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IS SUCCESSION ABOUT LEGACY OR RECIPROCITY?

Executive summary and practitioner insights by Angèle Marinelli, PhD Fellow, and Cécile de Lisle, Executive Director, Dieter Schwarz Foundation Family Business Center, based on Janjuha-Jivraj, S., & Spence, L. J. (2009). The Nature of Reciprocity in Family Firm Succession. *International Small Business Journal: Researching Entrepreneurship*, 27(6), 702–719.

This summary draws on the core findings of Janjuha-Jivraj & Spence (2009), with interpretation and application developed independently by Angèle Marinelli and Cécile de Lisle for a family business audience.

EXECUTIVE SUMMARY

Succession is the **ultimate test of continuity** in family firms. Most often, we frame it around **legacy**, passing the baton from one generation to the next. But this study argues something deeper is at play: **reciprocity**, the **ongoing cycle of giving and returning** that **structures family and community ties**.

By analyzing different forms of reciprocity, the authors show that none fully capture the complexity of succession. Instead, they propose “**Bounded Intergenerational Reciprocity**”: a framework where **succession is not just a gift** from one individual to another, but a **reciprocal exchange bounded by family and community expectations**, obligations, and future commitments. In other words, succession is less about a one-time handover and more about sustaining a cycle of trust, obligation, and stewardship across generations.

BUT WHAT DOES THIS MEANS FOR YOUR FIRM?

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

INSIGHT 1

SUCCESSION IS NOT JUST ABOUT LEGACY: IT'S ABOUT RECIPROCITY

Founders often think of succession as leaving a legacy. But reciprocity reveals another dimension:

- **Successors feel obligated to honor past sacrifices** and family investments.
- **Founders gain** not only retirement security but also **status and recognition** within family and community.

MANAGERIAL TAKEAWAY: Frame succession not only as inheritance but also as part of a **continuing exchange** across generations.

INSIGHT 2

NOT ALL RECIPROCITY IS EQUAL

Four types of reciprocity play a role:

- **Moral reciprocity:** Treating heirs as you'd wish to be treated.
- **Mutual reciprocity:** Classical reciprocity.
- **Univocal reciprocity:** Indirect exchanges that strengthen family/community ties.
- **Intergenerational reciprocity:** Passing benefits forward with the expectation that future generations will do the same.

ACTION POINT: Recognize which type of reciprocity is shaping expectations in your family; **conflicts often arise** when assumptions differ.

INSIGHT 3

BOUNDED INTERGENERATIONAL RECIPROCITY

Succession is best understood as **bounded intergenerational reciprocity**, where:

- Benefits are directed to a **specific group**.
- Gratification is **deferred to future generations**, not immediate return.
- Founders act as **benefactors**, securing their own legacy while **ensuring continuity**.

WHY THIS MATTERS: This model captures the **reality of overlapping family, business, and community expectations**, and **why succession can feel so emotionally charged**.



QUESTIONS TO ASK WITHIN YOUR FAMILY FIRM



Do we view succession only as a personal legacy or also as part of a cycle of reciprocity within family and community?



What obligations do successors feel toward the family and wider kinship group?



How are expectations of reciprocity (support, recognition, payback) being made explicit or left unsaid?



Are there governance or trust structures (e.g., family constitutions, trusts) that can reinforce reciprocity across generations?

BOTTOM LINE

Succession in family firms is not just a technical transfer of ownership. It is a reciprocal exchange embedded in family and community life. Legacies matter, but what sustains them is reciprocity: the willingness of each generation to give, receive, and pass forward.

By embracing reciprocity as the underlying logic of succession, family firms can move beyond conflict and entitlement, and instead nurture stewardship, trust, and continuity across generations.