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Family firms and practices of sustainability: A contingency view

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ABSTRACT

There has been growing discussion regarding the potential of family firms to embrace practices of corporate sustainability – the tendency to behave in economically, socially, and environmentally responsible ways in a manner that benefits all stakeholders and the community at large. Different conceptual lenses can be used to stress family firm positives and negatives in this regard. We identify those lenses and summarize the sustainability implications that can be extracted from them. Then we propose a set of moderating factors that may serve to arbitrate under just which conditions family firms are most apt to pursue positive practices of sustainability.

1. Introduction

The literature on corporate sustainability and responsibility has grown over the last decade, in part in response to the human, social and environmental costs of unsustainable company practices, perhaps amplified by the corporate malfeasance demonstrated by the recent financial crisis (Carroll & Buchholz, 2014). CEOs' tenures at large public companies have shrunk from 8 to 5 years and their compensation has increased from about 50 times the earnings of front line employees to almost 500 times (Miller & Le Breton-Miller, 2005; Freeland, 2012). Income inequalities have grown across the Western World and developing nations, as has industrial pollution and damage to the environment (Hart, 2005). Thus it is not surprising that those concerned with these trends have turned towards the issue of sustainability to discover the levers that might reverse them.

In addressing these issues, scholars of family business have pointed to family firms as potential bastions of stewardship and to their practices that encourage a long term, socially responsible orientation in dealing with all stakeholders (Arregle, Hitt, Sirmon, & Very, 2007; James, 1999; Miller & Le Breton-Miller, 2005). However, there are darker views of this form of enterprise as well (Campopiano & De Massis, 2015; Du, 2015; Morck, Wolfenzon, & Yeung, 2005). We build on some of this literature to discern the relationships between family business and sustainability practices, in the process making reference to conceptual lenses relating to agency, behavioral agency, stewardship, reputational, institutional, stakeholder and conflict views of family firms. We first surface the positives that may enhance sustainability practices among family firms; then we deal with the negatives. In the last major section of the paper, in the spirit of a contingency approach (Lawrence & Lorsch, 1967; Sharma, 2000; Thompson, 1967), we propose moderating contingencies in the governance structures of organizations and their environmental and organizational contexts that we believe will shape their proclivity towards sustainability practices.

We define sustainability practices as those that work towards the longer term benefit of all of an organization's stakeholders – the broader community included (Dyck & Neubert, 2009; Porter & Kramer, 2006). Examples of such practices are the generous and equitable treatment of employees, scrupulously fair dealings with customers, a focus on occupational health and security, charitable contributions to the community, minimizing the firm's ecological footprint, producing excellent products, and pursuing fair long term returns for all owners (Hart & Milstein, 2003). We deem these practices sustainable in that they contribute to the enduring health of the firm, society and the environment, and benefit all the stakeholders of an enterprise (Carroll & Buchholtz, 2014). Our conception of sustainability is integrative and strategic in that it encompasses most aspects of strategy rather than piecemeal responses to crises (McWilliams & Siegel, 2011; Weaver, Treviño, & Cochran, 1999). As such it may constitute a valuable and differentiating resource for a firm (Laszlo & Zhexembayeva, 2011).

2. Positive relationships between sustainability and family business

2.1. Stewardship and long-term orientation

Brigham, Lumpkin, Payne, and Zachary (2014) and others (James, 1999, 2006) have argued that family firms, in part because

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of their desire to pass on a healthy business to later generations, tend to have a long-term orientation. That is they work to ensure the enduring robustness of the enterprise, and build relationships with stakeholders that help to create a positive future for the firm. Thus firms resist the opportunistic treatment of stakeholders, and engaging in questionable behavior that might harm links with the broader community (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010; Berrone, Gelabert, Fosfuri, & Gomez-Mejia, 2013; Cruz, Larraza-Kintana, Garcés-Galdeano, & Berrone, 2014).

