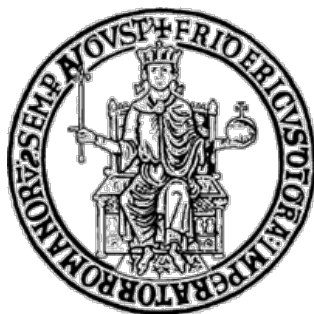


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The Sustainability Trajectory in Family Business: A Multi-Level Analysis

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A mio padre, per tutto ciò che mi ha dato senza dirlo

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Introduction

The thesis aims to shed light, both from a theoretical and empirical perspective, on the sustainability choices within family firms. In this regard, this section presents the structure of the thesis: the literature review in the first chapter lays the foundation for advancing current knowledge on the topic, and the following chapters aim to exploit research gaps and offer empirical evidence to contribute to the field. That is, first, how it intends to grasp sustainability in family business is defined, and the research questions are derived. Second, how each chapter answers such questions is presented.

1.1. Scope and Research Question

The conceptualisation of sustainability within business economics has undergone a profound transformation, evolving from a macroeconomic concern regarding resource depletion to a strategic organisational imperative defined by the ability to meet diverse stakeholder expectations over the long term (Fritz et al., 2021; Schultz et al., 2011). While distinct nuances exist between Corporate Social Responsibility (CSR) and sustainability, contemporary scholarship increasingly views them as umbrella constructs that necessitate aligning financial and non-financial goals (Battisti et al., 2023; Faller & zu Knyphausen-Aufseß, 2018). Within this paradigm, family firms represent a unique theoretical context (Chua et al., 1999; Memili et al., 2018), as these entities are not merely economic agents but are fundamentally governed by the preservation of Socioemotional Wealth (SEW)—a non-financial endowment encompassing identity, influence, and dynastic continuity (Berrone et al., 2010; Gómez-Mejía et al., 2007). Consequently, the family business context offers a distinct theoretical nexus where the transgenerational intent of owners inherently links organisational governance to the principles of sustainable development

(Delmas & Gergaud, 2014; Zellweger et al., 2013). Scholars have devoted considerable attention to investigating how the specific behavioural attributes of family firms influence their environmental and social performance, recognising that family firms operate under a different logic than their non-family counterparts, often prioritising the preservation of SEW over short-term profit maximisation (Bammens & Hünermund, 2020; Lumpkin & Brigham, 2011). Because the family name is frequently synonymous with the firm, family owners act as stewards with a heightened sensitivity to corporate reputation, theoretically predisposing them to socially responsible behaviour to maintain legitimacy within their communities (Deephouse & Jaskiewicz, 2013; Le Breton-Miller & Miller, 2016). However, the intersection of family influence and sustainability is characterised by significant complexity and potential drawbacks, revealing a critical ability-and-willingness paradox (Chrisman et al., 2015). While family firms may be willing to act sustainably to protect their reputation, they often lack the financial capital and specialised knowledge required to implement complex eco-innovations (Adomako et al., 2019; Doluca et al., 2018). Furthermore, the desire to maintain absolute family control can induce risk aversion, leading firms to avoid the uncertainty associated with green investments or external certifications that demand transparency (Memili et al., 2018; Miroshnychenko & De Massis, 2022).

In this regard, the thesis aims to enter and extend the debate about the interplay between the peculiar characteristics of family firms and their sustainability strategies. To do this, it first addresses the following research question:

RQ1) How have studies to date conceptualised the antecedents, processes, and outcomes of sustainability in family firms, and how do these elements interact across organisational, governance, and individual levels of analysis?

Indeed, although the field has experienced a surge in publications between 2019 and 2025, previous literature has often treated family business sustainability

through binary comparisons or isolated theoretical lenses, neglecting the complex interplay of antecedents, processes, and outcomes across different levels of analysis (Heo & Pak, 2025; Mariani et al., 2023). Therefore, the first chapter of this thesis provides an overview of the topic by conducting a systematic literature review of 145 peer-reviewed studies published between 1999 and 2025. This analysis organises existing knowledge through an antecedent–process–outcome model across organisational, governance, and individual levels of analysis, highlighting how heterogeneous SEW configurations differentially impact the adoption of symbolic versus substantive sustainability practices (Carbone et al., 2022).

Building on this foundation, the thesis transitions to an empirical investigation, focusing on two specific aspects that shape the relationships among family business governance, generational cohorts, and sustainability outcomes.

Chapter two considers the specific context of the Circular Economy (CE) and the influence of generational demographics on strategic performance. Utilising the theoretical framework of Upper Echelons Theory, this study explores the cognitive patterns of 'Silent Generation' Chief Executive Officers (born 1928–1945), positing that while the conservative values of this cohort theoretically align with resource efficiency, their formative experiences often entrench linear economic models that hinder circular innovation (Hambrick & Mason, 1984; Kirchherr et al., 2018). Thus, it is timely to determine how generational identity interacts with family governance mechanisms to influence the adoption of circular strategies. The research questions associated are as follows:

RQ2) What is the effect of CEOs belonging to the Silent Generation on the circular economy performance of the firm? And to what extent does the involvement of the family board directors influence the relationship between CEOs belonging to the Silent Generation and circular economy performance?

Finally, chapter three addresses the outcomes of sustainability from a novel perspective. While existing research primarily examines firm-level financial or environmental performance, the impact of Environmental, Social, and Governance (ESG) engagement on the family system itself remains scarce (Stock et al., 2024; Waldau, 2024). In response to recent calls for research, this chapter investigates the specific benefits the owning family derives from the firm's engagement in ESG practices, extending the analysis beyond the firm to the family subsystem. The associated research question is as follows:

RQ3) What family-level outcomes do family firms generate through their engagement in ESG activities and/or practices?

To answer the empirical questions, the thesis explores the Italian setting. The Italian capital market serves as a unique source for scrutinising the influence of family involvement because of its distinctive feature of a large number of listed family firms (Cascino et al., 2010). Indeed, Italy has the highest incidence of family-controlled firms among the Euronext markets, accounting for approximately three-quarters of listings on the Milan Stock Exchange (AIDAF, 2022). Moreover, these controlling families are usually highly involved in management and governance, creating an environment defined by enduring values and multi-generational perspectives (Cirillo et al., 2017; Sciascia et al., 2013). The specific aims of each analysis dictate the years of investigation and methodologies selected. In the second chapter, the study employs a quantitative approach using a longitudinal dataset comprising 577 firm-year observations of Italian listed family firms for the period 2017–2024. This timeframe corresponds to the enforcement of the European Directive 95/2014 on non-financial disclosure in Italy (Bifulco et al., 2023). For this empirical analysis, panel regression estimations with random effects and interaction terms were chosen to capture intertemporal dynamics and control for unobservable heterogeneity (Hsiao, 2003). Conversely, the third chapter adopts an exploratory

qualitative approach to investigate the nuanced family-level outcomes of ESG. This study utilises a multiple-case study methodology involving six medium-to-large Italian family firms recognised as "ESG Champions" (Eisenhardt, 1989; Gioia et al., 2013). Data collection triangulated primary data from 24 in-depth interviews with family members and top management teams against secondary data, analysing the findings through an inductive approach to identify emerging patterns (Gioia et al., 2013; Strauss & Corbin, 1998).

The overview of the key findings is as follows. Chapter 1 reveals a pervasive paradox: while the transgenerational intent to protect family reputation fosters a willingness to engage in social sustainability, the desire to maintain absolute control often restricts the financial and knowledge-based ability required for complex eco-innovations (Chrisman et al., 2015; Le Breton-Miller & Miller, 2016). The study proposes a comprehensive framework that illustrates how heterogeneous SEW configurations affect the adoption of symbolic versus substantive practices. Chapter 2 provides empirical evidence of a negative relationship between Silent Generation CEOs and circular economy performance, confirming that cognitive inertia can hinder sustainability transitions (Costanza et al., 2012). However, the study finds that family board involvement positively moderates this relationship, effectively reversing the adverse effect by leveraging stewardship motives to align legacy preservation with circular innovation (Chrisman et al., 2012; Teece, 2014). Chapter 3 concludes that ESG adoption generates significant benefits for the family system itself, classified into four dimensions: continuity, cohesion, connection, and culture.

The findings demonstrate that ESG practices function as strategic imperatives that reinforce transgenerational succession, strengthen intra-family bonds, and deepen territorial embeddedness. Therefore, sustainability acts not only as a response to external pressures but as a resource for family resilience and legacy preservation.

1.2. Chapter 1. Sustainability in Family Firms: A Systematic Review of Antecedents, Processes and Outcomes

This systematic literature review synthesises 145 peer-reviewed studies published between 1999 and 2025 to address the fragmentation characterising the academic debate on sustainability within family firms. By organising existing knowledge through an antecedent–process–outcome model across organisational, governance, and individual levels of analysis, the study moves beyond binary comparisons between family and non-family entities to elucidate how heterogeneous configurations of Socioemotional Wealth (SEW) drive strategic behaviour. The analysis reveals that while the transgenerational intent to protect family reputation fosters a strong willingness to engage in social sustainability to maintain legitimacy (Berrone et al., 2010), the "dark side" of SEW—specifically the desire to maintain absolute control—often restricts the financial and knowledge-based ability required for complex eco-innovations (Memili et al., 2018).

In examining the antecedents of sustainability, the review highlights a dichotomy between the bright side of stewardship, in which family owners act to avoid social stigmatisation, and the dark side of risk aversion, in which the fear of wealth dilution hinders green investment (Le Breton-Miller & Miller, 2016). This tension permeates the implementation process, often resulting in a decoupling of symbolic disclosure from substantive action. For instance, while governance mechanisms such as board gender diversity are associated with increased sustainability reporting, they do not consistently translate into substantive decarbonisation or climate walk (Bergmann et al., 2025). Furthermore, the study emphasises the critical role of individual micro-foundations, finding that the professionalisation of leadership, particularly through CEOs holding MBA degrees, acts as a vital moderator that balances emotional family goals with the rational decision-making necessary for Environmental, Social, and Governance (ESG) implementation (Heo & Pak, 2025).

Regarding outcomes, the literature indicates that family firms may maintain a lower environmental footprint due to conservative risk management but often

struggle to generate a positive ecological handprint through innovation (Lorenzen et al., 2024). The review concludes that sustainability in this context is inextricably linked to the domestic logic of tradition, which often conflicts with the civic logic of standardised certification (Richards et al., 2017). Consequently, the authors propose a robust research agenda that calls for longitudinal investigations into how governance innovations, such as shadow boards, can bridge the gap between disclosure and performance (Gutuleac et al., 2025). Moreover, there is a pressing need to expand the analytical lens beyond firm-level metrics to explore family-level outcomes, such as cohesion and emotional well-being, to fully understand the impact of sustainability strategies on the family system itself (Stock et al., 2024).

1.3. Chapter 2. The Silent Generation Paradox and Circular Economy Performance. The Moderating Role of Family Board Involvement

This study investigates the complex interplay between generational cohorts and family governance in shaping the Circular Economy (CE) performance of family firms. Utilising the theoretical framework of Upper Echelons Theory (Hambrick & Mason, 1984), the research addresses a critical gap regarding how the cognitive patterns of Silent Generation Chief Executive Officers (CEOs)—born between 1928 and 1945—influence the adoption of circular business models. While family firms are theoretically predisposed to sustainability due to their transgenerational intent and stewardship ethos (Bammens et al., 2011; Habbershon & Williams, 1999), the study posits a Silent Generation Paradox. This cohort holds conservative values that are consistent with resource efficiency. Yet their formative experiences in an era of linear economic models engender cognitive inertia and risk aversion that hinder the adoption of complex circular innovations (Costanza et al., 2012; Twenge & Campbell, 2008). Consequently, the authors hypothesise a negative relationship between Silent Generation CEOs and CE performance, arguing that despite a latent alignment with

conservation, these leaders lack the specific cognitive frames required for systemic circular transitions (Kennedy & Bocken, 2020).

To mitigate this generational inertia, the study introduces family board involvement as a pivotal moderating variable. Drawing on the Socioemotional Wealth (SEW) perspective, the research argues that family directors infuse the boardroom with stewardship motives, intergenerational legacy concerns, and cognitive diversity (Chrisman et al., 2012; Gómez-Mejía et al., 2011). This involvement is theorised to create a synergistic governance dynamic that counterbalances the CEO's resistance, effectively aligning the firm's long-term preservation goals with the innovative demands of the circular economy (Miller et al., 2003; Teece, 2014). To test these hypotheses, the authors employed a longitudinal quantitative approach, analysing a dataset of 577 firm-year observations of Italian listed family firms over the period 2017–2024. The Italian context was selected because of the high prevalence of family-controlled firms on the Milan Stock Exchange (AIDAF, 2022) and the enforcement of the European Directive 95/2014 on non-financial disclosure (Bifulco et al., 2023).

The empirical results, derived from panel regression estimations with random effects, robustly confirm both hypotheses. The analysis reveals a statistically significant negative correlation between Silent Generation CEOs and the firm's circular economy performance, as measured by the UNI/TS 11820 standard (Esposito et al., 2024). However, the interaction models demonstrate that active family board involvement positively moderates this relationship, effectively reversing the adverse effect of the CEO. These findings suggest that family directors act as a critical governance resource, leveraging their unique social capital and stewardship orientation to overcome the cognitive rigidity of senior leaders.

Therefore, the study concludes that demographic traits alone are insufficient predictors of sustainability outcomes; instead, the interaction between generational imprinting and governance mechanisms determines strategic success. These insights offer significant managerial implications, suggesting that family firms must

strategically curate board composition to foster cross-generational dialogue and bridge the gap between traditional conservation values and modern circular innovation.

1.4. Chapter 3. Family-level outcomes of Environmental, Social, and Governance practices in family firms

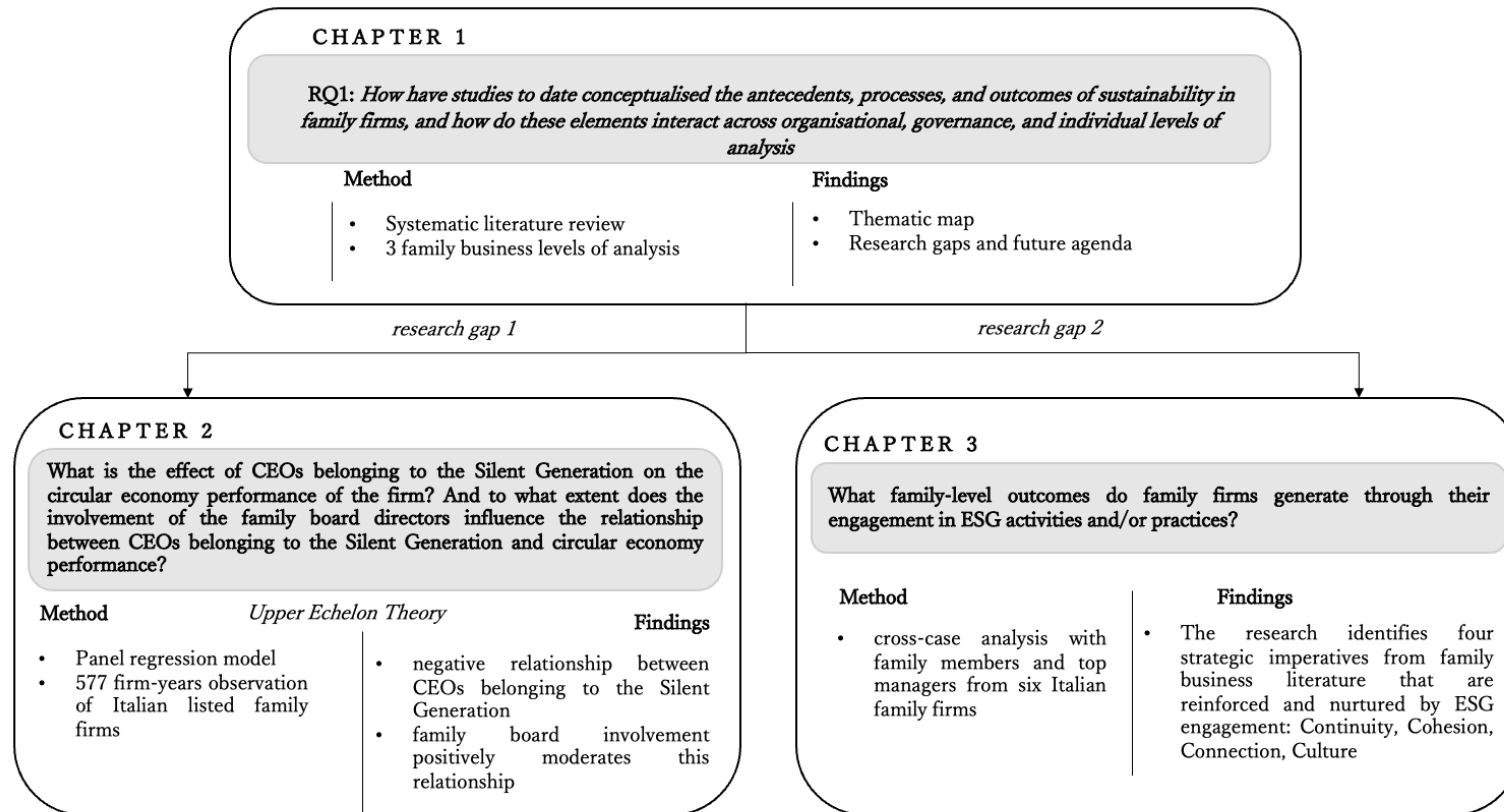
This study addresses a critical lacuna in family business literature regarding the specific outcomes that owning families derive from their engagement in Environmental, Social, and Governance (ESG) practices. While scholarly interest in ESG within this context has surged, existing research has predominantly focused on firm-level financial or reputational metrics, leaving the direct benefits to the family subsystem largely unexplored (Stock et al., 2024; Waldau, 2024). In response to recent calls for research, the authors investigate the following research question: *What family-level outcomes do family firms generate through their engagement in ESG activities?* To answer this, the study employs a rigorous multiple-case study methodology involving six medium-to-large Italian family firms identified as "ESG Champions"—entities where sustainability is intrinsic to the corporate DNA rather than merely compliance-driven (Eisenhardt, 1989). Data collection triangulated primary insights from 24 in-depth interviews with family members and top management against extensive secondary data, utilising an inductive approach to model emerging patterns (Gioia et al., 2013).

The analysis reveals that ESG engagement generates four distinct dimensions of family-level benefits, conceptualised as the "4Cs": Continuity, Cohesion, Connection, and Culture. Regarding Continuity, the adoption of ESG frameworks facilitates transgenerational succession by necessitating the formalisation of governance structures. This process clarifies roles and responsibilities, thereby attracting Next Generation members to meaningful positions and professionalising family

involvement (Gómez-Mejía et al., 2018; Le Breton-Miller & Miller, 2016). In terms of Cohesion, ESG practices function as a "social glue" that fosters a shared sense of purpose. The study identifies a virtuous cycle in which collective commitment to sustainability reinforces internal harmony and trust among family and non-family members, thereby mitigating conflict (Bettinelli et al., 2022). The dimension of Connection highlights how ESG deepens the firm's territorial embeddedness. By acting as "good citizens" through community engagement and environmental stewardship, families strengthen their external legitimacy and social capital, reinforcing their "social license to operate" (Sirmon & Hitt, 2003). Finally, Culture emerges as a critical outcome, where ESG practices serve as the operationalisation of the founder's values. By codifying ethical charters and preserving heritage, families transform abstract values into lived experiences, ensuring that the stewardship ethos is transmitted across generations (Nijhof et al., 2019).

Theoretically, this research contributes by shifting the unit of analysis from the firm to the family, demonstrating that ESG is not merely a compliance cost but a strategic resource for family resilience and legacy preservation (Hadjielias et al., 2025). The findings underscore that consistent ESG engagement reinforces the "domestic logic" of the family, transforming sustainability into an internal enabler of long-term success. In practice, the study suggests that policymakers and practitioners should leverage these benefits to encourage ESG adoption, framing it as a mechanism to strengthen family governance and cohesion rather than solely as a regulatory obligation. Future research is encouraged to test these findings in non-ESG-champion contexts to mitigate potential survivorship bias and to explore the implications of greenwashing on family dynamics.

Figure 1: Thesis Overview



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***Chapter1. Sustainability in Family Firms: A Systematic Review of Antecedents,
Processes and Outcomes***

Abstract

The conceptualisation of sustainability within business economics has evolved from a macroeconomic concern to a strategic organisational imperative. Nevertheless, within the unique theoretical context of family firms, this paradigm is fundamentally governed by the preservation of Socioemotional Wealth (SEW) rather than pure economic rationality. Despite a surge in scholarship, empirical evidence regarding family firm sustainability remains fragmented and contradictory. To address this, we conducted a systematic literature review of 145 peer-reviewed studies published between 1999 and 2025, organising existing knowledge through an antecedent–process–outcome model across organisational, governance, and individual levels of analysis. Our interpretive analysis reveals a pervasive paradox: while the transgenerational intent to protect family reputation fosters a willingness to engage in social sustainability, the desire to maintain absolute control often restricts the financial and knowledge-based ability required for complex eco-innovations. By mapping these multi-level dynamics, this study moves beyond binary comparisons between family and non-family firms, offering a comprehensive framework that elucidates how heterogeneous SEW configurations differentially impact the adoption of symbolic versus substantive sustainability practices.

Keywords: Sustainability, family Business, Literature review, Thematic map

Chapter 1. Sustainability in Family Firms: A Systematic Review of Antecedents, Processes and Outcomes

1. Introduction

The conceptualisation of sustainability within business economics has undergone a profound transformation, evolving from a macroeconomic concern regarding resource depletion to a strategic organisational imperative defined by the ability to meet diverse stakeholder expectations over the long term (Fritz et al., 2021; Schultz et al., 2011). While distinct nuances exist between Corporate Social Responsibility and sustainability, contemporary scholarship increasingly views them as umbrella constructs that necessitate aligning financial and non-financial goals (Battisti et al., 2023; Faller & zu Knyphausen-Aufseß, 2018). Within this paradigm, family firms represent a unique theoretical context (Chua et al., 1999; Memili et al., 2018). These entities are not merely economic agents but are governed by the preservation of Socioemotional Wealth, which encompasses non-financial endowments such as identity, influence, and dynastic continuity (Berrone et al., 2010; Gómez-Mejía et al., 2007). Consequently, the family business context offers a distinct theoretical nexus where the transgenerational intent of owners inherently links organisational governance to the principles of sustainable development (Delmas & Gergaud, 2014; Zellweger et al., 2013).

Scholars have devoted considerable attention to investigating how the specific behavioural attributes of family firms influence their environmental and social performance. It is widely recognised that family firms operate under a different logic than their non-family counterparts, often prioritising the preservation of SEW over short-term profit maximisation (Bammens & Hünermund, 2020; Lumpkin & Brigham, 2011). Because the family name is frequently synonymous with the firm, family owners act as stewards with a heightened sensitivity to corporate reputation, theoretically predisposing them to socially responsible behaviour to maintain

legitimacy within their communities (Deephouse & Jaskiewicz, 2013; Le Breton-Miller & Miller, 2016). Theoretical evidence supports the notion that this long-term orientation fosters the bright side of sustainability, in which family firms engage in proactive stakeholder management to avoid the social stigmatisation that could damage their adequate endowment (Cennamo et al., 2012; Richards et al., 2017).

