

Sustainable Certification for future Generations: The Case of Family Business

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Are family businesses more likely to adopt sustainable practices? The authors of this article decided to take that one step further and try to see what the relationship is between and owner's intention to pass a business to the next generation and the adoption of eco-certification practices. To accomplish this, they surveyed wineries (both family and non-family) in the state of California and received usable data from 281 wineries.

Based on previous research, the authors developed the following hypotheses:

- Owners that intend to pass down the business to the next generation are more likely to adopt eco-certification for their products than owners who do not intend to pass the business to the next generation.
- Owners who intend to pass down the business to the next generation will be more strongly motivated to improve the quality of their product and the economic viability of the family business.
- Since there is still some uncertainty of the value of eco-certification and when this market appeal might be realized, family business owners who intend to pass down the business to the next generation and, therefore, have a longer term vision for their business, will be more likely to invest in eco-certification for its future potential.

The results showed that overall, family businesses were no more likely to adopt eco-certification practices than non-family businesses, however, family businesses with owners who intended to pass their winery down to their next generation were significantly more likely to adopt eco-certification practices. Also, those winery owners who intend to pass their winery to the next generation had strong motivation to adopt eco-certification practices in order to improve product quality.

It was interesting to note that when it comes to market motivations, there was not a significant difference between family business owners who intend to pass the winery to the next generation and those family wineries who did not have than intention.

The Discussion section of this paper provides an excellent summary and discussion of this interesting study. Practitioners are encouraged to read this section of the article. Practitioners might also find the following blog interesting to read: http://www.huffingtonpost.com/ucla-inst-of-the-environment-and-sustainability/family-wineries-more-like_b_5523931.html. This blog discusses the results of this study and includes some interesting quotes from a family business winery owner.

This study helps to verify the importance and power of a business owner's intent to pass a family business to the next generation. The intention to pass ownership to the next generation is a defining and influential process which not only differentiates family firms from non-family firms, but also creates a unique logic within the firm that fosters long term thinking about strategic decisions.

Executive Summary prepared by Karen Vinton, Professor Emeritus, Montana State University