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Navigating Stakeholder Orientation in Family Firms: A Comprehensive Study

Doctoral Thesis

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To my mother, wife, and daughter

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Introduction

Family firms, comprising a substantial segment of the global economy, display distinctive attributes that set them apart from their non-family counterparts. These firms, characterized by their unique blend of tradition, legacy, and identity, significantly influence their approach to stakeholders (Chrisman, Chua, & Sharma, 2005; Daspit et al., 2021; Marques et al., 2014; Rau et al., 2019). Embedded within the ethos of these entities is a profound commitment to stakeholder orientation, often prioritizing enduring relationships over immediate financial returns (Berrone et al., 2012; Zellweger & Nason, 2008). Despite the recognized importance of this orientation, the intricate nuances and varying implications in different contexts have not been fully explored. (Freeman, Parmar & Martin, 2019)

In the intricate landscape of global business, family firms emerge as a unique breed, blending familial values with corporate objectives. This PhD thesis, "Navigating Stakeholder Orientation in Family Firms: A Comprehensive Study," ventures into a deep and systematic examination of the complex dynamics surrounding stakeholder orientation in family firms. It aims to bridge theoretical frameworks with empirical insights and practical considerations, weaving a comprehensive narrative on the multifaceted nature of family firms' relationships with their stakeholders.

This thesis seeks to thoroughly investigate the stakeholder orientation in family firms, with a specific focus on three primary objectives:

1. The first objective of this thesis is to comprehend, analyze and evaluate stakeholder orientation in family firms. It aims to explore the essential factors and strategies that impact stakeholder orientation in these firms (Bingham et al., 2011; Déniz-Déniz et al., 2020; García-Sánchez et al., 2021)

2. This study also delves into the mechanisms that drive stakeholder orientation in family firms. The objective is to determine the fundamental factors that influence this mindset, encompassing cultural, strategic, and operational aspects, that lead to heightened stakeholder orientation within family firms. (Heino et al., 2020; Kuttner et al., 2020; Zellweger et al., 2010).

3. This thesis aims to investigates the influence of family firm identity on the way external stakeholders, specifically job seekers, perceive the company. The objective is to analyze the strategic consequences for family businesses when they align their operations with the

expectations of stakeholders in various cultural environments (Hauswald et al., 2016; Kahlert et al., 2017; Llanos-Contreras et al., 2022).

The thesis is divided in three chapter; Chapter 1: "Family Firm Stakeholder Orientation: A Review and Research Agenda" provides a comprehensive review of existing literature, synthesizing academic knowledge and identifying research gaps. It establishes a foundation for understanding family firms' unique engagement with stakeholders. Chapter 2: "Unveiling the Mechanism of Stakeholder Orientation in Family Firms" builds on the conceptual groundwork, this chapter utilizes qualitative research to uncover the key dimensions influencing stakeholder orientation in family firms, highlighting the interplay between familial ethos and business strategies and Chapter 3: "Job-Seekers' Perceptions of Stakeholder Orientation in Family Firms" shifts focus to external perceptions, this chapter explores how the stakeholder orientation of family firms impacts their attractiveness as employers, contrasting cultural perspectives between the U.S. and Germany

This thesis delves into a holistic examination of stakeholder orientation in family firms, weaving together a tapestry of theoretical perspectives and empirical research. It sheds light on the intricate ways family firms manage their stakeholder relationships. This stakeholder orientation process is deeply influenced by the interplay of family values, business objectives, and cultural norms (Chrisman et al., 2005; Zellweger et al., 2010). By exploring these dynamics, the thesis enriches our understanding of how family firms align their traditional values with contemporary business strategies to maintain stakeholder satisfaction and loyalty (Berrone et al., 2012).

"Navigating Stakeholder Orientation in Family Firms: A Comprehensive Study" offers a meticulous and insightful analysis of the complex stakeholder dynamics that are characteristic of family firms. This study enhances the current body of knowledge on family firms by review contributes to the literature by providing a comprehensive synthesis of how stakeholder orientation is conceptualized, measured, and manifested in family firms. It uniquely contributes by integrating diverse theoretical perspectives and empirical findings.