Miller and Le Breton-Miller (2005), in their book "Managing for the Long Run", maintain that the successful family firms they studied adopted practices intended to extend the enduring viability of their businesses. The authors emphasized the merits of continuity in investing in the company and its offerings, sustaining a vibrant community culture, building long-term win–win relationships with stakeholders, and courageous commanding leadership that would renew the firm even in the face of challenges. Although the authors claimed that business and competitive strategies varied in the extent to which each of these practices was required, all of their successful long-lived firms ensured that adequate levels of initiative were present in each category. They concluded that for such businesses, "everybody wins" – later family generations, all other direct stakeholders, and society at large (Laszlo & Zhexembayeva, 2011; Porter & Kramer, 2006).

Arregle et al. (2007) have pointed to some family firms as stewards that, intent on building social capital, invest in longer term associations with their stakeholders. Because families who own businesses are often well-anchored in their communities and present for the long run, they value, nurture and exploit the social capital they have built with their customers, suppliers, employees, and the wider community (Allouche & Amann, 1998; Uhlaner, van Goor-Balk, & Masurel, 2004). In line with this orientation, Miller, Le Breton-Miller and Scholnick (2008) in their study of Canadian businesses have shown that small, private family firms outperform those run by lone entrepreneurs, in part because of their more enlightened and far-sighted policies, their mentorship and generous benefits for employees, and their ability to form closer and more enduring relationships with clients. These kinds of enlightened practices tend to work against the opportunistic, transactional short-termism that endangers sustainability (Jamali & Mirshak, 2007). In a study of mid-sized Korean high technology companies, Miller, Lee, Chang, and Le Breton-Miller (2009) discovered that compared to non-family companies, family firms tended towards paternalistic leadership and had more connections to other stakeholder organizations in the community.

2.2. Family values and reputation

Given the importance of human agency in family firms – the ability of owners to enforce their personal values upon the organization – some researchers have found that family firms are especially apt to be run by those with a strong value orientation (Koiranen, 2002). Bruno Dyck and colleagues have argued that religious values permeate many family businesses, to the ultimate benefit of their communities (Dyck & Schroeder, 2005; Dyck & Neubert, 2009). In some cases, the roots of these values come from a cohesive geographic or religious setting in which the family business is embedded. For example, some Mennonite villages in Western Canada exhibit strong community oriented religious values. Such values typically pervade the family enterprises and business practices of the region, and they often issue in behaviors that support community sustenance, care for the disadvantaged, social harmony, generosity, charity and the sharing of wealth (Dyck & Schroeder, 2005). They can be intimately communicated within the emotionally close domains of family life, and thus may be vigorously enacted in family enterprises.

More generally, there is a literature that suggests that family businesses, given their intergenerational aspirations, and thus their long term stability within communities, are particularly well-embedded in their communities and attached especially closely to community stakeholders. Thus they are likely to be unusually responsible corporate citizens (Berrone et al., 2010; Koiranen, 2002).

Finally, it has been argued that when a family owns a business, the family reputation is on the line – that is, the honor and status within the community of current family members, as well as ancestors and even generations to come (Deephouse & Jaskiewicz, 2013; Koiranen, 2002)[1]. So honoring reputation may be a top priority in some family firms. According to resource-based scholars, reputation can be a very significant resource that enhances the returns and robustness of an organization (Cretu & Brodie, 2007; Gardberg & Fombrun, 2006; Habbershon & Williams, 1999; Roberts & Dowling, 2002; Sirmon & Hitt, 2003).

2.3. Agency costs

Some of the causes of opportunism and short-termism have been identified by scholars of agency costs (Fama & Jensen, 1983; Anderson & Reeb, 2003). When (non-family) executives with truncated time horizons are in charge of a public company, they may be tempted to use their positions of responsibility to extract private benefits, thereby depleting a resource pool that could otherwise contribute to sustainability. Indeed, there is a considerable literature which argues that public family businesses, because of their typically concentrated family ownership and an intimate knowledge of the business on the part of many family owners, are better able to curb such opportunism because of their more effective monitoring capacities (Anderson & Reeb, 2003, 2004; Ward, 2006). Moreover, private family firms often have family executives whose loyalty to the family is aligned with their commitment to the durability of the business (Gersick, Davis, Hampton, & Lansberg, 1997), a finding we shall qualify later in our analysis.

