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'Let's Not Go There...' Taboos in Family Business

Tom Rüsen (Witten Institute for Family Business)
Torsten Pieper (University of North Carolina at Charlotte)

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Family businesses and the families that own them are known for their secrecy and discretion. Keeping a "low profile" can provide useful benefits -- for example, shelter from business competitors or predatory media. But secrecy in the form of taboos can harm individual and family development, and sometimes endanger family business survival. This article lays out the most common taboos that arise in family businesses and describes strategies to diagnose and deal with them.

The Oldest Unwritten Code of Humanity

"The term 'taboo' would probably best be spoken of by not speaking of it at all." (Rudas, 1994, p. 17.)

Formally, a taboo can be described as "the prohibition of an action based on the belief that such behavior is either too sacred and consecrated or too dangerous and accursed for ordinary individuals to undertake" (Encyclopedia Britannica). Taboos tend to fall into two broad categories (Schröder, 2003): verbal taboos (topics that may not be spoken about in public) and action taboos (behaviors or interactions that must not be undertaken or refrained from). Taboos can be outward oriented toward the environment or inward oriented toward the group (family). Families generally have verbal and action taboos both inside and outside of the family. Taboos can be explicit and broadly understood, or implicit and not widely shared.

As philosopher and psychologist Wilhelm Wundt succinctly put it, taboos serve as codes of conduct by establishing rules for group behavior and communication and have been used since the beginning of humanity. Families manage to create a surface level sense of harmony and unity by branding certain subjects or behaviors as taboo. They explicitly or implicitly prohibit talk about certain subjects or engaging in certain behaviors that they feel could disrupt perceived group cohesion or arouse deep-seated fears that may cause schisms in the group. However, taboos can't maintain real cohesion and trust among group members for long. Open and frequent communication about everything and anything is a key determinant of relationship quality, and identifying, discussing and resolving disagreements is essential to deep and sustainable cohesion (see Astrachan & Binz Astrachan, 2020).

Common Taboos in Family Business

In the following sections, we describe the most common taboos we have encountered in working with families in business.[1] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftn1) This is not intended as an all-encompassing list, but rather a summary of the most common taboos, as well as food for thought for families seeking a healthy family and sustainable business. Figure 1 provides a visual anchor for orientation.

Figure 1. Common sources of taboos in family business

Succession

Succession is frequently surrounded by taboos, and for various reasons. In many cases, the mere mention of the subject arouses all sorts of fears and anxieties, not the least being the realization of death and its irreversibility, which in many cultures is discussed with extreme reluctance. The incumbent generation frequently fears being pushed aside, losing control and influence, or not being cared for in older age. Younger family members fear not being loved if not chosen as a successor, considered not capable, being ill-prepared to take on leadership positions, or being generally ignored through gender stereotypes. Choosing not to talk about succession (i.e., tabooing the subject) then becomes a defensive mechanism to not awaken such deep-seated fears.

Other sources of succession taboos include cultural and familial norms to respect the senior generation; issues pertaining to money and wealth (discussed below); and the complexities surrounding ownership transfer, future ownership control, and anything that has to do with power. If the taboo cannot be addressed within the family, the fears cannot be discussed, and countermeasures cannot be initiated. Family stability will feel threatened and as a result, incumbents become unwilling to let go. A pervasive sense that "everything will come crashing down if I leave" causes paralysis and a tendency to avoid contrary information. This process is further compounded when a sense of blind loyalty silences any conversations or desires to address the issue. On a positive note, it appears that more and more families are willing to openly talk about succession and proactively involve the next generation in the process. As with other taboos, building trust and a stewardship mentality as well developing a sense of responsibility and leadership capacity are vital ingredients to face succession and ensure the long-term vitality of the family and the business (see also Binz Astrachan, 2019; Pieper & Astrachan, 2020; Rüsen, Groth, & von Schlippe, 2021).

Family Conflicts

The combination of family and business spheres results in a delicate mix that often creates unique benefits and competitive advantages, but sometimes can turn explosive (see, e.g., Grossmann & von Schlippe, 2015). Many prominent and once-stellar family legacies have been lost over intrafamily quarrels. Families are highly talented at keeping their conflicts hidden, and social norms in many cultures often prohibit outsiders from meddling in others' personal affairs. Not surprisingly, the public often hears about conflicts only when they escalate and create major rifts or separations. Fears of being seen as "outliers," a lack of capacity to deal with conflicts, or insufficient courage to seek outside help often cause families to downplay or simply brand conflict as taboo.

To begin to address this issue, families need to figure out how to take comfort in the fact that conflict in family business is inevitable and absolutely normal.[2] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftn2) So families need not be ashamed or try to hide conflict, even if it puts considerable emotional strain on those involved. Moreover, significant conflict can spook customers and suppliers if they think products will not be supported or they will not be paid for their services. In our experience, one way for families to deal with this issue is to be able to say, "Like all families, we are having conflicts now that are complex, emotional and difficult to work through; but as a family, we are confident we will find resolutions that make us stronger and better able as a family to be good stewards of the business and of all our stakeholders."

