Spotlight
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How do money scripts shape dividends, debt, and targets in business families?

Shared money scripts influence key financial policies and stronger family–practice fit reduces conflict

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Money is everywhere in a business family—but it's rarely just money. Dividend decisions can become arguments about fairness. Debt can trigger fears about losing control or "owing outsiders." Return expectations can quietly reflect status, entitlement, or anxiety rather than strategy. And when family members disagree about what money means, financial decisions can turn into emotional minefields.

Michiels and Binz Astrachan start from an observation many owners and advisors recognize instantly: multigenerational families often face repeated conflicts that, on the surface, are about financial policies, but underneath are about identity, values, power, and maturity as an ownership group. Financial decisions can destabilize the whole system—or, when handled well, they can strengthen discipline, cohesion, and long-term vision.

So why do smart families sometimes make decisions that look "irrational" to conventional finance logic? The authors' answer is simple and powerful: family firms don't only optimize for economic outcomes. They also optimize for family meaning.

WHAT WE STUDIED

This is a conceptual research paper, not an empirical study. The authors build a new framework by integrating two established ideas:

1. Money scripts (financial psychology): unconscious, often transgenerational beliefs about money that shape behavior—sometimes stubbornly, even when outcomes are harmful. The paper focuses on four broad script types commonly recognized in this literature: money worship ("more money will fix things"), money status (net worth = self-worth; money as prestige), money avoidance (money is bad or taboo; discomfort with wealth), and money vigilance (money requires secrecy, control, and caution).
2. Family-practice-fit (family business research): a model that evaluates whether the family's practices (like governance tools and key decisions) align with the family's values, goals, identity, and maturity level. The authors extend this framework by explicitly adding money scripts into the "family identity/values" side of the model and applying it to financial decision-making.

They then apply the integrated lens to four core financial decisions typically influenced directly by family owners: ROE expectations (return on equity targets), profit growth targets, capital structure (especially debt appetite, including "zero leverage"), and dividend policy (distributions to shareholders).

The goal: explain how collective money beliefs shape financial choices—and how to reduce tension by improving alignment between family characteristics and financial decisions.

KEY INSIGHTS

"Irrational" finance can be perfectly rational... for the family system

Traditional finance assumes targets and policies emerge from market benchmarks, cost of capital, and growth opportunities. But in business families, decisions may reflect shared beliefs about money—what it represents and what it threatens.

That means financial choices can be internally coherent within the family's worldview even if they look economically suboptimal. For example, refusing debt may sacrifice growth, but preserve a deep value: independence, control, or security. Paying high dividends may weaken reinvestment capacity, but serve an unspoken objective: preventing conflict, signaling fairness, or funding the family's lifestyle expectations.

The key shift is this: family firms often prioritize family values over conventional business logic, and money scripts help explain why.

Money scripts aren't only individual—families can develop a dominant collective script

Families are rarely uniform. One sibling may be anxious and frugal; another may be bold and expansion-minded. Still, the paper argues that in many families, one script becomes dominant in decision-making, shaping the "family stance" toward money.

That dominant script can become embedded in governance norms and repeat across generations—especially when it is rooted in earlier hardship, loss, or trauma (financial or otherwise). This is why some patterns feel strangely persistent: "We don't borrow" or "We always pay dividends" can become identity statements, not policies.

The four money scripts map to recognizable financial patterns

The paper offers a practical interpretive guide: your family's financial choices may be signaling an underlying script.

Money avoidance might show up as:

- Conservative (below-average) ROE targets
- No dividends despite profits
- Reluctance to discuss financial information (leading to shareholder illiteracy)
- Strong aversion to debt—sometimes framed as moral virtue or stewardship

Money vigilance might show up as:

- Cautious targets and strong preference for saving buffers
- Underinvestment (risk of stagnation)
- Frugality and secrecy around money
- A conservative debt stance driven by fear of vulnerability—sometimes at the cost of opportunity

Money status might show up as:

- Aggressive ROE and growth targets driven by prestige (external or internal family status)
- Higher tolerance for debt to "play bigger"
- Dividend choices that prioritize visible wealth and access to cash
- Secrecy or competition within the family (e.g., jealousy, mistrust)

Money worship might show up as:

- "More money solves everything" thinking
- High targets, risk-taking, workaholism-like business posture
- Debt appetite to accelerate growth
- Pursuit of reputationally attractive opportunities that may be financially harmful

These are not diagnoses. They are hypotheses that help families ask better questions—especially when financial debates feel emotionally charged or repetitive.