3. The dark side of family firm sustainability

It is fascinating that for every story of a well-run and socially responsible family firm, there also exist tales of incompetence, family feuds, opportunism and even corporate malfeasance. Parmalat, Adelphia and Wal-Mart have all been cited as family firms variously engaged in practices damaging to stakeholders ranging from shareholders to employees. Thus it is only fair to present the "other side" of the story – family-business related characteristics that may work against sustainable practices.

3.1. Conflict

There is a significant legacy of accounts of family firms that highlight the conflicts that occur when family members fail to get along (Kets de Vries, 1996; Kets de Vries & Miller, 1984). Childhood jealousies may come home to roost in the business, cousins fight over positions, and passive and active family members in the firm quarrel over the allocation of financial and other rewards. Such problems often occur within family firms where family factions with different priorities have to work together to run the company. The larger number of owners and the likelihood that they will not see eye-to-eye on the allocation of roles and resources may produce conflict (Gersick et al., 1997; Eddleston & Kellermanns, 2007). The upshot is a poorly run

[1] This may be especially the case where the family name is on the business and the firm is anchored within a close-knit community.

company whose owners and managers grapple with distractions that can lead to the neglect not only of stakeholders but of community responsibilities.

3.2. Socioemotional restrictions

Recent literature on the socioemotional wealth (SEW) perspective (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Gomez-Mejia, Cruz, Berrone, & DeCastro, 2011) suggests that family firm owners view their firms as endowments that contribute to the social and emotional well-being of the family, and thus, according to behavioral agency theory, are reluctant to jeopardize those endowments by taking the risks required to renew or grow their businesses (Patel & Chrisman, 2014). This hyper-conservatism may give rise to inferior products and processes that erode service to stakeholders and ultimately compromise firm viability (Block, 2012).

Indeed, some SEW scholars have argued that family firms tend to pursue noneconomic goals to satisfy the family, and that these goals may result in entrenchment, nepotism, cronyism and using firm resources to obtain private benefits (Kellermanns, Eddleston, & Zellweger, 2012). There is, in fact, a literature on family altruism that suggests that family firm owners and leaders will reward incompetent and ungrateful offspring with company assets, thereby resulting in socially skewed resource allocations. More specifically, some family members may benefit handsomely while other stakeholders will be poorly served (Bertrand & Schoar, 2006; Schulze, Lubatkin, Dino, Buchholtz, 2001).

3.3. Owner–owner agency costs

Although family owners may be influential and astute monitors of their managerial agents, they may yet be subject to a specific kind of agency problem: namely, the tendency to appropriate private benefits from smaller and less powerful (typically non-family) owners of the firm (Morck & Yeung, 2003). This conduct visits an inequity upon smaller owners, and compromises resources that might otherwise be used to serve other stakeholders or fulfill a broader social purpose (Villalonga & Amit, 2006). Major family owners are sometimes able to pursue parochial family objectives that have little to do with or even go against the interests of others parties (King & Santor, 2008; Morck et al., 2005; Villalonga & Amit, 2009). Sometimes these family owners have an incentive to enrich themselves at the expense of the company. Sentiments of parental altruism towards undeserving offspring can aggravate problems of appropriation, nepotism and entrenchment (Lubatkin, Durand, & Ling, 2007a; Lubatkin, Ling, & Schulze, 2007b).