A normalization mindset (e.g., Wolfensberger & Tullman, 1982) toward conflicts – and perceived family business "anomalies" in general – helps create an orientation where conflicts and potential challenges can be treated as normal and expected, and approached in a more productive fashion (sometimes with help from the outside). And today families have more resources than ever for helping them discuss conflicts and deal with them – including family business centers, forums, associations and competent outside counselling.

Organization and Governance

The ability to make purpose-driven decisions quickly and to translate them into joint action are key strategic advantages of family businesses. This ability, along with the business's governance structures, must continually evolve as both family and business grow ever more complex (Rüsen, Kleve, & von Schlippe, 2021). However, new generations taking the helm tend to adopt their predecessors' decision-making and governance structures because they feel "if it ain't

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broke, don't fix it" and they're unwilling to rebuff their elders. As a result, conversations about organization or governance change become taboo. And if the business is stable and prosperous, the inadequacies of existing structures are harder to see. This leads to a false sense of security and a reluctance to start potentially difficult conversations that could rock the boat.

Crises such as the ongoing pandemic, on the other hand, quickly bring deficiencies in decision-making and governance structures to the surface. The added urgency and uncertainty of crisis, which made families even more anxious than usual about their future, has made change even more challenging to talk about, let alone to enact. Families tend to fall into one of two categories here: Those who meet the crisis head-on and act to make changes they were reluctant to make before; and those who hide their head in the sands and blame the outside world as their business and family disintegrate.

Recognizing the need to constantly adapt organization and governance structures to changing family, business and environmental contexts is an important first step. The next steps are using this knowledge to experiment with change, then taking more concrete and permanent actions. Developing responsible and competent owners who are willing and capable to lead their organizations toward adaptiveness and agility is an essential element to ensure the success of the process (for recommended practices to develop responsible owners, see Pieper & Astrachan, 2020).

Family Wealth

Families in business often command significant fortunes. In many cultures, wealth is considered "something that you have, but do not talk about" – it is taboo. Several aspects in family business make it even more taboo. For example, valuation of assets is far more complicated when the business is privately held than publicly listed, where the stock price can serve as a convenient and current indicator of share value (Adams et al., 2004). The differentials in information and perception are even more pronounced between family members who are actively involved in the business and those who are not. While the former tend to favor reinvestment of gains for business growth, the latter prefer payout of gains for private consumption. A common strategy to avoid discussions about the appropriate use of financial gains is to simply brand the subject taboo. Furthermore, over time families in business often accumulate significant "secondary assets" outside the corporate sphere. However, families talk only rarely about how these assets are pooled, managed and invested.

Expectations regarding the use of family assets often remain tacit or vaguely expressed in value statements such as "be modest" or "stay down to earth." Family members grow up increasingly uncertain about how to deal appropriately with the wealth. What luxuries can the individual family member afford; what is permissible within the family? Because families avoid talking about this openly the conversation takes place "in secret." Family members develop their own norms and expectations as to the "right" or "wrong" way to deal with the inherited wealth or the regular dividends they receive, often looking to friends or those less close for benchmarks. Their contradictory views can lead to massive value conflicts and be triggered by seemingly minor issues, such as what is appropriate as a personal residence, car or vacation destination. Sometimes family members may feel profound guilt and shame if they feel they didn't contribute enough to the business to deserve the wealth. Some families or individual family members strive to alleviate these feelings through charitable donations or philanthropic engagement (Bernhard & Labaki, 2021).

A family wealth strategy, embedded in an overarching family strategy, can help families in business deal constructively with issues of wealth and asset utilization and allocation. As with many other issues mentioned in this article, gradually increasing the professionalization of the business family over time should help in this effort. For information and guidance in this regard, please see Binz Astrachan, Waldkirch, Michiels, Pieper, & Bernhard (2020).

Mental Health

Little has been written on handling mental illnesses in business families (for noteworthy exceptions, please see Hutcheson, Jaffe, & Gilliland, 2013; Kaye 1996; Miller, Wiklund, & Yu, 2020). In practice, things like addiction and substance abuse, depression and suicide, other affective disorders, trauma, and schizophrenia, among others, are barely discussed and frequently silenced in business families. Unaddressed, they can poison the way families interact for generations.

Mental illness and incapacity are as common as conflict.

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Families experiencing these issues should be empowered to openly discuss them and how to deal with them both as a family and within the business context. Certainly outside expertise should play a role. Few families have family and individual psychologists within the family, and those who do can't guarantee enough emotional distance to be helpful. And as with all illnesses, we should strive for preventive care and settle for nothing less than early identification or compassionate but firm intervention to minimize the long-term consequences for the individual, family, and business.

For those with doubts, we know that family businesses can learn much from sharing their experiences with other business families who are facing the same issues. Along with these support networks, families can research what science says about the roots, triggers and symptoms of mental illness. This can greatly assist in informing the conversation and help remove the taboo issue, but it's not a substitute for getting professional help.