This thesis highlights the significance of aligning family firm practices with cultural and institutional expectations, particularly in a globalized business environment where cultural nuances play a crucial role in stakeholder relationships. The research findings highlight the significance of family firms successfully harmonizing their inherent family-oriented values with the professional management expectations of their stakeholders, including potential employees.

Maintaining equilibrium is crucial for both attracting and retaining skilled individuals, fostering an inclusive culture, and guaranteeing the long-term viability of the firm. The thesis offers practical insights into the management of stakeholder relationships and the effective communication of identity and values in family businesses. This demonstrates that the stakeholder orientation in family firms is not a static concept, but rather a dynamic interplay of multiple factors that require continuous attention and adaptation.

In conclusion, this thesis is a crucial and varied contribution to the field of family business research. This thesis offers a thorough framework for comprehending and overseeing the intricate connections among stakeholders in family firms and explores critical factors for ensuring the sustained success of family-owned businesses.

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Chapter 01: Family Firm Stakeholder Orientation: A Review and Research Agenda

Abstract

This systematic literature review investigates stakeholder orientation within family firms, a crucial yet underexplored area in business research. Despite the significant presence of family firms in the global economy, there is a notable gap in understanding how these firms define, measure, and implement stakeholder orientation, and how it differs from non-family firms. This study addresses four primary research questions to fill this gap: (1) How is stakeholder orientation defined and measured in family firms? (2) Are family firms more stakeholder-oriented than non-family firms? (3) What are the critical factors influencing stakeholder orientation in family firms? (4) What strategies do family firms employ to address the interests of multiple stakeholders?

This research employs a thorough examination of 47 peer-reviewed journal publications published between 1984 and 2022 to consolidate current literature and enhance our comprehension of stakeholder orientation in family firms. The results demonstrate that family firms' stakeholder orientation is frequently shaped by distinct family-centric values and long-term goals, setting them apart from non-family firms.

This research enhances the current knowledge by offering a comprehensive perspective on stakeholder orientation within the setting of family firms. This review not only addresses a significant academic gap but also offers practical implications for family business practitioners, aiming to enhance stakeholder management and sustainable business practices. Future research directions are suggested to further explore the complexities and dynamics of stakeholder orientation in family firms.

Keywords: *Stakeholder Orientation, Family firms, Systematic Literature Review.*

1. Introduction

For decades, stakeholder orientation has been a central topic in the field of management (Freeman et al., 2019). In most general sense, it is defined as the extent to which a firm considers and integrates the interest of their stakeholders in their decision-making (Berman et al., 1999; Bettinazzi & Feldman, 2021). The term ‘stakeholders’ was first coined by Freeman (1984) as any individual or group who can affect or is affected by the accomplishment of firm’s objectives.

Extensive research has been conducted over the years to comprehend the dynamics of stakeholder orientation in diverse organizational contexts. Given the distinct nature of family firms with regards to their ownership, control and management style (Daspit et al., 2021, King et al., 2021) and their approach to stakeholder management, there has been an increased interest in understanding the stakeholder orientations of in the context of family firms in recent years. (Aguilera et al., 2015; Heino et al., 2020; García-Sánchez et al., 2021).

Prior research has employed various terms to describe the concept of stakeholder orientation, including "stakeholder engagement," "stakeholder management," and "stakeholder integration." A common term used is "stakeholder salience," referring to the extent of priority given by management to competing stakeholder claims. In the current literature, "stakeholder orientation" appears to be the preferred term, and we adopt it for our theoretical and empirical analysis.

Firms with higher stakeholder orientation develop routines to build relationships, share information, and incorporate stakeholder interests into strategic decisions. This practice enhances understanding of stakeholder utility functions, leading to better resource allocation and adaptability to unexpected changes. In response, stakeholders increase their commitments and contributions to the firm, creating a virtuous cycle that contributes to governance stability.

Conversely, firms exhibiting diminished stakeholder orientation manifest constrained routines pertaining to the exchange of information and a restrained employment of consensus-based approaches in problem-solving. Stakeholders may be seen as interchangeable economic actors, engaging in transactional exchanges without mechanisms to modify value distribution based on changing needs or preferences. This approach diminishes stakeholders' willingness to disclose information and compromise during unexpected changes, resulting in a vicious cycle where firms struggle to maintain governance stability.

