it. Certain sectors, such as extractives and medical and pharmaceutical research, operate on 10-to-40-year time horizons, too. Even private equity's classic 10-year investment horizon is arguably long-term when compared to the predominance of the financial quarter elsewhere.

By comparison, there is no proof that large family businesses, especially large private family businesses, are, as a group, long-term business thinkers. The belief that the mere existence of a multigenerational family-owned businesses leads to long-termism in strategy, decision-making, and priorities is an example of correlation, not causation.

In reality, the oft-referenced long-termism of family businesses is discretionary, varying, and often arbitrarily invoked. Meanwhile, family office investment activities are usually traditional, favouring balanced portfolios yielding reliable annual returns, without any expressed commitment to a uniquely long-term horizon, with the exception of small pots, such as concessional financing or ESG or impact investing.

'The oft-referenced long-termism of family businesses is discretionary, varying, and often arbitrarily invoked.'





If leveraging the long-term potential of your family ownership is a genuine goal:

- 1. Create an ESG or sustainability strategy for the holding company and the family governance apex body to ensure a long-term orientation across the family's full portfolio.** Families cannot plausibly claim to have a long-term orientation or to think in generations when parts of their ownership portfolio explicitly contradict this. Large families and large enterprises are complex, and their arrangement and management will always be unique. Knowing this, sustainability mandates should be implemented within the appropriate ownership and family governance apex bodies, to ensure application of the strategy across the entire enterprise.
- 2. True long-termism means adopting integrated reporting for the business.** Track, calculate, and measure your company's sustainability performance and negative externalities – a prerequisite to reducing and/or internalising those externalities. The existence of multiple metrics does not justify inaction. Tools by the Sustainability Accounting Standards Board (SASB) including the [Materiality Map](#) and the [Sustainable Industry Classification System](#), can assist in a transition to integrated reporting. Long-termism encompasses long-term risk and opportunity assessments, and environmental and social sustainability are central to these assessments.
- 3. The term 'social enterprise' is vague and has zero accountability. Investigate becoming a Public Benefit Corporation ('B Corporation').** This, depending on your jurisdiction, offers clear roadmaps and methods of accountability to establish public trust in your legal transformation. Certification is in marked contrast to marketing or branding strategies that lack accountability and are thus subject to

legitimate greenwashing or woke-washing criticisms. The certification process is gruelling—but there is no reason for the public to trust self-assigned descriptors instead of a classification that is independently vetted.

- 4. Leverage the power of client conversations to spur change in your service provider ecosystem.** You, the client, are in a position to push your service providers to reshape expectations away from a short-term, shareholder profit maximisation mind-set, and to increase their ESG/sustainability capacity. You might be oriented toward the long-term, but when the majority of the business ecosystem still adheres to the dominance of the financial quarter or the financial year, your service providers are unlikely to be aligned with you. Request conversations with your private bankers, wealth managers, accountants, and lawyers into their own ESG practices as a business, and their ESG offerings for clients. Ask that they adopt, at a bare minimum, basic best practices to build their sustainability capacity. This can include becoming signatories to the UN's Principles on Responsible Investing and requiring relevant analysts to obtain ESG certifications (e.g. CFA UK's [ESG Certificate](#)). The [ImPact](#) and the [Center for Sustainable Finance and Private Wealth at the University of Zurich](#) emphasise the transformative potential of these conversations. Service providers to your business will change to accommodate what they believe clients want. This in turn enables change in the business ecosystem at large.

NARRATIVE 3:

Family owners are uniquely agile.

Responsible agility requires better, and more, knowledge.

Family owners usually have vastly fewer shareholder viewpoints to consider than those of widely held companies. This results in their unique ability to reach agile decisions. But agility itself is neutral; one can make great or catastrophic decisions with agility. Meanwhile, family business events and community discussions are marked by a 'survivor selection bias', meaning that families learn from and network with families who are succeeding as owners, instead of hearing the stories of families who have lost their companies or were otherwise part of events that led to business failures. Through this, agility gets presumed to be a positive trait instead of a neutral and thus possibly harmful one. Arguing for the importance of family owner agility is an implicit endorsement for responsible agility. But what constitutes such responsibility remains unarticulated.