4. Moderating factors

Given these disparate views of family business and their respective implications for sustainability practices, it is important to suggest several contextual factors that may represent contingencies which account for when each of the above lenses is most appropriate (Aragon-Correa & Sharma, 2003; Sharma, 2000). Because of the wide variety of types of family firms and because of the latitude for human agency within them, there are great variations in the extent to which they will pursue sustainability (Cennamo, Berrone, Cruz, & Gomez Mejia, 2012; Cruz et al., 2014). Below, we develop some propositions relating to the conditions under which we would expect family firms to be more – and less – likely to embrace sustainability practices. We shall deal with four general categories of contingencies that select between the pro- and counter-sustainability initiatives of family firms. These are (1) family background as related to values, parenting and education, (2) firm governance as revealed by ownership structure and control, executive management, and board composition, (3) the environment of the firm as reflected by demographics, institutional context, and techno-economic conditions, and (4) the nature of the organization – its strategy, structure and external ties.

5. Family and educational background

Values inculcated in the family context, sound parenting, and good educational experiences, all play a role in developing socially responsible family firm owners and managers.

5.1. Values

Families vary greatly in their moral standards. Some are characterized by values of sharing, generosity, social commitment and responsibility, others are characterized by more selfish motives. This may have to do with personalities as well as social norms and background hardships, and deprivations encountered in the home environment during childhood. There can be little doubt that the values encountered at home by a child can shape their behavior as adults and as agents of a family business (Binz, Astrachan, & Pieper, 2015). Values of social responsibility during upbringing may translate into a more favorable attitude towards sustainability practices during one's career in the family business (Shaffer, 2009). This connection may be especially strong in family firms, as later generations would generally not want to disgrace family values in their family-owned business (Le Breton-Miller & Miller, 2015a,b).

5.2. Parenting

Parenting can have as strong an influence on a family manager's conduct as family values. Childhood experiences are formative. Even where parents exhibit model behavior, this may not transfer to offspring, particularly where they are neglected or spoiled (Patterson, 1975). Those brought up with discipline, and who are rewarded on the basis of good behavior and sound values, may become more responsible adults and managers (Smith, Cowie, & Blades, 2010). By contrast, those who are spoiled and grow up with an attitude of entitlement are unlikely to become responsible corporate contributors. There is an interesting literature on family altruism that speaks to this question (Lubatkin et al., 2007a,b)[2]. Where there are siblings, fair treatment by parents and stewardship over their interactions can foster a spirit of sharing and cooperation – one that can be especially useful in allocating work and rewards, collaborating, and avoiding conflict in a family business (Gersick et al., 1997; Binz et al., 2015).

5.3. Educational experiences

Not all formative experiences in early life arise from the home environment. Formal education can be highly influential. There is some evidence that better schooling in the form of superior instruction in the arts and sciences can bestow not merely cognitive skills but sensitivity to broader issues and one's role as a citizen of the world (Omrod & Davis, 2004). To the extent that education also incorporates team and social activities and the

[2] Generational family involvement in the business may be critical as well. For example, in later generations and cousin consortia, where ownership becomes more dispersed, there may arise a rift in the preferences of active versus passive owners. Indeed, where owners not involved in the operation of the firm are influential, their interests may bend towards private benefit rather than social contribution.

needs to collaborate with ones peers, that can lend empathy to a person's outlook which again may issue in more responsible behavior on the part of adult actors. Education in the form of apprenticeship to the business during youth may foster an attitude of stewardship, loyalty to business stakeholders, and a commitment to behave in a more positive and responsible way when one's turn comes to occupy a more formal role (Le Breton-Miller & Miller, 2015a,b). As noted, values are a personal, often family-nurtured, quality and are all-important in shaping conduct. Nonetheless, even people with the most salutary intentions towards society must have the knowledge to apply firm resources appropriately, and that is aided by education within and outside the firm.

The capability to conceive and implement sustainable practices while at the same time running a firm that satisfies family and market objectives requires ample training, apprenticeship and experience within a firm. It can come from intense involvement in the business and its industry, and so those who have had intimate exposure to the enterprise would be in the best position to guide the responsible and sustainable allocation of its resources. Indeed, such involvement in the firm, where it occurs over many years, creates mutually informative relationships between owners and the various stakeholders – customers, suppliers, and the community.

