



Dieter Schwarz Foundation
FAMILY
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center

CAN CULTURE EXPLAIN YOUR SUCCESS?

Executive summary and practitioner insights by Angèle Marinelli, PhD Fellow, and Cécile de Lisle, Executive Director, Dieter Schwarz Foundation Family Business Center, based on Amore, M.D., Epure, M., & Garofalo, O. (2024). Organizational Identity and Performance: An Inquiry into Nonconforming Company Names. *Long Range Planning*, 57(1)

This summary draws on the core findings of Amore et al. (2024), with interpretation and application developed independently by Angèle Marinelli and Cécile de Lisle for a family business audience



EXECUTIVE SUMMARY

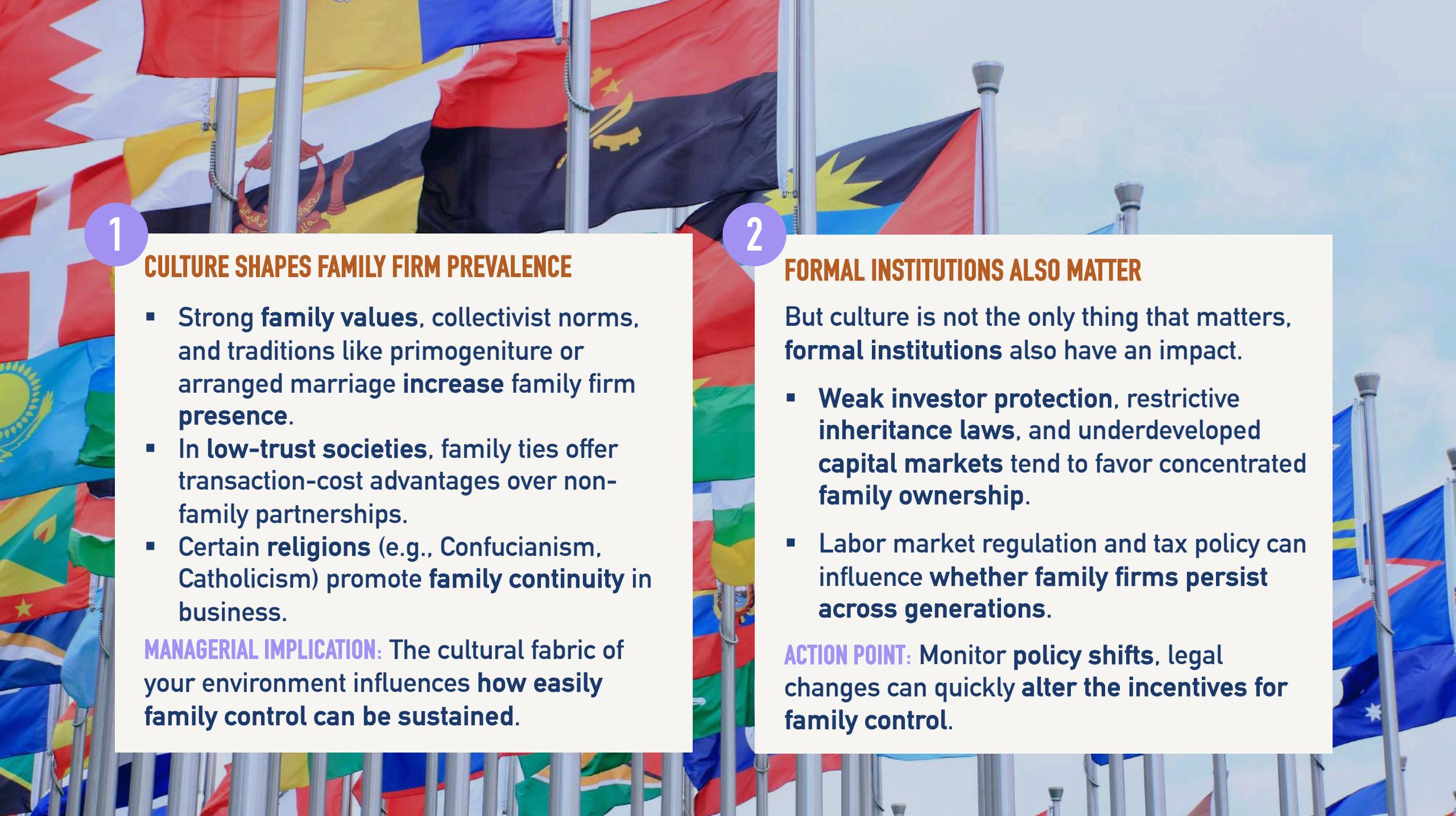
Amore & Miller (2025) review decades of research to develop a **conceptual framework on how formal institutions and culture jointly shape the prevalence and performance of family firms.**