It is also difficult to generalise how the agility of family owners manifests within the operations of a business because of the array of relationships that family owners have with their businesses. On the spectrum of family engagement with the business, a family member's role

in a given business can range from anything between an operational role, a governance role, zero engagement other than collecting a dividend, or having no formal role though close informal contact with senior company leadership. Agility manifests differently in all of these potential settings.

The pandemic has demonstrated the utility and necessity of agile decision-making as corporations have had to respond quickly to rapidly evolving conditions with the lives of workers and customers at stake. At the heart of the issue of agility is the information that family owners use to make their decisions and the breadth of topics owners apply their decision-making to. Family owners have been, historically, agile in their ability to mismanage businesses and allow personal needs to structure business needs. This has given rise to a stigma of non-professionalism in family businesses, which has in turn led to a robust consultancy industry to help family businesses professionalise by creating governance mechanisms, shareholder agreements, and family constitutions.

Families also might not be as agile as they think they are and should examine stagnancy and the choice architecture surrounding decision-making across their ownership portfolio. It is not always clear where family owners are exercising agility, and where incentives, for example of service providers, are in fact encouraging inertia or otherwise framing the possibilities that families engage with.

An example of this is the donor advised fund, a philanthropic entity popular in the US and increasingly in other countries for their tax benefits. The funds allow for immediate tax deductions without requiring money to be disbursed. Such arrangements are prevalent despite transparently prioritising the protection of capital over the philanthropic needs of beneficiaries. Their creation and management is simply an income stream for banks.

'Arguing for the importance of family owner agility is an implicit endorsement for responsible agility. But what constitutes such responsibility remains unarticulated.'



In order to broaden the breath and scope of information that serves as your tools for agile, responsible decision-making:

- 1. Review issues that are subject to the highest-level of agile decision-making to correct structural omissions.** The responsibility for some of the decisions with most impact upon the environment, society, and your workforce might currently rest with managers who are not able to act in a transformational manner. Gather information on what they need in order to reach responsible and sustainable decisions and change the status quo.
- 2. Make corporate tax an issue for the owners and the board.** Corporate tax is part of social responsibility and will only continue to gain public and political visibility in the years to come. Corporate tax strategy necessitates the engagement of the company owners and the board, who can consider reputational issues and governmental and other stakeholder relationships impacted by taxes. Keeping tax strategies only under the purview of the CFO ensures that the primary consideration remains tax minimisation, whereas taxes implicate a range of critical stakeholders.
- 3. Make sustainability and ESG issues crosscutting topics for the owners and the board.** Ensure that sustainability and ESG issues are not marginalised within internal hierarchies, such as in Health & Safety and Corporate Social Responsibility teams and innovation labs. They are vital elements of responsible ownership and the durability of your company.
- 4. Presume you operate in an echo chamber and thus have a tendency toward confirmation bias, which impacts the quality of the information used to make decisions.** Break this bubble with structural changes. Embrace innovative auditing to correct your assumptions by establishing a Public Interest Statement, or something akin to it, and using external auditors working in the public interest to perform audit functions. The approach is outlined in the 2020 Brydon Report, the [Independent Review into the Quality and Effectiveness of Audit](#). Be aware that the way you as a family owner understand the impact of your company upon stakeholders might not match how stakeholders understand the impact of your company upon them. Use the public Interest Statement in the Director's Report to remedy against this and allow certified auditors to assess it against your annual report, financial statements, business models, and relevant processes. This is not a challenge to privacy but an exercise in trust-building through genuine accountability.
- 5. Separate your auditors from your accountants.** It is a conflict of interest to have the same firm audit its own accountancy work. This is affirmed by the UK's Financial Reporting Council, which requires that these two functions not be performed by the same firm as per December 2020. Separate the providers of these two services, and devise incentives and protections for employees to be able to flag concerns or questions to external accountants and auditors.

