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THE IMPORTANCE OF VALUES IN FAMILY-OWNED FIRMS

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Abstract

Belief in the powerful role that values play in family-owned firms' success and well-being drove collaboration on this research project among the disciplines of management, psychology and philosophy. The goals of this research are to define the concept of values from a philosophical perspective, to empirically examine the corporate values of the world's largest family-owned and non-family businesses, and to study whether there are specific values that are predominant in family-owned firms. The study resulted in three main findings. First, based on the philosophical literature, we developed a definition, classification and hierarchy of values. Second, we found that, within the values that were mentioned most frequently by the world's largest corporations, the top three most mentioned (i.e., integrity, respect and customers) were the same for both family-owned and non-family businesses. Finally, findings from the present study indicate a series of values that are characteristic of family businesses (i.e., generosity, humility, communication, service, quality, excellence, creativity and entrepreneurship). Examining these values shows interesting patterns. For example, most of them belong to the category of behavioral values. Likewise, values in the world's largest family-owned firms seem to have three main characteristics: they emphasize a collective orientation; they have a long-term perspective; and they have a sense of stewardship. Also discussed are the practical implications of the study, its limitations and areas for future research.

Keywords: family-owned firms, values, mission, vision.

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THE IMPORTANCE OF VALUES IN FAMILY-OWNED FIRMS

Introduction

Contemporary organizations are aware that employees make a critical difference when it comes to innovation, organizational performance, competitiveness and, ultimately, business success. What can organizations do to attract and retain creative, dedicated and thriving employees who make organizations flourish? What inspires employees to be engaged, give their best, go that extra mile and persist in the face of difficulties? Rather than traditional organizational structures that rely on management control and economic principles of cost reduction, efficiency and cash flow, the focus of modern organizations is on the management of human capital (Bakker and Schaufeli, 2008; Luthans, 2002). In order to succeed, organizations need employees who are proactive and show initiative, present altruistic behaviors, collaborate with others, take responsibility for their professional development and are highly committed to their work. Hence, companies need employees who feel energetic and engaged in their work. In other words, organizations need employees who are emotionally and deeply bound to the company's mission, vision and values.

Organizations can develop enduring, strong emotional bonds of employees toward the business only when the organization's mission and vision are supported by strong corporate values (Bartlett and Ghoshal, 1994; Snook and Khurana, 2004). Solid and clear values can build a corporation in which every member shares a sense of pride in belonging to the organization, which promotes not only economic efficiency but also the well-being of the community in which it operates. Strong values can convert contractual employees into committed members of a principle-value-driven corporation. This is an area in which family-owned firms have excelled for years (Anderson and Reeb, 2003; Denison, Lief, and Ward, 2004; Hall, Melin, and Norqvist, 2001; Ward, 2008). The values of family-owned firms are often more humane, more emotional and more fundamental, whereas the values in non-family businesses are more transactional, more impersonal and directed toward economic outcomes (Ward, 2008). This difference is what provides family businesses with stronger corporate cultures.

A family's internal understanding of their values strongly determines the kind of behavior that will be acceptable or unacceptable in their organization. The owning family's value system drives their key decisions in business strategy, organizational structure, corporate culture, governance, owners' commitment and leadership style. Families' values also direct their approach to the stewardship of assets and affect their attachment to the family legacy, which in turn helps to establish a sense of identity and commitment to the family business. Likewise, family values will dramatically determine how the family business is governed, and, most importantly, these values shape the family members' commitment to the firm.

In a nutshell, values are the essence of a family business's spirit; therefore, they drive all that happens in both the family and the business. Belief in the importance of values in family-owned firms drove collaboration on this research project among the disciplines of management, psychology and philosophy. The goals of this study are threefold: to define the concept of values and provide a classification and hierarchy of values from a philosophical perspective; to establish what are the values underpinning the world's largest family-owned and non-family-owned corporations; and to critically examine the values that are characteristic of family-owned firms.

This study is organized in two sections. Section I defines the term "value" from a philosophical approach. In management literature, the term "value" has been used indiscriminately for describing values, virtues, behaviors, beliefs, character strengths and so on. However, if we want family-owned firms to get in touch with their values and commit themselves to living according to them, we must first start by defining what we mean by the term. This has been done hundreds of times throughout history, but is no easy task. Moral philosophers, theologians, psychologists, legislators and educators have all worked to understand what the term "value" means for humanity. Thus, this section will attempt to tease out a definition of "value" using several ideas that are present in the literature. Likewise, a classification and hierarchy of values is proposed, as well as some implications for practice that emerge from the theoretical framework.

Section II focuses on an empirical study of the values at the cultural foundation of the world's 100 largest family-owned and non-family businesses. The value statements encountered on the Web sites of both types of companies are analyzed, and the 23 most frequently mentioned values are studied. Moreover, several values are predominant within family-owned firms, and, therefore, each of them is analyzed in depth. More specifically, we suggest a series of explanations regarding the relation between each of these values and family-owned firms, as well as some of the consequences of pursuing these values. Finally, we explain enabling factors that can be leveraged in family-owned firms to foster the development of each of these characteristic values.

I. What Are Values?

Mission Statements: A Fuzzy World of "Visions," "Missions" and "Values"

> "In most corporations today, people no longer know – or even care – what or *why* their companies are. [...] Strategies can engender strong, enduring emotional attachments only when they are embedded in a broader organizational purpose" (Bartlett and Ghoshal, 1994, p. 81).

If one desires to glimpse a company's defining and distinctive features and philosophy, an easy recourse is to find its Mission Statement.[1] Mission Statements have been used in different forms throughout the twentieth century, but became common during the 1980s and by the 1990s were considered a preferred strategic tool by both companies and literature. There have even been some studies – the one by Pearce and David (1987) is considered the first – attempting to link higher performance to a more comprehensive Mission Statement. This is still a contested issue.

Mission Statements have a range of styles, from a short motto or quotation from the founder to a long, complex explanation. Sometimes the Mission Statement appears under a different title – such as "our culture" or "our identity" – and is often broken down into "vision," "mission" and "values." Although this threefold structure aims to provide a well-defined view of the company, the truth is that this objective is not always met. If we are to focus on values, it would be worthwhile to first clarify the three concepts of vision, mission and values, which in some Mission Statements are used interchangeably. For instance, if we take "values," which are our main subject, we may instead find vision declarations[2] ("Create a more affluent lifestyle for humanity" or "Making a positive difference to our community"), elements of the mission ("Deliver exceptional vacation experiences") and even social claims and commitments ("More women in the workforce").

As Senge (1998, p. 17) sharply remarks, "[W]ords do matter. Language is messy by nature, which is why we must be careful in how we use it. As leaders, after all, we have little else to work with." He uses the dictionary to make a more definite distinction among those three concepts. *Mission* is defined as "'purpose, reason for being," *Vision*, by contrast, is "a picture or image of the future we seek to create", and *values* articulate how we intend to live as we pursue our mission (Senge, 1998, p. 17, author's emphasis). Seeking further clarification, we, too, have looked at the dictionary. Here are our findings[3], according to the "Collins English Dictionary" (2003):

> **vision** ['vɪʒən]
> *n*
> [...]
> **3.** the ability or an instance of great perception, esp. of future developments *a man of vision*
> [...]
> **8.** (Business/Commerce) the stated aims and objectives of a business or other organization
> **mission** ['mɪʃən]
> *n*
> **1.** a specific task or duty assigned to a person or group of people *their mission was to irrigate the desert*
> **2.** a person's vocation (often in the phrase **mission in life**)
> [...]
> **value** ['vælju:]

[1] As Fairhurst, Jordan, and Neuwirth (1997) mark in endnote 1, terminology for Mission Statements is not consistent, and we will follow their use of uppercase for the broader term and lowercase for "vision," "mission" and "values," which are contained in the Mission Statement.
[2] In some cases, for obvious reasons, we will omit the name of the actual companies from which the examples have been taken.
[3] It will become noticeable that we have made a selection of the definitions. We have deleted all references to physical and mystical "visions," to religious and military "missions" and to economic "value."

n

1. the desirability of a thing, often in respect of some property such as usefulness or exchangeability: worth, merit, or importance

[...]

5. *(plural)* the moral principles and beliefs or accepted standards of a person or social group *a person with old-fashioned values*

[...]

vb **-ues, -uing, -ued** *(tr)*

1. to assess or estimate the worth, merit, or desirability of; appraise

2. to have a high regard for, esp. in respect of worth, usefulness, merit, etc.; esteem or prize *to value freedom*[4]

[...]

In summary, "vision" is a future scenario for the company itself or for society, a *desideratum*. "Mission" is the specific task of the organization — what the company does or commits to do — to support the vision or make it real. "Values" are the principles of behavior in the company. In other words, people in the organization must *believe in* and *live according to* a set of shared values, *carry out* the mission, while always *aiming at* the vision.[5]

On Vision and Mission

The natural associations of "vision" with "future" and "mission" with "purpose" or "task" that emerge from the definitions cited above should help to distinguish them from each other, but this discrimination is not easy because a "purpose" is strongly related to a "future vision." Both suggest an *orientation*, but in different ways. In many cases, "vision" and "mission" appear indistinctly under titles such as "vision," "mission," "purpose" or "philosophy."[6] Two examples:

> "At the Tata group we are committed to improving the quality of life of the communities we serve. We do this by striving for leadership and global competitiveness in the business sectors in which we operate." (Tata Group, under "Purpose".)

> "Bosch regards innovation as something more than exceptional product quality, functionality and design. Not only our technical developments, but also our commitment to society has an effect on the world of tomorrow." (The Bosch Group, under "Corporate Principles".)

But, in fact, the mission must be subordinate to the vision. If we articulate those concepts in terms of *means* and *ends*, the ultimate "end" would be the vision, and the mission is the means, i.e., the way the organization feels called to bind together its resources in order to achieve this end. "Mission provides an orientation, not a checklist of accomplishments. It defines a direction, not a destination" (Senge, 1998, p. 17), because the destination – an ideal one – is the vision.

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[4] We have retained the meaning of "value" as a verb because we think it will be useful later on.

[5] Another good summary can be found in Tàpies (2009, pp. 51-57).

[6] For example, Bartlett and Ghoshal (1994) seem to distinguish only between "corporate ambition" or "purpose" – which merges "vision" and "mission," and even "strategy" – and "organizational values." On the other hand, the authors do not provide any definition of the terms they use.

The confusion may come because “an end can readily become a means and vice versa” (Schwartz and Bilsky, 1990, p. 879). And that is what happens to the mission. If we consider it from the point of view of strategy, strategy must be subordinate to the mission – it is the means to carry out the mission, which becomes a sort of “end” in itself. This is what leads some people to confuse mission and vision. In turn, the actual operations of the firm are the means to fulfill the strategy. Thus, at the end of it all, the vision and the subordinate mission inspire all the other elements – corporate strategy, competitive strategy and functional strategies – with a sense of purpose and orientation.