Family History

Family businesses tend to have rich histories and heritage. They often include accomplishments that have produced major breakthroughs not only for the business, but also the owning family and society at large – for example, Henry Ford's invention of the Model T that launched the American automobile industry.[3] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftn3) However, some families' pasts are tainted by shameful events of injustice, aggression and abuse. Examples include families that were involved with or benefited from ties with the Nazi regime, or families involved in slave trade. To many families, their past is a "book with seven seals" and strictly taboo. Similar to several of the other taboos, the mere thought of the "shameful past" arouses deep-seated fears and anxieties. So, they feel that the primary and simplest defense mechanism is to make the topic taboo and not talk about it.

While it may be extremely painful and emotionally draining to address one's past, it is important work that must be done, and the process can help improve family cohesion and overall functioning. Moreover, as the saying goes, "the past will always come back to haunt you," so it's far better to approach the subject proactively and lead the process instead of responding defensively when a reporter, social justice advocate, blogger or competitor points it out. Competent advisors and business historians can help in this regard, and families can also gain inspiration from examples of prominent business families that have confronted their pasts, such as the German Reimann (Panera Bread and Krispy Kreme Doughnuts), Quandt (BMW), and Porsche-Piëch (Volkswagen and Porsche) families.[4] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftn4)

Other Potential Taboo Topics

Thus far, we described the most frequent taboos we have encountered in our work. The unique attributes, behavioral patterns, and developmental dynamics of family businesses are likely to produce many other taboos. For illustrative purposes, we summarized a few of these other taboos here and have included related sets of questions, to provide food for thought for families and their advisors.

1. Dealing with decision-making power inside the family: How is the decision-making power of individuals over the family community accepted and legitimized?
2. Effects of losing the family business through sale or insolvency: What happens to business families and their members afterwards?
3. Impacts of wealth disparities among members of the business family: How can families establish equity despite significant wealth gaps in marital and civil relationships?
4. Handling significant disparities in shareholder structure: How can a family develop expectations of equality in the face of structural inequality of ownership? How does one treat these differences between different core families of the family business?
5. Systematic identification of "tension" or "breaking points" of the business family – i.e. factors and actions that make it difficult or even impossible to stay together as a family with shared ownership: How can we design a "family stress test" to help identify potential fault lines and areas for needed intervention?
6. Establishing transparency of the competencies and capacities of individual family members concerning desired roles and functions in family and business governance: How can family members be assessed regarding their capability

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to conduct certain functions and tasks? In what form can the results of a family assessments be made transparent and serve as a foundation for election decisions, share transfers, etc.?

7. Dealing with the "burnout" of successors: How can the business family and likely successor handle an overstraining situation?
8. Provision for emergencies: How can the business family discuss and prepare for the death of its members?

The list could easily be continued, and anything that might upset the relational balance in the family could be a source of another taboo. As our good friend and colleague Joe Astrachan succinctly put it, "If we fear that relationships are as stable as a Jenga game, then any attempt to look at one piece seems to threaten the whole construction and becomes taboo." On the other hand (and although we lack scientific support for this assertion), it seems that family members who feel more secure in their relationships will feel more empowered to discuss anything within the family or the business.

Conclusion

This article provides an overview of frequent taboos and related topics that often arise in business families. It outlines why it is important to eliminate these taboos and offers actionable suggestions on how to discuss and handle these issues.

The list of taboo issues discussed here is preliminary, and just a starting point. We hope that it will stimulate conversation among both fellow academics and business families to extend this list, so we can work together to explore these and other issues[5] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftn5) . Ideally, by exploring and broadening our understanding of taboos over time, we can create actionable insights about which interventions can best help families in business and those who work with them deal successfully with taboos and related issues.

For a highly functioning family, taboos are never healthy – and for other families, taboos are a sign that you should work on family maturity and your ability to communicate and resolve the underlying issues. As a practical rule of thumb, the more taboos you have, the greater the need for immediate intervention.

This article is based on earlier work (Rüsen, 2021)* and has been extended with an international perspective on the subject matter.

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[1] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftnref1) The findings on the intra-family function of taboos in business families result from reflection results of the working group "Management of the Business Family" of the Witten Institute for Family Business (WIFU) at the University of Witten/Herdecke. In this working group, representatives from 25 participating family businesses regularly meet and discuss relevant issues in the management of their respective families and reflect on them in a theory-driven manner.

[2] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftnref2) For further reading, see von Schlippe, Rüsen, & Groth (2021).

[3] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftnref3) For further examples, see Hoverd (2021).

[4] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftnref4) See, for example, https://www.forbes.com/sites/maddieberg/2019/04/02/more-than-a-dozen-of-europes-wealthiest-billionaires-and-their-families-had-nazi-ties/

[5] (denied:applewebdata://CDC82552-8C27-4C40-AFB5-96E848A55017#_ftnref5) For proposals on further topics or expressions of interest in collaboration, we appreciate any and all suggestions to be directed to: Dr. Tom Rüsen via tom.ruesen@uni-wh.de.

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