Spotlight by CeFEO

Can religious and spiritual values guide long-term success in family businesses?

A synthesis of ten studies shows how faith shapes ethics, identity, and strategy in family firms

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Published on January 28, 2019

What explains why some family firms behave ethically across generations, not only when regulations demand it but when no one is watching? Economic incentives and legal pressures are part of the answer, but for many family businesses, the deeper driver is religion or spirituality. These belief systems are often embedded in the family's history and identity, operating as a moral compass that shapes governance, philanthropy, succession, and leadership in ways that standard strategic frameworks struggle to capture.

This article synthesizes a Special Issue of the *Journal of Business Ethics* bringing together ten studies on religion, spirituality, and family business ethics. The studies span multiple countries and faith traditions, and together they map how faith operates as a third organizing logic in family firms—alongside the family logic and the business logic.

WHAT WE STUDIED

The editorial draws on ten research papers examining different facets of how religious or spiritual values interact with family business practice. A conceptual framework organizes the findings around three levels: how values form and get preserved in the family, how they influence organizational identity and practices, and how they shape family cohesion and business outcomes over time. The studies span Christian, Muslim, Hindu, and interfaith contexts across the US, UK, Turkey, Lebanon, and India.

KEY INSIGHTS

Religion functions as a third logic in family firms

Family business research has long described family firms as operating at the intersection of two logics—family relationships and business rationality. This Special Issue makes a case for adding a third: the logic of faith. Religious and spiritual values provide a transcendent set of principles that anchor behavior even when family cohesion is strained or business pressures demand compromise. For families where religion is taken seriously, it becomes a moral reference point that outlasts any single generation's interpretation of what the family or the business requires.

Faith transmission is deliberate, not accidental

One study of the Kiolbassa family in the United States traces how religious rituals, shared practices, and explicit teaching reinforce both family cohesion and ethical consistency across generations. The finding generalizes: faith does not transmit by osmosis. Families that want religious values to shape the business into the next generation invest in the mechanisms—rituals, mentoring, storytelling, visible leadership decisions—that make those values tangible to younger family members. Firms that leave transmission to chance tend to see the religious dimension fade within one or two generations.

Different faith traditions produce different decision-making styles

A comparison of Christian and Muslim family businesses in Lebanon found distinct approaches to ethical dilemmas. Muslim-led firms leaned toward rule-based reasoning, drawing on religious texts and codified guidance. Christian-led firms more often used principle-based reasoning, applying broad moral guidelines to specific situations. Neither approach is inherently superior; they produce different patterns of choice under ambiguity. The study also introduced the concept of **religious fluidity**—the observation that

religious beliefs are often interpreted contextually to reconcile tensions between faith, family, and business objectives, rather than applied as rigid rules.

Religion shapes strategic choices, not just individual ethics

Research on Turkish Islamic family firms found that religious values led firms to reject opportunities incompatible with their faith—decisions conventional strategic analysis might flag as suboptimal but that the firms treated as non-negotiable. In US and UK Christian-led firms, religious values reinforced stewardship behavior throughout the organization. Faith shapes the pipeline of opportunities a firm considers, not just how it evaluates them.

Authenticity in philanthropy is valued by markets

A study of corporate donations found that stock markets responded more favorably to philanthropic gifts from religious CEOs—but only when the firm was family-owned. Investors interpreted these donations as authentic expressions of values rather than strategic image management. A separate study of Hindu family firms in India identified four distinct philanthropic styles (devout, committed, devoid, coerced) depending on the motivation and religious orientation behind the giving. Authenticity, not generosity alone, is what the market rewards.

Spiritual leadership has inclusion trade-offs

One of the most important findings for practice comes from research on spiritual leadership in family firms. Spiritually-led leadership increased commitment among family employees but unintentionally worsened work-life conflict for non-family employees, who may not share the faith framework or the expectations attached to it. Shared values unify some groups while excluding others. Faith-led firms that want to build inclusive cultures must pair spiritual leadership with practices that resonate with employees who do not share the specific religious tradition.

TAKEAWAYS

Treat religion as a strategic factor, not a private matter

For family firms where faith is part of the family's identity, religion is already shaping strategic choices—whether the firm recognizes it or not. Acknowledging this explicitly allows families to harness faith as a source of ethical consistency and long-term orientation rather than letting it operate as an unexamined influence.

Invest in intentional value transmission

Rituals, storytelling, mentoring, and visible leadership decisions are what keep religious values alive across generations. Families that want faith to shape the firm after the current generation should plan transmission as deliberately as they plan succession in ownership or management.

Practice inclusive spiritual leadership

Shared faith can create powerful in-group cohesion. It can also exclude non-family employees and other stakeholders who do not share the tradition. Faith-led leadership works best when paired with secular commitments to fairness, transparency, and inclusion that do not require everyone to share the same religious framework.

IMPACT

This Special Issue establishes religion and spirituality as a legitimate area of family business research, moving the topic from anecdote into systematic empirical study. The framework—faith as a third logic alongside family and business—lets researchers examine religious influence without reducing it to individual ethics or organizational culture. For practitioners, the findings make clear that where faith is present, it shapes the full spectrum of decisions from governance to strategy to succession.

RECOMMENDATIONS

1. **Make religious values explicit in governance conversations.** Structured family meetings or board retreats that address how faith shapes decision-making prevent implicit values from operating as unexamined constraints or silent drivers.
2. **Design deliberate value-transmission practices.** Rituals, mentoring programs, and shared storytelling keep religious values tangible for the next generation and reduce the risk that faith fades as leadership changes hands.
3. **Build inclusion alongside faith-led culture.** Complement spiritually-informed leadership with practices—fair treatment, transparent policies, respect for diverse beliefs—that make non-family and non-co-religionist employees feel fully included.
4. **Align philanthropy with authentic motivation.** Corporate giving that reflects genuine religious values carries more credibility than strategically-positioned donations. Clarity about motivation, communicated honestly, strengthens both internal coherence and external reception.

Spotlight by CeFEO, *Can religious and spiritual values guide long-term success in family businesses?* A synthesis of ten studies shows how faith shapes ethics, identity, and strategy in family firms. Downloaded on 15 October 2026 from https://spotlight.cefeo.se

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PUBLISHED IN

Astrachan, J. H., Binz Astrachan, C., Campopiano, G., & Baù, M. (2020). Values, Spirituality and Religion: Family Business and the Roots of Sustainable Ethical Behavior. Journal of Business Ethics, 163(4), 637–645.

https://doi.org/10.1007/s10551-019-04392-5

Spotlight is an online magazine that translates research from the Centre for Family Entrepreneurship and Ownership (CeFEO) at Jönköping International Business School, Jönköping University, into accessible insights for family business owners, practitioners, and policymakers.

Spotlight is supported by the WIFU Foundation. This partnership advances dialogue and education in responsible family entrepreneurship and ownership.