In short, the values, parenting and educational experiences acquired in early life can have a lasting impact on the managers or owners of any business, family or otherwise, to behave as responsible corporate citizens.

P1: Family firms will engage in more sustainable behavior when early family nurturing and values and supportive educational experiences inculcate in family owners and managers discipline, skill, and commitment to the firm and society.

6. Governance

Governance encompasses the ownership structure of the business, the qualities of its executives, and the nature of the board of directors. We shall argue that each of these categories can have an impact on whether family firms are supportive of socially responsible behavior as outline by the proponents of family stewardship and long term management, or are, on the other hand, poorer corporate citizens as suggested by some of the agency scholars.

6.1. Ownership structure and composition

Whether a firm is public or private can shape its sustainability. If a family owns a business, especially if it has its name associated with it, there may be some incentive for the firm to behave responsibly to preserve the family reputation and image. That is especially true if the family wishes to keep the firm as a legacy for future generations (Ward, 2006). By contrast, under some circumstances,public ownership may distance a firm from family values, herald a more short-term orientation, and drive more pecuniary and financial interests (Miller & Le Breton-Miller, 2009). After all, the family has decided to give up a share of its ownership to outside parties who now have the right to influence the direction of their firm. Sometimes this is done by family members interested in capitalizing on the wealth of the business.

Ownership composition may also be important, especially as it relates to dispersion of ownership across branches of the family and its generations. For example, where ownership is more dispersed, the chances of conflicting objectives grow (Eddleston & Kellermanns, 2007; Gersick et al., 1997). Although that makes tyrannical behavior by a malevolent patriarch less feasible, the financial demands from owners less attached to the business may make a long term orientation and the resultant beneficence towards stakeholders more difficult to achieve.

Although some public family firms are controlled by family members via super-voting shares, this may not resolve the above "distancing" problem if families with disproportionate voting rights, have the power and perhaps the financial incentive and temptation to appropriate private benefits (King & Santor, 2008; Maury, 2006). In fact, this shows up in the inferior market valuations of companies with leveraged control (Villalonga & Amit, 2009). These problems may be avoided when families retain proportional voting and cash-flow rights.

P2: Family firms will engage in more sustainable behavior when they have not gone public, when ownership remains concentrated in family hands, and when control is exerted via unleveraged ownership[3].

6.2. Executive characteristics

Selection: Strategies of sustainability require executives with the capability and motivation to engage in longer-term initiatives involving a multitude of stakeholders (Bansal & Roth, 2000; Carroll & Buchholtz, 2014). Thus meritocratic selection of either family or non-family executives is essential to secure the managerial talent required to pursue the complex blend of business, social, and family objectives that characterize many family firms. However, given their close emotional and reputational association with the family business, talented, well-trained executives from the founding family may be especially sensitive to the image of their firm and thus are more apt to be good corporate citizens (Allouche & Amann, 1999). The best among such family successors are often nurtured over many years, long before succession becomes essential (Le Breton-Miller, Miller, & Steier, 2004). In the absence of family talent or where a firm grows and becomes more complex, leaders are sometimes recruited from outside the family. Unfortunately, such executives may be tempted towards short term, financially driven priorities that work against sustainability initiatives with extended time horizons (James, 1999)[4].

Aspirations: One possible indicator that an executive has sustainability on the agenda is the intent to pass on the business to the next generation. Such a long-term orientation invites a willingness to invest in the future of the firm, often by forming win–win relationships with stakeholders. That, in turn, encourages hiring, training and rewarding good people, nurturing trust-based relationships with customers, building firm reputation, and embedding the business in the community via good corporate citizenship (Aras & Crowther, 2008).

Entrenchment: Long CEO job tenures and entrenchment are common within family firms, and can cause strategic inertia and conservatism, and a failure to renew corporate strategy (Morck et al., 2005). It can mire a firm in the past and limit innovation, ultimately hobbling initiatives in training, mentoring, and hiring new blood (Henderson, Miller, & Hambrick, 2006). That can restrict the perspectives and resources demanded by sustainability initiatives.