However, the intersection of family influence and sustainability is characterised by significant complexity and potential drawbacks. Empirical evidence regarding the sustainability performance of family firms remains mixed, revealing a critical paradox (Le Breton-Miller & Miller, 2016). While family firms may be willing to act sustainably to protect their reputation, they often lack the resources required to implement complex eco-innovations, specifically financial capital and specialised knowledge (Adomako et al., 2019; Doluca et al., 2018). Furthermore, the dark side of SEW suggests that the desire to maintain absolute family control can induce risk aversion, leading firms to avoid the uncertainty associated with green investments or external certifications that demand transparency (Memili et al., 2018; Miroshnychenko & De Massis, 2022). This tension often results in a decoupling of disclosure and substantive action, where governance mechanisms may satisfy institutional pressures for disclosure without achieving substantive operational changes (Bergmann et al., 2025). Therefore, it is essential to move beyond generic comparisons between family and non-family firms to understand the heterogeneity of sustainability behaviours driven by factors such as generational involvement, professionalisation, and governance structures (Ginesti & Ossorio, 2025; Piyasinchai et al., 2024).

While the field has experienced a surge in publications between 2019 and 2025, driven by global environmental challenges and the recognition of SEW as a leverage point for non-financial goals, a structured systematisation of this fragmented knowledge is necessary (Heo & Pak, 2025; Mariani et al., 2023). Previous literature has often treated family business sustainability through binary comparisons or isolated theoretical lenses, neglecting the complex interplay of antecedents,

processes, and outcomes across different levels of analysis. A comprehensive review is needed to reconcile conflicting evidence on whether family businesses act as promoters of social sustainability or laggards in environmental innovation. (Herrero et al., 2024; Miroshnychenko & De Massis, 2022).

Stemming from this debate and the strategic relevance of sustainability integration for transgenerational survival, this article aims to conduct a systematic literature review to organise existing knowledge on the topic. In particular, two research questions are at the heart of our inquiry: *(1) How have studies to date conceptualised the antecedents, processes, and outcomes of sustainability in family firms, and how do these elements interact across organisational, governance, and individual levels of analysis? (2) What are the unexplored theoretical tensions, particularly regarding the trade-offs between socioemotional and economic goals, and how should future research address them to advance our understanding of the phenomenon?*

To answer the first research question, we employed the methodology proposed by Tranfield et al. (2003) to analyse 145 academic studies published in highly ranked peer-reviewed journals from 1999 to 2025. We reviewed the papers to organise the theoretical lenses used and the empirical insights reported into a thematic map comprising three clusters: antecedents, process, and outcomes (Carbone et al., 2022). To answer the second research question, we identified current gaps in the literature, such as the micro-foundations of sustainability and the impact of digital transformation and proposed promising research paths and suggested how they should be addressed (Chaudhuri et al., 2023; Heo & Pak, 2025).

The article makes several contributions to advancing the academic debate on this issue. To the best of our knowledge, it is a rigorous effort to systematise studies on sustainability in family businesses by providing a framework that identifies key topics through an antecedent–process–outcome model organised across three levels of analysis: organisational/institutional, governance, and individual (Habbershon et al., 2003). More specifically, identifying these levels allows for the disentanglement

of conflicting interests where organisational, family, and individual goals do not always overlap (Dawson, 2012). This structure offers a specific contribution to the literature by highlighting how family firms perceive sustainability drivers, how they manage the implementation process amidst resource constraints, and the subsequent consequences for their environmental footprint and handprint (Lorenzen et al., 2024). Furthermore, the theoretical contribution draws on the thematic map's ability to provide a comprehensive framework that helps researchers understand the relationships between SEW preservation. Building on this, the paper identifies key gaps and outlines research avenues, including the role of shadow boards and the integration of professional non-family human capital (Gutuleac et al., 2025; Heo & Pak, 2025). Our findings also have practical implications, serving as a starting point for policy interventions that leverage the local embeddedness of family firms rather than imposing standardisation that conflicts with their domestic logic (Richards et al., 2017).

2. Theoretical Background: Defining Sustainability in the Corporate and Family Context

The conceptualisation of sustainability in business research has evolved from a macroeconomic concern regarding resource depletion to a strategic organisational imperative. The foundational definition, derived from the World Commission on Environment and Development (1987, p. 43), posits sustainable development as meeting *"the needs of the present without compromising the ability of future generations to meet their own needs"* (Antheaume et al., 2013; Delmas & Gergaud, 2014; Herrero et al., 2024). While initially rooted in ecological preservation, the construct has expanded to encompass a holistic integration of economic, environmental, and social objectives, a framework widely recognised as the Triple Bottom Line (Elkington, 1997; Herrero et al., 2024; Yanez-Araque et al., 2021). Within this paradigm, corporate sustainability is defined not merely as regulatory

compliance but as the capability to meet diverse stakeholder expectations simultaneously and over the long term (Fritz et al., 2021; Schultz et al., 2011).

In the contemporary literature, corporate sustainability and Corporate Social Responsibility are frequently treated as umbrella constructs used interchangeably to describe voluntary corporate actions that exceed legal requirements to further social goods (Battisti et al., 2023; Strand et al., 2015). However, distinct nuances remain, whereas Corporate Social Responsibility has historically emphasised social obligations, corporate sustainability has shifted from environmental perspectives to increasingly denote a strategic alignment of financial and non-financial goals necessary for long-term survival (Faller & zu Knyphausen-Aufseß, 2018; Montiel, 2008). More recent scholarship has argued for an even broader quadruple bottom line, incorporating cultural sustainability as a fourth pillar essential for understanding entrepreneurial actions in specific developmental contexts (Nguyen et al., 2023). Furthermore, to accurately assess organisational impact, scholars distinguish between the environmental footprint, the adverse effects of resource consumption, and the environmental handprint, which represents the positive changes and value added to the ecosystem (Guillaume et al., 2020; Lorenzen et al., 2024).

While general corporate sustainability frameworks provide a baseline, they often fail to capture the idiosyncratic drivers of sustainability within family firms. A family business is defined as an entity governed with the intention of shaping and pursuing a vision held by a dominant coalition of family members, in a manner that is potentially sustainable across generations (Chua et al., 1999; Ferreira et al., 2021; Memili et al., 2018). This definition inherently links the organisational form to the concept of sustainability through the mechanism of transgenerational intent (Delmas & Gergaud, 2014; Zellweger et al., 2013).

The theoretical nexus between family firms and sustainability is predominantly explained through the Socioemotional Wealth (hereafter, SEW) perspective. SEW refers to the non-financial aspects of the firm that meet the family's affective needs,

such as identity preservation, the ability to exercise influence, and the perpetuation of the family dynasty (Berrone et al., 2010; Gómez-Mejía et al., 2007). Unlike non-family firms, which are often driven by short-term profit maximisation, family firms frequently prioritise the preservation of SEW, leading to a long-term orientation that aligns with sustainable practices (Bammens & Hünermund, 2020; Lumpkin & Brigham, 2011). Because the family name is often synonymous with the firm, family owners act as stewards, exhibiting a heightened sensitivity to corporate reputation and image (Deephhouse & Jaskiewicz, 2013; Dyer & Whetten, 2006; Le Breton-Miller & Miller, 2016). Consequently, family firms are often theorised to be more socially responsible and embedded in their local communities, as irresponsible actions could result in the loss of social legitimacy and damage the family's affective endowment (Campopiano & De Massis, 2015; Cennamo et al., 2012; Niehm et al., 2008).

Despite the theoretical alignment between SEW preservation and sustainability, empirical evidence regarding family firm performance in this domain is mixed, necessitating a contingency view (Le Breton-Miller & Miller, 2016). While some studies suggest family firms are champions of social sustainability due to their local embeddedness and reciprocal stakeholder relationships (Herrero et al., 2024), others indicate they may lag in environmental sustainability (Miroshnychenko & De Massis, 2022). This discrepancy is often attributed to the ability-and-willingness paradox (Chrisman et al., 2015). While family firms may be willing to act sustainably to protect their reputation, they may lack the resources, particularly in financial capital and specialised knowledge, to implement complex eco-innovations (Adomako et al., 2019; Doluca et al., 2018).

Furthermore, the desire to maintain family control can lead to risk aversion, causing family firms to avoid the uncertainty associated with substantial environmental investments in favour of more conservative strategies (Memili et al., 2018; Xiang et al., 2019). Thus, the relationship between family influence and sustainability is not linear but is moderated by factors such as the firm's generational stage (Ginesti & Ossorio, 2025), the presence of professional non-family

management (Piyasinchai et al., 2024), and the specific dimension of sustainability (handprint vs. footprint) being measured (Lorenzen et al., 2024). Consequently, sustainability in family businesses must be understood not as a monolithic outcome of family ownership, but as a complex interplay between the preservation of SEW and the pursuit of transgenerational economic viability.

3. Theoretical Framework & Methodology

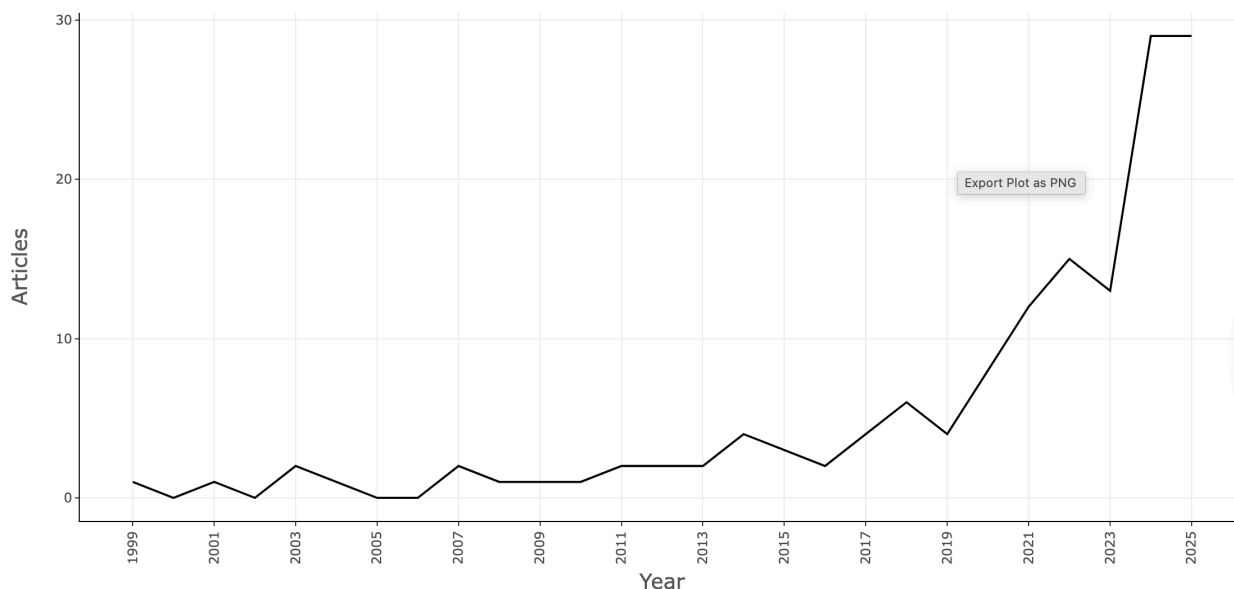
To address the research questions, we employed the methodology proposed by Tranfield et al. (2003), which encompasses three phases—planning, conducting, and reporting—to systematically review and synthesise key scientific contributions within a defined research domain. A comprehensive search strategy and protocol were developed to identify English-language articles published in peer-reviewed academic journals. The search was executed across six databases: EBSCO Business Source Elite, Elsevier Science Direct, and ISI Web of Science. The query combined two sets of keywords using the Boolean operator AND. Recognising the emerging nature of sustainability research in family firms (Kuttner et al., 2021) and the diversity of sustainability terminology (Dahlsrud, 2008; Matten & Moon, 2008; Van Marrewijk, 2013), an inclusive array of keywords was used. The first keyword set comprised terms related to sustainability (“sustainb,” “sustainability,” “sustainable development,” “sustainable practices,” “sustainable management,” “sustainable resource use,” “sustainable systems,” “sustainable solutions,” “sustainable design”). The second set focused on family firm contexts, including variants such as “family firm,” “family business,” “family-owned business,” “family-owned firm,” “family-owned compan,” “family-controlled firm,” “family-controlled business,” “family-controlled compan,” “family-managed business,” “family-managed firm,” “family-managed compan,” “family compan,” and “family enterprise.” The search yielded 588 articles that contained at least one keyword from each set in their titles or abstracts, covering literature published up to December 1, 2025. Articles mentioning terms

from both groups but lacking explicit or implicit dual relevance, for instance, studies analysing sustainability concepts using family firm data without addressing family firm specificities, were excluded. Similarly, studies focusing on ethical values within family firms without linking these to sustainability or related constructs were omitted. After this initial screening, we refined the sample by excluding articles published in journals not ranked '3 or higher' according to the Association of Business Schools' (2024) Academic Journal Guide. Exceptions were made for the Journal of Family Business Management (ABS 1), Journal of Family Business Strategy (ABS 2), and Corporate Social Responsibility & Environmental Management (ABS 1). This process resulted in a final sample of 145 articles, which were subjected to detailed analysis. The selected articles were then classified according to the primary variables of interest, distinguishing between studies that examined the antecedents of sustainability, those that addressed the sustainability process, and finally those that addressed the outcomes of sustainability. As for the theoretical framework, we also organised papers by approach (e.g. socio-emotional wealth theory, agency theory, upper echelon theory). Finally, in the last step of our analysis, we qualitatively systematised the literature. We read all the papers to identify the theoretical lenses used in each study. We deepened the theoretical rationales adopted for each phase to provide a clearer understanding of the phenomenon. In line with previous studies (Carbone et al., 2022; Campopiano et al., 2017), we distinguished between four levels of analysis: *i*) organisational, *ii*) governance, and *iii*) individual levels. The decision to include these levels of analysis in the framework rests on the theoretical recognition of three sources of behaviour in family businesses (Habbershon et al., 2003). Decisions can be made in the interests of the organisation, governance, and individuals, and these interests do not always overlap (Dawson, 2012). Once we had completed the review of the collected papers, we organised the selected articles into a thematic map by combining sustainability antecedents, processes, and outcomes with the identified levels of analysis to better

understand the findings of the studies in our dataset (Carbone et al., 2022; Ribau et al., 2018).

4. Findings

Figure 1: Annual Scientific Production



4.1. Descriptive information

The analysis of the selected bibliography reveals a distinct evolutionary trajectory in the academic discourse surrounding family firms and sustainability. The dataset spans from 1999 to 2025, yet the distribution of publications is highly skewed towards the most recent years, indicating a nascent but rapidly maturing field. The early period (1999–2010) is characterised by sporadic foundational works that began to distinguish the unique behavioural attributes of family entities. Notable contributions from this era, such as Stafford et al. (1999) and Carlsen et al. (2001), laid the groundwork by exploring the intersection of family systems and business longevity, and environmental attitudes in rural sectors, respectively. During this phase, the literature primarily focused on establishing the distinctiveness of the family firm as a theoretical object, often contrasting it with non-family counterparts

on general performance rather than specific sustainability outcomes. A focal period of exponential growth is observable from 2019 to the present (2025), with a significant concentration of studies published or scheduled for publication in 2024 and 2025 (e.g., Alagarsamy et al., 2025; Ali et al., 2025; Bergmann et al., 2025; Guo et al., 2025; Veiga, 2025). This surge can be attributed to several converging factors identified within the literature. First, the intensification of global environmental challenges has necessitated a shift from general CSR to specific sustainability performance metrics (Heo & Pak, 2025; Ramírez Orellana et al., 2025). Second, the academic community has increasingly recognised the theoretical leverage provided by SEW theory in explaining why family firms might pursue non-financial goals, such as environmental preservation, to protect their transgenerational legacy (Mariani et al., 2023; Stock et al., 2024). Finally, the COVID-19 pandemic acted as a catalyst, prompting scholars to investigate organisational resilience and the role of family businesses in navigating crises through sustainable and digital transformation (Anggadwita et al., 2023; Jungk & Waldkirch, 2024).

The research field demonstrates a high degree of interdisciplinarity, bridging general management, entrepreneurship, finance, and environmental studies. The articles in this dataset are distributed across a wide range of high-impact journals, reflecting the topic's broad relevance. However, a distinct clustering of publications is evident. The *Journal of Family Business Management* emerges as the primary outlet within this sample, hosting a substantial portion of the discourse (e.g., Caccialanza, 2025; Jamil et al., 2025; Nakpodia, 2023). This journal serves as a central hub for discussing the managerial implications of sustainability, succession, and governance specific to family enterprises. Simultaneously, there is a strong presence of environmentally focused journals, specifically *Business Strategy and the Environment* (e.g., Dangelico et al., 2019; Ginesti & Ossorio, 2025; Herrero et al., 2024) and *Corporate Social Responsibility and Environmental Management* (e.g., Elaigwu et al., 2024; Gega et al., 2025). The prominence of these outlets highlights a shift in the conversation from purely internal family dynamics to the external

environmental impact of family firms. Furthermore, *Technological Forecasting & Social Change* (e.g., Ferreira et al., 2021; Miroshnychenko & De Massis, 2022; Ohashi et al., 2024) acts as a critical venue for studies at the nexus of innovation, technology, and sustainability, emphasising the role of digital capabilities in driving sustainable development.

The descriptive analysis identifies four dominant thematic clusters within the sample, reflecting the complexity of the family business sustainability landscape. A significant portion of the literature utilises SEW as a theoretical lens to explain heterogeneous sustainability behaviours. Studies such as Mariani et al. (2023) and Stock et al. (2024) synthesise evidence on how the preservation of family dynasty and reputation drives Corporate Social Responsibility engagement. This theme often explores the trade-offs between economic efficiency and the pursuit of socioemotional endowments (Nikolakis et al., 2022). A rapidly expanding cluster investigates the antecedents of green innovation. Researchers are increasingly linking digital capabilities, such as Artificial Intelligence (AI) and Customer Relationship Management (CRM), to sustainable performance and resilience (Chaudhuri et al., 2023). Veiga (2025) and Correggi et al. (2024) further explore how dynamic capabilities facilitate the adoption of green technologies, suggesting that family firms utilise specific resource orchestration strategies to overcome barriers to eco-innovation. The literature frequently examines how board composition influences sustainability outcomes. Specifically, the role of female leadership and board gender diversity in promoting greener agendas is a recurring theme (Khuong et al., 2024; Vastola et al., 2025).

Additionally, the impact of ownership concentration and political connections on ESG reporting quality remains a critical area of inquiry (Elaigwu et al., 2024; Guo et al., 2025). Finally, the dataset reflects a move away from a purely Western-centric view, with increasing contributions focusing on emerging economies and specific regional contexts, such as the Visegrád countries (Csákné Filep et al., 2024), China (Wang et al., 2024), and Latin America. This highlights the necessity of considering

institutional voids and cultural contexts when analysing family firm sustainability (Medioli et al., 2024).

4.2. Theoretical perspective: an overview

A complex theoretical pluralism characterises the intersection of family business and sustainability research, necessary to explicate why family firms exhibit significant heterogeneity in their environmental and social performance. The dominant theoretical lens employed to interpret this phenomenon is the SEW perspective, which posits that family firms are distinct because the preservation of their affective endowment drives their strategic decisions, non-financial stocks of value such as family influence, identity, and the perpetuation of the family dynasty (Berrone et al., 2012; Gómez-Mejía et al., 2007). This perspective is critical for analysing sustainability because it explains why family firms may pursue environmentally responsible strategies even in the absence of immediate financial returns, or conversely, why they might reject profitable ventures that threaten family control (Berrone et al., 2010). The central assumption of SEW is that family principals are loss-averse regarding this non-economic wealth; consequently, in this view, antecedents of sustainability are often rooted in the family's identification with the firm and its desire for transgenerational continuity (Cennamo et al., 2012). When family members strongly identify with the firm, the firm's reputation becomes indistinguishable from the family's reputation, creating a powerful motivation to engage in positive social and environmental practices to avoid social stigmatisation (Deephouse & Jaskiewicz, 2013).

Regarding consequences, the SEW perspective predicts divergent outcomes based on which dimension of SEW is prioritised. If the preservation of extended SEW (reputation and legacy) is the primary antecedent, the consequence is often proactive stakeholder engagement and substantive sustainability practices (Cennamo et al., 2012; Marques et al., 2014). However, tensions arise within this theoretical frame; if the preservation of restricted SEW (family control and

influence) is paramount, the consequence may be risk aversion and inertia, leading to lower investment in green innovation or resistance to external sustainability certifications that require transparency and dilute family control (Kellermanns et al., 2012; Memili et al., 2018).

Complementing the SEW perspective, Stewardship Theory offers a framework that interprets family owners and managers not as self-interested economic agents, but as stewards motivated by higher-order needs, intrinsic rewards, and pro-organisational behaviour (Davis et al., 1997). This lens is frequently used to analyse the alignment between family values and long-term sustainable development, operating under the assumption that family members identify strongly with the organisation and derive utility from its continuity and success (Corbetta & Salvato, 2004; Le Breton-Miller & Miller, 2016). The antecedents in this framework are deeply rooted in the family's long-term orientation (LTO) and psychological ownership, which foster a culture of trust and collectivism (Lumpkin et al., 2010; Miller et al., 2008). Unlike the control-focused conservatism predicted by some interpretations of SEW, Stewardship Theory posits that this extended time horizon enables patient capital investment, a necessary antecedent for long-term environmental projects that may not yield immediate financial returns (Memili et al., 2018). The predicted consequences of stewardship are generally positive, including enhanced organisational resilience, employee loyalty, and substantive engagement with community and environmental stakeholders (Hadjielias et al., 2022; Miller & Le Breton-Miller, 2005). However, tensions exist here as well; excessive stewardship focused solely on the family (altruism) rather than the business can lead to nepotism and inefficiency, potentially undermining the economic viability required to sustain social initiatives (Schulze et al., 2001; Schulze et al., 2003).

In contrast to the pro-social view of stewardship, Agency Theory, and specifically the Behavioural Agency Model, provides a more sceptical lens, often used to analyse conflicts of interest and the costs associated with family control (Jensen & Meckling, 1976; Wiseman & Gomez-Mejia, 1998). While traditional agency costs, Type I,

arising from the separation of ownership and control are typically lower in family firms, this perspective highlights the prevalence of Type II agency costs, which stem from principal-principal conflicts where majority family owners may expropriate value from minority shareholders (Villalonga & Amit, 2006). The central assumption here is that economic agents are rational and self-interested. However, in the family firm context, this self-interest is framed by the preservation of socioemotional endowments, often leading to risk-averse behaviour (Gomez-Mejia et al., 2007). Antecedents to sustainability behaviour under this lens often involve the private benefits of control; family owners may treat firm resources as their own, potentially leading to particularistic spending or the avoidance of green investments that do not directly benefit the family (Chrisman & Patel, 2012). Consequently, Agency Theory often predicts lower formalisation of environmental management systems and a tendency toward conservatism or stagnation rather than innovation (Miller et al., 2008; Miroshnychenko & De Massis, 2022). Furthermore, while reputational concerns generally mitigate greenwashing, agency logic suggests that without external monitoring, family firms might engage in symbolic Corporate Social Responsibility (*talking*) rather than substantive action (*walking*) if it serves to protect their control or satisfy immediate pressures without relinquishing resources (Wu et al., 2022).