Understanding the stakeholder orientations of family firms has substantial theoretical and practical implications. Researchers can contribute to a broader comprehension of stakeholder theory and shed light on the complexities of family firm dynamics by examining how family businesses prioritize and engage with stakeholders. Practitioners, such as family firm owners, executives, and advisors, can benefit from learning how to effectively manage stakeholder relationships and align their firms' strategies with stakeholder interests.

Stakeholder orientation, a fundamental aspect of organizational strategy, plays a critical role in shaping business outcomes and sustainability. In the context of family firms, this orientation acquires unique dimensions due to the interplay between family and business interests. Despite the growing body of literature on stakeholder orientation, there remains a noticeable gap in comprehensively understanding its manifestation in family firms. This gap is particularly pronounced when examining how stakeholder orientation is defined and operationalized in these entities, which differ significantly from their non-family counterparts in terms of governance, objectives, and long-term strategies.

The necessity of this study arises from the increasing prominence of family firms globally, coupled with their distinctive approach to stakeholder management. Family firms are not only widespread but also exhibit a diverse range of interactions with stakeholders, influenced by their unique values, cultures, and generational perspectives. Understanding how these firms define and implement stakeholder orientation can offer valuable insights into more effective management practices and strategies that align with both business and family goals.

One significant gap in the literature is the lack of consistency in the definition of stakeholder orientation, particularly within family firms, and the methods by which stakeholder orientation is measured (Bingham et al., 2011; Cruz et al., 2014; Zellweger et al., 2010). Various articles employ differing frameworks, methodologies, and matrices to assess stakeholder orientation. This inconsistency poses a challenge for researchers attempting to compare findings across different studies. Consequently, it has become increasingly difficult to draw meaningful comparisons and conclusions (Craig et al., 2008).

Moreover, this inconsistency complicates the ability of researchers to aggregate research findings and develop a coherent theoretical framework. The primary point here is that this lack of standardization hampers our ability to formulate comprehensive guidelines for family firms that could enhance their stakeholder orientation. Addressing this gap is crucial for establishing a standardized definition and measurement approach. Such standardization would facilitate meta-analyses and longitudinal studies,

thereby contributing to a deeper understanding of how stakeholder orientations impact family firm performance over time.

The second domain where our understanding is limited, and where the literature exhibits a noticeable gap, pertains to the stakeholder orientation within family firms. While numerous studies compare the stakeholder orientation of family firms to non-family firms, there are relatively few in-depth analyses focusing specifically on the variations in stakeholder orientation within family firms themselves. Consequently, we have a limited understanding of the factors that cause variation in stakeholder orientation among family firms (Chrisman et al., 2012; Eddleston and Kellermanns, 2007; Miller et al., 2010)

Understanding these variations is crucial for both theoretical and practical reasons, as family firms are not a monolithic group. They exhibit significant variations in terms of size, generational stage, governance structure, level of family involvement, industry, and other factors, which can lead to different approaches to stakeholder management. In-depth studies that focus on these internal differences within family firms can uncover the nuances that manifest in their stakeholder orientation.

Moreover, this understanding would not only contribute to theoretical advancements but also aid in developing strategies tailored to the needs of different types of family firms. Such strategies would enhance stakeholder management practices and ultimately improve overall performance. Therefore, addressing this gap in the literature is essential for a comprehensive understanding of stakeholder orientation within family firms.

The third area that warrants greater attention is the factors influencing stakeholder orientation within family firms. While socio-emotional wealth is widely recognized as a significant factor driving family firms towards stakeholder orientation, there is still a lack of detailed exploration regarding the mechanisms through which this orientation is achieved. Specifically, the strategies and processes that family firms employ to become stakeholder-oriented are not well documented (Berrone et al., 2012; Chrisman et al., 2005; De Massis et al., 2015; Gómez-Mejía et al., 2007; Nordqvist and Melin, 2010; Zellweger et al., 2012)

Understanding these strategies is crucial for gaining deeper insights into the operational aspects of stakeholder management within family firms. By elucidating these strategies, we can provide practical guidelines for family businesses worldwide to enhance their relationships with stakeholders. Moreover,

studies focusing on the strategies employed by family firms can help bridge the existing gap by offering actionable insights that can be directly applied to real-world situations.

