



The futures of family businesses and the development of corporate social responsibility



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ABSTRACT

Existing theoretical and empirical research on the diffusion of social responsibility in family businesses (FBs) has largely focused on the differences in corporate social responsibility (CSR) activities between family firms and nonfamily firms. But the differences in CSR activities and perceptions among different types of family businesses has not yet been researched, even if there are important differences in family businesses. Drawing on the evolution of CSR approach from positive to post positive and to Habermasian approach, and integrating it with a view of family firms as systems made of three different subsystems that over the course of time can be differently preponderant, we identify a typology of family firms. Our typology supports a fine-tuned understanding of the dynamics of CSR and family businesses in different configurations and facilitates envisioning the futures of family businesses in the development of CSR through the different types but also beyond. With this work we contribute to the literature by suggesting that patterns of CSR can be conceived by drawing on the evolving political conception of CSR. Specifically, we show that family firms can represent an ideal laboratory to depict the possible evolution of family firms CSR behaviors and test the tenets of the Habermasian approaches in addition to other approaches.

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1. Introduction

As social, environmental and financial scandals have increased in recent decades, the role of business in society and the concept of corporate social responsibility (CSR) have received growing attention. To date, neither the actual legal and market rules nor the various types of controls operated on firms have been able to prevent illicit behaviors. This has fostered an intense debate among politicians and scholars on the role of firms in the economy and in the society.

These reasons contribute to press the political agenda for a change in roles of business in society, some even consider firms and their active participation as the solution for global regulation and public goods problems/issues (Margolis & Walsh, 2003, p.73; Matten & Crane, 2005; Scherer, Palazzo, & Matten, 2009). Within a global framework where rules are fragile and incomplete (Scherer et al., 2009), firms are called to act not only as economic agents, but also as actors with strong social responsibilities. These responsibilities go beyond the mere effects of their actions and also imply an active engagement in the promotion of social issues and human rights toward a new political mandate aimed at contributing to the development of global governance system. According to Habermas and in line with the process of globalization a new paradigm is emerging

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which supports that firms must have an additional role in society, not only economic but political, and have to be politically embedded and engaged in political processes to achieve public value.

Despite the interest that these issues has attracted in the past few decades, scholars tend to emphasize the role of corporations (Collier & Fuller, 2005), while the realm of family business is relatively neglected. For example, the need to go beyond the idea of large-multi-national firms as a benchmark subject of CSR has been recently argued by many (Jenkins, 2004; Spence & Rutherford, 2003; Thompson & Smith, 1991; Tilley & Fuller, 2000; Vyakarnam, Bailey, Myers, & Burnett, 1997). Indeed, because the role of firms in society cannot be generalized (Perrini, Russo, & Tencati, 2007; Spence & Rutherford, 2003; Thompson & Smith, 1991), we argue here that the role of family firms in the development of CSR represents a critical issue that still needs to be studied.

Addressing this lacunae is important because there is a growing consensus about the prominence of family businesses in the economies of many countries in the world (Chua, Chrisman, & Steier, 2003; Gersick, Davis, McCollom Hampton, & Lansberg, 1997; Neubauer & Lank, 2015) and about the multiple roles they can play in a global society (Jenkins, 2004), especially in the future. Despite this, the impact of family firms' CSR engagement on the society has been severely underestimated by policy-makers and researchers who have tended to pay more attention to the motivations of responsible behaviors and to the advantages of integrating CSR into the strategy of family businesses. More importantly, extant literature on CSR in family businesses seems to be dominated by an economic view of the firm and an instrumental view of CSR; embedded in the positivist stance this research seriously limits any view of the future role of FBs on CSR.

FB's are different because they include an additional, specific set of stakeholders: the family. The presence of family influences the characteristics of these firms, which are usually studied for their family values that are transmitted to the business, such as long-term orientation, respect for, and protection of the employees, strong ties with the social and business community, integrity and continuity in the business policies, and concern for reputation (Donnelley, 1988; Le Breton-Miller, 2005; Leach, 1993; Neubauer & Lank, 2015; Ward, 1987) for example.

Although still in its infancy, research has started to look with increasing interest at the diffusion of social responsibility in family businesses (Graafland, 2002; Dyer & Whetten, 2006). Extant literature suggests that the drivers, outcomes and motivations underlying socially responsible behaviors differ from those manifested in other contexts, for example that of large firms' (De La Cruz Déniz Déni & Suárez, 2005; Gallo, 2004; Perrini & Minoja, 2008). Traditionally, family firms have been associated to positive aspects in their relationships with the stakeholders (De La Cruz Déniz Déni & Suárez, 2005). For example, the family character of the business tends to affect employee, client, and supplier relationships (Uhlener, van Goor-Balk, & Masurel, 2004). Specifically, among the responsibilities toward "society in general," family firms manifest also "family business values" such as: family cohesion, ethics and morality, cultural diversity, and transmission of the family's values to society. Through family businesses, family values permeate economic activity. Other values (e.g., religious) do not have this means of expansion into the business sphere.

For the purpose of the present paper we adopt the definition of family business as "a business governed and/or managed with the intention to shape and/or pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families." (Chua, Chrisman, & Sharma, 1999, p. 25). These firms can play an influential role in society as an active steward and resource able to transmit values concerning the family that are very important, today, for the societies in which they are embedded. Additionally, family businesses contribute to the effort of taking (sustainable) business education out of the classroom and to act as schools to convey values related with commitment, unity, productiveness, and membership in a collectivity that pursues common goals (Blass & Hayward, 2015). This is why family firms' contribution to the inclusion of the family values in society can very much related with the progressing in the fulfillment of their own social function (Gallo, 2004).

The focus of extant research is to understand CSR activities in family firms versus nonfamily firms. But the differences in CSR activities and perceptions among different types of family businesses has not yet been researched. Indeed, there are important differences in family businesses: from the "mom & pop" store to large corporations such as Ikea, Levi Strauss, or Tetrapack (Miller & Le Breton-Miller, 2005). In addition, family firms evolve over time in particular according to the life cycles of the individuals, family, and business (Hoy & Sharma, 2010).

Perceptions of CSR activities are embedded in positivist and post positivist paradigms (Scherer et al., 2009). Family firms are systems made of three different, though overlapping, subsystems: the firm, the family and the owners (Tagiuri & Davis, 1996). Considering this, our aim is to offer a typology of the different CSR dynamics family firms can maintain according to their perceptions of CSR activities and to the dominant subsystem. We then reflect on the futures of each type of family firm as well as the futures of CSR family businesses could practice.

The remainder of this paper proceeds as follows: it begins with a view of the different theoretical and ideological approaches of CSR, from positivist, to postpositivist, to the habermasian perspective, and by highlighting the opportunity to shift to an additional political responsibility of firms, in line with the evolution of public governance in public value. Then follows a brief presentation of the three circles model of family businesses (Gersick et al., 1997; Tagiuri & Davis, 1996) and the typology of family firms according to their perception of the role of CSR role in society. In the following section we envisage the influence of time on each type. Finally, a conclusion is presented to summarize the research.

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