Finally, Institutional Theory provides a necessary macro-level perspective, focusing on how family firms respond to external normative, coercive, and mimetic pressures to gain legitimacy (DiMaggio & Powell, 1983; Scott, 1987). This lens is essential for understanding the *why* behind sustainability disclosure and compliance, assuming that firms operate within a social framework of norms and values to which they must conform to survive (Campopiano & De Massis, 2015). The antecedents in this framework are visibility and scrutiny; family firms, particularly those bearing the family name, face heightened public scrutiny, which drives them to sustainability practices to secure a *license to operate* (Berrone et al., 2010; Uhlaner et al., 2004). The consequences of these institutional pressures include the adoption

of sustainability reporting and strategic philanthropy, often used as mechanisms to maintain social status and legitimacy within the local community (Panwar et al., 2014; Niehm et al., 2008). A critical tension identified within this perspective is the conflict between conforming to global institutional standards and maintaining the firm's distinctiveness and traditional, informal ways of operating. For instance, family firms may resist standardised sustainability certifications if such formalisation conflicts with their domestic logic of trust-based relationships, preferring informal engagement over bureaucratic compliance (Richards et al., 2017). Collectively, these theoretical perspectives reveal that sustainability in family firms is not a monolithic phenomenon but the result of complex trade-offs between preserving SEW, acting as stewards for future generations, mitigating agency conflicts, and navigating external institutional pressures for legitimacy.

4.3. Antecedents

A complex interplay of governance structures, institutional pressures, and individual cognitive frameworks characterises the contemporary discourse on corporate sustainability decision-making. The extant literature selected for this analysis can be broadly categorised into two primary streams: studies investigating the structural and governance determinants of sustainability strategies, with a particular emphasis on the dichotomy between family and non-family firms, and research exploring the micro-foundations of sustainability, focusing on individual drivers such as executive characteristics, psychological traits, and dynamic capabilities. Within the first group, a significant subcategory emerges that scrutinises heterogeneity within family firms, differentiating behaviours by generational stage, ownership concentration, and the specific nature of SEW preservation. The second group further bifurcates into studies utilising upper echelons theory to analyse top management team attributes and those applying socio-psychological models, such as the Theory of Planned Behaviour, to predict environmental intentions. This theoretical framework integrates these perspectives to elucidate the background of sustainability decisions,

moving from macro-organisational imperatives to micro-level individual motivations.

At the organisational and institutional level, the drivers of sustainability adoption are primarily shaped by the pursuit of legitimacy and the navigation of institutional pressures. According to Institutional Theory, organisations adopt sustainability practices to conform to coercive, normative, and mimetic pressures, thereby securing social acceptance and resources (Fritz et al., 2021). However, the response to these pressures varies significantly depending on the firm's ownership identity. For non-family firms, external pressures, such as environmental regulations and market demands, are primary drivers of adopting eco-innovation strategies to gain competitive advantage and pragmatic legitimacy (Flores-Rivera et al., 2024). In contrast, family firms exhibit a distinct behavioural logic governed by the preservation of SEW, which encompasses non-financial goals such as family control, reputation, and dynastic succession (Berrone et al., 2010; Gómez-Mejía et al., 2007).

The influence of SEW on sustainability adoption presents a theoretical paradox characterised by bright and dark sides. On the bright side, the desire to protect the family name and ensure the business's longevity for future generations can foster a stewardship perspective, leading family firms to engage in proactive environmental strategies and pollution prevention to maintain a positive reputation within their communities (Berrone et al., 2010; Richards et al., 2017). This long-term orientation is often associated with a higher likelihood of adopting sustainable practices than non-family counterparts, particularly when the family closely identifies with the firm (Bammens & Hünermund, 2020). Conversely, the dark side of SEW suggests that the desire to maintain absolute family control and financial wealth can induce risk aversion. Family firms may resist costly green innovations or external equity financing for sustainability projects if such moves threaten the family's control or financial endowment (Memili et al., 2017; Miroshnychenko & De Massis, 2022). Furthermore, in emerging markets characterised by institutional voids, such as China or Malaysia, firms may rely on political connections rather than substantive

innovation to manage environmental legitimacy, leading to a decoupling of disclosure and substantive adoption where firms use charitable donations or superficial reporting to mask poor environmental performance (Wu et al., 2022; Elaigwu et al., 2024).

At the governance level, the composition and incentives of the board of directors and senior management are pivotal in translating institutional pressures into organisational action. The literature highlights that governance mechanisms, such as board gender diversity, significantly influence sustainability reporting and the adoption of environmental initiatives. There is a consensus that board gender diversity positively influences the volume and quality of sustainability disclosure, as female directors are often associated with moral legitimacy-seeking strategies and greater sensitivity to social issues (Nadeem et al., 2019).

In the specific context of family governance, the interaction between family control and sustainability reporting is nuanced. Family firms, prioritising privacy and the protection of SEW, may be less inclined to engage in high levels of public disclosure than non-family firms, despite potentially having better actual environmental performance (Elaigwu et al., 2024; Miroshnychenko et al., 2022). This reluctance to talk stems from a desire to avoid public scrutiny that could jeopardise family control. Moreover, the presence of political connections can moderate this relationship. At the same time, politically connected firms generally disclose more to demonstrate alignment with government agendas; the interaction with family control can lead to varied outcomes depending on the strength of institutional voids (Elaigwu et al., 2024; Wu et al., 2022). Thus, at the governance level, sustainability adoption is often a calculated strategic response to balance legitimacy needs with the preservation of control and proprietary information.

At the individual level of analysis, the cognitive frames, values, and attributes of key actors, specifically CEOs and founders, serve as critical micro-foundations for sustainability adoption. Upper Echelons Theory suggests that strategic choices reflect the personal characteristics of top executives. For instance, CEOs with higher

levels of education, particularly those holding MBA degrees, have been found to moderate the non-linear relationship between family ownership and ESG performance, helping to professionalise the firm and balance the trade-offs between family socioemotional goals and rational economic sustainability (Nam et al., 2024). Furthermore, the values of the founder, often rooted in religious or ethical beliefs, can imprint a lasting legacy of stewardship that drives sustainable behaviour across generations (Dieleman & Koning, 2019; Richards et al., 2017).

However, individual-level drivers are also subject to complex psychological and social pressures. Contrary to the expectation that female leadership universally promotes sustainability, recent findings indicate that female CEOs in family firms may inhibit green innovation. Grounded in Role Congruity Theory, this phenomenon occurs because female CEOs, facing legitimacy deficits and gender stereotypes, may avoid high-risk, long-term investments, such as green innovation, to safeguard their precarious leadership positions (Guo et al., 2025). This suggests that the individual incentive to secure professional survival can override the firm's potential orientation toward sustainability. Additionally, the psychological ownership and emotional attachment of family members can drive sustainability when it aligns with the family's identity, but can also lead to resistance if sustainability initiatives are perceived as conflicting with traditional family values or financial security (Bammens & Hünermund, 2020; Astrachan et al., 2020).

4.4.Process

The burgeoning body of literature addressing the adoption of sustainability processes within business economics reveals a complex, multi-layered landscape that has evolved significantly over the last decade. A rigorous synthesis of the extant research indicates that this domain can be analytically categorised into three primary streams: comparative analyses of organisational forms, investigations into intra-group heterogeneity, and explorations of specific antecedents and mechanisms such as eco-innovation and governance configurations (Ferreira et al., 2021). The

comparative stream dominates the discourse, debating whether the unique resource bundles and socio-psychological traits of family firms render them more or less conducive to environmental, social, and governance (hereafter, ESG) adoption than their non-family counterparts (Lorenzen et al., 2024; Miroshnychenko & De Massis, 2022). However, recent scholarship has moved beyond binary comparisons to examine how internal heterogeneity, such as generational involvement, leadership attributes, and governance structures, mediates the translation of sustainability intentions into substantive outcomes (Campos-Valenzuela & Ruiz-Palomo, 2024; Heo & Pak, 2025).

At the organisational and institutional levels of analysis, the adoption of sustainability processes is predominantly theorised through the lenses of SEW, Institutional Theory, and the Resource-Based View. The theoretical tension in this field largely stems from the dual nature of SEW. On the one hand, the SEW suggests that family firms are driven by non-financial goals such as the preservation of the family dynasty, reputation, and social ties, which theoretically align them with the long-term horizons required for sustainability (Gómez-Mejía et al., 2007; Heo & Pak, 2025). This perspective posits that family firms adopt sustainability practices to accumulate social legitimacy and ensure the business's viability for future generations (Mariani et al., 2023). For instance, family firms are often deeply embedded in their local communities, compelling them toward social sustainability to maintain their standing and license to operate (Herrero et al., 2024). On the other hand, SEW implies that the desire to maintain strict family control can lead to risk aversion and resource parsimony, thereby inhibiting the adoption of complex, costly eco-innovations that require external expertise or financing (Memili et al., 2017).

Institutional pressures further complicate this theoretical dichotomy. Organisations do not operate in a vacuum; their adoption of sustainability is often a response to coercive, normative, and mimetic pressures (DiMaggio & Powell, 1983). However, the response to these pressures is heterogeneous. Wang et al. (2023) highlight that ownership identity moderates the adoption of Environmental

Management Systems; for example, foreign-owned firms may adopt certifications to overcome the liability of foreignness, whereas state-owned affiliates may rely on bureaucratic buffering. Furthermore, the interplay between human capital investment and SEW is critical; developing human capital enhances family firms' ability to implement environmental CSR, while SEW provides the willingness to do so, creating a unique dynamic in which training and development become pivotal for green innovation (Campos-Valenzuela & Ruiz-Palomo, 2024).

At the governance level, the literature emphasises that the composition and dynamics of the board of directors and senior management act as critical filters for the adoption of sustainability. A significant line of inquiry examines the decoupling of symbolic actions from substantive performance. Bergmann et al. (2025) provide empirical evidence that while board gender diversity is associated with increased sustainability reporting and target setting, it does not automatically translate into achieving those targets or substantive adherence to science-based climate goals. This suggests that diverse boards may be more sensitive to stakeholder pressure for transparency than to the operational execution of decarbonization. However, the specific attributes of directors matter; Vastola et al. (2025) find that married female directors positively influence environmental performance, which they attribute to a communal mindset and a long-term orientation that aligns with stewardship principles.

The governance analysis also reveals that high levels of family involvement can be a double-edged sword. Ginesti and Ossorio (2025) observe that high family involvement on the board is negatively associated with media coverage of sustainability activism, suggesting that such firms may prefer privacy and internal control over public legitimacy seeking. In contrast, innovative governance structures can mitigate the inertia often associated with family control.

At the individual level of analysis, the attributes, values, and cognitive frameworks of key actors, specifically CEOs and owners, emerge as decisive factors. The Theory of Planned Behaviour is frequently employed to explain how individual

environmental concerns translate into sustainability intentions. Alagarsamy et al. (2025) demonstrate that among immigrant family SME owners, environmental concern significantly influences attitudes, subjective norms, and perceived behavioural control, which, in turn, drive sustainability intentions. Crucially, ethical idealism moderates these relationships, strengthening the link between attitude and intention, suggesting that moral obligation is a potent driver in family-led firms. Furthermore, the CEO's educational background serves as a vital moderator. Heo and Pak (2025) find that CEOs with MBA degrees can mitigate the adverse effects of high family ownership on sustainability practices. This educational imprinting balances the family's emotional, preservation-oriented goals with the rational, analytical decision-making processes necessary for complex ESG implementation. Conversely, when family members act as CEOs without such professionalisation, they may exhibit risk aversion toward normative sustainability initiatives because of the concentration of their personal wealth in the firm (Ernst et al., 2022). Additionally, the owner's transgenerational intention is paramount; Delmas and Gergaud (2014) establish that family owners with a clear intention to pass the business to the next generation are significantly more likely to adopt sustainable certifications, as the long-term horizon aligns immediate investment with future viability.

4.5.Outcomes

The extant body of literature examining the outcomes of sustainability adoption within the business economics domain presents a complex, often bifurcated landscape, primarily dominated by comparative analyses of family versus non-family firms. A rigorous review of recent scholarship reveals that research can be broadly categorised into two distinct streams: one positing family firms as superior stewards of sustainability due to transgenerational intentions and the preservation of SEW, and a counter-stream suggesting that the risk aversion inherent in family ownership inhibits the adoption of substantive environmental innovations. This dichotomy is further nuanced by studies distinguishing between symbolic adoption

and substantive implementation, or climate walk. Within these groupings, subcategories emerge that differentiate between ESG outcomes, with recent meta-analytical evidence suggesting that while family firms may exhibit lower environmental footprints, they do not necessarily outperform non-family counterparts in positive environmental handprints or proactive innovation. Furthermore, the literature increasingly accounts for heterogeneity within family firms, segmenting outcomes based on generational control, firm size, and the presence of specialised human capital, such as MBA-educated executives or female directors, thereby moving the discourse beyond monolithic comparisons toward a more granular understanding of organisational behaviour.

At the organisational and institutional levels, firms' sustainability behaviour is fundamentally shaped by the interplay between external institutional voids and internal resource configurations. Institutional theory suggests that in emerging markets, where formal regulatory frameworks may be weak, firms rely on informal networks and political connections to secure legitimacy (Wu et al., 2022). However, for family firms, the primary motivation for engaging in sustainability often stems from the protection of SEW, which encompasses the family's desire for control, identification with the firm, and the perpetuation of the family dynasty (Gómez-Mejía et al., 2007; Heo & Pak, 2025). This desire to protect the family name can drive positive environmental outcomes, such as a lower environmental footprint, as families seek to avoid the reputational damage associated with pollution or social irresponsibility (Lorenzen et al., 2024). Conversely, the domestic world logic prevalent in many family firms, which prioritises personal ties, tradition, and privacy, can act as a barrier to adopting formalised sustainability certifications, which are viewed as belonging to the civic world of external auditing and standardisation (Richards et al., 2017). Consequently, while family firms may possess latent capacity for sustainability due to their long-term orientation (Le Breton-Miller & Miller, 2016), they often prefer internal, informal sustainability

practices over external, verifiable commitments, leading to a complex relationship between family ownership and the adoption of environmental management systems.

Moving to the governance level, the composition of the board of directors and the senior management team serves as a critical transmission mechanism between organisational intent and sustainability outcomes. Recent scholarship highlights a significant decoupling phenomenon, often described as the gap between disclosure and substantive action. While board gender diversity has been positively associated with enhanced environmental performance and a reduction in this decoupling, the presence of family members on the board can complicate this dynamic (Vastola et al., 2025). Family-dominated boards may prioritise retaining control and resources, leading to a risk-averse posture toward the high upfront costs of eco-innovation strategies (Flores-Rivera et al., 2022). However, this reticence can be mitigated by specific governance mechanisms. For instance, the professionalisation of management practices, such as rigorous performance monitoring and target setting, can align the stewardship behaviours unique to family firms with the efficiency required for sustainable transitions (Piyasinchai et al., 2023). Furthermore, the integration of shadow boards or advisory bodies comprising younger generations or external experts has been identified as a novel governance structure capable of infusing the dynamic capabilities necessary to sense and seize sustainable innovation opportunities, thereby overcoming the inertia often associated with traditional family governance (Gutuleac et al., 2025).

At the individual level, the cognitive frames and attributes of key actors, particularly the CEO, play a pivotal role in resolving the tensions between economic and non-economic goals. Upper Echelons Theory suggests that the CEO's background significantly influences the firm's strategic choices regarding sustainability (Seow, 2024). Empirical evidence indicates a non-linear, U-shaped relationship between family ownership and sustainability practices, which is significantly moderated by the educational background of the executives; specifically, executives holding MBA degrees are better equipped to professionalise the firm's sustainability strategy,

curbing the tendency toward symbolic action at high levels of family ownership and fostering substantive engagement (Heo & Pak, 2025). Moreover, the individual motivations of successors and family managers are crucial, characterised by a strong identification with the firm and a stewardship orientation; leaders are more likely to pursue substantive eco-innovations (Haddoud et al., 2021). However, when SEW dominates, manifesting as a desire for entrenchment and control, family CEOs may resist necessary environmental investments that threaten current wealth or control, opting instead for symbolic impression management strategies (Elaigwu et al., 2024).

5. Discussion

The theoretical model derived from the systematic literature review provides a comprehensive snapshot of the research field, illustrating that the adoption of sustainability in family firms is not a monolithic event but a dynamic trajectory dependent on antecedents acting at the organisational, governance, and individual levels. Unlike non-family firms, where market demands and regulatory compliance primarily drive environmental strategies, family firms exhibit a distinct behavioural logic governed by the preservation of SEW. The decision to pursue sustainability is driven by a complex interplay between institutional pressures and the need to secure a license to operate. However, a fundamental trade-off between the desire for social legitimacy and the rigorous preservation of family control frequently complicates this pursuit.

Integrating these findings enables a fine-grained analysis of sustainability from a distinct family business perspective. It can be inferred that family firms face a theoretical paradox characterised by SEW. On the one hand, the bright side, driven by the identification of the family name with the firm and the desire for transgenerational continuity, acts as a catalyst for proactive environmental stewardship. Because the family name is often synonymous with the business, family

owners are naturally inclined toward long-term horizons. They are sensitive to social stigmatisation and encourage the adoption of sustainable practices to protect their reputational endowment. However, this is counterbalanced by the dark side of SEW, where the intense desire to maintain absolute control and resource sovereignty leads to risk aversion and resource parsimony. This specific dimension of SEW can inhibit the adoption of complex, costly eco-innovations that might require external financing or expertise, thereby threatening the family's financial wealth or autonomous control.

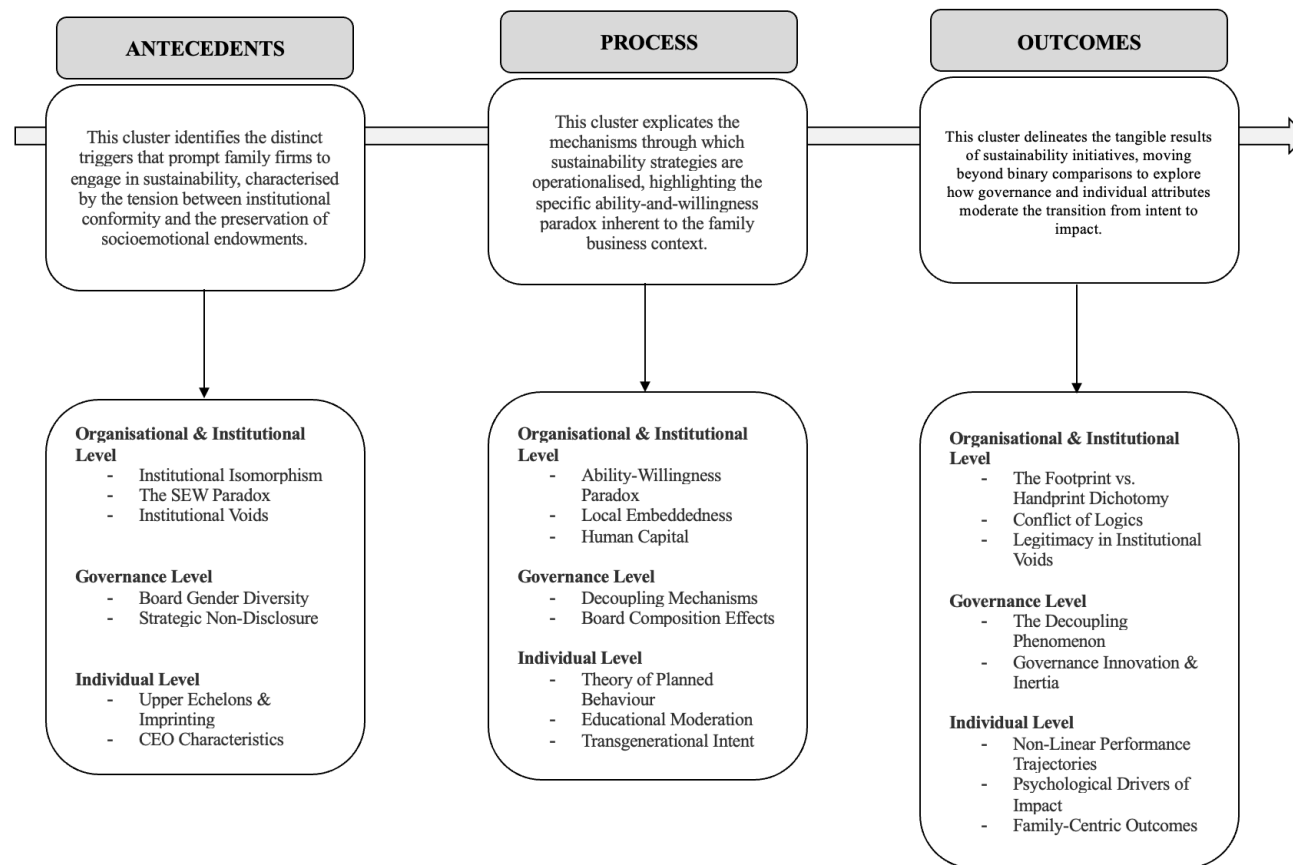
This tension creates a paradox that permeates the implementation process. While family firms may be willing to act socially responsibly due to their local embeddedness and transgenerational intent, they often lack the ability, specifically in terms of financial capital and specialised knowledge, to implement substantive environmental management systems. Consequently, family firms may exhibit a decoupling of disclosure and substantive action, engaging in symbolic sustainability reporting to satisfy institutional pressures without committing to substantive operational changes. This phenomenon is particularly prevalent in governance structures; for instance, while Board Gender Diversity is associated with increased sustainability disclosure, it does not consistently translate into decarbonisation or substantive emission reductions, indicating that diverse boards may prioritise moral legitimacy over operational execution. Conversely, innovative structures such as shadow boards, comprising younger employees or external experts, can bypass traditional risk aversion, infusing the firm with the dynamic capabilities necessary to seize sustainable innovation opportunities.

Furthermore, the integration of non-family human capital appears essential for resolving the trade-offs between socioemotional and economic goals. The literature suggests that the presence of CEOs with MBA degrees or professional non-family management can mitigate the adverse effects of high family ownership on sustainability practices. These professionalised individuals act as stewards of the business rather than solely the family, balancing the emotional preservation of the

dynasty with the rational, analytical decision-making required for complex ESG implementation. This highlights that while family control provides the long-term orientation necessary for sustainability, it requires the complement of specialised competence to convert this intent into tangible handprints rather than merely managing the negative footprint.

Furthermore, the synthesis of these findings suggests that the sustainability of family firms is contingent upon their ability to navigate the domestic world of informal trust and tradition alongside the civic world of standardisation and certification. In contexts characterised by institutional voids, family firms may rely on political connections and informal networks to manage legitimacy, potentially leading to a divergence between reported and actual performance. Therefore, understanding sustainability in this context requires moving beyond binary comparisons with non-family firms to appreciate how the preservation of family control, when coupled with the proper governance and professionalisation, can transform the liability of risk aversion into the asset of patient capital and transgenerational resilience. Despite the significant contributions of current research, a gap remains in fully understanding how specific family interactions and micro-foundations, such as psychological ownership and successor motivations, specifically drive the translation of SEW into substantive, rather than symbolic, sustainability outcomes.