Therefore, we suggest that a clear distinction between “mission” and “vision” should be made. The mission often includes a description of the activities the company is carrying out, although it also contains an orientation or commitment. A hypothetical example of mission would be: “Offer sustainable and high-quality hotel services for our customers.” On the contrary, the vision is a future ideal scenario, and it may be projected on the company (“We aspire to become a world reference in the hotel sector,” in the hypothetical example) or on society (as Microsoft says, “A personal computer on every desk and in every home”). The vision is sometimes suggested by a special circumstance of change that requires rethinking the whole business. Take, for example, these words from Josep Maria Pujol, Ficosa’s chairman: “In Spain we were kings, but outside Spain we were nothing. We had three alternatives: to stay as we were, which was certain death; to sell out, which was not our plan; or to go European” (White, 1998, p. 19).

In very large corporations – the extreme case would be a holding company – with a wide range of products and a vast geographical scope, mission becomes more global or general. It cannot be otherwise: it should be something that all employees in all branches identify with.[7] In these cases, “vision” and “mission” become similar, although they still can be distinguished. An example:

> “Today, our *mission* is to connect people with their world, everywhere they live and work, and do it better than anyone else. *We’re fulfilling this vision by* creating new solutions for consumers and businesses and by driving innovation in the communications and entertainment industry.” (AT&T, emphasis added.)

Note the interchange of the terms “mission” and “vision,” although the contents appear clearly distinguished: the first sentence, according to our definition, is the vision, and the second is the mission.

In these cases, there is a danger: missions “can be so broad that they convey little meaning or guidance to people deep in the organization. [...] Most such statements are too vague to be useful to line managers, and often they are too out of touch with reality even to be credible” (Bartlett and Ghoshal, 1994, p. 82). In addition, to avoid unrealistic statements, it is common and even advisable that, besides the global vision, mission and values, a more concrete mission is defined for every business unit or company belonging to the global company. The fact that a new vision or values are not necessary emerges from the nature of these concepts. The case of values will be examined later in more detail. As for the vision, all members of the organization have to keep it in mind as a future goal while working in the present; if it is well defined, there is no need to superimpose another. It should go without saying that this mission should be

[7] In the cited article by Bartlett and Ghoshal (1994), they refer to large corporations, in which it is very easy for middle managers and front-line employees to lose their sense of purpose and feel unengaged, or treated “more like cogs in a machine than members of a team” (p. 86).

consistent with the global Mission Statement. When answering the question "In what ways should the composition and intent of useful corporate and business-unit mission statements differ?", Pearce and David (1987, p. 113) suggest, "Corporate missions may be best used to establish organizational values and strategic planning priorities, while business missions may be best when they suggest more specific directions that business strategies should incorporate." It becomes clear that the text is referring first to complete Mission Statements for the corporation and then to a mission definition for business units.[8]

On Values Related to Vision and Mission

While it is not always easy to distinguish between vision and mission, the difference between them and values appears to be quite clear. One of the definitions in the dictionary said that values are "The moral principles and beliefs or accepted standards of a person or social group" ("Collins English Dictionary," 2003). Therefore, the idea of "value" is linked to those of "action principle" and "belief." This is the reason why we said before that members of the organization should "*believe in* and *live according to* a set of shared values." That means that the mission and vision must be defined according to the values of the firm – i.e., the firm's set of principles or beliefs – but the issue here is that under this notion may be found a whole conceptual world made of behaviors ("quick response"), virtues ("integrity"), beliefs ("continuous improvement"), character strengths ("leadership") or objects ("our brand").

Furthermore, along with quite common concepts like "quality," "commitment" or "honesty," others may be found that do not deserve to be in the general value statements of the company, such as "making beds well" (for a chain of hotels – highly operational) or "freshness of our products" (for a grocery chain – too obvious). There is also a group of statements or declarations that do not even fall under the category of value, such as "competition," "solution," "happy revival," "future," "profit" or "stakeholder relations." In this latter group, the problem may be one of grammatical or translation correctness – something is missing, or the ideas are incomplete. What is missing is something essential to the notion of "value": some kind of "goodness" attached to them. Those same examples should read, for instance, "fair competition," "customized solutions," "profit sharing" or "good stakeholder relations." We haven't found a way to transform "happy revival" or "future" into values.

All these examples make clear that further reflection on this rich concept is needed, and that will be the subject of the next subsection.

For now, we can provide a few examples of clear-cut distinctions among vision, mission and values, according to how we have defined them here:

> **Vision:**
> "To be the Urban Resort of Reference in Europe." (Hotel Rey Juan Carlos I, Barcelona.)
> "Our purpose is to be the global leader in nourishing people." (Cargill.)
>
> **Mission:**
> "To attract and attain customers with high-valued products and services and the most satisfying ownership experience in America." (Toyota USA.)

[8] Pearce and David (1987) do not distinguish in their paper among vision, mission and values, but they include values and beliefs within the components of a well-articulated Mission Statement; also, components of a vision may be found in terms of "desired public image."

> "Sometimes, to move forward you need to take a step backwards. That is just what Fiat has done recently, by returning to the company's original mission, namely to build cars with attractive styling and exciting engines, cars that are accessible and improve the quality of everyday life." (Fiat.)
>
> **Values**:
>
> "Integrity First, Service before Self, Excellence in all We Do." (U.S. Air Force.)
>
> "Honesty: we respect; Entrepreneurship: we act; Responsibility: we care; Quality: we deliver." (ISS Facility Services.)

The last issue we must approach is: can the Mission Statement be changed? If so, in what circumstances and how? It seems to us that the Mission Statement can and must be revised periodically (Ireland and Hitt, 1992; Stone, 1996). "Revision" does not necessarily mean "change;" it may mean "adjusting," "updating" or simply "reminding." We have seen that enlarging a business may lead to broadening its mission and vision. Achieving the vision may lead to changing it. For example: "Becoming number one in the automotive industry" may become "Keeping our top position in the automotive industry." Sometimes the vision may be broad enough to be left untouched even though the business has undergone a radical change. But in this case, the mission should probably be adjusted to fit the new situation.[9] What about values? We argue that, as guiding principles, values are more difficult to change. They stay at the roots of how the family – this concrete family – sees its business and wants it to be conducted. They are also closely related to the family's values, so changing them is not easy or advisable.

The Notion of Value

Let's go back for a moment to the "Collins English Dictionary" (2003) definition of value:

> **value** ['vælju:]
>
> *n*
>
> **1.** the desirability of a thing, often in respect of some property such as usefulness or exchangeability: worth, merit, or importance
>
> [...]
>
> **5.** *(plural)* the moral principles and beliefs or accepted standards of a person or social group *a person with old-fashioned values*
>
> [...]
>
> *vb* **-ues**, **-uing**, **-ued** *(tr)*
>
> **1.** to assess or estimate the worth, merit, or desirability of; appraise
>
> **2.** to have a high regard for, esp. in respect of worth, usefulness, merit, etc.; esteem or prize *to value freedom*
>
> [...]

We have previously commented on definition number five when talking about the articulation of vision-mission-values. We will return to it in due course, but now we must turn our attention to the double use of the term "value" as a noun and as a verb. There is an intimate

[9] It is considered a good practice to establish a periodicity, e.g. every ten years, and in any case where the situation requires it.

connection between something desirable and the act of appraising or appreciating it, but the order of this connection is not clear *a priori*. Do we value something because it is "worthy," "desirable," "useful"? Or, on the contrary, is it because we deem it valuable that it assumes a value for us? In some way, both are true. The issue of the objectivity of values has concerned many philosophers throughout history. For example, Scheler (1973, pp. 1913-1916), the most famous representative of the ethics of values, defended the idea that they are objective, although they are perceived subjectively. That explains how someone could consider as a value something that is actually a disvalue (e.g., "superiority of one race over the others") or how someone might rank values in a mistaken way (e.g., "profit" over "family"). The objectivity of values arises from the idea of "goodness." We value something because it has some kind of goodness (it is useful, pleasurable, healthy and so on). Thus, it is not strange that we find many different "good" items listed in companies' values declarations.

A Definition of Value

As we have seen, dictionary definitions are useful, but perhaps a more accurate or technical definition is needed now if we wish to express all the nuances of the notion of value.

We have taken the one by Schwartz and Bilsky (1990, p. 878): "Values a) are concepts or beliefs; b) pertain to desirable end states or behaviors; c) transcend specific situations; d) guide selection or evaluation of behavior and events, and e) are ordered by relative importance." But we have made an addition, because some objects may be considered values (e.g., "riches," "the brand"), so our version of this definition reads:

> "Values a) are concepts or beliefs; b) pertain to desirable *objects*, end states or behaviors; c) transcend specific situations; d) guide selection or evaluation of behavior, *things* and events, and (e) are ordered by relative importance."

We will now comment on this definition item by item.

With respect to (a), in our opinion, it is widely accepted that values are concepts or beliefs. In fact, some value declarations start with the phrase "we believe in." It has been said before that they are "principles," which means that they are "at the origin" or "on the basis" – the two philosophical meanings of "principle." The meaning of "principles" is explained in d): they "guide selection or evaluation of behavior, things and events." In other words, we evaluate – judge – things, events and behaviors; and we select things and decide ("selection [...] of behavior") according to the criteria of our values. This is what Scheler (1973, pp. 1913-1916) means by stating, "He who 'prefers' the noble to the agreeable will end up in an (inductive) experience of a *world of goods* very different from the one in which he who does not do so will find himself" (author's emphasis). This is the reason why values are so strongly linked to an individual's "identity" or "idiosyncrasy." They are in the sphere of ideas, and their influence is mainly tacit, although we can define them, list them and make them explicit through reflection.

As for b), it should be noted that as far as it is perceived as something "good," a value is "desirable." Desirability takes different forms depending on the kind of value: values we lack are to be (personally) pursued and (socially) promoted; others must be nurtured or educated; values we already possess should be enjoyed and preserved; and so on. If we adopt this point of view, we could more or less intuitively characterize values as our conceptions of the desirable – according to our notion of good – which must be pursued, nurtured, enjoyed and/or protected, depending on the kind of good.

The second part of b) – values refer to "desirable objects, end states or behaviors" – opens the possibility of classifying values. In fact, we have found a very useful classification by Meglino and Ravlin (1998), which has the advantage of being consistent with the definition we are explaining; that is the one we will use in the empirical part of this paper. According to Meglino and Ravlin (1998, p. 353), there are basically two types of value:

- "Value that an individual places on an object or outcome (e.g., the value one places on pay)."
- "A second type of value is more likely to be used to describe a person as opposed to an object." This second type may be subdivided in two:
  - Terminal values: "Self-sufficient end-states of existence that a person strives to achieve (e.g., a comfortable life, wisdom). [...] They are pursued for their own sake." We are calling them "end-state values."
  - Instrumental values: "Modes of behavior (e.g., honesty, helpfulness) rather than states of existence. [...] [I]nstrumental values describe behaviors that facilitate the attainment of terminal values." We are going to call them "behavioral values."