NARRATIVE 4:

Employees prefer working in a family-owned business.
Our employees are like family.

Family ownership does not equate better working conditions. There are no shortcuts around good pay, benefits, minimised gaps, and fair contracts.

Evidence exists that family-owned businesses in several countries enjoy greater worker loyalty and satisfaction. The visibility of an owning family and the company's origin story can also provide meaningful emotional satisfaction to workers. However, the oft-spoken refrain among family businesses that 'workers are like family' is challenged by rapid changes to the norms of employment. Full-time workers with benefits and unionised workforces are increasingly being replaced by contingent, temporary, and sub-contracted workers, and by the self-employed freelancers of the gig economy, producing a crisis of precarious employment. Even if family businesses can accurately boast a loyal, engaged workforce, this doesn't merit plaudits if a company is shrinking the size of that workforce while commensurately increasing its subcontracted and contingent labour force.

When family feeling and employee goodwill are not matched by living wages and benefits for employees across contract types, owners will increasingly face uncomfortable questions posed by governments, the public, and the media demanding justification for the enriching of the 'real family' through profits made at the expense of the salaries and benefits of the 'work family'.



In order to lessen the gap between discourse and reality:

1. **Self-report** on the [Taylor Review's](#) guidelines for employer responsibilities toward dependent contractors.
2. **Reduce the gap** in benefits enjoyed by full time employees versus temporary employees.
3. **Pay a living wage** to all employees, whether full-time or temporary.
4. **Calculate the ratio** between your full-time highest and lowest paid employees, and then reduce it.
5. **Implement training programmes** for employees at risk of job loss due to automation.
6. **Link selection, retention, and compensation of senior executives and board members to the achievement of purpose beyond profit maximisation.** Given that employees' day-to-day interface is with line managers and not family owners, a sustainability, ESG or purpose-based strategy encompassing family values is only the starting point for change. Implementation demands the commitment of your board and senior executives and the communication of these approaches across all staff levels.
7. **Integrate purpose, sustainability, and/or ESG into corporate governance.** One example of this is the [Purpose Statement campaign](#), which offers companies support in undertaking a process to link board duties to purpose-related KPIs.
8. **Implement your ESG/sustainability strategy across subsidiaries, to ensure your extended work family is not left behind.** Your ESG/sustainability performance is only as strong as the ESG/sustainability performance across your main operating businesses and your subsidiaries. As different jurisdictions have different regulatory requirements and local norms, implement the most rigorous form across all subsidiaries.

'When family feeling and employee goodwill are not matched by living wages and benefits for employees across contract types, owners will increasingly face uncomfortable questions posed by governments, the public, and the media.'

NARRATIVE 5:

We care about our community.

Who gets to define 'community'? The breadth of care and responsibility is broader than you think.

Amidst calls for stakeholder capitalism, an approach demanding corporations serve the interests of a broad network of stakeholders ranging from customers, suppliers, employees, shareholders to local communities, companies are being pushed to redefine their key stakeholders. This call has taken the shape of political debates regarding corporate privacy versus transparency, especially regarding taxes, offshore jurisdictions, and the European Union's Ultimate Beneficial Owner registry.

Family owners have recourse to an additional, humanistic way to protect themselves from community claims to them, namely their status as private people belonging to families who deserve privacy just as any family would. Communities claiming that family businesses and their owners have responsibilities to care for them thus often face barriers to their demands. Often, it is impossible to know who the owners even are.

Indeed, many business-owning families are deeply private, due to various concerns regarding security or political scrutiny, aversion to media glare, cultural or tradition preferences, or simply the desire to live a normal life. This explains the scarcity of large-scale, robust academic research into family blockholders of listed companies, and family owners of fully private companies. Access to a meaningful number of families is simply too challenging.

When it comes to community, the question remains, who can claim the boundaries of that community? Is it the family who defines the community they are responsible toward, or, can communities claim the business-owning families that they believe have responsibilities toward them? Given family owners' ability to maintain their privacy through the use of trustees and other anonymisation vehicles, the latter option is often never even a possibility.