For instance, identifying how family involvement, governance structures, or generational transitions influence stakeholder management practices could provide valuable information. This understanding would enable the development of tailored strategies that cater to the unique needs of different family businesses, thereby improving their stakeholder management practices and overall performance.

Hence, this systematic literature review seeks to answer a number of essential research questions in order to obtain a comprehensive understanding of the stakeholder orientation of family firms. We used the following questions to guide our search.

RQ1: How is stakeholder orientation defined and measured?

RQ2: Are family firms more stakeholder oriented than non-family firms?

RQ3: What are the critical factors affecting stakeholder orientation within family firms?

RQ4: What strategies do family firms pursue to attend the interest of multiple stakeholder?

While consensus exists regarding the significance of stakeholder orientation, embedded in the stakeholder perspective of the firms (Freeman, 1984), there is no universally acknowledged definition or measurement of stakeholder orientation (Berman et al., 1999; Donaldson and Preston, 1995; Harrison, Bosse, & Phillips, 2010; Tantalo & Priem, 2014). Therefore, firstly, this review will investigate various approaches to defining and measuring stakeholder orientation.

Our second research question aims to investigate whether family firms are more stakeholder oriented than non-family firms or not. Prior research based on Socio-emotional wealth (SEW) (Gómez-Meja et al. 2007) suggest family firms are more likely to prioritize the interest of their stakeholders over their own (Chrisman et al., 2005) but in some cases may not necessarily be the case (Jaskiewicz et al., 2017; Sirmon & Hitt, 2003). Nonetheless, this review will provide a more thorough comprehension of the extent to which family firms are stakeholder oriented.

The objective of the third research question is to investigate the critical factors affecting the stakeholder orientation among family firms. Gómez-Meja et al. (2007) and Miller et al. (2016) found that family values, reputation, and legal compliance can influence the stakeholder orientation of family firms. However, this review will examine and summarize various critical factor that affect the stakeholder

orientation among family firms and the underlying factors that shape their stakeholder management practices.

The fourth research question emphasizes on the strategies, policies, and practices employed by family firms to accommodate the interests of multiple stakeholders. Prior research indicates that family firms adopt more adaptable and responsive stakeholder management practices, such as establishing symbiotic relationships with stakeholders and engaging in open and transparent communication (Berrone et al.,2012 ; Chrisman et al., 2005 ; Craig and Dibrell 2006 ; Miller and Le Breton-Miller, 2005). However, due to heterogeneity among family firms (Daspit et al., 2021), this review will provide a comprehensive comprehension of the strategies family firms employ to address the needs of their stakeholders.

By addressing these questions, this study aims to bridge the existing knowledge gap, offering a nuanced understanding of stakeholder orientation in family firms. This understanding is not only academically relevant but also holds practical implications for family business practitioners aiming to balance stakeholder interests with family and business objectives. Our aim is to advance the knowledge of how family firms manage stakeholder relationships and contribute to the larger conversation on stakeholder theory and practice by thoroughly examining the body of literature on stakeholder orientation in family firms and addressing these research questions.

Conducting a comprehensive systematic literature review encompassing 47 peer-reviewed journal articles spanning the years 1984 to 2022, this review furnishes an encompassing portrayal of the current landscape within the field of family firms' stakeholder orientation research. The primary objective underlying this review resides in the aspiration to expand the comprehension of family firms by forging a theoretical bridge between the prevailing literature on stakeholder orientation.

2. Systematic Literature Review

The methodology of this systematic literature review was meticulously designed to ensure a comprehensive and unbiased collection of relevant literature. We relied on a structured and reproducible method suggested by Tranfield et al. (2003).

2.1 Search and Selection Process

The search and selection process were guided by four consecutive steps.

1. **Identification of relevant keywords**

Our first step involved searching the keywords in titles or abstracts. To gather the most relevant articles we used various family firms (FF) related keywords including "Family Firm*" OR "Family own*" OR "Family business*" OR "Family Control" OR "Family govern*" OR "Family owned business*" OR "Family compan*".