Therefore, according to this classification, people value objects or outcomes ("our brand," "our employees," "the environment," "a product of quality") but also other items that refer to people, including desirable end-states ("customer satisfaction/happiness," "success," "prestige") and desirable modes of behavior ("integrity," "quick response") – what were called at the beginning "moral principles or accepted standards" ("Collins English Dictionary," 2003) of behavior. We can call all these different items "values," and each one depends on where we find "desirability" or "goodness."

Meglino and Ravlin (1998, p. 353) note that research has mainly focused on the latter category – what we have called "behavioral values" – because they "have more in common with values as they are used by researchers and practitioners to describe an organization's culture." We will talk about this more later, but an organization's culture – principles and patterns of behavior – is assessed mainly through the actual behavior of its members and not so much through any statement or declaration. The popular saying "Deeds, not words" is also valid here.

Related to this issue, Meglino and Ravlin (1998, p. 354) underline another characteristic of values. We have talked before about the "desirability" of values. For these authors, when it comes to behavior, desirability is "oughtness": "Values specify an individual's personal beliefs about how he or she 'should' or 'ought' to behave."[10]

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[10] We do not agree with them, though, in that they explain the "oughtness" of values as describing "his or her internalized interpretations about socially desirable ways to fulfill his or her needs" (Meglino and Ravlin, 1998, p. 354). Although values are socially learned, it is easy to admit that someone may hold values about what is desirable that diverge from what is socially considered desirable (e.g., about the death penalty as a just solution, or about slavery or polygamy). "Guilt," "shame" and the feeling of acting against social expectations are not always synonymous. Later, they explain the similarities and differences in values only by the two factors of biology and socialization, leaving out the fact that personality traits do influence, up to a certain point, the way we evaluate things. This explanation does not account for the examples introduced here. As we will see when we talk about habits, every choice shapes (reinforces or weakens) one's value system.

In the empirical section of this paper, we will consider all three kinds of values – values referred to objects or outcomes, end-state values and behavioral values – in order to classify them, but here we will focus on behavioral values. Most values present in firms' Mission Statements belong to this last category. But even though they belong to this group, they are not all the same. There are three kinds of values regarding behavior:

- Attitudes: An attitude is the way we approach something (event, person, object). Positive attitudes are often considered values. Examples of these attitudes are "optimism," "attention to the client," "commitment," "responsibility," "we care," "we aspire to excellence," "we are customer–driven."
- Technical values or skills: The acquired ability (habit[11]) to perform a task or produce something (technically) well, correctly. For example: "ability to negotiate," "communication."
- Moral or ethical values: Connecting with philosophical tradition, Scheler calls moral values "virtues." They are the habits to act morally well; acquired dispositions to do well. Examples: "honesty," "generosity."

In c), the definition states that values "transcend specific situations." This relates to what we meant by saying that values belong to the sphere of ideas and principles. As ideas, they are generic and universal. As principles, values are seen as standing for all situations. When we discussed Mission Statements, we said that values are not to be changed unless there is an important change in the organization's identity. Taken as principles, they are the roots.

Last but not least is the idea that values "e) are ordered by relative importance." Again, the issue here is whether there is any objective criterion for this order. Scheler (1973, pp. 1913-1916, p. 88) discusses the matter and concludes that the "height" of a value is "a relation in the *essence* of the values concerned.." Bain, Kashima and Haslam (2006) say it in a different way: our views of the nature of things, and mainly of human nature, influence our set of values. "Therefore," Scheler (1973, pp. 1913–1916, p. 88) concludes, "the '*ordered ranks of values*' are themselves absolutely *invariable*." It means that some goods are more valuable than others; hence, some values – whether referring to objects, end-states or behaviors – are higher than others in the scale of values. In other words, there are values referring to objects that will always be superior to others: for example, "persons" or "family" versus "affluence," and the same for end-state values ("happiness" vs. "pleasant food") and behavioral values ("humility" vs. "readiness").

Scheler (1973, pp. 1913-1916) provides five ranks of values: values of the holy, values of the spirit, values of life and the noble, values of pleasure and values of utility. These are based on some characteristics of the *essence* of these values, such as extension, endurance or depth of values. But Scheler's classification of values is reminiscent of the Aristotelian senses of "good," taken from his "Nicomachean Ethics:"

> "There being three objects of choice and three of avoidance, the noble, the advantageous, the pleasant, and their contraries, the base, the injurious, the painful, about all of these the good man tends to go right and the bad man to go wrong." (*Nic. Eth.* II, 1104 b 30 ff.)[12]

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[11] We are using here the term "habit" in its classical meaning of "stable acquired disposition" (in Latin *habitus*). Therefore, here it does not mean "custom" or "consuetude."

[12] See also Thomas Aquinas's "Summa Theologiae" I, q.5, a.6.

> "For not everything seems to be loved but only the lovable, and this is good, pleasant or useful." (*Nic. Eth.* VIII, 1155 b 15 ff.)

Basically, things are deemed good as far as they are useful, pleasurable or noble (in the sense of "good in itself" or "honest"),[13] and people judge and behave according to what they value either as good in itself, or pleasurable or useful.[14] According to Aristotle, there is a natural order between these three senses of "good": the highest one is noble good. Aristotle seems to place pleasurable good next and useful good last. Therefore, "noble" values are the most important. "Noble" values or "honest" values are values referring not to some aspect of goodness (e.g., that of "utility") that may be found in something, but to goodness in the sense of excellence or fullness. The most genuine sense of "integrity" applied to personal behavior is precisely this. A person with integrity is a person who behaves according to the most complete good. It does not mean that "nobility" excludes "pleasure" or "utility;" rather, referring to human behavior, the two latter values are subordinate to the former, because they point to some aspect of goodness for the agent, whereas that "integrity" points to what is "integral," i.e., what is good for the agent taken as a whole (as a person).

A way to better understand this would be to note how Aristotle (*Nic. Eth.* VIII, 1156a 5 ff) applies this same division to the notion of friendship, in which friends mutually exchange goods (this is the reason why he talks about friendship in his book on virtues.) It is not the same to be friends for utility, for pleasure or simply for mutual good. The noblest friendship is the latter. But in this case, it turns out that friends are maximally useful and pleasant for each other, because they always seek the good of the other. In the short term, it may seem that pleasure and utility are more rewarding, but relationships based on them are short and perishable.

If we go back to the Mission Statement of a firm and apply this ranking, utility may be a more important value than pleasure. In the end, a firm's goal is to make a profit. But this is not the only goal or, at least, the ultimate goal. Current trends regarding corporate social responsibility – if they are to be taken seriously and not viewed as a fad – point out that, as a human organization, a firm must have an end beyond profit: common good. This is why firms elaborate their Mission Statements:[15] "Wealth[16] is evidently not the good we are seeking; for it is merely useful and for the sake of something else." This claim could be attributed to the head of a family business, but is actually by Aristotle (*Nic. Eth.* I, 1096a 5 ff). A practical consequence is that "useful" values will surely be present in the value declaration, but they should be accompanied by "noble" values. It is less common to find "pleasurable" values in Mission Statements, such as "Have fun at work" or "Being a great place to work."

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[13] We use the term "honest" in the archaic sense of "honorable" or "upright," not simply "frank." In Latin it is *bonum honestum*, a term quite difficult to translate. *Bonum utile* and *bonum delectabile* are the equivalent Latin terms for the other two. It is not unusual to find these words without translation.

[14] Interestingly enough, Aristotle always allows for the possibility of erring in judgment, so in *Nic. Eth.* VIII 1155 b 20 he proposes that people act accordingly to "that which seems lovable" (i.e., to what seems noble, pleasurable or useful).

[15] This is the dark side of Mission Statements: that they might become a platitudinous mask of simple greed and other anomalies (cf. Fairhurst, Jordan, and Neuwirth, 1997). We will talk about this later.

[16] In this passage and in the "Nicomachean Ethics" in general, when Aristotle talks about "wealth" – *ploutos* – he refers to material possessions.

Values and Habits: Development of Behavioral Values

Returning to the classification of behavioral values, we found three kinds: attitudes, skills and moral habits or virtues. The way we approach reality – attitude – depends on our personality traits and basic beliefs, and can be modified as far as our character allows, i.e., depending on our temperament, previous experience and acquired habits. Although their natures are diverse, both skills and virtues are habits that are learned by training, and not theoretically: "The virtues we get by first exercising them, and also happens in the case of the arts[17] as well" (*Nic. Eth.* II, 1103a 30). Therefore, there is no list of precepts, instructions or rules of thumb to be learned by heart and then applied:

> "The whole account of matters of conduct must be given in outline [i.e., there are certain criteria] and not precisely [...]. The general account being of this nature, the account of particular cases is yet more lacking in exactness; [...] the agents themselves must in each case consider what is appropriate to the occasion." (*Nic. Eth.* II, 1104a 1ff.)

This strong link with practice improves our understanding of why we stated earlier, citing Meglino and Ravlin (1998), that behavioral values are the most typical in organizations. Technical and moral training are different things, but they both require instruction and, above all, the actual repetition of certain actions. "It makes no small difference, then, whether we form habits of one kind or of another from our very youth; it makes a very great difference, or rather all the difference" (*Nic. Eth.* II, 1103b 25). In this training, it is very important to watch others acting – learning by example, role models – especially for moral training.

This has implications. We are talking here about values that are not only ideas or beliefs but also actual ways of behaving. Values in general are really principles of action, but this is truer in the case of those values that are, at the same time, habits.

At the beginning of this section, we said that values influence our behavior and that our behavior influences values. Acquired habits provide a certain way of judging our own actions. In the case of skills (e.g., negotiation skills), depending on how complete and correct the previous training has been, the solution applied to a certain problem will either be the correct one or it won't – in this case we have "technical error." This is so because skills point out the correct execution of a certain task or action. Skills are ordered to a certain "result" (the performance of a task or the production of an object).

The object of virtues is to act morally well, not simply "correctly." "The virtue of a man [...] will be the disposition of character which makes a man good and which makes him do his own deed well" (*Nic. Eth.* II, 1106a 20). If these habits are negative (i.e., disvalues), the order of preferences will be distorted, as will be choices: "Wickedness perverts us and causes us to be deceived about the principles of action. Therefore it is evident that it is impossible to be practically wise[18] without being good" (*Nic. Eth,* VI 1144a 35). Snook and Khurana (2004) call them "habits of character," because each of our decisions leaves on us a mark that, over time, becomes a habit, and this habit configures our character and our subsequent choices.