Figure 2: Thematic Map



6. Exploiting future research themes

To gain a finer understanding of sustainability in family businesses, this section identifies the main research gaps and unexplored questions, with a view to advancing the family business literature.

6.1. Open issues on antecedents

Building on the extant literature, it is evident that the domain of sustainability in family firms has matured beyond binary comparisons with non-family counterparts. Nevertheless, critical theoretical and empirical gaps remain regarding the micro-foundations, processual dynamics, and holistic outcomes of this relationship. To advance the field, future scholarship must first dismantle the monolithic treatment of SEW by rigorously investigating its heterogeneous configurations as antecedents to sustainability. While current research heavily relies on family ownership as a proxy for SEW, this approach fails to capture the nuanced psychological tensions between the restricted SEW focus on control and the extended SEW focus on reputation and transgenerational continuity. Consequently, there is a pressing need for research that directly measures SEW dimensions using validated scales to disentangle how specific affective endowments, such as the fear of losing control versus the desire for community legitimacy, differentially impact the adoption of environmental versus social practices (Heo & Pak, 2025). Furthermore, this exploration of antecedents should extend to the cognitive frameworks of the upper echelons, specifically examining how CEOs' educational backgrounds and psychological traits interact with family-centric goals. For instance, determining how the professionalisation of family leadership, through MBA education or external experience, moderates the U-shaped relationship between family ownership concentration and sustainability engagement remains a critical avenue for inquiry, particularly in emerging economies where institutional voids may amplify reliance on informal governance (Seow, 2024; Heo & Pak, 2025).

Furthermore, the intersection of gender dynamics and sustainability within the family firm context demands a more sophisticated analysis than merely assessing the presence of female directors. Future inquiries should leverage Role Congruity Theory to explore the paradox in which female CEOs in family firms may inhibit green innovation to mitigate legitimacy deficits and safeguard their leadership positions against patriarchal succession norms (Guo et al., 2025). This necessitates a deeper investigation into how gendered power dynamics and the intergenerational transmission of values influence the ability and willingness of family firms to pursue substantive eco-innovations. Moreover, as the definition of the family business evolves, scholars must address the intersectionality of family firms with global megatrends, specifically the digital transformation. There is a profound need to conceptualise how family firms can leverage burgeoning technologies, such as Artificial Intelligence and blockchain, not merely as operational tools but as strategic mechanisms to enhance transparency, governance, and intergenerational wealth management (Tuncalp, 2024; Kumar, 2024). Research should articulate how integrating AI-driven Customer Relationship Management systems can bolster the dynamic capabilities of sensing, seizing, and transforming, thereby enabling family firms to navigate exogenous crises while maintaining their sustainability commitments (Chaudhuri et al., 2023).

We therefore propose the research question: *(3) How do heterogeneous configurations of Socioemotional Wealth differentially impact the adoption of environmental versus social sustainability practices? (4) How does the professionalisation of family leadership moderate the U-shaped relationship between family ownership concentration and sustainability engagement?*

6.2. Open issues on the process

Moving from antecedents to processes, a critical frontier lies in demystifying the black box of governance structures that facilitate or hinder sustainable innovation. Furthermore, the literature suggests that family firms may engage in symbolic disclosure to satisfy institutional pressures without substantive operational changes.

Future studies should employ longitudinal designs to examine the conditions under which family governance mechanisms, such as family councils or specific board compositions, bridge this gap, ensuring that sustainability reporting reflects genuine environmental performance rather than mere impression management (Bergmann et al., 2025; Ginesti & Ossorio, 2025). This line of inquiry should also extend to the collaborative nature of innovation, analysing how family firms manage the tension between the desire for secrecy to protect SEW and the necessity of openness in collaborative networks required for green innovation (Martínez-Alonso et al., 2025; Correggi et al., 2024).

We therefore propose the research question: (5) *Through what longitudinal mechanisms do family governance structures bridge the gap between symbolic sustainability disclosure and substantive environmental performance?* (6) *How do family firms manage the strategic trade-off between the secrecy required for SEW preservation and the openness necessary for collaborative sustainability?*

6.3. Open issues on outcomes

Finally, regarding outcomes, the field must broaden its analytical lens beyond firm-level financial performance to encompass family-level outcomes, which remain conspicuously absent from empirical studies. There is a theoretical imperative to investigate how engagement in CSR and sustainability initiatives impacts family harmony, the emotional well-being of family members, and the successful socialisation of the next generation (Stock et al., 2024; Michiels & Astrachan, 2024). Understanding whether sustainability strategies act as a binding force that enhances family cohesion or as a source of conflict regarding resource allocation is essential for a holistic view of the Sustainable Family Business Theory. Additionally, research must rigorously assess the contribution of family firms to the United Nations Sustainable Development Goals, particularly in how they address specific targets such as poverty alleviation and responsible consumption through their local embeddedness (Hanna et al., 2024; Ferreira et al., 2021). By integrating these multi-level perspectives, spanning individual

cognition, digital transformation, governance innovation, and family-centric outcomes, scholars can construct a more robust, predictive, and normative theory of sustainability in family enterprises that transcends current equivocal findings.

We therefore propose the research question: *(7) How do family business governance, family harmony, emotional well-being and generational diversity affect sustainability initiatives and outcomes at the family level? (8) How does engagement in sustainability initiatives impact family-level outcomes, specifically regarding family harmony, emotional well-being, and next-generation socialisation? (9) Do sustainability strategies act as a binding force for family cohesion, or do they serve as a source of conflict regarding resource allocation within the family system? (10) How does the local embeddedness of family firms facilitate their specific contributions to sustainability, such as poverty alleviation and responsible consumption?*

7. Conclusion

This article systematises existing knowledge on the intersection of family business and corporate sustainability, reviewing academic studies published between 1999 and 2025 to address critical gaps in the field. By organising the literature through an antecedent–process–outcomes model, which conceptually mirrors the phases of sustainability adoption, we classified findings across three distinct levels of analysis: organisational/institutional, governance, and individual. This structured approach contributes to both theory and practice by providing a comprehensive overview of the research landscape, moving beyond binary comparisons between family and non-family firms to explore the heterogeneous behaviours driven by the preservation of SEW. The review explicitly delineates how family firms perceive sustainability antecedents, how they manage the implementation process amid resource constraints, and the subsequent outcomes regarding environmental footprint and handprint, thereby offering a nuanced perspective on the ability-willingness paradox (Chrisman et al., 2015).

The theoretical model developed in this study synthesises the main findings to reveal that family firms operate within a fundamental trade-off between the transgenerational intent to act as stewards and the conservative desire to maintain absolute control. It can be inferred that while the bright side of SEW, rooted in reputation protection and dynastic continuity, acts as an influential antecedent for sustainability (Berrone et al., 2010), the dark side of SEW, characterised by risk aversion and resource parsimony, frequently inhibits the process of adopting complex eco-innovations (Memili et al., 2017). A paradox permeates the sustainability trajectory: family firms possess the long-term orientation necessary for sustainable development but often lack the specialised ability, specifically financial capital and technical expertise, to implement substantive changes (Chrisman et al., 2015; Doluca et al., 2018). This tension often results in decoupling, in which firms may rely on symbolic governance mechanisms, such as board gender diversity, to satisfy institutional pressures for legitimacy without achieving substantive decarbonisation (Bergmann et al., 2025). Furthermore, the synthesis suggests that integrating non-family human capital, particularly executives with MBA degrees, is essential for professionalising decision-making and resolving the conflict between emotional preservation and the rational demands of Environmental, Social, and Governance (ESG) implementation (Heo & Pak, 2025).

These findings offer significant practical implications for stakeholders involved in the sustainability transition of family enterprises, including owners, advisors, and policymakers. Regarding antecedents, this study serves as a foundation for policy interventions that must navigate the domestic logic of family firms. Policies that strictly impose civic standardisation may face resistance, whereas initiatives that leverage local embeddedness and informal networks may be more effective (Richards et al., 2017). In terms of the process, identifying governance innovations, such as shadow boards comprising younger employees or external experts, offers a practical mechanism for family owners to bypass traditional inertia and infuse the firm with the dynamic capabilities necessary for circular economy models (Gutuleac et al., 2025). Furthermore, considering consequences, the review indicates that while family firms

may maintain a lower environmental footprint due to risk aversion, achieving a positive environmental handprint requires the strategic inclusion of professional management to transform the liability of conservatism into the asset of patient capital (Lorenzen et al., 2024). Consequently, market investors and analysts should look beyond mere disclosure, which can be symbolic, and assess the depth of professionalisation and the integration of digital capabilities when valuing the sustainability of family firms (Chaudhuri et al., 2023).

Methodologically, this article contributes by combining the sustainability phase model with a multi-level framework (organisational, governance, individual) to develop a thematic map that systematises fragmented knowledge. This mapping not only provides an objective picture of the state of the art but also facilitates a critical understanding of the theoretical tensions, such as the dichotomy between the domestic world of tradition and the civic world of certification (Richards et al., 2017). Furthermore, by identifying specific research gaps, ranging from the micro-foundations of SEW to the impact of digital transformation, this review charts a robust agenda for future scholarship. However, this study is not without limitations; it focused exclusively on peer-reviewed articles published in highly ranked academic journals, potentially excluding valuable insights from practitioner reports or books. Additionally, the nascent nature of the field, with a significant concentration of studies published in the last two years, suggests that empirical evidence on long-term sustainability outcomes is still evolving. Future research may enhance understanding by expanding the scope to include grey literature and employing longitudinal quantitative methodologies to rigorously test the causal links proposed in our thematic framework.

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***Chapter 2. The Silent Generation Paradox and Circular Economy Performance:
The Moderating Role of Family Board Involvement¹***

Abstract

The present study investigates how generational cohorts and family governance interact to influence the performance of the circular economy. Utilising the theoretical framework of Upper Echelons Theory, this study explores the influence of 'Silent Generation' Chief Executive Officers (born 1928–1945) on the circular economy performance of family firms. The present study posits that contemporary generations' conservative values are consistent with resource efficiency, but that their cognitive patterns hinder circular innovation. However, the involvement of family boards has been demonstrated to positively moderate this relationship, thereby effectively reversing the adverse effect. Utilising a longitudinal dataset comprising 577 firm-year observations of Italian listed family firms (2017–2024), we ascertain a substantial negative correlation between Silent Generation CEOs and circular economy performance, and a favourable moderating effect of family members' board involvement. These findings extend the existing body of knowledge in governance literature by highlighting how family-centric boards can leverage diverse cognitive frameworks to overcome generational inertia and drive sustainability transitions.

Keywords: Circular Economy Performance, family Business, Silent Generation CEO, Family Board Involvement

¹ Please note that a similar version of this chapter (with the same title) is currently under review for (voluntary-omitted) conference and journal. I am grateful to my co-authors, Prof. Alessandro Cirillo and Prof. Ine Umans, for their help. However, all the errors within the chapter are my own responsibility.

***Chapter 2. The Silent Generation Paradox and Circular Economy Performance
The Moderating Role of Family Board Involvement***

1. Introduction

Sustainability has increasingly become a strategic imperative for family businesses, which possess unique governance structures and long-term orientations that distinguish them from non-family firms (Bammens et al., 2011; Habbershon & Williams, 1999).

Characterised by a stewardship ethos and deep considerations of socioemotional wealth, family businesses tend to prioritise legacy preservation and intergenerational commitments, embedding sustainability into their core strategic agendas (Cennamo et al., 2012; Gómez-Mejía et al., 2007). Despite these distinctive features, extant research on sustainability within family firms remains fragmented, complicated by their inherent heterogeneity and contextual contingencies, such as governance configurations, industry-specific idiosyncrasies, and measurement diversity (Miller & Le Breton-Miller, 2014; Sirmon & Hitt, 2003). This fragmentation underscores the pressing need to synthesise how sustainability paradigms are conceptualised and enacted in family business contexts, particularly from a governance and strategic vantage point.

Among emerging sustainability frameworks, the circular economy paradigm stands out by decoupling economic growth from environmental degradation through its emphasis on resource efficiency, closed-loop systems, and the extension of product life cycles (Geissdoerfer et al., 2017; Kirchherr et al., 2017). For family businesses, circular economy principles resonate with their enduring orientation toward retaining socioemotional value and environmental stewardship, reflecting a natural consonance with their transgenerational legacy aims (De Massis et al., 2013). However, research on the adoption of the circular economy in family businesses is still in its infancy and is not

yet exhaustive. There are notable gaps in how family-specific attributes, encompassing socio-emotional dimensions, governance heterogeneity, and the level of family members' involvement, interact to influence the implementation and performance outcomes of the circular economy (Pieron et al., 2019). Addressing these gaps requires a nuanced understanding of how demographic and psychological factors at the board level, particularly generational influences, shape strategic decisions related to the circular economy.

This study explores the influence of the demographic characteristics of family business boards of directors, particularly generational membership, cognition, and experience, on the perception and implementation of circular economy strategies (Hambrick & Mason, 1984; Hambrick, 2007). Family boards are seldom monolithic; instead, they embody cognitive heterogeneity arising from diverse ages, tenures, educational backgrounds, and generational identities, fostering interpretive plurality essential for navigating complex sustainability transitions such as circular economy performance (Carpenter et al., 2004; Jehn et al., 1999). The Silent Generation (born circa 1928–1945) occupies a distinctive position within this spectrum, defined by formative exposures to scarcity, economic upheaval, and socio-political conservatism that cultivated traits of risk aversion, loyalty, hierarchical respect, and cautious long-termism (Costanza et al., 2012; Twenge & Campbell, 2008). These characteristics align conceptually with core circular economy tenets, such as resource efficiency, durability, and waste minimisation, potentially predisposing Silent Generation CEOs and board members to support circular initiatives (Kirchherr et al., 2018; Geissdoerfer et al., 2017).

However, this theoretical alignment is complicated by cognitive and experiential disjunction. The Silent Generation's educational and professional development largely predated the emergence of circular economy principles, thereby entrenching linear economic mental models and legacy-focused strategic priorities that favour business survival and incremental adaptation over radical transformation (Kennedy & Bocken, 2020). Such cognitive inertia, reinforced by a lower appetite for ambiguity and

innovation-related risk, constrains their effective engagement in circular economy adoption despite an ostensibly compatible risk profile (Kellermanns & Eddleston, 2004; Costanza et al., 2012). Thus, a paradox emerges: Silent Generation leaders exhibit psychological traits that are conceptually supportive of the circular economy but defer its strategic pursuit in favour of established governance imperatives centred on SEW preservation and cautious stewardship (Gómez-Mejía et al., 2011; Berrone et al., 2012).

Family member involvement on boards constitutes a pivotal governance dimension that modulates this paradoxical relationship between Silent Generation leadership and circular economy performance. Family directors, owing to their affective attachment, stewardship orientation, and intergenerational values, embody a distinct cognitive and motivational framework that often promotes sustainability and innovation, including circular economy practices (Chrisman et al., 2012; Zellweger et al., 2012). This involvement infuses the boardroom with heuristic diversity and adaptive capacity necessary to overcome generational inertia, fostering synergistic governance dynamics that balance tradition with transformative innovation (Sharma, Chrisman, & Chua, 2003; Davis et al., 2010). The heightened stewardship motives and their broader social embeddedness endow family members with a unique ability to legitimise, resource, and support circular economy initiatives, catalysing organisational learning and dynamic capabilities critical for sustainability transitions (Habbershon & Williams, 1999; Teece, 2014). Consequently, family board involvement acts as a significant moderator, attenuating the negative influence of Silent Generation CEOs on circular economy adoption and performance by aligning long-term legacy preservation goals with circular innovation (Miller et al., 2003). This governance interplay underscores the strategic value of deliberately leveraging familial participation to navigate generational divides and reinforce circular economy-oriented trajectories in family firms.

We therefore ask the following research questions:

RQ1: What is the effect of CEOs belonging to the silent generation on the circular economy performance of the firm?

RQ2: To what extent does the involvement of the family board directors influence the relationship between CEOs belonging to the silent generation and circular economy performance?

We answer these questions by investigating 577 family-firm-year observations for the period 2017 to 2024. Italy has the highest incidence of family-controlled firms among the Euronext markets (AIDAF, 2022). Second, Italian family-owned companies tend to appoint family members to their boards of directors, making them a suitable setting for investigating our research questions (Cirillo et al., 2017).

Our results support a negative relationship between silent generation CEOs and the firm's circular economy performance and highlight a positive effect of the interaction between silent generation CEOs and family board involvement on this relationship, such as reversing the adverse effect.

Our research provides several contributions. This study extends Upper Echelon Theory by emphasising the critical role of generational identity and the associated cognitive and experiential frameworks in shaping strategic responses to sustainability challenges in family firms. Theoretically, this study extends Upper Echelon Theory by emphasising the critical role of generational identity—and the associated cognitive and experiential frameworks—in shaping strategic responses to sustainability challenges in family firms. Moreover, our findings reveal that generational cohorts bring deeply ingrained worldviews shaped by their unique socio-historical contexts. Furthermore, this study underscores that mere demographic traits are insufficient explanatory variables unless paired with an understanding of the distinct cognitive schemas and mental models each generation carries. Thus, our work enriches the theory by introducing generational cohort thinking as an essential nuance in predicting strategic innovation in family business sustainability transitions.

Our research also bears critical managerial implications. This study highlights the strategic value of family board composition in family firms as a vital means to address

cognitive and generational challenges in adopting circular economy practices. Furthermore, this commitment not only legitimises but also actively promotes innovation in sustainable business models, effectively aligning long-term family wealth preservation with pressing environmental needs. These findings carry significant managerial implications, particularly for board selection and development policies, underscoring the need for deliberate measures that foster cross-generational dialogue and strengthen sustainability awareness. Furthermore, incorporating family members with diverse skills and sustainability perspectives can stimulate the formation of dynamic capabilities critical to identifying and capitalising on circular economy opportunities.

Our work is organised as follows. First, we review existing literature and develop our hypotheses. Next, we describe the study method and present our results. We conclude by discussing contributions to research and practice, limitations, and future research avenues.

2. Theoretical background

2.1. Sustainability in family firms: the circular economy paradigm

Sustainability has emerged as a pivotal strategic imperative for family businesses, necessitating an integrated approach that harmonises social, environmental, and economic dimensions (Bammens et al., 2011). The distinctive governance frameworks and inherent long-term outlook of family businesses, which frequently transcend conventional short-term financial metrics, uniquely position them as influential actors in advancing sustainable development (Habbershon & Williams, 1999). This stewardship ethos fosters an enduring orientation toward legacy preservation, prompting family firms to embed sustainability in their strategic agenda as a reflection of their socioemotional wealth (SEW) and intergenerational commitments (Cennamo et al., 2012; Gómez-Mejía et al., 2007).

In recent years, the circular economy paradigm has gained traction as a transformative framework to disentangle economic growth from environmental degradation by emphasising resource efficiency, waste reduction, and regenerative practices (Sica et al., 2022). Entrepreneurs and family businesses, as critical drivers of sustainability transitions, often navigate complex decision-making landscapes where non-financial objectives, notably environmental and socioemotional considerations, weigh heavily alongside financial results (Kotlar & De Massis, 2013; Baù et al., 2021). Despite their strategic relevance, the conceptual and empirical understanding of sustainability within family businesses remains fragmented, hindered by the heterogeneous nature of family businesses and contextual contingencies, including industry characteristics and measurement variances (Miller & Le Breton-Miller, 2015; Sirmon & Hitt, 2003). Empirical evidence indicates that the preservation of SEW serves as both a motivator and a constraint for sustainability initiatives, engendering tensions between economic imperatives and family-controlled governance (Gómez-Mejía et al., 2007; Basco & Calabrò, 2017). This nuanced discourse underscores the need for refined conceptualisations and metrics to capture the diverse impacts of sustainability in family business settings.

Governance structures in family businesses critically shape sustainability outcomes, as family involvement on boards and in control mechanisms influences strategic priorities and the implementation of sustainable practices (Le Breton-Miller & Miller, 2016; García-Sánchez et al., 2020). The concentrated control exercised by family members often aligns with a long-term orientation and deep normative commitments to reputation and ethical stewardship, which have been shown to enhance environmental, social, and governance (ESG) performance relative to non-family firms (Baù et al., 2021). Nevertheless, internal conflicts and ownership dynamics that threaten SEW may impede radical shifts toward sustainable business models, underscoring the ambivalence inherent in family business sustainability strategies (Le Breton-Miller & Miller, 2016; Gómez-Mejía et al., 2007; Sica et al., 2022).

The circular economy's emphasis on systemic resource regeneration and value retention offers a compelling theoretical lens for family businesses to integrate environmental stewardship with economic resilience, reinforcing their legacy-oriented worldview (Geissdoerfer et al., 2017; Kirchherr et al., 2017). This alignment is evident, as circular economy practices resonate with the stewardship and transgenerational concerns that underpin many family firms SEW, positioning the circular economy as an extension of their sustainability ethos (De Massis et al., 2013).

However, a notable empirical gap persists in the systematic measurement and analysis of circular economy adoption and performance within family businesses, with scarce research exploring how family business-specific attributes, such as SEW dimensions, governance configurations, and family involvement, affect circular economy implementation (Pieroni et al., 2019).

2.2. The upper echelon theory in shaping circular economy adoption

The transition toward a circular economy presents unique challenges and opportunities for family businesses, where the board of directors plays a critical role in shaping strategic decisions. Family businesses are distinguished by their long-term orientation and the preservation of SEW, dimensions that deeply influence governance and strategy (Berrone et al., 2012). The board's stewardship function is particularly salient in this context: as custodians of the family legacy, boards must carefully balance economic objectives with the preservation of family control and identity, while navigating the demands of sustainability transitions, such as adopting circular economy practices (Gómez-Mejía et al., 2011). This dual imperative, the preservation of tradition alongside innovation, positions the board as a pivotal arena where competing values and strategic perspectives converge, underscoring the complex governance challenge family businesses face in pursuing circular strategies.

Furthermore, managers are personally invested in the environment and the choices they face, stemming from explicit and tacit personal traits. These traits impact the organisation's strategic behaviour and decision-making (Hambrick & Mason, 1984;

Papadakis & Barwise, 2002) and offer explanations for organisational outcomes. Upper Echelon Theory offers such a perspective, providing a valuable lens through which to analyse how the demographic and psychological attributes of board members influence the perception and enactment of circular economy initiatives (Hambrick & Mason, 1984; Hambrick, 2007). Furthermore, it should be emphasised that strategic choices reflect managers' cognitive foundations, shaped by their characteristics. Consequently, it is essential to examine how variables such as age, length of service, educational background, and notably, generational affiliation, give rise to distinct cognitive patterns that influence risk appetite, time horizons, and openness to innovation. These factors are pivotal in the adoption of circular economy strategies (D'allura, 2019). Shifting attention from abstract organisational structures to the human element, acknowledging that boards are not monolithic decision-making units, but collectives whose members' diverse life experiences and value systems significantly influence strategic decision-making.

Moreover, it is essential to emphasise the role of board diversity as a source of cognitive heterogeneity, which improves the quality of strategic decisions. Boards composed of multiple generations, varied educational backgrounds, and differing tenures pool distinct perspectives and heuristics, thereby expanding the interpretive capacity to navigate complex issues such as the adoption of the circular economy (Jehn et al., 1999; Carpenter et al., 2004). This diversity-induced cognitive conflict, when managed constructively, stimulates critical discussion, reduces blind spots, and fosters innovative thinking necessary to balance the dual demands of preserving SEW and embracing circular innovation (Sharma et al., 2003).