'Without a full portfolio integration, one element of the family enterprise might undo the positive benefits enacted by other elements of the family enterprise.'



When it comes to claims of care, these power asymmetries can be mitigated. A starting point can be in facilitating greater inclusivity when considering who constitutes your community, and how your family engages with them. In order to decrease the asymmetries:

- 1. Create a mechanism to know your Tier 2 and Tier 3 suppliers.** Your global value chain is your community too. Individuals working along your global value chain are your stakeholders, including your Tier 2 and Tier 3 suppliers (sub- and sub-sub-contractors). Private compliance initiatives are generally only effective for Tier 1 suppliers but abuses and poor working conditions are more common among Tier 2 and 3 suppliers.
- 2. Articulating aspirations for your suppliers is less impactful than changing actual behaviour.** Purchasing and sourcing practices have stronger links to improved working conditions along the global value chain, than signing up to codes of conduct.
- 3. Philanthropy does not suffice, nor should philanthropy be a vehicle for multi-generational family legacy.** Instead, adopt a full portfolio strategy. The expectation of the public—and likely of your next generation—is that the old practice of making money through the business, and dispensing part of that money through philanthropy, no longer applies. Philanthropic funds also exist to be spent, not as a tax-efficient way to preserve family wealth across the generations. Adopt a full portfolio strategy toward caring for your community and recognise the centrality of your business operations in regard to topics ranging from community well-being to environmental impact. Extend an ESG or sustainability strategy in one sphere of the family enterprise (e.g. at an operating business or at the holding company) to all spheres of the family enterprise, from family wealth and investment, to family office activities, to philanthropy. Without a full portfolio integration, one element of the family enterprise might undo the positive benefits enacted by other elements of the family enterprise. [Generation Pledge](#) offers a model for accomplishing this, including a pledger experience offering ongoing peer support and mentorship.



‘The expectation of the public—and likely of your next generation—is that the old practice of making money through the business, and dispensing part of that money through philanthropy, no longer applies.’

NARRATIVE 6:

I don't consider the business as something that belongs to me. I consider myself a steward of it for the next generation.

Ownership accrues profound benefits and these benefits come with responsibilities.

In individual conversations or while speaking in a group of peers, family owners frequently described their relationship to their shareholding with a particular, striking formulation: I don't consider the business as something that belongs to me—I consider myself a steward of it for the next generation.

'Steward' denotes responsibility rather than personal benefit: one watches over and protects. But this is a sleight of hand. The Oxford English Dictionary's first definition for steward is 'a person employed to manage another's property,' but the shareholder or owner is certainly not someone else's employee. Focusing on stewardship effaces the very real benefits the shareholder or owner is personally accruing and using,

in the form of dividends, compensation, power, and status. Assuming that the next generation in the steward formulation is being raised with the steward mindset, then who, if ever, assumes responsibility for the fact of ownership, including the benefits that are being accrued and used? Those too come with consequences. This is not a long-term approach, but rather continuous deferral of responsibility.

Words have affects and create emotional halos that give them connotations beyond dictionary definitions. A steward is respectful, kind, and polite. Almost a servant. This set of associations is precisely the point: for some, wealth and large asset ownership are socially uncomfortable, alienating, and crass, and a source of

pain or guilt dating back to childhood. Wanting to distance oneself from this is understandable.

Paradoxically however, invocation of 'stewardship for the next generation' can actually emphasise the centrality of wealth maximisation, because the next generation requires the wealth to grow to own as the current generation owned. Absent plans to reduce the number of family owners, or to prune the family tree in subsequent generations, will naturally lead to individual members of the family owning less, unless business growth is continual and unending. This creates an inescapable pressure for unending business growth—not to serve the needs of the business or its stakeholders, but to serve the family.

'Focusing on stewardship effaces the very real benefits the shareholder or owner is personally accruing and using, in the form of dividends, compensation, power, and status.'