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[17] The Aristotelian notion of "art" differs from the one we hold now, of fine arts: it is a wider concept more related to technique and craft. Here we are using "skill," which we think fits well with the Greek *techné*. The examples Aristotle gives in this text are those of builders and lyre players.

[18] The translators here have chosen "practical wisdom" for the Greek *phrónesis*, which is more commonly translated as "prudence."

We have seen that, in the ranking of values, those of "noble" or "virtuous" good are the guiding and highest ones. Virtues are behavioral values of this kind. In other words, if behavioral values are organizational values *par excellence*, virtues are at the summit. Ordinary language reflects this idea: "a person with values" is the same as "a person of character," and both mean "a person with moral principles," which are shown in certain behavior. Interestingly enough, Aristotle has such an integrated vision of virtues (*Nic. Eth.* VI, 1144b 30 ff) among which he considers an internal order cannot be imposed: as all of them point to the good of the person and the community, it makes no sense to pose a dilemma between two virtues: e.g., sincerity vs. loyalty, or prudence vs. bravery. They are all interconnected.

This description of values has been lengthy. However, if we are to consider that "values are the underpinning of human actions" (Sharma and Nordqvist, 2008, p. 82), families aiming to establish or revise their own values and those of their businesses must have a clear vision of what values are, their different types, the order existing within them and some clues for developing and transmitting them.

Implications for Practice

> "It is understandable that the family business field is highly business-focused, yet whether value is created and sustained – or wantonly destroyed – is in almost all cases due to the family and its dynamic. Some families are able to generate remarkable 'family capital,' based on a mixture of strong values and positive relationships that sustains a market-beating culture, but some others are clearly highly dysfunctional" (Nicholson and Björnberg, 2008, p. 29).

There is a strong link between the business's values and those of the family. Just as main beliefs and behavior principles are handed down to a family's succeeding generations, there is a permeation of the family's values to the business they own (Hall, Melin, & Nordqvist, 2001; Denison, Lief, and Ward, 2004). Nicholson and Björnberg (2008) note that, over generations, as both the business and the family expand, there is a need to keep this attachment, although it may be somewhat weaker. Therefore, in all cases it is important that the owners have a clear picture of their core values and those of their business.

The first condition is that what are defined as values are really values: that is, that they are clearly distinct from vision and mission and that they point to any of the entities we have defined here as values: desirable objects or outcomes, desirable end-states and desirable behaviors. Logically, in a human organization with a certain purpose, behavioral values will prevail.

Connected to this first condition is the requirement that the chosen values respect the natural hierarchy of values: first, honest or noble values; second, useful values; and, finally, pleasurable values. In any case, at least some of the first and second types of values must be present, and in this order. "Noble" values ("respect," "ethics," "trust," "communication," "our employees") point to what is considered good in itself for individuals and for the community, and, therefore, they remain at the foundations. But, in a business, there must also be "useful" values ("access to technologies and customers," "teamwork," "huge savings," "hard work"), which point to what the business needs to achieve its goals. Utility is valuable in a firm, but it is always subordinate to a higher level provided by noble values. "When organizational values become merely self-serving, companies quickly lose the sense of identification and pride that makes them attractive not only to employees but also to customers and others" (Bartlett and

Ghoshal, 1994, p. 88). And that leads us to the conclusion that pleasurable values ("have fun at work," "enthusiasm") can be included only as a consequence of enacting the others. In other words, we argue that there must be a correct integration of the three kinds of values.

Another important element of value declarations comes from the consideration of values as part of the basis of a business's identity. "In order to understand the character and workings of different categories of family firms it is important to examine the underlying values of a family" (Sharma and Nordqvist, 2008, pp. 82-83). If this is so, it is crucial for the family business to define the values that best fit with the principles and beliefs that sustain the family's culture. It is easy to appeal to standard or commonplace terms that are accepted by everyone but that say nothing; the challenge is to find the words that capture the differentiating traits of the family business.

Values are principles of action. As a consequence, values in a Mission Statement must be the actual principles of action for all the people involved in the business. "It is the responsibility of key individuals to verify that once formed, a Mission Statement is used consistently as a guide for all organizational decisions and actions" (Ireland and Hitt, 1992, p. 41). The distinction established by Argyris (1976, p. 367) is well known: "One can differentiate between espoused theories of action and theories-in-use. Espoused theories are those that people report as a basis for actions. Theories-in-use are the theories of action inferred from how people actually behave." According to Argyris (1976), unnoticed incongruence between both sets of theories (or principles) is the main cause of lack of learning in organizations. Here, we could talk about the distinction between espoused values and values-in-use.

Senge (1998, pp. 19-20) puts it in different words: "While there are some extraordinary principled and value-driven organizations, the defining characteristic of far too many enterprises is cynicism. And cynicism comes from disappointment." Although behaving according to principles other than the values of the firm is not necessarily a sign of misconduct, this lack of adjustment is a factor in disintegration. When actual behavior goes *against* stated values, things get worse. The consequences of this second lack of consistency are internal demotivation, cynicism, or a lack of trust and generalization of unethical behavior (Fairhurst, Jordan, and Neuwirth, 1997; Senge, 1998; Stone, 1996); and an external bad image of the company (and, therefore, of the family whose name is attached to the firm).

This is the danger that leads Fairhurst, Jordan, and Neuwirth (1997, p. 244) to warn: "There is considerable debate over what would make Mission Statements and their components something more than an empty set of platitudes." Hence the importance of an accurate assessment of consistency in this matter. Inconsistency may be very subtle and difficult to detect; it may be present, for example, in some managerial reward systems that, being tied to certain short-term performance indicators, encourage greed in managers[19] (Ireland and Hitt, 1992; Senge, 1998; Snook and Khurana, 2004). Another example is an excessive concern for the good name of the family and the brand that may lead to a lack of transparency. Therefore, the company's strategy, structure and practice must be aligned with its core values.

In other words, the Mission Statement must be operationalized or implemented (Fairhurst, Jordan, and Neuwirth, 1997; Stone, 1996), but values especially so. Vision and mission point somehow at the future – they are in the process of being achieved – but values must be put into practice from the first moment of a business's existence. According to Fairhurst, Jordan, and

[19] In general, any form of extrinsic motivation promotes a behavior that disregards the values at stake.

Neuwirth (1997), all three elements – vision, mission and values – must be communicated to all stakeholders. But it is not only a matter of simply informing them through different methods of propaganda and awareness-raising; sometimes they are not put into practice because there are managers (who focus on organization and getting things done) but not leaders (who have a commitment to ideas, management of meaning and attention to the context). "By effectively weaving it into the most routine aspects of work, leaders make the Mission Statement personally meaningful for others" (Fairhurst, Jordan, and Neuwirth, 1997, p. 246). Ireland and Hitt (1992) make use of the concept of "transformational leadership" to convey the same idea.

Finally, and very much related to the last issue, it is advisable to establish a periodic examination of the Mission Statement and its elements (Ireland and Hitt, 1992; Stone, 1996). This subject has been addressed before, but some things can be added here. The main goal of this revision is to check compliance. Clear and well-defined values should not change unless there is a major change in the business; Bartlett and Ghoshal (1994, p. 85) warn of the consequences of a constant change of values: "The result is an organizational cynicism that brushes off any new initiative as the 'culture of the month'." According to Ireland and Hitt (1992, p. 41), "a massive reorientation affects all parts of an organization, including its culture," and values are at the basis of the culture. Bartlett and Ghoshal (1994, p. 85) suggest that any change in the value system should be very closely watched:

> "New values cannot be instilled through a crash program, nor should existing belief systems be chucked or subverted without careful consideration [...]. In fact, the goal for most companies should be to build on the strengths and modify the limitations of the existing set of values, not to make radical changes in values."

We argue that what must be often assessed is compliance with values and, in the case of changing circumstances, acting in accordance with them: i.e., they sometimes need to be "rejuvenated." In a family business, succession is a good time to do this exercise. In this sense, when incorporating next-generation family members into the business, it becomes crucial to communicate and assess compliance with the family values, in an open, empathetic sharing of emotions and a climate of mutual trust in the family group.

The distinction we have made before between espoused values and values-in-use may be useful in clarifying these issues. Any maladjustment between espoused values and values-in-use must be carefully detected and studied, and perhaps not always solved in favor of the former. It may be the case that "official" values have not been well defined, and some of the values-in-use should be made explicit and added to the Mission Statement. Ultimately, what matters is that these values fit with the core family values and that they are the actual values-in-use, provided that they comply with the aforementioned requisites about what a value is and about the hierarchy of values.

II. Family Business Values in Practice

What values are being posted on the Web sites of the world's largest organizations? Are there any differences between the values posted by family-owned firms and those posted by non-family organizations? These are relevant questions that can give us vital information regarding what values are driving the key decisions of the world's largest organizations in the following areas: business strategy, organizational structure, corporate culture, governance, owners' commitment and leadership styles. Hence, the purpose of the empirical part of this chapter is to examine the Web sites of the top 100 of the world's largest family-owned and non-family-owned businesses and to identify the core values expressed therein. The results obtained, based on the former definition and classification of values, will provide insight into what values are instilled in family-owned businesses and how these values differ from those encountered in non-family organizations.

Method

Sample

We designed our research as an exploratory study in order to gain insight into the corporate values posted to the Web sites of the world's largest organizations. To this end, we studied the Web sites of the world's top 100 largest non-family corporations, listed in the *Fortune 500* company rankings for the year 2008and the Web sites of the world's top 100 largest family-owned businesses, listed in *The Family Business* magazine for the year 2010. Companies with the revenue rank from 1 to 100 for the family-owned firms and from 1 to 150 for the non-family organizations were selected for detailed examination. (Some of the companies listed in the *Fortune 500* list were family-owned firms, so they were eliminated from the list.) Our sample consisted of a total of 200 family and non-family corporations. The Web site of each company was visited, and a search was initiated at each site to find a document that could be called "corporate/company values," "our values" or "values." The Web sites were accessed during the following dates in 2010: February 22, 23, 24, 25 and 26 and March 1.

Analysis

The value statements encountered on the Web sites were analyzed using content analysis (Holsti, 1969). We focused on keywords that described the core values of each company. More specifically, our focus was on those words that described each of the values posted by the company. In some cases the values were posted as a list, which was kept in the same format. However, in the majority of cases, the values were stated as phrases; therefore, we extracted keywords that would sufficiently explain the whole value statement. From the 100 family-owned firms, we collected a total of 427 values, and we collected 405 values from the non-family corporations. Once we had the complete list of values, we ranked them according to the number of times each value was mentioned on the companies' Web sites.