P3: Family firms will engage in more sustainable behavior when policies are in place to enhance meritocratic selection and development of family executives, where there are long-term aspirations for the family in the business, and where the opportunities for executive entrenchment are limited.

[3] It is possible however that public listing also will prevent the worst excesses of family business behavior because they are more subject to public scrutiny.

[4] By contrast, where the non-family CEO is merely a puppet of an insular, conservative, family dominated board, the relevance of strategic and sustainability initiatives may be jeopardized.

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6.3. Boards of directors

The board is a critical intermediary between owners and management. Where boards are dominated by family members and there are no influential outsiders present, there is a danger of insularity that may blind the business to emerging trends, challenges and opportunities, allowing it to ignore emerging sustainability opportunities (Ward, 2006). This absence of outsiders, particularly those with varied and objective points of view, may also allow family conflicts to become overwhelming or to be resolved based on purely parochial considerations. Similarly, too little managerial representation on the board may divorce owners from the business realities facing their companies. That can get in the way of the effective allocation of resources, which in turn makes sustainability initiatives less feasible (Pendergast, Ward, & de Pontet, 2011). In short, there is a benefit to having outsiders on the board, but only up to a certain proportion (Anderson & Reeb, 2004).

P4: Family firms will engage in more sustainable behavior when boards contain a balance between family and non-family members who avoid an emphasis on short-term objectives.

7. Environment

Several facets of the environment will have an impact on whether a family firm opts for sustainable practices that benefit stakeholders outside as well as inside the firm. These are community demographics, institutional logics, and economic hostility.

7.1. Community demographics: urban-rural and size of community

Firms embedded in smaller communities may feel greater responsibility towards their neighbors. In small communities, there is more closeness and less anonymity among the residents: many people know one another most, and that tends to be a stimulus for social cohesion and responsible behavior (Niehm, Swinney, & Miller, 2008). Thus firms whose principals and managers are resident in such communities are more apt to be socially responsive to the needs of all stakeholders, broader society included (Berrone et al., 2010; Uhlaner et al., 2004).

Similarly, in rural communities, at least in North America, there often remains a kind of "frontier" mentality, where people help one another (Dyck & Neubert, 2009). The climatic vagaries of farming and the all-critical harvest period induce many families to rely upon each other in times of hardship. It is known, for example, that in most such communities, if someone becomes ill during a crucial time or if their machinery breaks down, neighbors will pitch in without expecting compensation. Family firms in such communities may be more apt to embrace such generous norms, particularly if they have been embedded in the community for many years (Niehm et al., 2008; Uhlaner et al., 2004).

The embeddedness of a family firm within its community and the motivation of its actors to behave in a beneficent manner may be enhanced further if the firm or its brand bears the family name (Uhlaner et al., 2004). Here company conduct and family reputation are more intimately connected. Indeed, Zellweger, Eddleston, and Kellermanns (2010) have suggested that family identities tied to firm identities may encourage such responsible behavior towards stakeholders. Niehm et al. (2008) and Cennamo et al. (2012) have contributed similar arguments.

P5: Family firms will engage in more sustainable behavior when they are embedded in smaller or rural communities and when the firm embraces the family name.

7.2. Institutional logics

The institutional context of a business in a geographic community shapes the identities, values and priorities of its actors, and thus their material practices and outcomes. A logic can be defined as the socially constructed set of cultural symbols and practices – assumptions, values and beliefs – by which parties "provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences" (Thornton, Ocasio, & Lounsbury, 2012: 2). Contexts are characterized by a blend of logics – for example, those of religion, the market, and the family (Friedland & Alford, 1991) and their nature and blend will vary across communities with disparate social histories and populations (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011) and are especially influential in family firms (Miller et al., 2015).