In order to ensure that your family businesses maintains its robustness without harming stakeholders to accrue personal benefit, ensure the following:

- 1. Make it possible for your children to inhabit the real world, rather than living walled off from it.** The upbringing of future billion-dollar business owners, whose decisions can directly impact the livelihoods and social and environmental well-being of thousands, carries direct public resonance. Every factory employee and member of a community where business production has a large footprint arguably has a stake in the preparation and values of the future owners. Families often take great care in teaching their children values of humility, hard work, philanthropy, and not taking wealth for granted. However, the milieus in which children find themselves matters, too. Among large business-owning families, where schooling and vacationing are likely done in extremely elite spaces, children will inevitably be exposed to values of financial profit, power, entitlement, and self-interest. Whether it is ongoing community activities (one-off 'service day' school activities do not suffice), public transportation, or teenage summers spent working in service jobs, give your children the chance to develop meaningful connections with people outside of privileged and elite spheres.
- 2. Make ESG, sustainability, and responsibility an issue of the 'now' generation.** Interest in responsibility, purpose, environmental, and social-impact topics is consistently ascribed to the domain of millennials. Next generation family members are often presumed to be the ESG or sustainability champions within a family, even though many businesses cannot afford to wait to address these topics. Be wary of the pressures of the next generation to prove themselves to the now generation: in order to avoid alienating the wealth holders within the family, or to be seen as suitably serious in succession

or family leadership discussions, some next generation members emphasise their conservatism on these issues – and may come to be genuinely conservative on these issues. Make sustainability a question of contemporary decision-making.

- 3. Responsibility requires knowledge of what one owns. Create a plan to inform the next generation of the assets they currently own or will inherit.** The absence of a plan to inform the next generation of the assets they currently own or inherit is surprisingly common. Considering oneself a steward presumes the eventual readiness of the next generation to inherit and serve as stewards themselves. This is difficult-to-impossible when next generation members do not know what they are stewarding. Future inheritors must be fluent in upcoming forms of ownership and what these forms enable and constrain.
- 4. Conduct a self-audit of the blind spots and taboos in your conversations with your next generation when discussing ownership and wealth.** Start discussing what you historically do not discuss. Questions to raise include: How do you and the current generation arrive at their spending decisions? Has Covid changed the calculus around consumption and lifestyle? If you seek to reduce your corporate or personal taxes, why? Why have you or the company moved or not moved jurisdictions? What is good for the company, what is good for the family, and what is good for the company's stakeholders—and what happens when needs conflict? If a tax strategy yields savings, what costs might it extract? How does your next generation feel about these topics?
- 5. Empower women within the family to identify as owners and understand the agency that comes**

with this role. Apart from ethical and moral arguments for gender equality, empowering women in all ages expands the succession talent pool, improves reputation in an era of increasing transparency, and ensures stability of the family enterprise. Due to unforeseen death, divorce, and other disruptions, women can find themselves in unanticipated shareholder or leadership roles with surprising frequency. Ensure that the women in your family have the technical and emotional support, confidence, and knowledge from a young age to serve as shareholders and board members under both anticipated and unanticipated circumstances. Bridge gaps between gender initiatives occurring at the company and active or passive exclusion of family women from meaningful ownership or leadership roles. The [30% Club](#) offers methodologies on how to get started.

- 6. Democratise access to information within the family.** Access to information can easily decrease, if not on purpose by principals seeking to retain control, then simply by default as the number of shareholders grows. Democratising access to information promotes family harmony, helps build consensus around important decisions, prevents myopia and confirmation bias among wealth holders or principals, and forms an important part of next gen training. This includes regularly sharing more rather than less information, open door policies for family members to speak with family principals and family office executives.
- 7. Formalise informal or traditional practices of re-investing company profits back into the business.** Do not simply assume that practices continue due to habit or tradition. Make them part of the modus operandi through technical, legal, or governance-based means.

NARRATIVE 7:

Shirtsleeves to shirtsleeves in three generations.