Results

From the ranking explained above, we decided to focus on the top 23 values that were mentioned most frequently in both family-owned companies and non-family organizations (see Table 1).

Table 1

Number of occurrences of core values identified in the sample

Values Mentioned in Non-Family Firms		Values Mentioned in Family-Owned Firms	
	Total		Total
Integrity	39	Integrity	36
Respect	25	Respect	23
Customers	23	Customers	20
Innovation	21	Quality	16
Teamwork	17	Responsibility	15
Responsibility	13	Excellence	14
Performance	12	Teamwork	11
Trust	12	Care for people	10
Diversity	9	Innovation	10
Care for people	9	Employees	9
Employees	8	Community involvement	9
Environment	8	Passion	8
Community involvement	8	Creativity	6
Openness	8	Diversity	6
Commitment	7	Entrepreneurship	6
Excellence	7	Shareholders	6
Leadership	7	Communication	6
Passion	7	Generosity	5
Quality	7	Honesty	5
Transparency	7	Humility	5
Ethical behavior	7	Continuous improvement	5
Honesty	6	Service	5
Professionalism	6	Fairness	5

This table describes the values that were most frequently mentioned by the world's largest corporations. We emphasize the most significant results. For example, the top 3 most-mentioned values were the same for both family-owned firms and non-family corporations (integrity, respect and customers). Several authors identify integrity and respect as core business values, along with truth, reputation, honesty and responsibility (e.g., Cavanagh, 1998; Davies, 1997; Fritzsche, 1997; García-Marzá, 2005). Hence, since the values of integrity and respect seem to be critical foundation values for today's organizations, it is not surprising to find them as top values in both types of organizations. Moreover, it is important to emphasize that the values of integrity and respect are both behavioral values, and, within this category, they can also be referred to as virtues (i.e., habits for acting well). Similarly, without customers, a company could not exist; hence, we were not surprised to find that the value "customers" occupies the third position in the ranking for both family-owned firms and non-family corporations. Customers are vital for any company and consequently are equally valued by family-owned and non-family businesses. "Customers" can be classified as an object value.

In order to further study those values that are most characteristic of family-owned firms, we created a list with the values that were within the top 23 most-cited values and that were mentioned less often in non-family organizations. To this end, we calculated the distance between values by dividing the number of times a value was mentioned within the top 23 values in family-owned firms, divided by the number of times that same value was mentioned in non-family firms. We focused on those values that have a distance value > 2. The results, presented in Table 2, show that there are specific values that are mentioned very frequently by family-owned firms and seldom stated or not stated at all by non-family organizations.

Table 2

Distance values between occurrence of values in family-owned firms and non-family businesses

Values Unique to Family-Owned Firms	
	Distance Value
Generosity	Not mentioned by non-family firms
Humility	5
Communication	3
Service	2.5
Quality	2.28
Excellence	2
Creativity	2
Entrepreneurship	2

As shown in this table, the values of generosity, humility, communication, service, quality, excellence, creativity and entrepreneurship appear to be characteristic of family-owned businesses. We will analyze each of these values in the following section, emphasizing their link to family-owned firms as well as their consequences and different avenues for fostering each of them.

Analysis of the Values Unique to Family-Owned Firms

Generosity

The value of generosity was among the top 23 values most often expressed on the Web sites of family-owned firms; however, it was not mentioned by non-family organizations. According to the "Collins English Dictionary" (2003), "generosity" means: "willing and liberal in giving away one's money, time, etc.," and it is usually understood as "unselfishness." An interesting approach to the value of generosity can be found in the discourse of Aristotle; although he does not speak directly about generosity, he talks about magnificence (*Nic. Eth.* IV, 1122b 20). Magnificence is a special case of the virtue of liberality (related to giving and receiving) for people who are rich. It represents the mean point between avarice and extravagance, and it is related to large expenditures on noble or "high" things. "He who is liberal spends according to his substance and on the right objects" (*Nic. Eth.* IV, 1120b 25); also, gains must come from right sources and in the right quantity. Aristotle considers that he who is magnificent is in a condition to spend in favor of the whole city and public objects (*Nic. Eth.* IV, 1123a). Although he does not develop this latter idea and seems to be praising splendor, in his ideas about earning, giving and receiving we can find the roots of the ideas of social responsibility and philanthropy, especially as they apply to the wealthy.

For families in business, the value of generosity is fundamental in that it will help to preserve the heritage across generations. Moreover, the value of generosity can provide families in business with powerful resources to deal successfully with three of their key challenges: good management of the family patrimony, power and status. Following our classification of values, generosity can be contemplated as a behavioral value,[20] and within the group of behavioral values, it can be considered as a virtue, as it represents a disposition of doing well.

The family is a social group in which altruism compels parents to care for their children, encourages family members to look after one another and makes family membership valuable in ways that both enhance and sustain the family bond and well-being across generations. It is important to emphasize that altruism and generosity are closely related terms indicating a common orientation of the self toward other people. Therefore, we will use the terms interchangeably. Due to the family influence, it should be expected that family-owned firms have a mindset of concern for other people. The family business Cox Enterprises Inc., for instance, posts the value of generosity as a key corporate principle: "We believe it's good business to serve through volunteerism and financial support." Likewise, the family firm Haci Omer Sabanci Holding A.S. defines generosity as a core corporate value: "We try to play a role in non-governmental organizations, in services and activities for the benefit of the society and public." As we can see in these examples, generosity appears to be a very important behavioral value for family-owned firms; indeed, it has been found that in America and Europe, family businesses dedicate an important part of their patrimony to philanthropic activities (Amit and Liechtenstein, 2009). This finding is in line with past research that views family-owned firms as having a "stronger belief in the goodness of man" (Ward, 2008). Generosity is certainly a key value that can be very positive for family-owned firms, in that it can foster stakeholder loyalty and commitment.

Consequences of Generosity

According to psychological research, being generous can have several beneficial outcomes, in addition to the tangible societal (i.e., economic) benefits that result from generosity. Research findings suggest that helping behavior (e.g., volunteerism) is associated with psychological well-being (Van Willigen, 2000; Wheeler, Gorey, and Greenblatt, 1998). Likewise, recent studies have discovered that generosity is associated with longevity (Musik, Herzog, and House, 1999). In other words, adults who engage in community service tend to live longer than adults who do not participate in any form of helping behavior. In this sense, the consequences of generosity for families in business are associated with a sense of well-being and satisfaction, and their generosity can have a major impact on the communities in which they operate. The value of generosity can give the family a sense of purpose and a reason to stay together in the business project. In this sense, generosity can represent a positive and powerful purpose, beyond purely economic profit, for families in business.

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[20] Behavioral values: "Modes of behavior (e.g., honesty, helpfulness) rather than states of existence. [...] instrumental values describe behaviors that facilitate the attainment of terminal values."

Fostering the Value of Generosity

It has been found that generosity is related to empathy, which, according to Rushton, Fulker, Neale, Nias, and Eysenck (1989), can be defined as either a) the ability to experience an affective state of another person, or b) a soft, tender emotion and concern that is associated with imagining what it would be like to be in someone else's shoes. Batson (1990) found that generosity toward others is a function of the amount of empathetic emotional experience of the individual toward the person in need. Hence, for families in business, one way to foster and transmit the value of generosity might be to teach their offspring to be empathic toward other people. In this sense, engaging in philanthropic activities may be a good way to foster empathy in the family. Here, the role of the senior generation is vital, as most aspects of prosocial behavior are learned during childhood and adolescence; older generations should instill younger generations with the spirit of generosity. The family business might be an excellent avenue for promoting philanthropic activities. Family members can participate in these activities and experience the pride of belonging to a family firm that shares the assertion of a common humanity in which others are worthy of attention for no economic or utilitarian reasons but their own sake.

Humility

Like generosity, the value of humility appears to be characteristic of family-owned businesses. According to the definition in the "Collins English Dictionary" (2003), a "humble" person is "conscious of one's failings, unpretentious." Likewise, Peterson and Seligman (2004, p. 30) define "humility" as "letting one's accomplishments speak for themselves; not seeking the spotlight; not regarding oneself as more special than one is." This value can be classified as a behavioral value, and within this classification, it can be conceived as a virtue.

Aristotle does not speak of the virtue of humility as such. However, he values high-spiritedness or magnanimity (*megalopsychia*) (*Nic. Eth.* IV, 1123[a] 30 ff). As he considers all virtues a mean between two extremes, there could be an excess of high-spiritedness (to which he gives no name, and means aiming beyond one's possibilities), as well as a dearth (pusillanimity). Aristotle seems to identify humility with the latter, deeming it to be the attitude of the slave (servile and abased). But when he talks about ambition (*Nic. Eth.* IV, 1125b 10), he remarks that:

> "We blame both the ambitious man as aiming at honour more than is right and from wrong sources, and the unambitious man as not willing to be honoured even for noble reasons. But sometimes we praise the ambitious man as being manly and lover of what is noble, and the unambitious man as being moderate and self-controlled. It all appears to be a matter of context and what we understand in each case by 'ove of honor' and 'ambition.' Moreover, it seems that Aristotle described 'humility' as 9modesty' or 'simplicity'."

In the context of families in business, the virtue of humility can often be traced to the humble origins of many family businesses, in which the founder launched the business through determination, responsibility, dedication and hard work. Humility represents an important doorway for families in business, allowing them to connect with their humble origins, which is vital for their survival and continuity. For example, the family business IKEA expresses humility as one of its core corporate values:

> "The stone wall is a powerful symbol for the grit and determination of the people of Småland, and it helps us at IKEA to remember our humble origins. The harsh conditions that Småland folk have traditionally had to struggle with – fields strewn with boulders and thin soil providing meagre yields for farmers – have forced the people in this part of Sweden to live on their wits. It has made them determined and tenacious, but also humble. The success of IKEA has been built upon enthusiasm, on cost-consciousness, on a willingness to lend a hand and take responsibility, on humility before the tasks that lie ahead and on simplicity in the way we think and act."

From this example, we can see clearly that the value of humility resonates with the family firm's origin. The humble spirit of the founding generation is present, together with the uniquely close relationship with the local community's culture. Within the value of humility, we can see the influential role of the family business's founders and the family history. This value is likely to be transmitted across generations through legends and information centered on the founding family, whose members attained astounding success for the company by means of hard work, dedication, loyalty and commitment. In this sense, the value of humility can help next-generation members to be conscious of the gift they have received in the form of patrimony and to appreciate the effort of the preceding generations who have protected and enhanced the family business for their benefit.