Although there has been very little empirical work in the area, it has been argued that influential executives, or indeed active owners and board members, may tend towards more social contribution where they are religious (Dyck & Neubert, 2009). It is not surprising then that of the long-lived, socially responsible family firms in Managing for the Long Run (Miller & Le Breton-Miller, 2005) were in fact owned and run by members of very religious families. This was true from the founding generation up to the present, a time span that often encompassed a century. In the sample were represented all three religions most historically common in North America: Catholicism, Protestantism and Judaism. The qualities of charity, service, humility, and discipline common to all three religions seemed to instill in many of our managers a strong social conscience and devotion to community. Indeed, Brooks (2003) has found that religious individuals tend to be more charitable to their communities than their secular counterparts.

P6: Family firms will engage in more sustainable behavior when their influential owners and managers are strongly influenced by religious values.

7.3. Contextual hostility and scarcity

Elevated levels of competition or economic hardship may bring out either the very best or the worst of a family business in how it treats its stakeholders. All businesses must compete, and where resources are scarce and competition is tough, there are two common and opposite reactions that may shape sustainability behavior in family firms. One is a siege mentality of "everyone for themselves", as families work to protect their own kin at the expense of other stakeholders, sometimes through irresponsible behavior (James, 1999). Another very different reaction is that of the farm or small community where the family collaborates with other stakeholders and the broader community to get through the hard times (Berrone et al., 2013). Firms such as Timken and Coors avoided layoffs, even during penurious economic circumstances of the Great Depression and prohibition, respectively, depleting finances in the short run, but building enduring relationships of trust and loyalty with employees (Miller & Le Breton-Miller, 2005) (see also Khanna's (2000) work on the importance of family social capital in emerging economies). These policies served as exemplars that accumulated good will and reputation among employees and the community for years to come. We suspect that that both extremely negative and positive reactions may prevail more often among family firms than elsewhere due to the strong emotional ties among kin who may act immorally to protect loved ones, versus the social capital and attachments built up between a family and its community.

P7: Family firms will be pulled between positive and negative extremes relating to sustainable behavior when confronted with a hostile competitive environment.

8. Organization

8.1. Strategic priorities

Some strategies rely on a firm's public reputation and/or the support of particular stakeholders. For example, brand leadership may demand a positive corporate image; quality leadership relies on reputation. That can engender proactive sustainability initiatives and an attempt to attract partners and capabilities to achieve these outcomes. For example, firms may embark on community support programs to improve their image with local customers (Bansal & Hunter, 2003; Sharma & Vredenburg, 1998). Alternatively, they might nurture caring corporate cultures to foster creativity among their staff in order to pursue a strategy of innovation (Reid & Adams, 2001). They may even pioneer green technologies to build stronger relationships with the powerful regulators. By contrast, firms that rely mostly on strategies of operating efficiency and that interact little with the public, may feel less compelled to engage in visible sustainability initiatives. Given their long term orientation and patience, some family firms may enjoy a competitive advantage in nurturing and reaping from such strategies, especially where the payoff is slow (James, 1999). The above rationales may be based in part on the economic practicality or benefit of social responsibility in particular sectors and also to the social values of the family, which could reinforce the positive sustainability outcomes driven by industry parameters.

P8: Family firms will engage in more sustainable behavior when their strategic priorities and competitive edge are better realized via such behavior.

8.2. Structure: firm size and bureaucracy

As firms grow large, they become more impersonal – the relationships with employees, suppliers, customers and the community often become more formal, and often more distant. That distancing between a family and its stakeholders may be associated with more bureaucratic forms of management, more layers in the hierarchy, and more formal rules, routines and procedures. This less personal style of management can make the emotional connection between a family and its firm's stakeholders and community more remote – and hence less conducive to sustainability initiatives that rely on the personal values of family members.

P9: Family firms will engage in less sustainable behavior when they become larger, more bureaucratic and more impersonal.