Interweaving resilience and endurance into the ownership structure requires strong governance, sustainability-as-strategy, and inclusive decision-making.



If there were to be universal motto for the diverse, global family business community, 'shirtsleeves to shirtsleeves in three generations' would be it. This phrase—in English as well as in many other languages—is ubiquitous in academic articles, social media posts, books, presentations, and reports. It captures family members' hope for the business to endure, shaped by their fear of its certain, impending failure.

The inescapable phrase lays out expectations based on one's position within the family following a three-tiered logic:

1. The founder, or first generation, is the successful entrepreneur.
2. The second-generation siblings steward the business well.
3. The third-generation cousins mess things up and lose the business.

There will be narrative variation, particularly once a family reaches the fourth generation and beyond, and there are inevitably outliers, such as families who truly believe they have beaten the odds.

The motto captures that family business members grow up expecting—and arguably fearing—their own failure as owners. This shapes a primary sense of responsibility toward the endurance of the business itself, which is very different than owners having a straightforward profit motivation. Knowing that family owners are raised with the simmering background expectation that the business will fail because of them creates a much more complex psychological relationship to the business beyond greed or hubris. The responsibility that family owners feel toward what they own is intertwined with their family legacy and, however right or wrong it may seem to the outsiders, is too powerful to not acknowledge.

There are classic strategies for promoting the endurance of family businesses, such as support for family entrepreneurialism and structures to promote wealth creation versus wealth maintenance as well as bridging the aspirations of the next generation with the decision-making of the current generation. These classic strategies are still important. But the permanently altered global landscape due to Covid, climate change, automation, and inequality means that responsibility towards the business requires decisive action to enable longevity and continuity.

In order to curb the curse of the shirtsleeves, consider the following actions:

1. Adopt the basics of good family governance. This includes, at a minimum:

- a. A family constitution and/or shareholder agreement, describing how shares are held, transferred, or sold; processes for decision-making; succession processes and next generation training requirements; policies regarding family members working within the business; and policies regarding spouses, common-law partners, in-laws, and step-families.
- b. Requirement of pre-nuptial agreements, estate plans, living wills, and other such directives. Unanticipated personal crises do happen and can be catastrophic for the continuity of a thriving business without adequate advance planning.
- c. Recognition that emotional labour and reproductive labour are central to family businesses and that formal remuneration is not the only measure of worth. Reproductive and emotional or care labours (maintaining harmony between family, organising social events necessary to keep ties strong, etc.) historically fall to women meaning that there is a need to ensure that this work is supported.
- d. Creation of a Family Council as a vehicle to facilitate consensus-based decision-making, identifying centralised and formalised ad-hoc family social activities necessary to maintain strong relationships, and providing a mechanism for fair representation among different branches of the family tree.

2. Create and maintain sufficient liquidity for the family and be wary of debt – especially if much of the family’s wealth is in the business. The

ability of family businesses to avoid over-leveraging the business is a benefit of family ownership, but this requires deliberate creation and maintenance of liquidity to cushion against events that pose unique risks to family owners in ways that can materially harm family businesses and their stakeholders (e.g. having to lay off workers or sell off assets to generate liquidity). These risks include unanticipated death resulting in unanticipated estate taxes, buying out other family shareholders to maintain close control of the business as families expand, divorce, unexpected maintenance claims by dependents, and family disputes that end up in litigation or arbitration.

3. Include the board or senior management in family gatherings. The influence of your family values regarding your business are minimal unless your non-family senior leaders understand these values and what they might mean in practice. Influence is a two-way street, and in order to bring the family’s purpose into practice, the relationship between the family and the company’s management should be as vibrant, healthy, and multifaceted as the relationship between family members.

4. Use tools developed by families, for families, to increase your knowledge and develop an ESG/ sustainability strategy in order to future-proofing your business. Despite the novelty of the field, excuses not to engage in these topics are few and decreasing. Whether you consider yourself passionate about ESG and sustainability, neutral, or even averse, below are four starting points, developed within the family business community.