Fit matters twice: "across fit" and "within fit"

A standout contribution is how the authors apply fit in two directions: across fit (do our financial decisions align with who we are as a family—our identity, values, goals, and maturity?) and within fit (do our financial decisions align with each other?).

Misalignment can create predictable tensions. For example: ambitious growth targets + generous dividends = starving the business of reinvestment capital; high ROE expectations + excessive debt = financial fragility; democratic voting on complex financial targets + low shareholder competence = unrealistic expectations and conflict.

Maturity is the multiplier: governance can turn money scripts from a risk into a resource

Money scripts don't automatically harm families. The difference is whether the family is mature enough to recognize, discuss, and manage these beliefs—rather than letting them run the show unconsciously.

In a more mature family, scripts can be acknowledged and translated into deliberate policies (e.g., "We value independence, so we'll use debt only within defined limits and maintain strong covenants"). In a less mature family, scripts can fuel inconsistency, secrecy, resentment, and decisions that are hard to defend rationally—because the real drivers are hidden.

TAKEAWAYS FOR FAMILY BUSINESS LEADERS

Treat financial debates as "meaning debates"

When discussions get stuck, stop arguing only about numbers. Ask:

- What does money represent to us—freedom, safety, control, love, status, sacrifice?

- What are we afraid will happen if we change this policy?
- What are we trying to protect—return, control, harmony, legacy, reputation?

Diagnose your dominant script before changing policy

Before redesigning dividends, leverage, or targets, run a "script check." Practical prompts:

- If we had to name our family's default belief about money in one sentence, what would it be?
- Which decisions repeatedly trigger emotion or secrecy? (Commonly dividends, compensation, debt.)
- Where do we overreact—over-control, over-spend, avoid discussion, chase prestige?

Build shareholder financial literacy and money self-awareness

A strong owner development pathway might include:

- Reading financial statements and understanding ROE, cost of capital, and leverage risk
- Scenario planning for growth/dividend trade-offs
- Workshops on personal money beliefs (how upbringing shaped risk, scarcity, entitlement, shame)
- Shared vocabulary to talk about money without blame

Design policies that respect values and business reality

Examples of balanced design:

- Dividend policy: a base distribution formula + reinvestment guardrails + a hardship mechanism
- Debt policy: explicit leverage ranges, covenant comfort levels, and decision rules for unusual opportunities
- ROE and growth targets: benchmark-informed targets with a clear rationale, reviewed regularly, and tied to strategic capacity

Use "fit reviews" as a recurring governance practice

Make fit a recurring agenda item, not a one-time workshop:

- Across fit review: Are our financial decisions still aligned with our identity, values, goals, and maturity?
- Within fit review: Do our targets, payouts, and capital structure still reinforce each other?
- Use this especially at transitions: rising generations, ownership dilution, liquidity needs, or strategic reinvention.

IMPACT

This paper helps family business leaders reframe a classic frustration: "Why can't we just decide like a normal company?" The answer is that family firms aren't "broken versions" of non-family firms. They are systems where money is relational, loaded with meaning, history, and identity.

The broader implication is optimistic: once families understand the psychological drivers behind financial policies, they can reduce conflict, increase decision quality, and build governance that supports both unity and performance. The framework also sets a research agenda: testing how money scripts relate to measurable outcomes (ROE, leverage, investment intensity), how scripts evolve across generations, and how governance bodies mediate script conflicts.

RECOMMENDATIONS

If you're a business family (or advisor) facing recurring tension around dividends, debt, or targets, take one concrete next step:

Run a "Money + Fit" working session with three outputs:

1. a shared statement of the family's dominant money script tendencies (not a label—an observation),
2. a fit assessment of the four core financial decisions (ROE, growth, capital structure, dividends), and
3. one policy redesign that improves alignment (e.g., a clearer dividend formula or a debt philosophy with boundaries).

Done well, this turns money from a conflict trigger into a governance asset.

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