Family firms are widespread but **unevenly distributed across countries and regions.** While differences are often attributed to formal institutions, such as investor protection laws, inheritance rules, and market development, this review shows that **culture, including family values, trust, collectivism, and religion, is equally critical.**

Integrating evidence from economics, finance, management, sociology, and history, the authors explain **where family firms are most likely to emerge, how they perform, and how culture and institutions interact.**

BUT WHAT DOES THIS MEANS FOR YOUR FIRM?

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



1

CULTURE SHAPES FAMILY FIRM PREVALENCE

- Strong family values, collectivist norms, and traditions like primogeniture or arranged marriage increase family firm presence.
- In low-trust societies, family ties offer transaction-cost advantages over non-family partnerships.
- Certain religions (e.g., Confucianism, Catholicism) promote family continuity in business.

MANAGERIAL IMPLICATION: The cultural fabric of your environment influences how easily family control can be sustained.

2

FORMAL INSTITUTIONS ALSO MATTER

But culture is not the only thing that matters, formal institutions also have an impact.

- Weak investor protection, restrictive inheritance laws, and underdeveloped capital markets tend to favor concentrated family ownership.
- Labor market regulation and tax policy can influence whether family firms persist across generations.

ACTION POINT: Monitor policy shifts, legal changes can quickly alter the incentives for family control.



3

CULTURE AND INSTITUTIONS INTERACT

Both culture and institutions matter, but they also interact:

- Identical legal reforms can produce different outcomes depending on **local norms and values**.
- **Cultural attitudes** can even shape the creation of **formal rules** (e.g., investor protection from norms of fairness).

WHY THIS MATTERS:

Policies cannot be evaluated in **isolation**, success depends on **cultural compatibility**.

4

CULTURE MODERATES PERFORMANCE OUTCOMES

Strong “**family business legitimacy**” or religious traditions that **value kinship** can give family firms an **advantage**. But, when strong family values are not balanced by **market-oriented values**, **nepotism** and **insularity** can erode performance.

ACTION POINT:

Assess whether your cultural context supports **meritocracy** alongside **tradition**.

5

HISTORICAL LEGACIES PERSIST

Past events, such as Italy’s free city-states, African slave trade impacts on trust, or rice vs. wheat cultivation, continue to **shape today’s cultural norms** and ownership patterns. These legacies can help **explain differences** even within a **single country**.

WHY THIS MATTERS:

To understand current dynamics, look beyond today’s laws to **yesterday’s institutions and social structures**.



QUESTIONS TO ASK WITHIN YOUR FAMILY FIRM



How do local values and traditions influence our governance choices?



Are succession decisions driven more by merit, tradition, or necessity?



Does our culture encourage partnerships beyond the family?



How might religion or social legitimacy affect stakeholder trust?



Are we aware of historical factors shaping today's business environment?



BOTTOM LINE



This is not an empirical test, it's a **roadmap**. By synthesizing fragmented research, *Amore & Miller* show that **culture is as critical as law** in shaping where family firms thrive and how they perform. Understanding these deep-rooted drivers can help family firms, policymakers, and advisors craft strategies that fit both their institutional and cultural environments. So, moving forward, it is crucial for your family firm to consider how the **past and the present shape culture and law to ensure your long-term success.**