As suggested, exceptions to the above tendency might occur where the family name is on the firm, the family identity is anchored to the business, and thus the family makes an effort to have a strong presence in the firm and the community (Berrone et al., 2010; Deephouse & Jaskiewicz, 2013). There, personal connection and enduring relationships may be preserved, even when the company is large. This is apt to be especially true where there is a vibrant firm culture that celebrates and constantly reinforces family values (Miller & Le Breton-Miller, 2005). Moreover, in a large firm with numerous family owners, compelling goals and values relating to social responsibility may be used to unite the family and make for more harmonious and motivated oversight and administration.

8.3. Institutional development: ties to institutional authorities

Family firm owners' connections to powerful institutional actors such as governments, politicians, or industry regulatory agents can have a profound influence on its sustainability practices (Khanna & Palepu, 1999, 2000). Where there is an institutional void such as exists in some emerging economies, the absence of an adequate legal and market system may give certain authorities in government significant power over an organization. When a firm is owned by a wealthy, establishment family, it can more easily collude with government officials for mutual benefit (Poisson de Haro & Bitektine, in press). The discretion over resources and privacy of family firm owners and poorly regulated officials can permit behavior that suppresses competition and endangers the natural environment. The stability, financial clout and confidentiality of family firm owners make them attractive partners to corrupt government officials. Indeed, it has been shown that in countries where there is an institutional void and a large proportion of the economy is controlled by family firms, measures of socio-economic well being lag behind those in economies where family firms are less influential (Morck et al., 2005).

On the other hand, in emerging economies, family business groups and their abundance of social capital can serve as a substitute or complement to government regulations and may aid in economic development (Khanna & Palepu, 1999, 2000).

P10: Family firms will engage in less sustainable behavior in institutionally under-developed nations where they can more easily form crony-like relationships with self-interested authorities.

9. Critical events

A final factor that may determine whether family firms embrace a longer term pro-sustainability stance versus its negative counterpart has to do with critical events that occur in the life of the family. For example, the birth of a child or a grandchild may evoke in a family firm owner a longer term perspective – one aimed at having the firm and its resources available to the next generation. This goal of generativity may become especially salient when a child enters the business or gets married (Jaskiewicz, Combs, & Rau, 2015). Transitions in perspective also may occur in the reverse direction, with the retirement or passing of the generation who built up the business and therefore was more emotionally attached to its preservation.

10. Conclusion

Unfortunately, we have not been able to supply any simple answers about the relationships between family firm ownership, management and organizational context and the tendency for family firms to engage in sustainability initiatives. Certainly the sustainability implications from perspectives of stewardship, family values, long-run orientation and managerial agency costs are quite positive and have merit. But so do the far less sanguine perspectives relating to conflict, private socio-emotional wealth, and principal–principal agency. We believe that whereas some family firms will be exemplary corporate citizens, others will not. Thus we have proposed numerous moderating contingencies that may help to determine which sustainability camp family firms will fall into. Family values and educational backgrounds, governance arrangements, organizational factors, and environmental forces all may have important mediating roles to play.

We urge future scholars of family firm sustainability to refrain from searching for simple answers and general conclusions, and instead to seek out distinctions based on moderating factors such

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as those we propose to determine which lenses to use in examining family firm sustainability behavior.

Given our rather daunting array of moderating contingencies, we suspect that subsequent research efforts could be simplified by focusing on specific types of family firms – for example, smaller private first- and second-generation firms working in related industries. Another way of dealing with an abundance of contingency factors is to attempt to discover configurations of attributes that describe a common family firm type within its context. This can be done using methods of numerical taxonomy or fuzzy set analysis (Fiss, 2007) and could be useful when contingency factors are related, thereby restricting the typology to a small number of common but richly described types. Type groupings might, for example, represent small, private family-run firms with a strong attachment to the community, or large, publicly traded family firms run by non-family managers (Mintzberg, 1979; Miller & Friesen, 1984).

Appendix A. Supplementary data

Supplementary data associated with this article can be found, in the online version, at http://dx.doi.org/10.1016/j.jfbs.2015.09.001.

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