Spotlight
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How do family dynamics shape corporate responsibility decisions?

Understanding the role of socioemotional wealth in family firms' CSR strategy choices

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Family firms have unique concerns beyond profitability, often prioritizing non-financial factors like legacy, family identity, and emotional bonds, collectively known as socioemotional wealth (SEW). This study examines how SEW influences family firms' CSR strategies, focusing on why some firms adopt structured CSR practices while others prefer informal approaches.

WHAT WE STUDIED

The study applied a configurational method, specifically fuzzy set qualitative comparative analysis (fsQCA), to evaluate 186 Italian family firms. Data included ownership, family involvement, identification with the firm, and CSR activities. The research used psychometric SEW dimensions to analyze family firms' CSR choices, contributing to understanding family businesses' varied approaches to corporate responsibility.

KEY INSIGHTS

1. SEW as a Multidimensional Concept

SEW includes elements like family control, identity, emotional ties, and dynastic renewal. Each aspect plays a role in CSR decision-making, sometimes conflicting, and influencing whether firms pursue formal or informal CSR practices.

2. Forward-looking vs. Backward-looking CSR Motivations

The study identifies that forward-looking families (focusing on legacy and future identity) are more likely to adopt formal CSR strategies, whereas backward-looking families (centered on past achievements and relationships) often favor informal CSR methods.

3. Role of Family Involvement and Resource Allocation

Families that rely on their networks for CSR tend to maintain informal, relational approaches. In contrast, those prioritizing external stakeholders and firm sustainability adopt more structured, formalized CSR strategies.

TAKEAWAYS

For Leaders Focused on Future Legacy

Adopt formal CSR strategies to support consistent brand identity across generations, creating long-term value that aligns with future goals.

For Families Rooted in Past Achievements

Maintain informal CSR activities that capitalize on existing family relationships and networks, aligning with values of loyalty and tradition.

IMPACT

This research shows the complexity of SEW and its impact on CSR decisions, providing valuable insights for family business owners, policymakers, and investors on how SEW dimensions affect strategic decisions. Further research could explore SEW's impact on other strategic areas in family firms.

RECOMMENDATIONS

Family businesses should assess their SEW dimensions, particularly in balancing future goals and past achievements, to adopt CSR strategies that best align with their values and stakeholder expectations.

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