Consequences of Humility

Psychological studies on the correlates of humility have shown that humble individuals, in contrast to people who think too highly of themselves, have less of a need to impress and dominate others, and they are often less concerned with collecting special benefits for themselves (Heine, Lehman, Markus, and Kitayama, 1999). Likewise, humility has several benefits for individuals, regarding both well-being and self-regulation. For example, according to Weiss and Knight (1983), under conditions of ego-threat, humility generally protects people from taking risks and making poor decisions. Similarly, humility has been shown to be a psychological resource for conserving emotional and psychological energy, since one does not have to continuously defend one's self-image from social threats (Rhodewalt, Madrian, and Cheney, 1998). In terms of family-owned firms, the individual benefits of humility can extend to the family (e.g., family harmony) and business outcomes (e.g., customer and employee retention). According to a five-year research study, executives who possess the "paradoxical" combination of humility and professional will are catalysts for transforming a good company into a great one (Collins, 2001). Hence, the value of humility can be a key competitive advantage for families in business by fostering appreciative organizational climates, which can be hard for non-family companies to copy.

Fostering the Value of Humility

Taking into account the potential benefits that the value of humility can have on individual well-being and organizational performance, it is interesting to review how families in business can cultivate this value. Although there are few empirical findings regarding the best strategies for promoting humility, some psychological techniques can be useful for family-owned firms. For example, the concept of gratitude may prove beneficial for promoting humility within families in business; Seligman (2002) defines "gratitude" as a sense of thankfulness and joy in response to receiving a gift, whether the gift is a tangible benefit from a specific other or a pleasant moment evoked by a certain situation. In a family business, each generation receives a tangible gift in the form of patrimony and status. Therefore, in order to promote a humble spirit within each generation, it is important to foster a sense of appreciation for the preceding generations who have protected and enhanced the family business. From an individual perspective, keeping a gratitude journal can have large positive effects in terms of individual well-being (Emmons and Crumpler, 2000). This simple exercise can help people be aware of what they receive every day and feel grateful and privileged for all they have. From a family business perspective, grateful families can be developed that foster gratitude in their members. In this sense, expressed appreciation among family members has been found to be one of the most important characteristics of flourishing families and marriages (Gottman, 1999). Thus, gratitude is an important attitude that can help nurture and transmit humility across generations. It is important to emphasize that each family business is unique, so there are no "standard" interventions for cultivating the value of humility. Nonetheless, the regular practice of humble and grateful thinking should lead families in business to be both thankful and humble before their family predecessors and their role in the family business.

Communication

The value of communication is also characteristic of family-owned firms. According to our classification, this value can be grouped as a behavioral value, and within this classification it can be viewed as a skill. In our view, it is not surprising to find that the value of communication is characteristic of family-owned firms; communication processes are vital to family functioning and well-being (Walsh, 2006). In this sense, the complex intertwining of the family and the business systems in family-owned corporations makes good communication both more important and more challenging than in other types of organizations.

According to Epstein et al. (2003), communication involves information exchange and the transmission of beliefs, problem-solving processes and emotional expression. Communication in healthy families is direct, clear, specific and honest (Satir, 1988). In this sense, family-owned firms should benefit from good communication with all pertinent stakeholders. The family firm Associated British Foods, for instance, claims communication as one of its core values: "We will brief employees on all relevant matters on a regular basis." Similarly, the family firm INDITEX expresses communication as a key corporate value: "Ongoing dialogue with stakeholders, society at large and social organisations." These examples express the readiness of family-owned firms to clarify the communication process and encourage the regular transmission of information to all major stakeholders. When the family and the business systems are in a continuous state of interaction, clear, direct, specific, frequent and honest communication among stakeholders, including family and non-family members, is crucial for this type of organization.

Consequences of Good Communication

Good communication within any social group is extremely important, because it allows members to express their needs, desires, and concerns to one another. Clear and honest communication creates an atmosphere of trust that enables members of a group (i.e., family, business) to express their esteem for one another. Communication can help family businesses overcome the unavoidable challenges that go along with passing the business on from one generation to the next. Moreover, research on family relations has found an association between good communication and satisfaction with family relationships (Noller and Fitzpatrick, 1990). Likewise, Gottman (1994) discovered that the more efficient and positive communication couples have, the more satisfied they are with their marriages over time. Hence, communication appears to be essential for the healthy functioning of both systems: the family and the business. Given the importance of good communication for facilitating family and business functioning, families in business must learn how to nurture specific skills that allow for an effective flow of communication among stakeholders.

Fostering Good Communication

Various studies within psychology have found three dimensions that are essential for fostering good communication in social groups such as families or businesses: clarity, open emotional sharing and collaborative problem-solving (Walsh, 2006). In the case of family-owned firms, these dimensions can also apply to the business sphere. In terms of clarity, in well-functioning families, communication is direct, clear, specific and honest. In other words, members say what they mean and mean what they say. Most communication among family members is straightforward, with messages delivered directly to the person(s) concerned and not diverted to other family members. Clarity enhances trust among family members, organizes interactions and defines relationships. Likewise, open emotional sharing is vital for facilitating good communication. According to Beavers and Hampson (2003), communication in 'healthy' families is notable for its warm, cheerful, optimistic tone, as well as for its joy and good feeling. Family members allow a wide range of positive emotions, such as love, hope, tenderness, gratitude and happiness, as well as negative emotions like anger, fear and sadness. When families allow open, empathic sharing of emotions, a climate of mutual trust emerges in the family group. Messages are spontaneous, yet delivered in such a way that each family member respects the differences and feelings of other members. Likewise, collaborative problem solving is essential for families dealing with challenging situations or sudden changes. It is important to emphasize that 'healthy' families are not characterized by the absence of problems (Beavers and Hampson, 1990; Welsh, 2006); what distinguishes a well-functioning family is the ability to manage challenging situations and use communication skills to address problems collaboratively. In this sense, when a potential problem arises, families might benefit from facing it directly and straightforwardly and addressing both its practical and emotional aspects in an open manner. This way, the family will be able to organize themselves, accept input from one another, negotiate solutions and solve the problem in a positive and efficient way.

In summary, families in business who communicate in a healthy way, considering the dimensions of clarity, open emotional sharing and collaborative problem solving, will be more capable of nurturing, enhancing and transmitting the value of communication across generations.

Service

The value of service is also among the most characteristic values of family-owned businesses. According to the definition in the "Collins English Dictionary" (2003), "service" is understood as "an act of help or assistance." Following our categorization, this value can be grouped as a behavioral value, and within this classification it can be viewed as an attitude.

The service offered to customers in family-owned firms is a reflection of the owning family; hence, it is not surprising to find that family-owned firms value customer practices that involve consideration of employees and customers more than solely financial profit. The family business Marriott International Inc., for example, expresses service as a core company value:

"Spirit to serve our associates, guests and communities." Likewise, the family-owned firm Wal-Mart Stores states service as a core corporate value:

> "Clients and consumers are at the center of everything we do. In order to serve them well, on a daily basis, at all levels, we have to demonstrate our availability, our ability to listen, our capacity to anticipate their expectations, our sense of conviviality, our responsiveness to their remarks and our pride in satisfying them."

From these examples, we can see that the orientation of service in family-owned firms is more toward customer consideration and care than purely financial profit mechanisms. This quality may be hard to replicate in non-family organizations. A study by Lyman (1991) found that family-owned businesses pay more attention to people and interpersonal considerations with respect to their customer service policies. Likewise, the authors found that family business managers tend to talk about the impact of the policy in terms of its ability to help employees and customers to be happy. Contrastingly, non-family firm managers concentrate on the ability of employees and customers to do the right thing. In this sense, family-owned firms appear to value employees' ability to treat customers in a positive way, have good relationships with customers and enjoy serving them. In other words, family-owned firms tend to focus on enhancing the ability of employees to create a positive atmosphere in which positive feelings among customers and employees can emerge. As we have stated before, the fact that customer service in family-owned firms directly reflects the image and values of the owning family can explain the desire for quality customer service and employee well-being.

Customer Service Consequences that Involve Consideration of Customers and Employees

It is well established that businesses that devote their energy to providing quality service to their customers perform better than those companies that do not (Donovan et al., 2004; Hart, 1988). Likewise, several studies have documented the benefits of providing good customer service in terms of employee and customer satisfaction, as well as healthy and productive organizations (Heskett, 1986; Hart, 1988).

Fostering Service Quality

It has been shown that employees' commitment to the organization and their job satisfaction strongly contributes to the quality of service they provide (Donthu and Kennett, 2000). Committed, engaged employees have the personal resources and willingness to give good-quality service to customers. Moreover, satisfied and engaged employees can provide customers with the interpersonal sensibility needed to create a positive atmosphere in which positive emotions between customer and client can be exchanged. In this sense, it is important for families in business to make sure that they have a committed and engaged workforce which will deliver high-quality customer service, and this involves considering both customer and employee well-being and satisfaction. Organizational contexts can have a strong impact on employee engagement and commitment. In several studies, factors associated with support of autonomy have been shown to be positively associated with employee engagement (Ryan and Frederick, 1997). Likewise, Reis et al. (2000) discovered a link between factors of autonomy and relatedness to increasing employee engagement and commitment. In sum, families in business can foster the value of service by providing employees with a supportive work atmosphere and high levels of autonomy for performing their job.

Creativity

The value of creativity is another hallmark value of family-owned firms. Following the definition in the "Collins English Dictionary" (2003), "creativity" means "having the ability to create," and it is related to being "imaginative or inventive." Similarly, Csikszentmihalyi (1996) defines creativity as any act, idea or product that changes an existing domain or that transforms an existing domain into a new one. Likewise, Edward (1989) envisions creativity as the ability to find new solutions to a problem or new modes of expression. Following our classification of values, creativity is a behavioral value, and within the group of behavioral values, it can be viewed as a skill.

The value of creativity in family-owned firms symbolizes the entrepreneurial and creative spirit of the founding family, in that founders generated new ideas, new products or new approaches to traditional products or services from which the family business originated. Likewise, creative individuals are often characterized by high levels of perseverance, strong desire to try new things, tolerance of ambiguity, intuitive decision-making and strong will or vision (Miller, 1986). The survival of family-owned firms over time depends on their creative capacity to transform their products and services into new ones. Creative capacity increases the distinctiveness of family businesses' products and therefore enhances their profitability and growth. The family business LVMH Moet Hennessy Louis Vuitton, for example, states that creativity is one of its corporate values:

> "Group companies are determined to nurture and grow their creative resources. Their long-term success is rooted in a combination of artistic creativity and technological innovation: they have always been and always will be creators. Their ability to attract the best creative talents, to empower them to create leading-edge designs is the lifeblood of our Group. The same goes for technological innovation. The success of the companies' new products – particularly in cosmetics – rests squarely with research and development teams. This dual value – creativity/innovation – is a priority for all companies. It is the foundation of their continued success."

From this example, we can see that the value of creativity is in the "lifeblood" of the family business; it is strongly influenced by the creative spirit of the founding generation. Families in business need creativity to create new products, deliver better customer service and revitalize themselves across generations.