We then linked the Stakeholder Orientation (SO) related keywords with Family firm keywords, using the "AND" Boolean operator. We used related keywords including "Stakeholder orientation", "Stakeholder management", "Stakeholder engagement", "Stakeholder* Interest*", "Stakeholder* relation*" "Stakeholder theory".

2. **Search and elimination of duplicates**

We ran different queries on Elsevier Scopus and Web of Science (WOS) database, based on the identified keywords and their plurals from 1984 to 2022. We searched within article title, abstract and keywords. The reason for choosing 1984 is because that is when the term stakeholder was coined by Freeman (1984), and 2022 is when this article was written.

To ensure quality, we only included only the top-tier management peer-reviewed journal articles (with ABS 3 to 4* ranking) thereby excluding books, book chapters and other non-refereed publications. We used the Academic Journal Guide of 2021 which was relevant at that time.

We focused on the journals in the field of Entrepreneurship and Small Business Management, General Management, Ethics, Gender and Social Responsibility, Innovation, and Strategy. For relevance and to

cover the broad nature of the topic, we restricted our search in the fields of business, management, ethics, social sciences, arts and humanities. We only included the studies that were published in English.

Overall, the initial search on Scopus, Web of science and Google Scholar results in **671 articles.** A quick review of titles, carefully reading the abstracts and focusing only on the top-tier management peer-reviewed journal articles helped us refine our selection to 58 articles.

3. Hand searching and citation tracking

Finally, through manual search and citation tracking we were able to find additional 19 relevant papers. Hence, we ended up with 77 articles for this review Table A provides the Scopus and Web of Science initial search results

4. Full text assessment

By reading full text of all the remaining 77 articles. We selected 47 articles for our final sample for this review. Out of which 37 are quantitative papers, 07 theoretical and conceptual papers, 02 qualitative studies and 01 mixed method paper.

The papers were published in the 21 different journals: Entrepreneurship Theory and Practice (n = 11), Journal of Business Ethics (n = 8), Journal of Family Business Strategy (n = 4), Family Business Review (n = 3), Administrative Science Quarterly (n = 3), Journal of small business and enterprise development (n = 2), Journal of Business Research (n = 2), and one paper from all other 14 remaining journals. Figure 01 provide the list and frequency of all journals, where the selected articles are published

Figure 01: List of journals, where the selected articles are published

2.2 Coding Protocol and Analysis Method

To analyze the selected articles, we employed a rigorous six-step coding protocol designed to ensure a comprehensive and systematic review of the literature. This protocol involved meticulously documenting various attributes and synthesizing key insights from each study.

1. General Attributes

We documented the fundamental attributes of each article to understand the breadth and scope of the literature reviewed. This step involved:

- Publication Year: Recording the year each article was published to identify trends and developments over time.
- Journal Source: Noting the academic journal in which each article appeared, and authors, helping us assess the quality and focus of the publication outlets.
- Unit of Analysis: Identifying whether the study focused on individual firms, industries, regions, or other units.
- Research Question: Summarizing the primary research question or hypothesis addressed by each study.
- Aim of the Study: Describing the main objectives and goals of the research.
- Focus of Research: Indicating whether the study compared family firms with non-family firms or focused solely on family firms.
- Types of Stakeholders Considered: Categorizing the stakeholders examined (primary stakeholders such as employees, customers, and suppliers, or secondary stakeholders such as competitors, government, and community).

2. Research Methodology

We systematically recorded the methodological details of each study to understand the research approaches and data sources used. This step involved:

- Research Methodology: Classifying each study as qualitative, quantitative, or mixed-method.

- Sample Size: Documenting the number of firms, individuals, or data points included in the study.
- Country of Study: Noting the geographic location(s) where the study was conducted to identify regional trends and biases.
- Dependent Variables: Listing the main outcomes or dependent variables examined.
- Independent Variables: Identifying the key predictors or independent variables.
- Control Variables: Recording any control variables used to account for potential confounding factors.

3. Definition and Measurement of Stakeholder Orientation

We focused on understanding how stakeholder orientation was defined and measured in each study. This step involved:

- Explicit or Implicit Definitions: Identifying whether stakeholder orientation was explicitly defined or implied through the study's context.
- Measurement Methods: Documenting the specific metrics, scales, or indices used to measure stakeholder orientation, including direct measures (e.g., survey responses) and indirect measures (e.g., CSR performance indicators).