In the context of family business boards, the implications of board heterogeneity are of particular interest. It has been demonstrated that family directors typically exhibit strong identification with the firm and stewardship motives (Chrisman et al., 2012). Therefore, their demographic and psychological attributes resonate deeply with the firm's SEW. The heuristic cues that affect how board members perceive and weigh circular economy initiatives are age and generational membership, in particular.

3. Hypotheses development

3.1. Silent Generation CEO and Circular Economy Performance

The demographic composition of boards of directors in family businesses presents a significant area of inquiry, given the intricate interplay between generational traits and strategic initiatives such as the Circular Economy. Family businesses often include members from multiple generations in their governance structures, predominantly the Silent Generation (born approximately 1928–1945), Baby Boomers (1946–1964), Generation X (1965–1980) and the Millennials (1981–1996). While Baby Boomers, Gen X and Millennials members are increasingly prevalent on family business boards and have been extensively studied for their openness to innovation and sustainability (Miller et al., 2007; Sharma et al., 2003), the Silent Generation's characteristics and their influence on circular economy adoption warrant focused scrutiny, given their distinct psychological profile and educational experiences.

The Silent Generation is recognised for traits shaped by formative experiences of scarcity, economic upheaval, and socio-political conservatism during their youth (Twenge & Campbell, 2008). Characterised by high levels of discipline, loyalty, risk aversion, and a preference for hierarchical structures (Costanza et al., 2012), this cohort tends to exhibit a long-term orientation and cautious decision-making under uncertainty. Educationally, members of the Silent Generation generally received formal training during periods when sustainability and circularity were peripheral in academic discourse, often emphasising linear economic models and traditional business functions (Gatenby et al., 2015). This educational foundation influences their interpretative frameworks and strategic preferences on family business boards.

Regarding the adoption of circular economy principles, these generational attributes manifest in paradoxical ways. On the one hand, the Silent Generation's conservatism and long-term orientation align well with the circular economy principles, which emphasise resource efficiency, durability, and sustained value retention across product life cycles (Kirchherr et al., 2018). Their risk aversion could incline them to favour the

circular economy's payoffs, such as reduced exposure to resource volatility and regulatory risks (Geissdoerfer et al., 2017). On the other hand, empirical evidence and conceptual reasoning suggest that despite these natural predispositions, Silent Generation board members frequently underutilise circular economy strategies in favour of legacy goals centred on business survival, stability, and incremental improvements (Twenge & Campbell, 2008). This gap between inclination and practice can be attributed primarily to the temporal and cognitive dissonance arising from the Silent Generation's formative experiences.

The circular economy concept, emerging prominently only in the late 20th and early 21st centuries, does not permeate this cohort's mental schemas, thereby hampering both perception and interpretation (Bocken et al., 2019). Their strategic responses are filtered through cognitive frames deeply anchored in linear economic rationales and legacy performance metrics (Neck et al., 2021). Furthermore, their limited exposure to recent sustainability education limits their ability to champion novel circular-economy initiatives, leading them instead to prefer incremental adaptations consistent with familiar paradigms (Berrone et al., 2012).

Moreover, the Silent Generation's risk tolerance is lower not just in absolute terms but also in relation to intangible and emergent risks such as those posed by environmental sustainability challenges (Kellermanns & Eddleston, 2004). This risk perspective affects their strategic dynamics on family business boards, where circular economy initiatives may be perceived as uncertain ventures with ambiguous returns rather than assured paths to resilience. Additionally, their time horizons, while long-term, prioritise the preservation of SEW and legacy, often overshadowing broader systemic considerations entailed in circular-economy transformation (Gómez-Mejía et al., 2011). Furthermore, while they have resource conservation values (Costanza et al., 2012), they lack the technological absorptive capacity or the systemic thinking required for modern, complex Circular Economy implementation. Consequently, circular economy adoption is subordinated to generationally congruent values emphasising control and risk minimisation.

Therefore, the characteristics and attributes of Silent Generation board members critically influence how circular economy strategies are perceived, interpreted, and enacted in family businesses. While their conservative, risk-averse, and legacy-driven ethos aligns conceptually with the circular economy's long-term sustainability goals, their educational and cognitive frameworks, formed before the circular economy's emergence, create substantial inertia against adopting such paradigms.

Therefore, we posit:

H1: There exists a negative relationship between the presence of a CEO belonging to the silent generation and the circular economy performance of a family firm

3.2. The Moderating Role of Family Board Involvement

The involvement of family members on the boards of directors of family businesses is a salient governance characteristic that profoundly shapes strategic orientations and performance outcomes, particularly in areas that demand long-term commitment and value preservation, such as the Circular Economy. Family member participation is distinguished by its dual identity as both an asset and a source of complexity in family business governance, embodying SEW considerations that transcend purely economic metrics (Gómez-Mejía et al., 2011). By virtue of their affective attachment, generational legacy concerns, and stewardship motives, family board members adopt a distinctive lens through which organisational strategies, including sustainability initiatives, are interpreted and enacted (Chrisman et al., 2012; Zellweger et al., 2012).

The characteristic involvement of family members on family business boards is steeped in a pronounced commitment to SEW preservation, encompassing dimensions such as family control, identity, reputation, and intergenerational transmission (Berrone et al., 2012). This commitment engenders a risk-averse governance style focused on firm longevity and responsible management practices that align with broader stakeholder expectations (Block, 2012). Furthermore, family involvement is an intangible strategic resource that contributes unique human, social, and patient capital

to the firm's resource bundle, facilitating the harnessing of firm-specific capabilities conducive to circular economy adoption (Habbershon & Williams, 1999; Kellermanns et al., 2012).

Family board members' attributes, including heightened stewardship orientation and intrinsic motivation to sustain the family legacy, reinforce a governance approach that privileges sustainable and circular strategies (Miller & Le Breton-Miller, 2014). Their embeddedness in the family system incentivises long-termism and responsibility in addressing environmental and social risks, thereby fostering an organisational culture more amenable to circular economy principles focused on resource efficiency, waste minimisation, and closed-loop production processes (De Massis et al., 2016). Empirical studies corroborate that such involvement is positively correlated with proactive environmental strategies, manifesting in enhanced circular economy performance outcomes (Doucet et al., 2025; Sciascia et al., 2015).

Moreover, the presence of engaged family members introduces heterogeneity in cognitive frames and creative problem-solving that can offset the CEO's conservatism (Davis et al., 2010). Family members often act as promoters of the circular economy, leveraging their stewardship ethos and broader awareness of sustainability imperatives generated through intergenerational knowledge transfer and external social networks (Chrisman et al., 2012; Berrone et al., 2012). This dynamic interaction creates a governance environment in which circular economy initiatives gain the legitimacy, resources, and adaptive latitude to flourish despite the Silent Generation CEO's initial reluctance or cognitive rigidity.

Through this moderating mechanism, family involvement enhances the firm's dynamic capabilities, thereby elevating its performance in the circular economy (Teece, 2014). The combination of the Silent Generation CEO's long-term orientation and the proactive, responsible management perspective of family board members engenders a synergistic effect that aligns legacy preservation with circularity goals (Miller et al., 2007). This synergy not only mitigates the CEO's tendencies to resist circular economy

adoption but also actively facilitates the embedding of sustainable business models through a balanced integration of tradition and innovation.

Therefore, by infusing governance with considerations of socio-emotional wealth, stewardship, and unique resources derived from family embeddedness, this involvement transforms potential generational inertia into a driver of circular economy adoption. This conceptualisation underscores the necessity for family business governance structures to deliberately leverage family participation as a strategic asset to enhance environmental sustainability outcomes amid generational transitions.

Therefore, we posit:

H2: The relationship between the CEOs belonging to the Silent Generation and circular economy performance is moderated by family board involvement. The adverse effect of CEOs belonging to the Silent Generation is mitigated.

4. Method

4.1. Data and sample

We test our hypotheses on the entire population of family-listed firms that went public on the Milan Stock Exchange during the period 2017-2024. The selected period corresponds to the enforcement of the European Directive 95/2014 on the disclosure of non-financial information in Italy, as enacted through Legislative Decree 254/2016 (Bifulco et al., 2023). This study focuses on the Italian capital market, employing a single-country framework to ensure high comparability among the firms analysed. Italy serves as a particularly pertinent context for the examination of listed family-owned enterprises, given its distinctive environment for the study of family capitalism (e.g., Bacci et al., 2018; Manzi et al., 2025) and the strategic ramifications thereof (e.g., Pongelli et al., 2016; Cirillo et al., 2017). It is well established that the Milan Stock Exchange, ranked as the second-largest Euronext market by the number of listed companies, is distinguished by the predominance of family-controlled firms, which

constitute approximately three-quarters of its listings (AIDAF, 2022). Moreover, in most instances, the Italian families that own these businesses are actively involved in their management and governance, frequently serving on boards of directors or appointing family members to senior management positions (Corbetta & Tomaselli, 1996; D'Este & Carabelli, 2022). The involvement of family members in decision-making roles cultivates an environment defined by enduring values, long-term commitments, and a multi-generational perspective, which collectively influence the strategic direction of Italian family firms (Sciascia et al., 2013). This governance structure permits an examination not only of the impact of family control but also of the subtle ways in which generational interactions shape priorities and objectives, thereby exerting a significant influence on strategic decision-making processes (e.g., Sciascia et al., 2014; Cucculelli & Micucci, 2008). We retrieved data from multiple sources: corporate governance information was manually extracted from companies' Governance Reports, ownership details were obtained from CONSOB (the Italian Stock Exchange Commission) and company websites, financial data were accessed through AIDA, the Italian branch of Bureau van Dijk's European Databases, and from Thomson Reuters platform, a database containing circular economy data of Italian listed companies. We began our sample selection by capturing the full population of listed firms in the EXM market segment during the study period. Following previous studies (e.g., Cirillo et al., 2021), we excluded observations related to financial and insurance companies (ATECO 64-68) due to their distinct regulatory structures. Observations with missing data have been noted.

While various definitions of family business exist (e.g., Chua et al., 1999; Villalonga & Amit, 2006), this study adopts a widely recognised framework within the family business literature (e.g., Gómez-Mejía et al., 2003; Cruz et al., 2014) that is particularly suited to the context of Italian listed companies (e.g., Cambrea et al., 2022; Manzi et al., 2025). This framework conceptualises family involvement across two analytical dimensions: ownership and governance. Firstly, it requires that one or more family members hold at least 30% of the shares within the controlling group as ultimate

owners (ownership involvement). This threshold, established in accordance with Italian regulations on tender offers (Draghi Law), corresponds with the typical scale of the Italian stock market and the average shareholding size observed (Corbetta & Minichilli, 2006; Minichilli et al., 2010). Secondly, at least one family member, other than the principal shareholder, must serve on the board of directors (board involvement). Consistent with prior research (Manzi et al., 2025), family relationships between owners and directors were identified through cross-referencing surnames in corporate records and governance disclosures. To accommodate potential discrepancies arising from surname changes due to marriage or other familial connections, this dataset was further corroborated using publicly accessible sources, including company websites and the social media profiles of executives and directors. According to this definition, the final sample comprises 577 family-firm-year observations for the period 2017 to 2024.

4.2. Variables and measures

Circular Economy Performance. Aligning with previous research on indices for corporate social responsibility and sustainability performance, this study employs the CEP as the dependent variable. To measure this, we utilised data from the Thomson Reuters Eikon database, following Esposito et al. (2024), to assess circular economy performance according to the UNI/TS 11820 standardised definition of the circular economy. This standard describes the circular economy as an "*economic system that, through a systemic and holistic approach, aims to maintain resource flow, conserving, regenerating, or enhancing their value while contributing to sustainable development*" (UNI/TS 11820:2022).

$$\text{CEP} = \frac{\sum_{i=1}^N X_{ij}}{N_{ij}}$$

The framework includes 58 items organised according to the 4-R paradigm (Kirchherr et al., 2017). It classifies each item according to its ability to measure a circular economy aspect within the Reduce-Reuse-Recycle-Recover paradigm

(Esposito et al., 2024). Additionally, a general circular economy category captures ESG items related to circular economy performance that do not fit within the 4-R dimensions.

CEOs belonging to the silent generation. The presence of a Silent Generation CEO was measured using a binary indicator equal to 1 if the CEO was part of the Silent Generation cohort and zero otherwise.

Family Board involvement. To consider family involvement at the governance level, and following generally accepted measures, we first accounted for family board involvement as the percentage of family directors, that is, the ratio of family directors to the total number of directors (FAM_BOARD) (Sciascia et al., 2013).

Control variables. Building on prior studies (e.g. Esposito et al., 2024; Doucet et al., 2025), we incorporated a range of control variables at the firm, board, and family levels.

At the firm level, we first controlled for firm size (*SIZE*), measured as the logarithm of the number of employees. Firm age (*AGE*) was also included, calculated as the logarithm of the difference between the year of analysis and the year of incorporation. Since firms with higher leverage are likely to incur greater monitoring costs, managers in such firms may seek to improve corporate environmental performance (*CEP*) to offset these expenses. Accordingly, we measured leverage (*LEVERAGE*) as the ratio of debt to total assets. Return on assets (*ROA*) was also incorporated as a firm-level control, reflecting firms' motivation to display strong profitability and enhance sustainability outcomes to cultivate a positive corporate image.

At the board level, we included a control for independent board representation (*INDEP BOARD*), calculated as the ratio of independent directors to the total number of directors. Subsequently, board size (*BOARD SIZE*) was measured as the logarithm of the total number of board members. Additionally, CEO tenure (*CEO TENURE*) was considered, calculated as the difference between the year of analysis and the CEO's initial appointment to the board.

Family level controls were also incorporated. We accounted for whether the CEO was a family member (*CEO FAMILY*), coded as one if the CEO was related by blood or marriage, and zero otherwise. Family involvement in governance was further captured through family ownership (*FAM OWN*), measured as the percentage of equity held by family members (Goel et al., 2012). We also considered the number of family generations simultaneously involved in corporate governance (*FAM GEN INV*), categorised as one, two, three, or more than three generations (Ling & Kellermanns, 2010). Lastly, the family generational stage (*FAM GEN STAGE*) was operationalised into five categories based on the generation currently controlling the firm (e.g., Sciascia et al., 2014; Carbone et al., 2024), with values ranging from 1 for the founding generation up to 5 for the fifth generation.

--- Table 1 ---

4.3. Empirical Model

To test our hypotheses, we applied panel regression estimations with random effects. Panel models combine the intertemporal dynamics of cross-sectional populations, including individual effects to control for unobservable heterogeneity, thereby avoiding bias due to missing variables (Hsiao, 2003). Specifically, to explore the impact of family CEOs belonging to the Silent Generation on CEP, which represents our first hypothesis, we estimated the following econometric model: where i denotes the company, t denotes the time period, β denotes the estimated parameters, and ε denotes the error term.

$$CEP_{it} = \alpha_i + \beta_1 CEO\ SILENT_{it} + \beta_2 CONTROLS_{it} + \varepsilon_{it}$$

To test the moderating hypotheses, we used the model with interaction effects (Aiken & West, 1991) to provide a comprehensive picture of the changing effects of family board involvement. Thus, we defined interaction variables as follows:

$INTER_1 = CEO\ SILENT * FAM\ BOARD$. The model for the second hypothesis was estimated as follows:

$$CEP_{it} = \alpha_i + \beta_1 CEO\ SILENT_{it} + \beta_2 FAM\ BOARD_{it} + \beta_3 INTER1_{it} + \beta_4 CONTROLS_{it} + \varepsilon_{it}$$

We estimated the above equations using heteroskedasticity-robust standard errors (Greene, 2011).

5. Results

5.1. Descriptive statistics and correlation matrix

Table 1 provides descriptive statistics, including means and standard deviations. On average, firms disclose 7 of 58 items. The mean value for CEP in our sample is 13%. As for CEOs belonging to the Silent Generation, 8% do. By focusing on the family's role in the observations, we highlight the level of family involvement in governance. Firstly, the average percentage of family directors sitting on the board ($FAM\ BOARD$) is around 29%. Moreover, in 53% of cases, the CEO belongs to the controlling family (CEO_FAMILY), and, on average, the number of family generations simultaneously involved in governance is 2 ($FAM\ INV$), while the generation that controls and manages the family business is, on average, the second ($FAM\ GEN\ STAGE$). Lastly, the percentage of shares held by family members ($FAM\ OWN$) averages 58%. Table 1 also illustrates the correlation matrix, highlighting acceptable levels of correlation between all the variables employed. Nevertheless, we computed variance inflation factors (VIFs) to assess and address potential multicollinearity-related biases in our regression models. Since the values were below the 5-cutoff (see Tables 3, 4, 5, 6, and 7), we concluded that this was not a concern in our analysis (O'Brien, 2007).

--- Table 1, 2 ---

5.2. Regression Result

Table 2 displays the results of our OLS regression models for testing H1 and H2.

Model 1 conducted a regression of the CEP on the CEO's membership in the Silent Generation only. Findings suggest that the overall model is statistically significant, thereby bolstering confidence in the findings. Subsequently, the linear relationship between CEOs of the Silent Generation and the CEP was examined. Model 2 incorporated control variables, revealing a negative, statistically significant association between Silent Generation CEOs and the CEP ($\beta = -2.664$, $p < 0.05$). This implies that the circular performance of family businesses is adversely affected by the presence of Silent Generation CEOs. Consequently, hypothesis Hp1 is confirmed (Figure 1). Model 3 introduces the moderator term FAM BOARD. Results show that the regression coefficient for SILENT CEO is negative and statistically significant ($\beta = -2.468$, $p < 0.05$), while the coefficient of FAM BOARD is also negative and statistically significant ($\beta = -6.816$, $p < 0.10$). In Model 4, we added the interaction term INTER(a*b). The coefficient is positive and statistically significant ($\beta = 21.41$, $p < 0.001$), indicating a positive moderation of the relationship between SILENT CEO and FAM BOARD. Consequently, from a moderating standpoint, the relationship between the presence of CEOs belonging to the silent generation and CEP is inverted by the presence of family directors. HP2 is therefore supported (Figure 1).

--- Tables 3, Figure 1---

5.3. Robustness tests

To evaluate the robustness of our findings, we employed several alternative model specifications. First, to corroborate the primary results of the regression analysis, we replicated the complete analysis using an alternative dependent variable, denoted as CEP_0_4. This variable represents an aggregate measure of a company's circularity performance, calculated as the sum of four key sustainable development practices: (i)

recycling or reusing materials, (ii) reducing consumption or impact on natural resources, (iii) conserving energy or transitioning to sustainable energy sources, and (iv) developing sustainable products or services. The resulting scale ranges from 0 to 4, with higher values indicating greater adoption of Circular Economy practices. As shown in Table 4 (Models 5, 6, 7 and 8), the results remained consistent with our primary findings. Specifically, the overall model exhibited strong stability (Model 5: $\beta = -0.479$, $p < 0.01$), while the main effect of SILENT CEO on CEP_0_4 remained statistically significant and negative (Model 6: $\beta = -0.416$, $p < 0.01$), thereby supporting our initial hypothesis. Additionally, the moderating effect was confirmed; the interaction coefficient INTER(a*b) was positive and statistically significant (Model 8: $\beta = 3.769$, $p < 0.001$). Subsequently, we conducted an alternative analysis using SILENT CEO AGE as the independent variable, corresponding to the age of CEOs from the Silent Generation. Results reported in Table 5 (Models 9 and 10) align with the primary conclusions. Notably, the main effect of SILENT CEO AGE on CEP remained significantly negative (Model 9: $\beta = -0.0349$, $p < 0.05$), reaffirming our hypothesis, while the moderating of the interaction coefficient INTER(c*b) effect persisted as significant and positive (Model 10: $\beta = 0.286$, $p < 0.001$). We further tested an alternative moderator, the FAM RATIO, defined as the ratio of family members to non-family members on the board of directors. As indicated in Table 6 (Models 11 and 12), findings were consistent with earlier results, with the moderating effect of the interaction coefficient INTER (a*c) remaining positive and significant (Model 12: $\beta = 4.206$, $p < 0.001$). Finally, an analysis incorporating all new alternative variables was performed. Results displayed in Table 7 (Models 13 and 14) continued to support our primary outcomes. In particular, the main effect of SILENT CEO AGE on CEP_0_4 remained significantly negative (Model 13: $\beta = -0.005$, $p < 0.05$), confirming the initial hypothesis, and the moderating effect remained robust and positive (Model 14: $\beta = 0.011$, $p < 0.001$). In summary, this robustness analysis shows that, in family businesses, circularity performance is negatively affected by the presence of Silent Generation CEOs. This relationship is

affected by an interaction effect with a sign reversal due to the involvement of family members on the board of directors.

--- Tables 4,5,6,7 ---

6. Discussion

This study advances understanding of family business sustainability strategies by empirically examining the interplay between generational CEO characteristics, specifically those belonging to the Silent Generation, and family board involvement in shaping circular economy performance. Our findings confirm a statistically significant negative relationship between Silent Generation CEOs and CEP and demonstrate that active family board involvement moderates this adverse effect. These results offer nuanced theoretical and practical insights into the governance dynamics underpinning sustainability transitions in family firms. The observed negative impact of Silent Generation CEOs on circular economy adoption nuances Upper Echelon Theory (Hambrick & Mason, 1984) by illuminating how generational context inflects the cognitive and psychological substrates of strategic decision-making in family firms. The Silent Generation's formative experiences, characterised by risk aversion, hierarchical respect, and entrenched linear economic models, constrain openness to disruptive sustainability innovations such as circular economy practices (Costanza et al., 2012). This cognitive rigidity underscores the enduring influence of demographic heterogeneity in shaping interpretative frames and risk preferences at the board level, extending prior research that highlights the salience of age and tenure in managerial cognition (Kirchherr et al., 2018). Our findings thereby deepen the theoretical understanding that temporal and educational contexts shape top executives' strategic mindsets, particularly in domains requiring paradigm shifts toward sustainable business models.

Furthermore, the moderating role of family board involvement empirically confirms the socio-emotional thesis that family-centred governance mechanisms can both limit and promote sustainability initiatives (Gómez-Mejía et al., 2007; Berrone et al., 2012). Family directors' stewardship orientation, affective attachment, and long-term legacy concerns introduce cognitive diversity and heightened motivation that counterbalance the conservatism of Silent Generation CEOs. This governance synergy exemplifies how family involvement infuses heuristic plurality and adaptive capacity into strategic decision-making, fostering organisational learning conducive to the enactment of the circular economy (Chrisman et al., 2012; Teece, 2014). In doing so, our study enriches the understanding of family participation not merely as a structural feature but as a dynamic resource that alleviates generational inertia and facilitates sustainability transitions—an important conceptual advancement in family business governance literature (Le Breton-Miller & Miller, 2016).

6.1. Managerial implications

From a practical standpoint, our findings underscore the critical importance of family firms deliberately leveraging family board composition as a strategic asset to overcome cognitive and generational barriers to adopting the circular economy. Family businesses should consider enhancing the active involvement of engaged family members in governance structures to balance the conservatism of senior-generation CEOs. Such inclusion not only legitimises but also strategically supports innovation in sustainable business models, aligning long-term legacy preservation with contemporary environmental imperatives (Miller, Steier, & Le Breton-Miller, 2011). This has direct managerial implications for board appointment and training policies, suggesting the need for targeted interventions that foster cross-generational dialogue and sustainability literacy.