Consequences of Creativity

Creativity has been associated with desirable, positive psychological and group outcomes. Among these positive outcomes, we find a willingness to challenge stereotypes, a preference for challenges in work and leisure, perceived control and negative correlations with feelings of stress or boredom (Zuckerman, 1994). Likewise, Kashdan, and Roberts (2004) found that creativity appears to foster positive emotions, such as excitement and enjoyment. Creativity has also been associated with the facilitation of goals and perseverance (Sansone and Smith, 2000). At the organizational level, creative workers appear to be a key competitive resource for any business (Farnham, 1994). In this sense, creativity seems to make important contributions to organizational success and well-being. For families in business, the value of creativity is an important competitive advantage; it is part of their history. It can generate strategies far beyond what could originate within more traditional organizations.

Fostering the Value of Creativity

Developmental psychologists have devoted a considerable amount of time to studying the factors that contribute to the growth of creativity. Research in this area has found that creativity is best nurtured in homes that provide opportunities for intellectual, cultural and aesthetic stimulation. Parents of creative children tend to favor rearing strategies that encourage their offspring to develop independent interests (Peterson and Seligman, 2004). Likewise, for creativity to be nurtured, a person must develop considerable expertise within a chosen domain of creative activity (Hayes, 1989). Applied to the family business context, this would mean that it is important for younger generations to get to know the business well in order to make creative contributions to the business. To this end, the senior generation and mentors have a large role to play in nurturing this value. The senior generation must be supportive, reinforcing and open to new ideas and suggestions. At the group level, it has been found that creativity can be facilitated through brainstorming sessions that are especially designed to foster creativity within a certain group (Parnes and Meadow, 1963). In family businesses, the family council can be an adequate place where new ideas can be stimulated through brainstorming sessions. However, it is important to emphasize that while engaging in this type of session, all members should be uncritical, with the aim of facilitating the flow of creative ideas.

Excellence and Quality

The values of excellence and quality were also found among those values characteristic of family-owned firms. According to the definition in the "Collins English Dictionary" (2003), "excellence" is defined as "the quality of excelling or being exceptionally good." Likewise, "quality" is defined as the "degree or standard of excellence." According to our classification of values, both values are behavioral, and, within this group, they are outcomes.

Having the family name on a brand gives family business leaders a sense of stewardship and responsibility toward their family and the society in which the company operates. The image of the company and its products or services will be associated with the family name and history. Hence, families in business often feel responsible for maintaining the family name's high esteem by offering excellence and quality in their products and services. It is not surprising to find that family-owned firms value excellence and quality in everything they do. The family business Masco Corporation, for example, lists excellence as one of its core company values:

> "Driven by a focus on excellence in people, products, service, and partnering relationships, Masco remains committed to being a premier growth company – a commitment that has resulted in above-average increases in earnings and value to shareholders. The entrepreneurial spirit of founder Alex Manoogian and his commitment to excellence permeates the organization to this day."

"Do not be satisfied with average performance," Manoogian advised his employees. "Strive for excellence. If you cannot give your customers a better value and a better product, do not sell the product." Likewise, the family firm Mars Inc. mentions quality as a vital company value:

> "Our company is dedicated to the highest quality in all the work we do. Quality is the encompassing standard for our actions, and it flows from our passion and our pride in being part of a Mars community. Quality work, which results from our personal efforts, is the first ingredient of quality brands and the source of our reputation for high standards."

From these examples, we can identify a deep appreciation for quality and excellence, which is associated with the responsibility for maintaining a good reputation for the family name and history. Moreover, family-owned firms seek excellence and quality in order to find meaning and purpose in their existence. By devoting their energy to achieving excellence and the highest quality in all they do, they attain a deep connection with their stakeholders, which often results in long-term value.

Consequences of Excellence and Quality

At the individual level, the appreciation of excellence and quality can have positive life outcomes. For example, Keltner and Haidt (2003) found an association between people who value excellence and quality and profound outcomes, such as motivating self-improvement, personal change, altruistic intentions and actions and the devotion to others and the larger community. Given these findings, the appreciation for excellence should lead individuals to a greater meaning and purpose in life. From an organizational view, when employees seek excellence and quality standards in all they do, they tend to feel that their work activities fit into a larger picture, a perception that increases their feeling of enthusiasm for what they do (Park and Peterson, 2003). Likewise, employees who regard their job activities as meaningful tend to experience more flow (engagement) in their daily work-related activities and to regard their lives as meaningful (Peterson, Ruch, Beerman, Park, and Seligman, 2007). Pursuing excellence and quality at work may be intrinsically rewarding and a central part of the employee's very existence. Given that the pursuit of excellence and quality is associated with various desirable individual and organizational outcomes, the question is how to promote the transmission of the values of excellence and quality.

Fostering Excellence and Quality

An appreciation for excellence and beauty concerns the ability of a person to recognize and take pleasure in the existence of goodness in the social and physical world (Peterson and Seligman, 2004). Someone who values excellence and quality often feels admiration while witnessing, for example, a beautiful, high-quality product or a display of virtuosity. Likewise, a person who appreciates beauty and excellence will have more meaning in his or her life and will be more able to convey the value of excellence to other people. According to developmental psychologists, adolescence and young adulthood are the times of maximum appreciation; these are the times when young adults are establishing their value systems and identity (Spilka, Hood, and Gorsuch, 1985). Hence, in the context of families in business, role models are important in conveying the value of excellence, especially to young family members. For instance, a family where senior generations openly express their appreciation for excellence and quality should enable the appreciation of excellence. Likewise, having high standards of excellence and quality in all activities and living up to these standards will help younger generations internalize this value. In this sense, an active search for excellence and quality, focusing on the qualities of an object or a behavior that make it beautiful beyond its utility, can enable feelings of admiration for excellence. For families in business, proactive admiration for excellence and quality can be a powerful engine for passing this value from one generation to the next.

Entrepreneurship

According to our findings, entrepreneurship is another value characteristic of family-owned firms. It can be defined as: "The pursuit of opportunity without regard to resources currently controlled" (Stevenson, 1999, p. 10). Likewise, Baron (2010) defines "entrepreneurship" as the active effort to launch new ventures. In these definitions, we find that the value of entrepreneurship is related to the encouragement of individual initiative to create value; hence, we are talking about a behavioral value, and, within this category, it can be classified as an attitude.

The value of entrepreneurship is deeply rooted in the history of family-owned firms, especially within the founder's initiative to set up a business and the existence of a business climate in the founder's family across generations. McClelland (1978) emphasizes the role of one's family as a socializing agent for creating one's need for achievement – a variable that he considered key in a person's entrepreneurial behavior. In this sense, the climate of families in business naturally involves the existence of business experience in one or several generations, which makes it a powerful agent for driving a family member's initiative to start a business. Likewise, the long-term perspective of family businesses enables them to dedicate resources for innovation, thereby fostering entrepreneurship. The family firm LVMH Moet Hennessy Louis Vuitton, for example, cites entrepreneurship as one of its core values:

> "The Group's organizational structure is decentralized, which fosters efficiency, productivity, and creativity. This type of organization is highly motivating and dynamic. It encourages individual initiative and offers real responsibilities – sometimes early on in one's career. It requires highly entrepreneurial executive teams in each company. This entrepreneurial spirit requires a healthy dose of common sense from managers, as well as hard work, pragmatism, efficiency, and the ability to motivate people in the pursuit of ambitious goals. One needs to share and enjoy this entrepreneurial spirit to – one day – manage a subsidiary or company of the LVMH group."

From this example, we can see that there is an emphasis on instilling the entrepreneurial spirit among employees to motivate them in the pursuit of challenging and ambitious goals. The value of entrepreneurship is widely claimed to have beneficial influences on the effectiveness and long-term survival of any organization (e.g., Amabile, 1988; Mumford, 2000). In this sense, family business owners understand that their family businesses' survival and success depends upon their ability to enter new markets and revitalize existing products and services. Entrepreneurial activities represent a competitive advantage in this type of organization, fostering long-term profitability and growth. It is important to emphasize, however, that, over time, family-owned firms tend to become conservative and reluctant to pursue entrepreneurial activities that may put the family wealth at risk (Autio and Mustakallio, 2003). Therefore, it is vital for family-owned corporations to realize that entrepreneurial activities are a powerful way to create long-term value for succeeding generations.

Consequences of Entrepreneurship

The value of entrepreneurship involves focusing on the regeneration of products, processes, services, strategies or even whole organizations. As such, an entrepreneurship orientation provides a competitive advantage through the generation and exploitation of new sources of knowledge (Zahra, 1996). For families in business, entrepreneurship is a vital way to create value and obtain a competitive edge over rivals. Likewise, entrepreneurs who are passionate about their ventures have been found to be more successful than those who are not (Baum and Locke, 2004). Passion refers to the consciously accessible, positive, intense feeling experienced when engaging in entrepreneurial activities associated with roles that are meaningful and salient to the entrepreneur's self-identity (Cardon, Wincent, Singh, and Drnovsek, 2009). Passion also involves a deep identity connection between the entrepreneur and the venture (Murnieks and Mosakowski, 2006). An entrepreneur who is passionate about being the founder or owner of a venture will experience positive and very intense emotions toward the business. Passion has been associated with enhanced creativity, persistence and engagement of entrepreneurs (Cardon et al., 2009). More specifically, passion leads an individual to set more challenging objectives (Seo, Barret, and Bartunek, 2004), to be more creative when facing those challenges and to persist longer in the tasks even in the midst of obstacles (Sy, Cote, and Saavedra, 2005). As environments become more complex and dynamic, family businesses must nurture and enhance their entrepreneurial spirit (especially within next-generation members) in order to identify new opportunities and revitalize the business to achieve sustained success across generations. Moreover, the entrepreneurial spirit will increase the meaningfulness of the business for both family members and non-family employees. But how is the value of entrepreneurship transmitted across generations? This is a key question for families in business; without this value, the business will struggle to survive.

Fostering Entrepreneurship

The organizational culture has several dimensions that can have a significant impact on entrepreneurship behavior in family businesses: a balance between encouraging individual initiative (e.g., prizing individual achievement) and promoting group collaboration, external-focused culture, decentralization of control and long-term cultural orientation (Zahra, Hayton, and Salvato, 2004). Families in business should identify these dimensions and establish mechanisms and structures that give family members and non-family employees the opportunity to contribute to entrepreneurial activities, while coordinating the entrepreneurial efforts of the entire business group. More specifically, regarding the balance between encouraging individual and group initiative, the opposing forces of rewarding individual excellence and group cooperation should be well balanced for fostering entrepreneurial activities. Likewise, families in business should promote an externally focused culture that dedicates resources to obtaining information from their external environment. This can give families in business important input for developing entrepreneurial opportunities. Moreover, an orientation toward the decentralization of control and coordination is also important for promoting entrepreneurship. This cultural orientation encourages individual initiative and autonomy and offers employees real responsibilities. When offered challenging, important roles, employees will view their jobs as more meaningful. This type of culture requires highly entrepreneurial executive teams, in which autonomy and coordination, through mutual arrangement, are regarded as valid. Finally, a long-term orientation strategy is also positively associated with entrepreneurial behavior. In this sense, thinking in generations will enable families in business to develop entrepreneurial projects that aim to create long-term value; these projects may have low immediate potential payback, but they are important for developing new businesses in the interest of succeeding generations.

