Drivers of Proactive Environmental Strategy in Family Firms

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In the last two decades, lot of research attention has been devoted to understand the factors that influence a firm's environmental strategy. Family business is the dominant organisation form across the world. However, studies on environment strategy have failed to take into account the effect of family involvement on a firm's environmental strategy. In this paper, the authors draw insights from the extant literature on family business and theory of planned behaviour. They propose a framework that outlines the relationship between the family firm's dominant coalition and the firm's environmental strategy.

Family Business and Environmental Strategy

Proactive environment strategy (PES) is a voluntary strategy adopted by a firm, which goes beyond regulatory compliance. Adopting PES requires positive managerial attitude, strong values toward environment preservation and resources needed to build adequate capabilities to pursue such a strategy.

The authors argue that the extent of family involvement in firm ownership and management is positively associated with favourable attitudes of the firm's dominant coalition toward preservation of environment. Family involvement also positively influences the dominant coalition's subjective norms that make firms pursue PES. Similarly, it also positively influences behavioural control by the dominant coalition to pursue PES.

Proactive Environmental Strategy as Planned Behaviour

The theory of planned behaviour posits that intentions shape actual behaviour. The dominant coalitions of those family firms that have a high level of family involvement are more likely to have stronger intentions of using the family firm as a vehicle to pursue PES, compared to the dominant coalitions of firms with low or no family involvement.

The authors suggest that in case there is a conflict within the family, the level of relationship conflict will affect the extent to which the dominant coalition can translate its intentions to pursue PES and procure the required resources and capabilities (see proposed framework in Figure 1).

Theoretical Framework

The paper focused on developing a theoretical construct on attitudes, perceptions and beliefs of the family firm's dominant coalition (see Figure 1). It suggests that future research can operationalize each construct with variables established in extant literature. For instance, measures from family business literature to understand the extent of family involvement in business and those from relationship literature to measure family conflict.

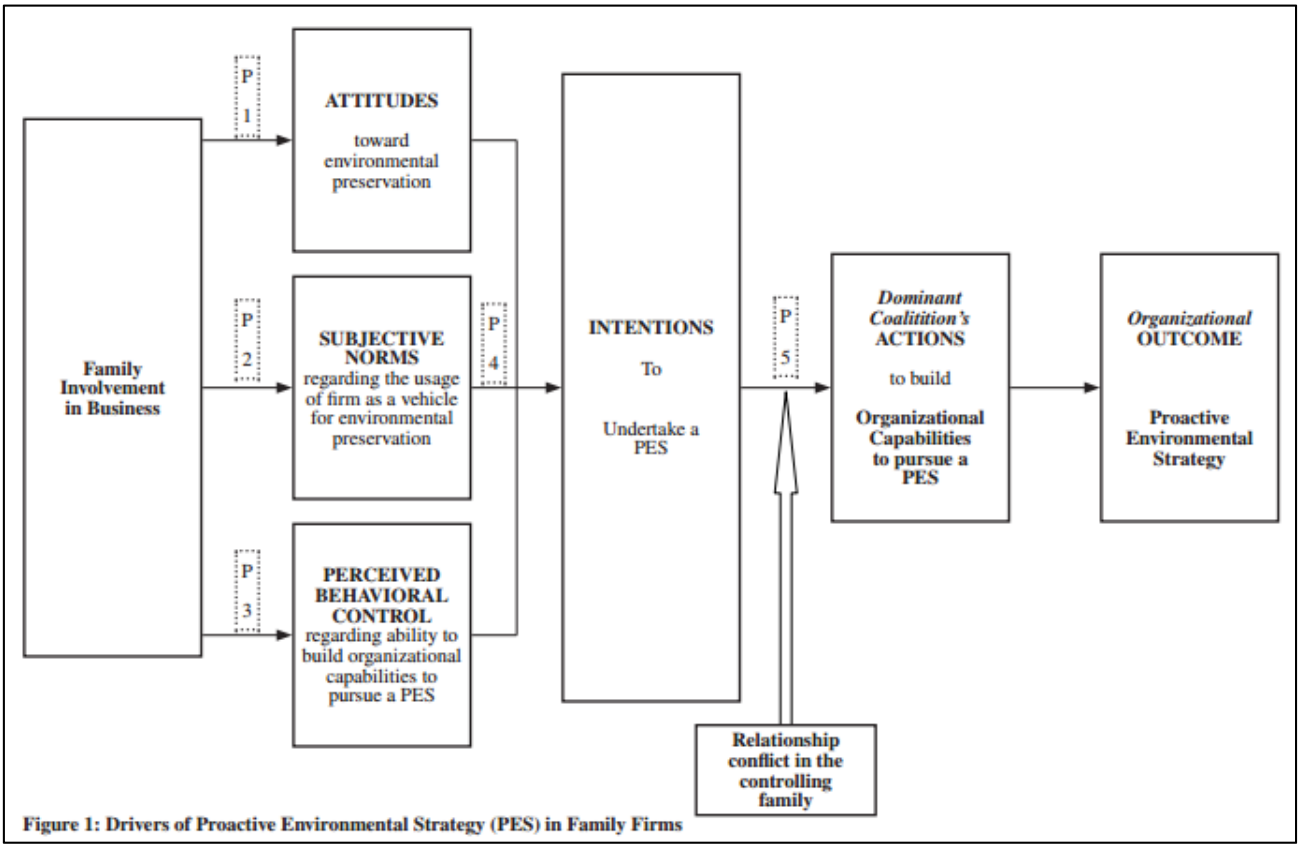

Figure 1: Drivers of Proactive Environmental Strategy (PES) in Family Firms

Practical Implications

The research has key implications for family businesses and practitioners. It is critical to promote sustainability strategy in family firms. Environmental issues are often complex and have a large impact on the society. On the other hand, family businesses are the dominant form of business organisation all across the world. Thus, in order to move towards a sustainable world, it is imperative that family firms are motivated to adopt sustainability strategy. This requires cultivating the 'right' attitude, norms that promote sustainability practices and building relevant capabilities that lead to a proactive environmental strategy. Thus, sustainability strategy needs to be intertwined in the vision and long-term roadmap of a family business.

Source: *Business Ethics Quarterly, 2011, 21(2), 309-334.*