Moreover, integrating family members with diverse expertise and sustainability orientations could catalyse the development of dynamic capabilities essential for sensing and seizing opportunities in the circular economy (Teece, 2014).

6.2. Limitations and future research avenues

Despite this study having addressed relevant issues, it has some limitations that leave room for future research. First, the predominance of Italian family firms in the sample, while appropriate given their governance structures, may reflect institutional and cultural particularities that do not fully transfer to other contexts with differing family business prevalence or governance norms (Cirillo et al., 2017).

Secondly, although the study analyses the impact of the Silent Generation on the performance of the circular economy, approaches that account for all generations could better capture the evolution of board awareness and circular economy practices.

Third, while the focus is explicitly on the moderating role of family board involvement, incorporating complementary managerial positions, such as the Top Management Team, could deepen insights into how decisions made at more operational levels affect the circularity performance of family businesses.

Finally, future research might explore heterogeneity within the Silent Generation itself or examine other board diversity dimensions, such as gender or educational diversity, to unpack their interactive effects on sustainability strategy.

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Table 1: Correlation matrix

	CEP	SILENT CEO	FAM BOARD	LOG SIZE	LOG AGE	LEVERAGE	ROA	CEO FAMILY	FAM GEN STAGE	FAM OWN CUM	FAM INV	CEO TENURE	BOARD SIZE	INDEP BOARD
CEP	1													
SILENT CEO	-0.1215*	1												
FAM BOARD	-0.2247*	0.1053*	1											
LOG SIZE	0.3646*	-0.1339*	-0.0390	1										
LOG AGE	0.0514	0.0174	-0.0665	-0.0157	1									
LEVERAGE	-0.0237	0.1178*	0.1170*	-0.0598	0.1229*	1								
ROA	0.1671*	-0.0459	0.0670	0.2131*	-0.0845*	-0.0047	1							
CEO FAMILY	-0.0033	0.1227*	0.2459*	-0.0186	-0.1476*	0.0622	0.0341	1						
FAM GEN STAGE	0.2445*	-0.0721	-0.0668	0.1963*	0.1452*	-0.0202	0.0600	-0.0586	1					
FAM OWN CUM	-0.0853*	0.1044*	0.1490*	-0.1301*	-0.0081	0.1032*	-0.1139*	0.1326*	0.0257	1				
FAM INV	0.0322	0.0541	0.3613*	0.0369	-0.0841*	0.0049	0.0363	0.1326*	-0.0791	-0.0588	1			
CEO TENURE	-0.0600	0.3061*	0.1802*	-0.0867*	0.1111*	0.0904*	0.0664	0.4834*	-0.0065	0.0786	0.0416	1		
BOARD SIZE	0.2758*	-0.0108	-0.3388*	0.1469*	0.1096*	0.0345	0.0832*	-0.0979*	0.0518	-0.2001*	-0.0047	0.0145	1	
INDEP BOARD	0.2390*	-0.0082	-0.3390*	0.1127*	0.0699	-0.0937*	-0.0054	0.0428	0.1594*	-0.0945*	-0.1126*	-0.0517	0.0795	1

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CEP	578	7.461938	9.270409	0	45
SILENT CEO	578	0.0709343	0.256937	0	1
FAM BOARD	578	0.2893684	0.121997	0.067	0.8
LOG SIZE	578	5.511867	1.830625	0	10.029
LOG AGE	578	3.482893	0.641762	0	5.081
LEVERAGE	578	55.92001	1193.033	-6157.833	24701.380
ROA	578	2.127536	9.186214	-45.360	85.920
CEO FAMILY	578	0.5346021	0.499233	0	1
FAM GEN STAGE	578	1.576125	0.712783	1	5
FAM OWN CUM	578	0.5788955	0.138023	0.300	0.960
FAM INV	578	1.885813	0.583517	1	4
CEO TENURE	578	13.6955	9.92628	0	45
BOARD SIZE	578	2.234372	0.266508	1.386	2.833
INDEP BOARD	578	0.4250777	0.130357	0.143	0.846

Table 3: Results

	MODEL (1)	MODEL (2)	MODEL (3)	MODEL (4)
	Y=CEP			
SILENT CEO(a)	-3.569***	-2.664*	-2.468*	-6.457***
	-1.050	-1.254	-1.302	-1.714
FAM BOARD(b)			-6.816†	-6.904†
			-4.540	-4.488
INTER(a*b)				21.41***
				-5.597
LOG SIZE		0.925**	0.960**	0.983**
		-0.302	-0.301	-0.307
AGE		2.093**	2.047**	1.971**
		-0.727	-0.717	-0.721
LEVERAGE		0.000	0.000	0.000
		0.000	0.000	0.000
ROA		-0.005	-0.002	-0.004
		-0.026	-0.026	-0.026
CEO FAMILY		-0.866	-0.396	-0.598
		-1.110	-1.066	-1.026
FAM GEN STAGE		2.210*	2.168*	2.243*
		-1.051	-1.058	-1.056
FAM OWN CUM		-3.969	-3.723	-3.402
		-2.828	-2.846	-2.939
FAM INV		1.691*	1.829*	1.785*
		-0.839	-0.825	-0.807
CEO TENURE		0.070	0.068	0.078
		-0.063	-0.063	-0.062
BOARD SIZE		2.918	2.031	1.746
		-1.958	-2.093	-2.075
INDEP BOARD		11.01*	9.742*	10.11*
		-4.414	-4.336	-4.368
_cons	6.546***	-21.77***	-18.92***	-18.60***
	-0.690	-5.216	-5.742	-5.626
N	578	578	578	578
r2	0.0046	0.2035	0.2311	0.2231
Mean VIF	1.01	1.2	1.27	1.62
Standard errors in parentheses				
† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$				

Table 4: Robustness 1

	MODEL (5)	MODEL (6)	MODEL (7)	MODEL (8)
	Y=CEP_04			
SILENT CEO(a)	-0.479**	-0.416*	-0.388*	-1.100***
	-0.173	-0.206	-0.212	-0.270
FAM BOARD(b)			-1.066†	-1.106†
			-0.649	-0.645
INTER(a*b)				3.769***
				-0.769
LOG SIZE		0.160***	0.165***	0.167***
		-0.043	-0.043	-0.043
AGE		0.368***	0.362***	0.353***
		-0.091	-0.091	-0.092
LEVERAGE		0.000	0.000	0.000
		0.000	0.000	0.000
ROA		-0.002	-0.002	-0.002
		-0.004	-0.004	-0.004
CEO FAMILY		-0.146	-0.074	-0.119
		-0.142	-0.144	-0.146
FAM GEN STAGE		0.134	0.127	0.141
		-0.133	-0.134	-0.137
FAM OWN CUM		-0.366	-0.341	-0.275
		-0.459	-0.461	-0.468
FAM INV		0.300*	0.309*	0.298*
		-0.121	-0.120	-0.117
CEO TENURE		0.0182†	0.0178†	0.0196†
		-0.010	-0.010	-0.010
BOARD SIZE		0.476	0.339	0.278
		-0.291	-0.310	-0.306
INDEP BOARD		1.433*	1.269*	1.342*
		-0.583	-0.594	-0.593
_cons	1.462***	-3.077***	-2.620**	-2.542**
	-0.123	-0.838	-0.919	-0.908
N	578	578	578	578
r2	0.011	0.196	0.224	0.219
Mean VIF	1.020	1.220	1.220	1.640
Standard errors in parentheses				
† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$				

Table 5: Robustness 2

	MODEL (09)	MODEL (10)
	Y=CEP	
SILENT CEO AGE (d)	-0.0349*	-0.0874***
	-0.0174	-0.0223
FAM RATIO(c)	-6.793 [†]	-8.317 [†]
	-4.538	-4.541
INTER(d*c)		0.286***
		-0.073
LOG SIZE	0.961**	0.985**
	-0.301	-0.308
AGE	2.050**	1.969**
	-0.716	-0.721
LEVERAGE	0.00000966	-0.000159
	-0.000148	-0.00017
ROA	-0.00252	-0.00355
	-0.0256	-0.0258
CEO FAMILY	-0.423	-0.615
	-1.061	-1.022
FAM GEN STAGE	2.166*	2.248*
	-1.057	-1.055
FAM OWN CUM	-3.701	-3.371
	-2.844	-2.94
FAM INV	1.832*	1.783*
	-0.824	-0.806
CEO TENURE	0.07	0.079
	-0.0627	-0.0622
BOARD SIZE	2.021	1.74
	-2.094	-2.075
INDEP BOARD	9.734*	10.09*
	-4.337	-4.368
_cons	-18.76**	-18.18**
	-5.731	-5.623
N	578	578
r ²	0.2302	0.2224
Mean VIF	1.27	1.64
Standard errors in parentheses		
[†] $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$		

Table 6: Robustness 3

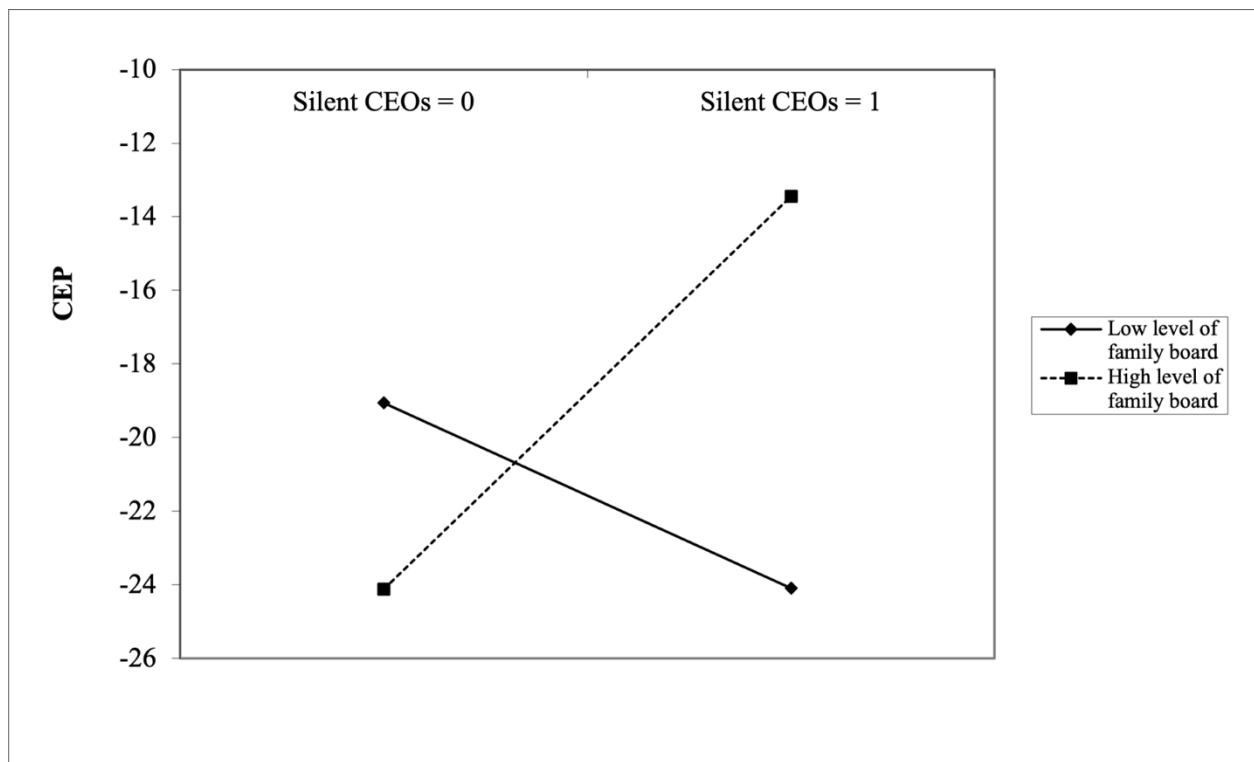
	MODEL(11)	MODEL(12)
	Y=CEP	
SILENT CEO(a)	-2.415 [†]	-3.970**
	-1.29	-1.417
FAM RATIO(c)	-1.796 [†]	-2.833*
	-1.206	-1.200
INTER(a*c)		4.206***
		-1.247
LOG SIZE	0.954**	0.963**
	-0.302	-0.305
AGE	2.083**	2.077**
	-0.724	-0.733
LEVERAGE	0.000	0.000
	0.000	0.000
ROA	-0.003	-0.006
	-0.026	-0.026
CEO FAMILY	-0.557	-0.539
	-1.098	-1.064
FAM GEN STAGE	2.220*	2.232*
	-1.046	-1.050
FAM OWN CUM	-3.835	-3.727
	-2.834	-2.886
FAM INV	1.790*	1.871*
	-0.836	-0.809
CEO TENURE	0.069	0.077
	-0.063	-0.063
BOARD SIZE	2.323	1.860
	-2.055	-2.036
INDEP BOARD	10.16*	10.14*
	-4.359	-4.364
_cons	-20.08***	-19.15***
	-5.375	-5.299
N	578	578
r2	0.224	0.226
Mean VIF	1.260	1.330

Standard errors in parentheses

[†] $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 7: Robustness 4

	MODEL (13)	MODEL(14)
	Y=CEP_04	
SILENT CEO AGE (d)	-0.00551*	-0.00955**
	-0.00279	-0.00298
FAM RATIO(c)	-0.175	-0.475*
	-0.222	-0.198
INTER(d*c)		0.0111***
		-0.00211
LOG SIZE	0.164***	0.164***
	-0.0428	-0.0428
AGE	0.364***	0.361***
	-0.0911	-0.0916
LEVERAGE	0.0000137	-0.00000366
	-0.0000149	-0.0000136
ROA	-0.00179	-0.00234
	-0.00383	-0.00394
CEO FAMILY	-0.122	-0.114
	-0.144	-0.139
FAM GEN STAGE	0.134	0.134
	-0.133	-0.135
FAM OWN CUM	-0.351	-0.329
	-0.457	-0.458
FAM INV	0.304*	0.314**
	-0.122	-0.117
CEO TENURE	0.0182†	0.0197*
	-0.0099	-0.00992
BOARD SIZE	0.429	0.321
	-0.315	-0.303
INDEP BOARD	1.368*	1.370*
	-0.588	-0.583
_cons	-2.916***	-2.663**
	-0.884	-0.864
N	578	578
r2	0.214	0.224
Mean VIF	1.280	1.370
Standard errors in parentheses		
† $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$		

Figure 1: Two-way linear interactions

Appendix A

CE dimension	Item	CE dimension	Item	CE dimension	Item
Reduce	1. Resource reduction policy	Recycle	21. Take back and recycling initiatives	General	41. SDG 1
Reduce	2. Resource reduction target	Recycle	22. Product impact minimisation	General	42. SDG 2
Reduce	3. Policy emissions	Recycle/reuse	23. Water recycled	General	43. SDG 2
Reduce	4. Targets emissions	Recycle/reuse	24. Waste recycled total	General	44. SDG 3
Reduce	5. Biodiversity impact reduction	Recover	25. Waste technologies	General	45. SDG 4
Reduce	6. NOx and SOx emissions reduction	Recover	26. Upstream scope 3 emissions: Waste generated in operations	General	46. SDG 5
Reduce	7. Waste reduction initiatives	Recover	27. Downstream scope 3 emissions: End-of-life treatment of sold products	General	47. SDG 6
Reduce	8. e-waste reduction	Recover	28. Products recovered to recycle	General	48. SDG 7
Reduce	9. Total renewable energy	Reduce	29. Emissions trading	General	49. SDG 8
Reduce	10. Staff transportation impact reduction	General	30. Environmental supply chain management	General	50. SDG 9
Reduce	11. Land environmental impact reduction	General	31. Environmental supply chain monitoring	General	51. SDG 10
Reduce	12. Policy environmental supply chain	General	32. Organic products initiatives	General	52. SDG 11
Reduce	13. Policy water efficiency	General	33. Product environmental responsible use	General	53. SDG 12
Reduce	14. Policy energy efficiency	General	34. Environmental restoration initiatives	General	54. SDG 13
Reduce	15. GHG emission method	General	35. Environmental project financing	General	55. SDG 14
Reduce	16. Environmental material sourcing	General	36. Environmental management training	General	56. SDG 15
Reuse/recycle/reduce	17. Policy sustainable packaging	General	37. Corporate sustainability award	General	57. SDG 16
Reuse/recycle/reduce	18. Renewable/clean energy products	General	38. CSR sustainability committee	General	58. SDG 17
Reduce	19. Environmental products	General	39. CSR sustainability reporting		
Reuse/Recycle/reduce	20. Eco-design products	General	40. ISO 14000/EMAS		

Chapter 3. Family-level outcomes of Environmental, Social, and Governance practices in family firms²

Abstract

ESG practices yield various benefits for the family that owns and governs the firm. To explore this assumption, we conduct a cross-case analysis with family members and top managers from six Italian family firms. Responding to the recent call for research by Stock et al. (2024) and building on the growing literature on ESG in family firms, our study aims to examine the specific outcomes that the family—as the primary unit of analysis—derives from the firm’s engagement in ESG practices. The findings point to four well-established concepts from the family business literature—*continuity, cohesion, connection, and culture*—which we reinterpret within the ESG framework as strategic imperatives that family firms can no longer afford to ignore. Each of these four dimensions is found to be reinforced, nurtured, and developed through ESG engagement. They function as key intangible resources that, in turn, contribute to enhancing family business long-term success.

Keywords: ESG, family firms, family-level outcomes, multiple case studies, sustainability

² Please note that a similar version of this chapter (with the same title) is currently under review for (voluntary-omitted) journal. I am grateful to my co-authors, Dr. Rafaela Gjergji, Dr. Sofia Brunelli, Prof. Salvatore Sciascia and Prof. Valentina Lazzarotti, for their help. However, all the errors within the chapter are my own responsibility.

Chapter 3. Family-level outcomes of Environmental, Social, and Governance practices in family firms

1. Introduction

Scholarly interest in Environmental, Social, and Governance (ESG) practices within family firms has gained momentum (Amosh, 2024; Arduino et al., 2024; Barguilla Sanclaudio et al., 2025; Huang & Chen, 2024; Hughes et al., 2025; Hadjielias et al., 2025; Su et al., 2024; Waldau, 2024). Family firms often embed ESG practices deeply within their operational and strategic decisions, reflecting the core values, identity, and aspirations of the owning family (Chrisman et al., 2012; Kammerlander et al., 2015; Hughes et al., 2025). However, despite increasing research on ESG in family firms, current findings remain fragmented and inconclusive (Stock et al., 2024). Indeed, existing research often addresses isolated aspects of ESG — such as environmental sustainability, performance and/or strategies, social responsibility, philanthropy, or ethical issues — rather than embracing a more integrated view of ESG and the outcomes and benefits it may generate. Other studies are inconclusive since some suggest that family firms are more proactive in engaging in ESG practices than non-family firms (Cennamo et al., 2012; Dou et al., 2019; Sharma & Sharma, 2011), whereas others show contradictory or inconclusive evidence (Cruz et al., 2014; Miroshnychenko et al., 2022).

This is surprising, given the theoretical and practical relevance of the potential benefits that ESG practices can bring to family firms. Indeed, from both theoretical and practical perspectives, increased awareness of ESG benefits may incentivise other family firms to adopt ESG initiatives, particularly in light of mounting regulatory requirements and growing stakeholder expectations. Given the global presence of family firms (La Porta et al., 1999), this knowledge is equally valuable from a policy standpoint. Policymakers can leverage the potential benefits that family firms can gain from ESG to understand their needs better and design more effective, tailored regulations that address alignment between ESG goals and those

of family firms. Indeed, understanding what drives ESG practices in family firms and the outcomes they produce can help shape more targeted and impactful policy interventions.

In this regard, various recent literature reviews have attempted to synthesise drivers, processes, and outcomes of ESG³ (Waldau, 2024), sustainability⁴ (Broccardo et al., 2019), and CSR⁵ (Mariani et al., 2023; Stock et al., 2024) in family firms, converging upon a crucial insight: adoption of ESG practices in family firms can generate beneficial outcomes that extend beyond the firm, directly impacting the owning family. These studies argue that while the drivers of ESG engagement and the outcomes, especially at the firm level, have been widely examined, the exploration of the family-level outcomes remains scarce. For instance, Campopiano and De Massis (2015) suggest that sustainability initiatives can strengthen the public image of the family, while Aragón-Amonarriz et al. (2019) describe "family honorableness" as a reputational gain associated with CSR engagement. In this context, ongoing theoretical discussions have highlighted potential benefits of ESG engagement, such as strengthening identity and fostering cohesion. However, empirical research explicitly examining what family-level outcomes result from ESG engagement remains limited, as noted by Stock et al. (2024).

Thus, building on this call for research, the present study seeks to fill this void and advance the conversation by addressing the following research question: *What family-level outcomes do family firms generate through their engagement in ESG activities and/or practices?*

To address this question, we conducted a qualitative multiple-case study involving six medium-to-large Italian family firms, which are recognised for their deep ESG orientation and are drawn from a diverse range of industries.

³ ESG stands for environmental, social, and governance, and is a holistic framework that measures the sustainable and ethical behaviour of a business.

⁴ Sustainability, in its core definition, is the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs

⁵ Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders

Our findings reveal that, beyond the business benefits, ESG practices can lead to various family benefits, which we classify using 4 dimensions (i.e., 4C): *continuity, cohesion, connection, and culture*. Key among these is the desire to preserve the family's presence in business through transgenerational *continuity*. Specifically, ESG-related practices aimed at reorganising, planning, or implementing sustainability governance were found to facilitate succession processes by clarifying roles, formalising responsibilities, and enabling younger family members to assume meaningful new positions within the organisation. Additional outcomes include enhanced intra-family *cohesion*, stronger internal and external *connections*, and deeper *cultural* alignment within the family. This study is exploratory and represents the first attempt to empirically investigate the family-level outcomes derived from ESG engagement, offering several significant contributions. First, its originality lies in shifting the focus from the firm to the family-level unit of analysis within the emerging field of sustainability research. By adopting a family-level lens, this study addresses a critical gap in the literature: it empirically examines the benefits that engagement in ESG practices generates for the family subsystem. This topic has remained substantially poorly explored in family business scholarship. In doing so, it extends the discourse initiated by Stock et al. (2024) and Waldau (2024), contributing to a more nuanced understanding of ESG in the context of family firms.

Second, by focusing on family firms with well-established ESG orientations, our findings highlight the importance of long-term and consistent ESG engagement across all three dimensions—Environmental, Social, and Governance. Such consistency reinforces the need to embed ESG strategies into formal governance structures (e.g., family councils, sustainability or ESG committees), ensuring that sustainability becomes institutionalised and aligned with both business and family values.

We conclude empirically demonstrating that the adoption of ESG practices can create various benefits for the family, ranging from more concrete aspects of family governance related to succession to enhanced cohesion and legacy preservation, as well as improved stakeholder relationships. Finally, we outline several avenues for future research and discuss the study's limitations.