- a. **Assess your business operations against the UN’s 17 Sustainable Development Goals,** using the framework established jointly by the Family Business Network and the United Nations

Conference on Trade and Development: [Family Business for Sustainable Development](#).

- b. **Establish a baseline assessment of your ESG performance** using the [Polaris Impact Assessment](#). This collaboration of the Family Business Network and B Lab (the platform behind [Certified B Corporations](#)) allows you to rigorously measure your sustainability practices, as a prerequisite to improving them.
- c. **Adopt, and regularly self-report on the Wates Corporate Governance Principles for Large Family Businesses** best practices for large private corporations, general enough to accommodate sectoral specificities.
- d. **Adopt, and regularly self-report on the Governance Code for Family Businesses** derived by German family businesses who have leveraged their experiences engaging with Germany’s required supervisory boards to impart lessons on stakeholder engagement, as well as family governance.
- e. **Engage external voices.** Starting or progressing along an ESG/sustainability journey benefits from the engagement of external, specialist perspectives, to ensure your understanding of what counts as long-term or impactful passes external muster. Consultancies, experts, and free resources (e.g. the [Impact Management Project](#)) can guide family enterprises on devising and implementing ESG and sustainability strategies and purpose-led corporation transformations, including strategies for change management, and horizon scans focusing on future challenges and opportunities.

About the author

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Bridget is an economic anthropologist (PhD, Anthropology, Johns Hopkins University) who studies the complexity and ethics of corporations, financial systems, and the humans interacting with them. She is a Research Fellow and Qualitative Lead on The Ownership Project at Saïd Business School, University of Oxford. She is an Early Career Research Fellow at the Skoll Centre for Social Entrepreneurship, and a previous Fellow of the World Economic Forum's Global Future Council on Development Finance.



Bridget's research engages the global wealth spectrum, from large family businesses to Islamic (micro)finance institutions serving the world's poorest. Previously she lived in Dhaka and in Cox's Bazar, Bangladesh for 24 months, researching Islamic microfinance. This project further included employment in Rawalpindi and Islamabad, Pakistan with an Islamic microfinance provider, and research at the Islamic Development Bank in Jeddah, Saudi Arabia. Her upcoming research project examines the governance mechanisms, priorities, and aspirations of family offices.

Bridget's research has been supported by the National Science Foundation, the Fulbright Foundation, and the Institute for Money, Technology, and Financial Inclusion. She has consulted for the Bill and Melinda Gates Foundation's Financial Services for the Poor division, and Islamic Relief Worldwide. She has held residencies and taught at the Berlin Centre for Social Science Research; Johns Hopkins University; SOAS-University of London; and Saïd Business School, where she has developed Executive Education curricula for family enterprises and next gens. She speaks Bangla and is learning Italian.

About the Ownership Project

Saïd Business School, University of Oxford

The Ownership Project seeks to empirically understand the impact of ownership on businesses, communities, and society — and the key factors shaping sustainable ownership in the future. Our research, teaching, and global conversations help bring responsibility and sustainability to the core of family businesses worldwide.

www.sbs.ox.ac.uk/oxford-ownership

Stay in touch to receive regular updates about our research, latest publications, and insights on the future of ownership, via our newsletter.

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You can also follow the conversation on responsible ownership at Oxford on [LinkedIn](#).



About Saïd Business School

Saïd Business School at the University of Oxford blends the best of new and old.

We are a young, vibrant, and entrepreneurial business school deeply embedded in the world's most prestigious university.

We deliver cutting-edge education and ground-breaking research that transform individuals, organisations, business practice, and society.

We educate people for successful business careers and, as a community, we seek to harness our collective expertise and knowledge to help solve pressing global issues such as demographic change, natural resource scarcity and technological challenges.

We believe in developing business leaders who lead with purpose.

This involves both a high level of personal integrity, which we articulate in a set of core values that we aspire to live up to.

This audacious goal represents our responsibility to attempt to address the issues that will determine the world in which future generations will live.

We are a world-class business school community, embedded in a world-class university, tackling world-scale problems.

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