4. Drivers of Stakeholder Orientation

We examined the underlying drivers of stakeholder orientation in family firms to understand the motivations and rationales behind their stakeholder management practices. This step involved:

- Theoretical Frameworks: Identifying the theoretical perspectives and frameworks used to explain stakeholder orientation (e.g., Socio-Emotional Wealth, Stakeholder Theory, Stewardship Theory).
- Rationale and Arguments: Summarizing the key arguments and rationales provided by the authors to explain why family firms engage in stakeholder-oriented behaviors.
- Contextual Factors: Noting any contextual factors (e.g., firm size, industry, generational stage) that influence stakeholder orientation.

5. Stakeholder Management Practices

We documented the specific policies, practices, and systems that family firms employ to become stakeholder-oriented. This step involved:

- Policies: Identifying formal policies related to stakeholder management, such as CSR policies, employee engagement programs, and community involvement initiatives.
- Practices: Recording practical actions and initiatives undertaken by family firms to engage with stakeholders, such as regular communication with stakeholders, transparent reporting, and collaborative decision-making.
- Systems: Noting any systems or structures in place to support stakeholder management, such as dedicated CSR departments, stakeholder committees, and performance monitoring systems.

6. Key Findings and Outcomes

We summarized the key findings and outcomes reported in each article to synthesize the overall contributions of the reviewed literature. This step involved:

- Main Findings: Highlighting the primary conclusions and results of each study.
- Implications: Discussing the theoretical and practical implications of the findings, noting how they contribute to the understanding of stakeholder orientation in family firms.

This comprehensive coding protocol enabled us to systematically analyze and synthesize the literature on stakeholder orientation in family firms, providing a robust foundation for our research agenda. To ensure consistency and reliability, two authors independently coded each article. Following this, we compared respective codes, and in case of any discrepancies, we engaged in thorough discussion until we reached a consensus on which coding to employ.

2.3 Comprehensive Analysis of the Literature

we recorded the research methodology employed in each article (Qualitative, Quantitative or Mixed method). We also documented the details such as the sample size and country, dependent variable, independent variables, and control variables. The final sample of 47 selected articles comprises of 37 quantitative papers, 07 theoretical and conceptual papers, 02 qualitative studies and 01 mixed method paper.

The analysis of the selected articles reveals several key trends, patterns, and divergences in the literature on stakeholder orientation in family firms. This section provides a detailed synthesis of these findings.

The majority of studies (37 out of 47) employed quantitative methodologies, highlighting a preference for statistical analysis in exploring stakeholder orientation. These studies primarily used surveys and secondary data sources to gather information. Quantitative methods allowed researchers to measure stakeholder orientation across large samples and draw generalizable conclusions.

The dominance of quantitative research underscores the need for numerical data to establish patterns and correlations in stakeholder orientation. However, this also indicates a potential gap in qualitative insights, which can provide deeper understanding through narrative and contextual analysis.

A significant number of studies (e.g., Berrone et al., 2012; Gómez-Mejía et al., 2007) emphasized the importance of SEW in influencing stakeholder orientation. This trend underscores the centrality of family-centric values and long-term goals in shaping stakeholder management practices. SEW elements such as family control, emotional attachment, and generational continuity were frequently highlighted as key drivers of stakeholder orientation.

The focus on SEW highlights the unique motivations of family firms in managing stakeholder relationships. It also suggests that interventions aimed at enhancing stakeholder orientation in family firms should consider these intrinsic family values and long-term goals.

Most studies were conducted in Western countries, particularly the United States and Europe. This geographic concentration suggests a need for more research in diverse cultural and economic contexts to understand stakeholder orientation in family firms globally. The limited representation from other regions may affect the generalizability of the findings.

Geographic concentration indicates potential cultural biases in the existing literature. Expanding research to include family firms from diverse cultural and economic backgrounds can provide a more comprehensive understanding of stakeholder orientation practices and challenges globally.