2. Literature review

ESG practices represent the firm's effort to address a broad spectrum of sustainability-related issues, intending to balance environmental, social, and economic objectives. These practices emphasise ethical conduct, social inclusion, transparency, and the equitable treatment of employees, among other concerns (Eccles et al., 2014; Friede et al., 2015; Khan et al., 2016; Lee et al., 2023). In the face of current global disruptions—including climate change, social inequality, and geopolitical instability—along with increasing regulatory pressures and stakeholder expectations, ESG has undergone a profound transformation (George et al., 2016; De Massis and Rondi, 2020). What was once a voluntary or compliance-oriented initiative has now evolved into a strategic imperative, prompting significant changes in how firms operate, allocate resources, and pursue long-term value creation (McCormick et al., 2016). As a result, implementing ESG practices has become central not only to securing external legitimacy and resilience but also to sustaining competitive advantage (Ioannou & Serafeim, 2015). In family firms, attention to ESG practices has gained increasing scholarly interest, with several factors explaining this.

First, family businesses represent the predominant business form worldwide, accounting for approximately 80–90% of all enterprises (La Porta et al., 1999). Their significant presence places them at the centre of ESG-related efforts, making them key actors in the transition toward sustainable business practices. As such, family firms are increasingly expected to align with ESG requirements to meet the rising expectations of stakeholders and society. This expectation is also reflected in the growing attention family firms have received from academics, policymakers, and the media (Lu et al., 2022; Mahran & Elamer, 2024; Zellweger et al., 2013). Second, although family firms may be less inclined to publicly disclose information about their ESG-related activities—often due to a preference for privacy and internal control (Arduino et al., 2024)—they are typically deeply embedded in their regional and local contexts. This embeddedness often translates into informal forms of ESG engagement. Many family firms actively participate in socially

responsible initiatives to support their local communities (Dyer et al., 2006), safeguard the natural environment in which they operate (Sharma & Sharma, 2011; Saeed et al., 2023), and promote ethical business practices (Bingham et al., 2011; Hadjelijias et al., 2025; Spence et al., 2011). In doing so, they contribute meaningfully to the social and environmental sustainability of their local ecosystems (Hoffmann et al., 2016).

Third, family firms' distinct behavioural patterns, including a preference for long-term orientation, the use of patient capital, a focus on employee well-being, and an intent to preserve the business across generations (Chua et al., 1999; Lumpkin & Brigham, 2011; Memili et al., 2018; Miller & Le Breton-Miller, 2005) align closely with ESG foundational goals. Despite increasing scholarly attention, ESG research in the context of family firms remains fragmented and not fully explored from all its angles. A considerable body of literature investigates the drivers of ESG adoption, particularly through the lenses of family involvement, familiness construct, and socioemotional wealth (SEW). These studies respectively suggest that board characteristics and behaviours, family-specific resources, and SEW considerations are central to the adoption of ESG practices in family firms. For instance, while family involvement in the board of directors serve as a central component of corporate governance—tasked with setting strategic direction and safeguarding stakeholder interests—unique family resources and capabilities, together with SEW motivations can strongly influence ESG priorities aimed at preserving the family firm's identity, protecting its reputation, and ensuring long-term sustainability (Weismeier-Sammer et al., 2013). Additional studies focus on the outcomes of ESG practices, including costs and benefits, disclosure, and performance. Family firms that integrate ESG considerations into their strategies often report improved financial performance and resilience (Zubeltzu-Jaka et al., 2019), enhanced firm value, reduced cost of capital (Gjergji et al., 2021), and enhanced innovation (Barguilla Sanclaudio et al., 2025). However, as can be noted, these findings primarily address outcomes at the firm-level. Given that the distinctive behaviour of a family firm arises from the interaction between its two subsystems — namely, the family and the business — an important question remains: beyond firm-level outcomes, what specific benefits do owning families

derive from adopting ESG practices? This gap is also underscored by Stock et al. (2024) and Walda (2024), who emphasise the lack of exploratory empirical research on the family-level outcomes associated with ESG adoption in family firms.

A related literature review by Hadjielias et al. (2025) expands the scope beyond ESG-specific practices to include broader ethical behaviour in family firms, further highlighting that such conduct can yield valuable outcomes for the owning family. These include enhanced social capital, improved reputation, and other benefits related to family. However, the authors also acknowledge that unethical behaviour may lead to significant drawbacks, reinforcing the need to better understand the outcomes that (un)ethical engagement generates.

Taken together, these insights underscore the crucial importance of evaluating the outcomes of ESG practices from the perspective of the owning family. In other words, the identification of the family-level outcomes of ESG practices remains underexplored in the current literature. While several theoretical contributions suggest potential advantages—such as legacy preservation, strengthened family unity, or elevated social status—empirical evidence substantiating these claims is still limited, with most discussions remaining largely theoretical and lacking concrete and empirical investigation.

3. Methodology

3.1. Research design

Given the aim of the study, we adopted an exploratory approach in our empirical analysis. In particular, to ensure the breadth and depth of our research, we integrated two of the most widely accepted methods of qualitative research (Strike and Rerup, 2016): the multiple case study approach by Eisenhardt (1989) and the in-depth examination for each case (Gioia et al., 2013). Furthermore, as noted by De Massis and Kotlar (2014) and Stock et al. (2024), there is a need in the field of family business for qualitative research that both draws on and generates theory, since complex dynamics characterise family firms. We adopted a qualitative inductive

approach, which is suitable in our case because it offers researchers the opportunity to explore new phenomena (Gioia et al., 2013).

Specifically, our qualitative study is comparative, meaning it helps us identify emerging patterns in ESG outcomes at the family level among family firms. Based on the data gathered from the study of the selected cases, each of them can be examined both within its setting and across settings (De Massis and Kotlar, 2014), through a continuous process of “back and forth” between empirical data and theory (Azungah, 2018).

3.2. Sample

Regarding the sampling strategy, in line with Eisenhardt’s recommendations, cases were selected based on their potential to either replicate, extend existing theory, or generate new theory (Eisenhardt, 2021), thus according to the purposeful theoretical sampling technique (Miles and Huberman, 1994; Merriam, 1998). We identified different sampling criteria that allowed us to gather the “*richest and most relevant data*” (Draucker et al., 2007, p. 1138).

The first criterion relates to the family business status, i.e., the companies included in the sample are family businesses⁶. Additionally, we sought family businesses that meet the following criteria: (1) the family had a significant influence on the decision-making process (i.e., the family was involved in governance, ownership, board, and management); and (2) the family business has completed at least one process of the generational transition.

The second criterion focuses on ESG practices, aiming to identify firms with a longstanding and intrinsic commitment to sustainability, i.e., those for whom ESG criteria are embedded in their corporate identity, qualifying them as ESG Champions. Indeed, these firms are not merely companies that comply with sustainability standards or respond reactively to regulatory frameworks; instead, they are proactive, enduring, and show a strategic commitment to sustainability. Therefore, to be considered as an ESG Champion, a company should demonstrate that it embraces sustainability as a core strategy; that is, it should be an “early

⁶ In this paper, we consider family businesses as firms whose ownership is held at least 50% by at least one family (Brunelli et al., 2024).

adopter” or “ESG leaders or pioneers”⁷, intrinsic in the company’s DNA, rather than driven solely by external societal or legal pressures.

The third criterion focuses on medium-to-large family firms with an annual turnover exceeding € 50 million. We assume that such firms are more structured and mature (Fort et al., 2013), and therefore better positioned to implement and engage with ESG practices and strategies. These firms typically face greater pressure from value-chain partners and are more likely to have the resources necessary to meet specific ESG criteria. By targeting medium-to-large firms from various industries, we also aim to increase the heterogeneity of the sample, as recommended by Beck et al. (2020).

Our sample consists of firms selected from the AIDAF⁸ (the Italian Family Business Association) network. AIDAF represents approximately 300 companies, which together account for around 16% of Italy’s GDP (AIDAF, 2025). The association played a crucial role in helping us identify companies that fulfilled our three criteria (i.e., family business status, ESG champions, and medium to large-sized enterprises). We first select companies that meet the requirements and then ask them about their availability to participate in our project. Six of these businesses agreed to take part in our research project.

These six firms are well-established “Made in Italy” brands, each recognized as a market leader in its respective industry. The companies vary in terms of industry, founding year, annual turnover, number of employees, level of professionalism, and maturity of ESG practices (see Table 1). The respondents in our study include family members and other members of the Top Management Team (TMT) involved in the ESG function (e.g., sustainability managers/directors, Chief CSR Officer), with some additional participants as detailed in Table 2.

⁷ Early adopters are companies that embraced sustainable and responsible business practices before these became mainstream. In the case of Italian family businesses—and Italian firms more broadly—early adopters can be identified as those that implemented ESG practices prior to the enforcement of Legislative Decree No. 254/2016, which transposed the EU Non-Financial Reporting Directive (NFRD) and introduced mandatory sustainability reporting. In other words, firms that have integrated ESG principles into their operations for at least the past ten years.

⁸ AIDAF, the Italian family business, was founded in 1997 by Alberto Falck, together with a group of entrepreneurs inspired by the same values. AIDAF aims to be the point of reference in Italy for family businesses; today it brings together approximately 300 companies.

Table 1. Overview of the cases

Characteristics	Firm					
	A	B	C	D	E	F
Industry	Fashion	Cosmetics	Wine	Coffee	Automotive	Vinegar
Founding year	1927	1983	1902	1933	1961	1787
Active generation	2 nd and 3 rd	2 nd	3 rd	3 rd	2 nd	9 th
Annual turnover (2023)	€ 1,154 million	€ 263 million	€ 153 million	€ 595 million	€ 3,849 million	€ 112 million
Number of employees (2023)	3.671	731	1.188	1.188	16.000	207
Family involvement	President and executive board members	President and executive board members	CEO and executive board members	President and executive board members	President and executive board members	Vice President and executive board members
Maturity of ESG practices	2014 – Sustainability Report	2005/2006 – Charter for Sustainable Research	2015- Biodiversity Friend certification	2004 – EMAS*-registered organization	2001 – Environmental certification 2004 – Corporate Value Report	2015 – Sustainability Report
Benefit or B Corp company	no	yes (both)	no	yes (both)	no	yes (both)
Region	Tuscany	Emilia-Romagna	Trentino-Alto Adige	Friuli-Venezia Giulia	Lombardy	Lombardy

*The European Commission established the Eco-Management and Audit Scheme.

Table 2. Overview respondents

Firm Respondent		Gender	Family member	Role	Interview duration
A	A1	M	No	Sustainability Director	63 min.
	A2	M	Yes	Chief Transformation e Sustainability Manager and executive board member	45 min.
B	B1	F	No	Chief Sustainability Officer	87 min.
	B2	M	Yes	Chairman	60 min.
C	C1	F	Yes	Internal Sustainability Coordinator & co-Chair of Regenerative Society Foundation	93 min.
	C2	M	Yes	President and executive board member	
D	D1	M	No	Total Quality & Sustainability Director	84 min.
	D2	M	Yes	President and executive board member	45 min.
E	E1	F	Yes	Chief CSR Officer and executive board member	82 min.
	E2	F	No	Sustainability Manager	20 min.
F	F1	F	Yes	Internal Sustainability Coordinator & Vice President of Confindustria for Environmental Transition and ESG Goals	56 min.
	F2	M	Yes	Chief Executive Officer	40 min.

3.3. Data collection

The data collection covers a period of one year roundly, from March 2024 up to March 2025. To ensure reliability and integrity, we triangulated primary and secondary data (Jick, 1979). Secondary data collection began before fieldwork, comprising the company website, public national databases (e.g., AIDA – Bureau van Dijk), media articles, videos, and public professional profiles of the interviewees. The firms also provided further secondary data. They involve company presentations, organisational charts, and company history books.

The primary data was derived from 24 interviews: (i) 12 in-depth interviews; (ii) 6 additional interviews in a second round to grasp family values and behaviour toward ESG practices; (iii) another six interviews to explore new insights that emerged as our approach was inductive.

In-depth interviews, each lasting on average over one hour, were conducted with both family members responsible for sustainability issues and the manager assigned to this responsibility (see Table 2 for respondents' overview). The second round of interviews provided deeper insights into the role of family members about ESG practices and outcomes at the family level. A third round of interviews was conducted to better understand common patterns and emerging divergences from the preliminary data, ensuring accuracy and resolving any discrepancies (Creswell, 2009). All interviews were recorded and transcribed verbatim.

Qualitative research is best done in teams to eliminate personal bias (De Massis and Kammerlander, 2020). Thus, to gather robust data and to maintain a “close” and “dispassionate” approach, we adopted an insider/outsider approach. Our team consisted of five experts in ESG, reporting, strategic management, and family business. Two of them were involved in the interviews: one to guide the conversation and the other to take notes and make observations (Eisenhardt, 1989); whereas the other three researchers who did not participate directly in the interview took the role of the devil's advocate in data analysis to improve theorizing (Strike and Rerup, 2016; Crosina and Pratt, 2019). During the data collection, this organization entailed frequent debriefing meetings among the authors, using a process comparable to that followed by Gioia et al. (2010).

The reports, which contained both primary and secondary data, were prepared, resulting in approximately 25 pages per case, totalling around 150 pages.

Once the data were analyzed and the reports finalized, we sent our findings to each company for validation. This step was critical to ensure the reliability of our research and to test the internal consistency of the findings (Lincoln and Guba, 1990).

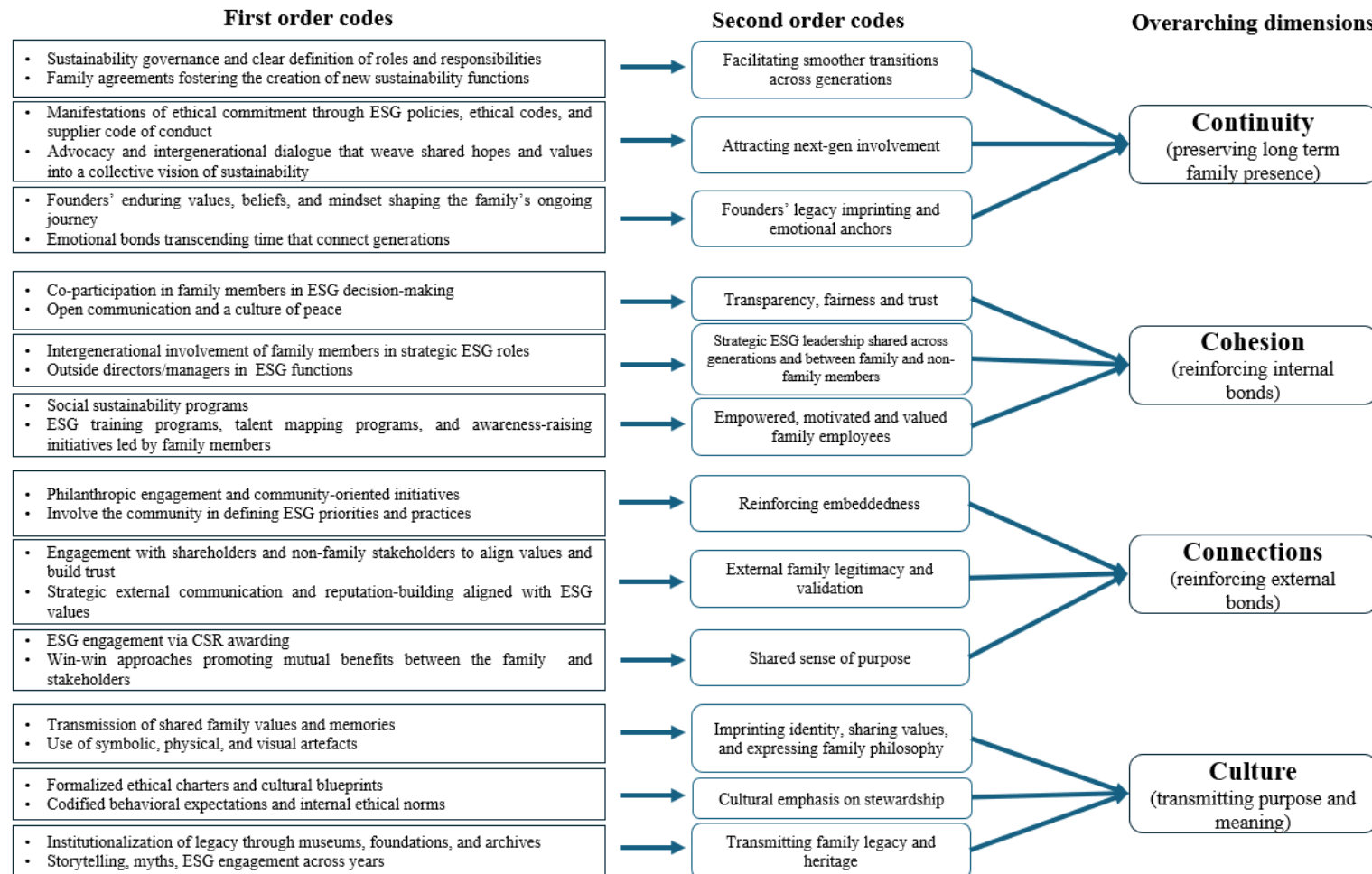
To conduct the interviews, we developed a protocol designed to capture detailed information about family-level outcomes after the engagement in ESG practices. We began by asking informants about the family business, its ESG journey, strategy, governance, and the outcomes that ESG practices lead to. Indeed, to better assess the value derived from ESG engagement by the owning family, we investigated the involvement of family members, specifically the active generation or appointed successor, in the management of ESG-related initiatives. Open-ended questions were used to allow interviewees to elaborate on the context and provide additional relevant information or concepts related to ESG practices and outcomes in family firms.

3.4. Data analysis

We analysed our data through a series of steps (Strike and Rerup, 2016). First, we conducted a within-case analysis for each case study to examine in detail who promotes ESG practices or ESG-oriented behavior in the family firms under study, what ESG practices are effectively adopted or implemented in these firms, and what impact they have on the family subsystem. Second, we employed a comparison technique (Strauss and Corbin, 1998), organizing the cases into tables to provide a case-based perspective, and followed an iterative process of systematizing, refining, interpreting, and expanding the data. Third, we analyzed the data within and across cases, searching for patterns or the lack thereof across cases. Fourth, we followed Gioia et al. (2013) and developed a data structure for each case, starting with first-order codes and progressing to open coding. We discussed the codes and checked if they fit the emergent patterns. Fifth, we identified relationships among first-order codes and created second-order themes to achieve a higher level of theoretical abstraction (Strauss and Corbin,

1998). We labeled and relabeled codes and related constructs until they made sense, resulting in 12 second-order themes and four overarching dimensions. The data structure is visualized in Figure 1.

Figure 1: Data structure



4. Findings

This section presents the results of our cross-case analysis. Using an exploratory inductive approach, we identified four key overarching dimensions—continuity, cohesion, connection, and culture—core concepts widely recognized in family business literature, but here reinterpreted and shaped through the lens of ESG practices integrated into family business strategies and logics.

4.1. Continuity

Adopting ESG practices plays a vital role in reinforcing generational continuity within family businesses. From a family perspective, these practices appear to ease the transition between *generations*, while also attracting the *next generation* to engage actively with the firm.

Indeed, as generations succeed one another, family businesses often find it necessary to clarify governance structures, creating space or “new rooms” for successors and laying the groundwork for a collaborative environment where the strengths of both older and younger/junior family members can be harnessed collaboratively (Ward, 2016). This approach aligns with the findings of Zellweger et al. (2012), who argue that well-defined governance mechanisms contribute to business continuity and family cohesion by striking a balance between tradition and innovation. Now, let us reflect further on these governance aspects, integrating the ESG practices into the family logic. Approaching sustainability means that family firms should adopt specific E, S, and G practices. Implementing such practices or ESG strategies requires first establishing a well-structured ESG governance system—one that embeds sustainability responsibilities across various business functions and units, up to the board of directors. This is crucial, as ESG demands a clear definition of roles and responsibilities, as well as strong expertise aligned with evolving trends, regulatory frameworks, and sustainability standards. These practices often involve technical complexities and

require both strategic vision and an entrepreneurial mindset—particularly when ESG criteria are integrated into new processes, products, or broader transformations toward greener and more circular business models. Designing effective ESG governance thus inevitably accelerates the need to develop and clarify governance structures — both at the family and at the business levels. At the family level, these mechanisms should regulate the entry and involvement of the next generation, particularly in ESG-related roles, which are relatively new and evolving in the market. Within this framework, our within- and cross-case analysis revealed that the integration of ESG practices has led to the creation of new roles, formalized procedures, and mechanisms, including meritocracy and operational transparency. These changes support and ease the succession process, but also enhance the attraction, development, and retention of talent both within the family and across the broader organization. ESG-driven governance transformations have prompted firms under study to revisit and rethink their existing governance structures—moving toward models that are more transparent, structured, and responsibility-oriented. These developments have generally been well received by the next generation, particularly in large family firms, where clearly defined and transparent processes for joining the business are seen as essential. A notable example is Firm A, now in its third generation (with the fourth generation now approaching the family business), with over 50 family members involved and A2, the family member appointed as Chief Transformation Officer. Indeed, since its initial adoption of ESG practices, Firm A has progressively intensified its efforts, resulting in ongoing revisions and reshaping of its sustainability governance. Over time, these efforts have resulted in the full integration of ESG into the company's overall strategy. This gradual adjustment of governance has also had a significant impact on family roles, which have become increasingly well-defined and structured. Similarly, in Company F, the arrival of the ninth generation highlights the importance of having an established sustainability governance, emphasizing, among other things, the relevance of team diversity within and outside the family sphere. As F1 observed,

“The intergenerational transition has, over the years, encouraged and incentivized the implementation of more structured and transparent family governance structures and mechanisms benefiting overall the company”.

These cases highlight how the integration of ESG criteria (e.g., through the adoption of sustainability reporting standards, such as GRI, certification as a B Corp, and quality certifications like ISO 22005) in the governance of the firm, which influence inevitably the family governance as well (e.g., family councils, pacts etc.), exerts a positive impact on succession planning and process and in that of attracting the next gen to join the family business. It also plays a key role in the professionalization of next-gen family members, particularly through the clearer definition of roles and responsibilities for both family and non-family employees.

Furthermore, by embedding ESG principles into the company’s core operations, these firms create a shared framework of values and purpose that resonates across generational divides. This common ground, rooted in the founder’s legacy, not only attracts the next generation to the family firm but also encourages their meaningful involvement and commitment (Gómez-Mejía et al., 2018; Le Breton-Miller et al., 2016). Indeed, the deep and enduring impact of the founder’s values, beliefs, and mindset on the family firm (Eddleston, 2008) during role-changing events in a family business’s life, shapes the company’s mission, strategy, and path from the start, and through everyday decisions, and continues to guide its evolution over time (Davis & Harveston, 1999). When a founder’s sustainable mindset—rooted in personal values and social and environmental concerns—takes hold, it steers the family business toward embedding sustainability into both daily operations and product and service development. This vision, passed down from one generation to the next, becomes the backbone of the firm’s long-term strategic direction, reinforcing family members’ commitment to sustainability that continues through the family lineage.

Firm A is an emblematic example of this dynamic, where the philosophy of sustainability, rooted in the practices of its founder, has been translated into the

adoption of ESG practices, helping to reinforce the intention to formalize or enter into new family agreements to facilitate the generational transition. The company's 2024 sustainability report further highlights this founder's legacy imprint by celebrating the centenary of its first store—the Firm A Boot Shop—echoing the founder's myth as *"The Shoemaker to the Stars."* This milestone was commemorated with a dedicated exhibition that honored the founder's life, his extraordinary creations, and his vision, pioneering if we align it to the ESG objectives.