Discussion

With the disciplines of management, psychology and philosophy as the backdrop, the goals of the present study were to define the concept of values from a philosophical perspective; to conduct an empirical study examining the foundational values of the cultures of the world's largest family-owned firms and non-family businesses; and to study whether there are specific values characteristic of family-owned businesses. Compared to traditional approaches, our approximation represents a shift in three ways: the conceptualization of values (a definition of values is often overlooked in the management literature; likewise, in practice, there is a lack of clarity in the distinction among vision, mission and values); empirical evidence of the corporate values guiding the world's largest corporations (examining the values at the foundations of the top 100 of the world's largest family-owned firms and non-family businesses); and studying in depth the specific values that are characteristic of family-owned firms (suggesting links between these values and family-owned firms, the consequences of pursuing these values and ways to foster them).

The present study resulted in three main findings. First, drawing from several conceptions in the philosophical literature, we developed a definition of values, which in our view should help families in business define their value statements. We define values as a) concepts or beliefs; b) that pertain to desirable objects, end states or behaviors; c) transcend specific situations; d) guide selection or evaluation of behavior, things and events, and e) are ordered by relative importance.

Likewise, drawing from the work by Meglino and Ravlin (1998), we define two types of value: a value that an individual places on an object or outcome and a value that describes a person as opposed to an object. This second type of value may be subdivided in two: end-state values (self-sufficient end-states of existence that a person strives to achieve) and behavioral values (modes of behavior rather than states of existence). An interesting finding of the present study is that most of the values presented in firms' Mission Statements belong to the category of behavioral values (e.g., generosity, humility, creativity). However, if we look closely at the behavioral values posted by most firms, we realize that they are not all the same. Therefore, we created three subcategories within this type of values: attitudes, skills and virtues. Hence, values do not only describe virtues or ethical behavior, but also can refer to attitudes (e.g., entrepreneurship, service), skills, (e.g., creativity, communication) and virtues (e.g., generosity, integrity, honesty).

Moreover, we suggest a way to rank the chosen values by means of the following hierarchy: a) *noble* values (considered good in themselves for individuals and for the community, highest in the ranking of values); b) *useful* values (what is needed by the company to succeed), and c) *pleasurable* values (consequences of enacting the noble and useful values). It is important to emphasize that "useful" and "pleasurable" values can all be present in the value statements, but they should always be accompanied by "noble" values. Families in business should use this information to gain a clearer vision of what types of values they really have, to respect the natural hierarchy of values and to find some practical ways for transmitting family values from one generation to the next.

The second finding of the current research is that, within the values that were most frequently mentioned by the world's largest corporations, the top three most-mentioned values (i.e., integrity, respect and customers) were the same for both family-owned firms and non-family businesses. Thus, the values of integrity, respect and customers seem to represent the beliefs and attitudes that permeate the world's largest organizations. This finding is in line with previous studies that identify integrity and respect as core business values in today's organizations (e.g., García-Marzá, 2005). Likewise, customers are vital for any type of business, so it is not surprising to find this value in the top three. Following our classification of values, the values of integrity and respect can be classified as virtues (i.e., habits of acting well), while the value of customers can be referred to as an outcome value. Hence, according to our study, in the twenty-first century's hyper-turbulent, complex, accelerating environments, organizations and leaders appear to be emphasizing the importance of being consistent with one's espoused values (i.e., act with integrity), as well as treating others with respect and care and looking after customers' satisfaction.

Finally, the current findings indicate a series of values that are predominant within family-owned businesses (i.e., generosity, humility, communication, service, quality, excellence, creativity and entrepreneurship). Examining these values reveals interesting patterns. For example, most of the values present in family-owned firms belong to the category of behavioral values. Likewise, values in family-owned firms differ from those encountered in non-family firms in three main ways. First, they emphasize a more common orientation of the self toward other people (i.e., collective view). For example, the value of generosity seems to be an important behavioral value for family businesses; it indicates a collective view of the world. This collective orientation can be contrasted with individualism, in which the self relates to others only as they contribute to the individual's agenda and consequently are considered useful. Generosity acknowledges the assertion of a common humanity, in which others are worthy of attention and caring for no utilitarian reasons but for their own sake. Second, family-owned firms' values have a long-term perspective; they are developed by thinking in generations. For instance, the values of creativity and entrepreneurship clearly illustrate the long-term perspective of family-owned firms. These values have their origins in the "lifeblood" of families in business; they need creativity and entrepreneurship to create new products, deliver better services and revitalize themselves across generations. In other words, the survival of family-owned firms depends upon the ability to enter new markets and revitalize existing products and services. Entrepreneurial and creative activities represent a competitive advantage of this type of organization, fostering long-term profitability and growth. Thirdly, having the family name on a brand gives family business leaders a sense of stewardship and responsibility toward their family and the society in which the company operates. For example, excellence and quality are characteristic values for family-owned businesses. In this sense, family-owned firms look for excellence and quality in order to find meaning and purpose in their existence as a family business. By dedicating energy to achieving excellence and quality in their products and services, they establish deep connections with other stakeholders, which results in long-term success.

To summarize, the values in family-owned firms as opposed to those in non-family businesses are more directed toward people, are more long-term-oriented, and generate a sense of stewardship. Certainly, family values create stronger corporate cultures in family-owned businesses; however, they also bring some challenges (e.g., too much orientation toward people may lead to unprofessional practices). In this sense, families in business must find a balance between those values that are directed toward business success and those that are directed toward the family well-being.

Implications, Limitations and Conclusion

Practical Implications

The definition and classification of values, as well as the characteristic values of family-owned firms found in the present study, have important practical implications for communicating, discussing and putting into practice the values that are important to family-owned businesses. First, the definition of values that we propose in the present study should help families in business to define their value statements, ensuring that they understand what a value truly is. In other words, by following the distinction among “vision,” “mission” and “values,” families in business must believe in and live according to their shared values, carry out their mission and always aim for their vision. By understanding this, they can be sure that they are using the correct tools for aligning their people toward the same direction; this can have a very powerful effect in terms of developing a shared sense of pride in belonging to an organization, which promotes not only economic proficiency but also the well-being of its members.

Second, it is paramount that the company’s strategy, structure and practices are consistent with the values (i.e., practicing what one preaches). It is important to remember that values are principles of action. Therefore, the values included in the value statements must be the actual principles of action for all the people involved in the family business. In this sense, the best way to convey values is through example; hence, family owners and other key individuals have the responsibility of verifying that the value statement is used consistently as a compass that guides all decisions and actions in the family business. Consequently, we argue that family businesses should conduct periodic examinations of the compliance with their value statement. The main goal of this assessment is to check whether people in the company are really applying the corporate values in their daily activities.

Third, value statements need to be rejuvenated over time; a good moment to do it is when members of the next generation are incorporated into the business. Young members can revitalize the application of family values to business decisions and actions; this can be a powerful way of enhancing the emotional attachment of next-generation members to the family business. Similarly, discussing new ways of putting the corporate values into action has the power to foster a sense of pride in belonging to a company, which promotes not only economic profit but also the well-being of the community in which it operates.

Finally, the study described several values that are characteristic of the top 100 of the world’s largest family-owned firms (i.e., generosity, humility, communication, service, quality, excellence, creativity and entrepreneurship). The consequences of pursuing each of these values were explained in the previous section, as were several strategies for fostering them. Considering the positive impact that each of these values can have on the family and the business, it is important to identify strategies for promoting and transmitting such values across generations. In this sense, models of value socialization within families can be very helpful. For example, there is empirical evidence that a higher frequency of communication about values is related to greater transmission of values across generations (Fairhust, Jordan, and Neuwirth, 1997; Fisher, 1988). In this sense, governance structures, such as the family council and the family assembly, are excellent spaces for reflecting upon personal, familial and organizational values. Here, family business owners can reflect upon what they value in a warm, open atmosphere. They can ask themselves questions, such as what, beyond economic profit, is the business’s reason for being? Likewise, values should be at the foundation of all the assumptions contained in the family protocol or family constitution. The exercise of writing the values in the family constitution can yield very powerful results. Moreover, the family constitution should state how to put each of the corporate values into everyday practice. To this end, family business owners can ask themselves what behaviors would show support for each of the values.

Study Limitations and Future Research

Our study presents some limitations. First, the values we used for our analyses came solely from the companies' Web sites, so we were not able to examine whether there was a relationship between those values and the values espoused by the owning families. In this sense, for future research it might be interesting to use case studies and in-depth interviews to illustrate relationships between values espoused by families and the espoused values in the organizations they own. Multigenerational genograms can be utilized in order to examine key events or people that might explain the emergence of espoused family values. Similarly, it should be worthwhile replicating the present study by analyzing those values that are most mentioned in non-family businesses and that are less mentioned in family-owned firms. This way, we could obtain a more complete picture of the values that are predominant in non-family businesses as well as those characteristic of family-owned firms. Finally, another fruitful avenue for future research might be to study the existence of congruence between family-espoused values and the actual values of action for all the people involved in the business. Following this line of thought, it might also be interesting to study how the values in actions relating to generosity, humility, communication, service, quality, excellence, creativity and entrepreneurship affect several outcome variables, such as employee performance, work motivation, work engagement, job satisfaction, altruistic behaviors and employee well-being. The social identity theory (van Knippenberg, 2000) can be a useful framework for explaining how employees' identification with the company values can have a positive effect on several outcome variables, such as work motivation and group cohesion.

Conclusion

In sum, our research intends to emphasize the importance of a solid definition of values and of differentiating among "vision," "mission" and "values." Likewise, our study shows that the values that are most characteristic of the world's largest family-owned firms (i.e., generosity, humility, communication, service, quality, excellence, creativity and entrepreneurship) differ from those encountered in non-family corporations. More specifically, the values of family-owned businesses are more oriented toward people, emphasize collectivity more than individuality, and support a long-term perspective and a sense of stewardship and responsibility toward the future of the family and the community in which the business operates. Each of these characteristic values has positive consequences for the family and the business, and different strategies to foster each of these values exist. Therefore, family-owned firms must work with their own values to make a difference in society, viewing their business as the vehicle for more community involvement, personal meaning and social contribution.

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