Several studies compared stakeholder orientation between family and non-family firms (e.g., Cruz et al., 2014; Bingham et al., 2011), revealing mixed results. While some found family firms to be more stakeholder-oriented due to their SEW, others noted lower engagement in sustainable practices. These mixed findings highlight the complex and context-dependent nature of stakeholder orientation in family firms.

Comparative analysis offers valuable insights into the differences and similarities between family and non-family firms. However, the mixed results suggest that further research is needed to understand the underlying factors contributing to these differences, such as industry, firm size, and market conditions.

The reviewed articles frequently used theoretical frameworks such as SEW, Stakeholder Theory, Stewardship Theory, and Agency Theory to explain stakeholder orientation. These frameworks provided diverse perspectives but also highlighted the need for integrative approaches that consider multiple dimensions of stakeholder management.

The use of varied theoretical frameworks indicates the richness of perspectives in studying stakeholder orientation. Integrative approaches that combine elements from different theories could offer a more holistic understanding of stakeholder management in family firms.

Divergences and Inconsistencies

Some studies (e.g., García-Sánchez et al., 2021) reported higher stakeholder orientation in family firms compared to non-family firms, while others (e.g., Miroshnychenko and De Massis, 2022) found the opposite. These inconsistencies suggest the influence of contextual factors such as industry, firm size, and market conditions.

Inconsistent findings highlight the need for more nuanced research that considers the specific contexts in which family firms operate. Future studies should explore the conditions under which family firms exhibit higher or lower stakeholder orientation.

Different studies used varied metrics to measure stakeholder orientation, leading to challenges in comparing results. For instance, some relied on direct measures (e.g., surveys on stakeholder engagement), while others used indirect measures (e.g., CSR performance indicators).

Variation in measurement approaches underscores the importance of developing standardized metrics for stakeholder orientation. Consistent measurement tools would facilitate more accurate comparisons and meta-analyses, contributing to a clearer understanding of stakeholder orientation.

Few studies conducted in-depth analyses within family firms to explore internal variations in stakeholder orientation. This gap highlights the need for research that considers factors such as generational stage, governance structure, and family involvement.

Exploring internal variations within family firms can reveal the diverse approaches to stakeholder management. Understanding these variations can inform tailored strategies that address the unique needs and challenges of different types of family firms.

The predominance of quantitative research leaves a gap in qualitative insights. In-depth interviews and case studies could provide a richer understanding of the processes and lived experiences underlying stakeholder orientation in family firms.

Qualitative research methods, such as in-depth interviews and case studies, can offer valuable contextual and narrative insights. These methods can uncover the nuanced, subjective experiences of family firm stakeholders, enhancing the depth of understanding in the field.

3. Descriptive results

3.1 Defining and Measuring Stakeholder Orientation

There are various perspectives and debates on what constitutes stakeholder orientation but the source of all these debates is linked with the pioneering concept proposed by Freeman (1984) where they defined the explained the concept of stakeholders and the need to manage them. According to Freeman (1984) stakeholders can be defined "as any individual or group who can affect or is affected by the attainment of firm's objectives".

He divided the stakeholders into two groups primary (Narrow Sense) stakeholders and secondary (Broad Sense) stakeholders. The Primary stakeholders are those groups are individual without which the continued survival of an organization is not possible. Primary stakeholders include Employees, Customers, Suppliers, Financiers, Local Communities, and others, in this sense. The Secondary stakeholders are groups and individual which can affect or is affected by the achievement of organization's objective. Secondary Stakeholders include Competitors, Government, Consumer Advocate Groups, Special Interest Groups, Media, and others, in this sense.

According to Freeman (1984) and Freeman et al. (2010), organizations have a responsibility to consider and manage the interest of all these stakeholders. They argued that the stakeholder-oriented approach will promote a balance and sustainable approach to business and can lead to better long-term performance. Similar philosophy towards stakeholders was echoed by Donaldson and Presto (1995). They supported the descriptive accuracy, instrumental power, and normative validity of stakeholder-oriented perspective. They proposed that how managers 'should' deal with various stakeholders of the firm is crucial and managers should proactively address the interests of stakeholders.