Similarly, at Company D, the founder's vision in the 1970s laid the foundation for integrating economic goals with environmental respect and human dignity. His 1976 statement underscored the following philosophy:

"The function of an industrial enterprise is fundamental and indispensable, but the economic perspective alone is not enough. It must be complemented by respect for people, the community, and the environment. This positions us as a stakeholder company in line with current ESG criteria."

In the same vein for Company F, F1 emphasized the founder's role in embedding sustainability values:

"It was already part of the founder's mindset. My father added a stronger social dimension, rooted in his Catholic faith, which deeply reflects his beliefs and drives this kind of commitment".

This early commitment to sustainability became a cornerstone that subsequent generations have proudly upheld, thereby benefiting the continuity of the family and its transgenerational sustainability.

4.2. Cohesion

The second aggregate dimension that emerged is *cohesion*. Family cohesion is a concept closely related to family harmony (Bettinelli et al., 2022) and plays a crucial role in facilitating the pursuit of business goals. It is often described as the "glue" that holds the family together. While prior literature identifies drivers of cohesion, such as shared experiences, reciprocity, trust, co-involvement, and joint participation in decision-making, our findings suggest that, within this context, the integration of ESG practices can also contribute meaningfully to this dimension.

Specifically, ESG initiatives that are adopted and collectively supported by family members—whether through joint decision-making or shared prioritization of ESG goals—strengthen the sense of belonging and identity within the family. This was evident in the data, as both family and non-family interviewees consistently highlighted how ESG practices enhanced internal cohesion.

Notably, further nuances emerged from the interviews. As the interviewed manager (B1) in Firm B observed, the sense of belonging (membership) to the family *"transcends the family bonds and extends to all of us—as managers, but also as employees"*. This suggests that ESG practices not only reinforce intra-family bonds but can also foster a broader sense of unity and shared purpose across the organization. Indeed, outside managers involved in ESG functions, as well as employees, contribute to and are influenced by the family's approach to sustainability. As demonstrated, a work environment climate rooted in care for others, be it the environment or society, fosters loyalty, which is further reinforced by open communication and mutual support. This, in turn, promotes cohesion and harmony, facilitating the adoption of ESG practices that align with family values, which ultimately benefit both the family and the company (Carlock, 2010; Ruiz Jiménez & Vallejo Martos, 2015). However, aligning insights from prior research with our empirical findings suggests that the interplay between cohesion and ESG practices is not straightforward. Rather than functioning strictly as an outcome, cohesion may also serve as a key driver of ESG engagement. Indeed, the

boundaries between cause and effect appear blurred, raising the question of whether ESG practices foster cohesion, or whether cohesion itself facilitates ESG engagement. This dynamic can be understood as a *virtuous cycle*: a family business characterized by strong internal cohesion can positively influence the adoption of ESG practices, which in turn reinforces cohesion not only among family members but also extends it to managers and both family and non-family employees. As our data structure reveals—and in line with existing literature (see Bettinelli et al., 2022)—the involvement of outside directors, as well as the engagement of multiple family members in both the firm and ESG-related functions, can contribute to enhancing cohesion and harmony. It is thus imperative to emphasize that a specific ESG approach can foster a sense of unity of the family and shared purpose among its members, ensuring that all individuals' goals, values, and beliefs are aligned and then reflected in the company's long-term objectives. These objectives, having been handed down and maintained since the company's inception, serve as the cornerstone of its continued success. Furthermore, research findings indicate that ESG initiatives such as DE&I programs, welfare policies, and adjustments to the gender pay gap bring significant benefits to families by fostering a culture of accountability and fairness that supports the family's long-term vision and reputation. This led to increased collaboration and trust, which is essential for preserving dialogue, cohesion, and harmony in family firms where multiple generations and both family and non-family members work together (Hughes et al., 2025).

Another interesting point that emerged to enhance cohesion and harmony was the strategy of ESG leadership, i.e., for each case study under investigation, we noticed a constant presence of family members who directly led ESG functions and/or relevant ESG initiatives. Usually, it is well acknowledged that family involvement is associated with a positive reputation (Beck and Prügl, 2018) and superior human capital (Kahlert et al., 2017), strong commitment, all of which further motivate family involvement in ESG functions. Family members in companies A, B, and E, hold key ESG role (e.g., Chief Sustainability Officer, Chief Transformation & Sustainability Officer, Head of Wellbeing), while in companies C, D, and F, family members also coordinate

sustainability activities. Some occupy publicly relevant positions related to ESG issues—for example, C1 and F1 serve as Vice Presidents of Confindustria for Environmental Transition and ESG Goals. Thus, family participation in ESG activities emerge as relevant to guarantee that sustainability remains a central component of the business strategy influenced by the family. Family ESG leadership highlights the importance of active family involvement in fostering a shared vision and deepening commitment to sustainability goals.

This is clearly reflected in the narrative of F1 from Company F, who states:

“What I inherited from my father is a strong sense of social commitment, which is at the roots of our family unity. While the ESG practices we have adopted have increased my awareness of their potential impact, it has always been clear to me that this social commitment shared and transmitted both within and across generation enhances cohesion and harmony, serving as the fundamental glue of our family unit, which has persisted for nine generations. Embracing these practices, beyond my own beliefs, allows us as a family to tangibly embody and express this commitment more effectively.”

In a similar vein but with different nuances, E1 from Company E stated:

“Our sustainability approach dates back to the 1990s. As a relatively young, second-generation family business with a small number of family members leading the company, we are truly bonded. For us, ESG practices are especially important to reinforce and spread our sense of unity and harmony among employees, as a positive environment boosts morale and, in turn, productivity.”

4.3. Connections

Moving to the third overarching dimension, *connections*, it emerged as a complementary yet distinct notion from *cohesion*. While cohesion pertains to internal bonds—encompassing both family dynamics and relationships with employees—connections emphasize the outward-facing relationships that families build and nurture through their commitment to ESG. In this regard, territorial roots act as a primary powerful foundation that strengthens the embeddedness of family businesses within their local contexts. ESG practices function as a powerful means through which family firms actively deepen their connection to the territory, transforming commitment into concrete actions that honor and preserve the land and its community. Rather than merely reflecting the surrounding culture and traditions, these practices serve to reinforce and evolve the firm's identity, grounding it authentically in its place of origin and endowing it with distinctive value that resonates in international markets. The concept of territorial embeddedness has been identified as a dynamic and intrinsic force that enriches the business's purpose and character by increasingly interweaving the firm into the social and environmental fabric of its located (García-Canal & Guillén, 2008; Sirmon & Hitt, 2003). For instance, companies like Firm C, recognized for sustainable vineyard management, and Firms B and D, which emphasize regenerative agriculture and biodiversity, exemplify how rootedness in the local environment and strong community engagement foster the adoption of sustainable business models that in turn reinforce connections. These firms demonstrate that territorial embeddedness not only underpins a company's identity but also drives its social responsibility and environmental stewardship. As in Company C is highlighted:

“Given our strong connection to the territory, company C has always aimed to be an integral part of the communities that live there, while maintaining a strong focus on the world at large and the crises and emergencies that affect it. The company's ESG commitment is reflected in the creation of jobs hiring members of the local

community and development opportunities engaging the community to co-participate in the definition of ESG priorities and impact reinforcing these close ties.”

In the case of Firm F, the enhancement of external connections fostered through its various ESG practices is further evidenced by the public role assumed by F1, former CEO and currently Vice President of Firm F, being appointed Vice President of Confindustria with responsibility for sustainability, ESG, and environmental transition. Another key perspective from Company C states:

“But it is a territory that must not only be respected but also valued. You see, in our communications, we always talk about Alpine Sparkle⁹, because Alpine Sparkle represents an important value for the territory.”

In this way, communication about the firm’s involvement in community-oriented activities—such as donations, public events, the revitalization of abandoned buildings, and urban regeneration—enhances awareness and reinforces the perception of the owning family as a “good citizen”. This not only strengthens the family's embeddedness in the local territory but also extends its positive image more broadly. For instance, Company A has entered into agreements with the municipality, through which it has restored significant collections of sculptures, rooms designated as UNESCO World Heritage Sites, historical buildings, and various historical and cultural areas of the city. In recognition of its sustained contributions to the city, particularly in the domains of cultural investment, healthcare, and support for the fine arts, Company A has been honoured with an award.

⁹ The product names referenced in this document are fictitious and have been employed solely to preserve the confidentiality and anonymity of the entities involved.

As the family aligns its ESG core values/principles with the family's core values, rooted in the founder's vision and legacy (as discussed in the previous overarching dimensions), they are translated into concrete ESG practices that the family business implements and communicates. In doing so, they help shape external perceptions of the firm, fostering a shared sense of purpose among a broad range of stakeholders, including customers, regulators, investors, and the wider society. Indeed, as family firms are typically characterized by long-standing relationships and substantial social capital, adopting ESG practices that reduce environmental impact or increase social recognition further reinforces and nurtures these enduring connections by uniting family members' internal and external bonds around shared values, such as sustainability, social responsibility, and ethical governance. The social dimension of ESG resonates deeply with family firms, as it reflects and reinforces the family's legacy, values, and commitment to intergenerational stewardship (Barguilla Sanclaudio et al., 2025). This is often shown in the family firms under study by the means of CSR awards they gain or ESG rating assigned to them. For instance, Company F was awarded with the 2015 Biodiversity Friend certification, while Company E, was recognized with the Double A- award from CDP and was confirmed as one of the world's leading companies in terms of its climate change and water management initiatives. Furthermore, Company B was honoured as "Best for the Environment" by B Lab¹⁰. This helps to further consolidate the shared purpose, signalling the family's alignment with societal expectations, thereby reinforcing family legitimacy¹¹. In an increasingly socially conscious and ethically driven marketplace, such legitimacy is critical—not only for reputation building, but also for ensuring long-term business continuity and differentiation from competitors (Amato & Patuelli, 2023; Martínez-Sanchis et al., 2022).

¹⁰ B Lab is a non-profit organization that evaluates and certifies companies as Certified B Corporations (B Corps). B Lab sets the standards for social and environmental performance, transparency, and accountability that companies must meet to achieve B Corp certification.

¹¹ Family legitimacy refers to the social acceptance of the family as a rightful and competent steward of the business across generations.

Thus, to conclude, ESG-driven initiatives enhance the family's ability to maintain the social license to operate and to navigate growing institutional and stakeholder pressures. In this way, ESG becomes a strategic lever not only for resilience but for sustaining the firm's identity and relevance over time (Aprile & Bovo, 2025; Lee et al., 2023) by reinforcing and extending both internal and external bonds.

4.4. Culture

Cross-case analysis and in-depth investigations into sustainability orientation across each firm revealed that the ESG pillars within the sustainability umbrella have been deeply rooted in the founder's values and, more broadly, within the family's ethos since the firm's founding. The adoption of ESG practices is often anchored in the family culture of stewardship, reflecting a profound sense of responsibility toward the environment, social well-being, and ethical governance. This stewardship mindset fosters long-term thinking and ethical management, contributing to the development over time of a distinctive family culture that reflects the dynamic interplay between owners' values, organisational history and achievements, the competitive conditions of the firm's industry, and local/regional/national cultures (e.g., Corbetta & Montemerlo, 1999; Pistrui et al., 2000). For example, in Firm A the family's dedication to high-quality and craftsmanship aligns closely with their broader ESG objectives. These elements, which nowadays further emphasise the value of craftsmanship, contribute to the preservation of traditional skills and founders' heritage. As A2, argues:

"The firm's sustainability philosophy has been always rooted in the practices of the founder, who, driven by necessity and ingenuity, created innovative solutions such as cork wedge shoes during the war, when traditional materials were scarce."

Therefore, the firm's focus on environmental care, preservation of scarce resources, and social well-being remains a cornerstone of its mission to the extent that a Culture

Blueprint charter has been published to communicate and share at all organisational levels the family firm's purpose, vision, values, success enablers, and employer value proposition. Similarly, B Group has formalised its values through instruments such as a "Code of Ethics" and an "Ethical Charter", which extend beyond internal governance to benefit the family and broader community.

Hence, ESG practices adopted by family firms—whether focusing on environmental, social, or governance aspects—are communicated through codified behaviours, ethical norms, and physical and visual artefacts. These elements play a key role in conveying the family and firm's efforts and performance toward sustainability matters. They function as enablers for sharing values, norms, and beliefs, while also contributing to identity imprinting, which expresses and reveals the family's sustainability philosophy.

The formal articulation of a family or organisational philosophy through such documents provides a tangible expression of how ESG can have a concrete impact on family aspects, including culture. Indeed, by embedding the family's or founder's philosophy into everyday practices and strategic frameworks, family firms transform sustainability from a mere compliance obligation into a lived experience (Nijhof et al., 2019; Seun et al., 2024). This approach not only strengthens but also further develops a robust culture of sustainability.

One interviewee from Company B reflected:

"Sustainability was somewhat born, let's say, at the roots of the value-based approach that originated within the company. Since the beginning, the firm's motive has been to take care. In 2005, with the creation of the Ethical Charter—a document developed collaboratively with nearly eighty employees, almost all of whom were part of the company at that time—this philosophy was communicated and embraced by everyone. We take care of each other, the environment, and the firm, first and foremost, as a family."

Therefore, by embedding principles of responsible and ethical management into ESG frameworks, companies actively preserve and propagate the founding philosophies that define their identity. This transmission ensures that sustainability is not a transient trend, but a lasting commitment grounded in responsibility toward future generations. This process strengthens emotional and cultural ties among past, present, and future stakeholders, fostering a collective mission that transcends individual leadership or market fluctuations (Jankowska & Kubala, 2024). Thus, ESG adoption becomes a powerful mechanism for embedding social and environmental responsibility within the family history, ensuring that values of care, respect, and sustainability remain central pillars and nurture a broader culture of sustainability. Furthermore, formalizing ESG practices through the creation of foundations, museums, and archives to preserve heritage and transmit family values—sometimes even family myths—plays a key role. For example, during a guided tour at the museum that chronicles the history of Firm A and its family, we learned that the founder is described as having a “*foot fetishism in creating the perfect shoe.*” This enables subsequent generations to inherit not just assets, but also a role model that exemplifies passion, dedication to beauty, perfection, and care for clients, products, family, and the firm. In doing so, it nurtures, generates, and sustains a rich cultural legacy.

5. Discussion and conclusion

This study analyses how family firms derive beneficial outcomes at the family level from adopting broad ESG practices. Family firms are known to possess distinctive capabilities that allow them to integrate ESG practices in a more authentic and idiosyncratic manner. Our findings suggest that aligning ESG principles with family firm logic generates a range of family-level outcomes. These include continuity, reinforcing the family's sustained presence in the business; cohesion, fostering unity across generations and among family and non-family stakeholders; connection, which highlights the importance of building and expanding external ties; and community,

where embedding ESG values into family logic cultivates a sustainability-oriented culture and supports the transmission of legacy. ESG integration thus emerges not only as a strategic response to external demands but also as an internal enabler of transgenerational sustainability. These findings address our exploratory research question and contribute to the growing call for deeper insight into family-level outcomes of ESG adoption in family businesses—an area initially raised by Stock et al. and more recently advanced by Waldau (2024) and Hadjielias et al. (2025) within the broader context of (un)ethical behaviour. Yet they only scratch the surface of the phenomenon. Though this study identifies various pathways through which ESG materialises into family-level benefits, it underscores the need for a deeper understanding of the family dynamics at the intersection of family and business ESG practices, sustainability and ethics (Vázquez, 2016). Gaining such clarity requires adopting a holistic perspective—one that goes beyond family-level outcomes to include the underlying family drivers of sustainable and ethical behaviour, as well as the processes through which these practices are enacted and developed. These dimensions, in turn, significantly shape business performance in multifaceted ways. Thus, this study represents only a starting point, offering significant potential to advance our understanding of how business families and family firms engage with ESG practices and the multifaceted effects these practices generate.

The present study makes several contributions to the extant literature. First, it shifts the focus from traditional business-centric perspectives of ESG adoption to emphasise the significant benefits experienced at the family level in the family business context. In so doing, it extends the emergent field of research on ESG in family firms by outlining, beyond the well-known beneficial outcomes at the business level, those identified at the family level. Furthermore, whilst earlier studies have predominantly emphasised the operational and reputational benefits for the business, our research uncovers significant family-specific outcomes that enhance the comprehension of ESG's function intertwined with the family dimension. In so doing, we show the levers through which ESG practices shape family logics characterised by shared particularised values,

belonging, affective attachment, and norms of care. Indeed, ESG engagement facilitates transgenerational continuity by formalising governance structures, clarifying roles, and supporting succession planning. These processes enable the transition of younger family members into meaningful leadership roles, thereby ensuring the preservation of the family's legacy and reinforcing intra-family cohesion. The research provides evidence that the firm's embeddedness within its local community can become a vital factor shaped by the alignment to or adoption of ESG practices.

These territorial ties have been demonstrated to enhance stakeholder trust and to amplify the social and cultural benefits of sustainability efforts, thereby creating long-term value for both the family firm and its surrounding environment.

From a practical perspective, the findings of this study offer valuable guidance for owners, managers, and consultants. Recognising that ESG practices can generate significant family-level benefits may enhance awareness among family firms and, in turn, increase their willingness to adopt a more proactive approach toward ESG-related matters. At the same time, policymakers who recognise these dynamics can design tailored initiatives to support family firms in aligning with ESG principles, while also easing the burden of mandatory sustainability regulations through more flexible and supportive frameworks. This study is not without limitations. First, the research design is exploratory and based on a selected set of comparative case studies focused on family firms identified as ESG champions. In doing so, we responded to prior calls for research by examining companies that have adopted ESG practices for at least ten years, demonstrating consistency in their sustainability behaviour. However, this approach assumes a successful and effective integration of ESG principles, which may overlook the challenges or negative consequences that can arise when such practices are poorly implemented. For example, what about greenwashing practices on family level outcomes or while our study interprets cohesion as a positive family-level outcome, it could become detrimental when taken to an extreme or when it fosters resistance to change.

Accordingly, future research should broaden the sample to include family firms that are not ESG champions, as well as those operating in different institutional and cultural contexts, given that these factors may significantly shape ESG adoption and its outcomes. Furthermore, empirical validation of our exploratory findings—such as through survey-based or mixed-methods research designs—would enable greater generalizability and a deeper understanding of the full spectrum of family-level outcomes associated with ESG practices. Second, broader ethical issues in family firms should be explored more thoroughly from an empirical standpoint. Future research could integrate constructs such as religion and spirituality, which are often deeply embedded in family firm values and may align closely with sustainability goals and ethical behaviour. As the literature suggests, family-level drivers can serve as roots of ethical conduct, and religious beliefs are among those worth investigating (Astrachan et al., 2020). Examining how such practices contribute to fostering spiritual leadership, preserving religious values within the family, and extending them into the business domain could offer a richer understanding of the ethical foundations and identity of family firms.

Furthermore, subsequent studies may wish to investigate alternative subsystems, including individual or broader contextual factors (cf. Waldau, 2024), with a view to developing a more comprehensive understanding of ESG adoption.

To conclude, we hope this study inspires further research and advances our understanding of ESG in family businesses from multifaceted perspectives, ultimately generating insights that can help family business and business families as well.

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Conclusion

The research journey undertaken in this thesis was conceived to address the fragmentation characterising the debate on sustainability within family firms, aiming to unravel the complex interplay between governance structures, generational dynamics, and socioemotional goals. By moving beyond the conventional binary comparison between family and non-family enterprises, this doctoral work has elucidated that sustainability in this context is not a monolithic outcome, but a dynamic trajectory shaped by the heterogeneity of Socioemotional Wealth (SEW) configurations. The systematic literature review presented in the first chapter laid the theoretical foundation, revealing a pervasive paradox wherein the transgenerational intent to protect family reputation often conflicts with the resource constraints or risk aversion inherent in preserving absolute control (Chrisman et al., 2015; Le Breton-Miller & Miller, 2016). This paradox served as the interpretative key for the subsequent empirical investigations, which scrutinised how generational imprinting and family governance mechanisms either exacerbate or mitigate these tensions.

From a theoretical perspective, this thesis offers three distinct contributions to the academic discourse. First, the systematisation of 145 studies into an antecedent–process–outcome model provides a comprehensive framework for understanding the micro-foundations of sustainability, highlighting how the dark side of SEW—specifically the fear of losing control—can inhibit the adoption of substantive eco-innovations despite a latent willingness to act as stewards (Berrone et al., 2010; Memili et al., 2018). Second, the empirical analysis of the Silent Generation paradox extends Upper Echelons Theory by integrating the concept of generational cohorts into the study of strategic choices (Hambrick & Mason, 1984). The findings demonstrate that demographic variables alone are insufficient predictors; rather, it is the cognitive schemes formed during specific socio-historical contexts that shape the adoption of the Circular Economy (Costanza et al., 2012). Crucially, this study reveals that family board involvement is a vital governance resource, providing the cognitive diversity and

stewardship orientation necessary to counter the inertia of older CEOs and align legacy preservation with circular innovation (Chrisman et al., 2012; Teece, 2014). Third, the qualitative investigation shifts the unit of analysis from the firm to the family subsystem, responding to recent calls for research on the non-financial outcomes of Environmental, Social, and Governance (ESG) engagement (Stock et al., 2024). By identifying the four dimensions of continuity, cohesion, connection, and culture, this thesis theorises ESG not merely as a compliance cost but as a strategic imperative that reinforces the family's transgenerational resilience and internal harmony (Waldau, 2024).

The managerial and practical implications of this research are manifold, offering actionable insights for family owners, practitioners, and policymakers. For family business leaders, the results underscore the strategic necessity of curating board composition to overcome generational cognitive biases. The evidence suggests that whilst senior leaders provide stability, their potential resistance to circular business models must be counterbalanced by active family board involvement or the integration of professional directors who can infuse dynamic capabilities and sustainability literacy (Heo & Pak, 2025; Miller et al., 2011). Furthermore, the findings indicate that ESG practices can be leveraged as practical tools for succession planning; by formalising sustainability governance, firms can create meaningful roles for the Next Generation, thereby fostering their professionalisation and commitment to the business (Gómez-Mejía et al., 2018). For policymakers, the thesis highlights the importance of recognising the domestic logic of family firms. Regulations that acknowledge the informal, territorially embedded nature of family business sustainability—rather than imposing rigid, standardised certifications—may prove more effective in mobilising these entities toward the 2030 Agenda (Richards et al., 2017).

Finally, this thesis is not without limitations, which open fertile avenues for future research. The reliance on listed companies for the quantitative analysis may reflect specific governance norms of the Italian market that do not fully transfer to unlisted or smaller entities, suggesting the need for cross-cultural validations (Cirillo et al., 2017).

Additionally, while the qualitative study identified positive family-level outcomes, it focused on ESG Champions, potentially overlooking the negative implications or greenwashing risks in firms where the dark side of SEW prevails (Elaiwu et al., 2024). Future scholarship should therefore employ longitudinal mixed method designs to track how specific governance mechanisms, such as shadow boards or family councils, bridge the gap between symbolic disclosure and substantive environmental handprints over time (Bergmann et al., 2025; Lorenzen et al., 2024). Ultimately, this thesis confirms that for family firms, sustainability is inextricably linked to the preservation of their deepest values, demanding a governance approach that balances the reverence for tradition with the courage to innovate for the future.

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