From the perspective of factors pushing firms to consider and integrate the interests and needs of their stakeholders, there are two competing views. The first, referred to as the Strategic Stakeholder Management Model, suggests that firms are compelled to manage stakeholders due to the interdependence between the firm and its stakeholders and the instrumental value they provide for maximizing profits (Berman et al. 1999; Donaldson and Preston, 1995). Under this model, the interests and concerns of stakeholders are included in the decision-making process only if they have strategic significance.

The second framework, referred to as the Intrinsic Stakeholder Commitment Model, posits that managers feel a fundamental moral obligation towards their stakeholders because the firm's decisions have a direct impact on their well-being (Donaldson and Dunfee, 1994). Unlike the strategic model, this approach emphasizes a moral responsibility towards stakeholders and suggests that firms should prioritize their needs and interests in decision-making.

Family firms are often regarded as exhibiting distinctive behaviors that originate from the complex interplay and dynamics between the family, internal and external stakeholders. (Chua et al., 1999). Deniz and Suarez (2005) were the first one debate on the stakeholder orientation in the context of family firms. Their study found that family firms with a philanthropic approach to CSR had a higher degree of generational evolution, a higher percentage of family ownership, but also the highest percentage of non-family CEOs. The philanthropic approach is associated with a broader vision of social responsibility, which could be based on the values supported by the families or the ideas of professional managers.

However, the family firms in this group do not have a clear perception of the benefits/costs of social involvement, which could limit their competitive advantage in this area. The other groups of family firms (classic and socio-economic) have a narrow vision of CSR and perceive limited benefits from social involvement.

3.1.1 Defining Stakeholder Orientation

Scholars have proposed various definitions of stakeholder orientation that reflect the distinctive characteristics and perspectives of family firms. Stakeholder orientation is commonly defined as the extent to which family firm actively consider and incorporate the interests of their stakeholders in their strategic decisions and actions. This viewpoint highlights the proactive engagement and responsiveness of family firms towards stakeholders, emphasizing the significance of balancing the demands of multiple stakeholders.

Stavrou et al. (2007) was the first study in highly ranked journal in the context of family firm to use the term stakeholder orientation. Adopting from the work of Berman et al. (1999), They define stakeholder orientations as the genuine and moral commitment of a family firms to treat them like family, regardless of the expected benefits. They explicitly recognize the interdependence of these interests.

Stakeholder orientation has been defined as the capability (Chirco and Salvato, 2008); degree or extent (Le Breton-Miller et al., 2011); willingness (Dou et al., 2014); commitment (Jain and Shao, 2015); sensitivity (Cox et al., 2022); to recognize and actively manage (Bingham et al. 2011); engage with and value (Gamble et al. 2021); consider and address (Dou et al. 2004); create and include (Mullins and Sohar 2016); prioritize (Bettinazzi and Feldman 2012); balances (Berrone et al. 2010); preserves (Chrisman et al. 2012); take initiative and adopt (Berrone et al. 2022) the interest and well-being (Zellweger and Nason 2008); needs and expectations (Sirmon and Hitt 2003); building strong and positive relationship (Cennamo et al. 2012) and importance (Deniz and Suarez 2005) of a broad range of stakeholder in their decision making. Table 1 provides the sample of unique definitions in the context of family firms, we found during this review.

Table 1: Sample Definitions of Stakeholder Orientation in Family Firms

Year	Authors	Journal	Stakeholder Orientation Definition
1999	Berman et al.	Academy of Management Journal	The extent to which firm actively manages its relationship with its stakeholders
2008	Zellweger and Nason	Family Business Review	The inclination of a firm to satisfy the expectations of its stakeholders, with performance outcomes.
2010	Berrone et al.	Administrative Science Quarterly	The extent to which firms consider the interests of multiple stakeholders and behave in ways that take these interests into account.
2011	Bingham et al.	Journal of Business Ethics	The motivation of a firm to engage and focus on the claims of stakeholders.
2012	Cennamo et al.	Entrepreneurship Theory and Practice	The proactive approach by the firm to identify concerns, anticipate the requirements of key stakeholders, and enhance their well-being through the consolidation of substantive practices aimed at improving stakeholder relationship.
2012	Chrisman et al.	Entrepreneurship Theory and Practice	The extent to which a family firm is willing to balance economic and non-economic goals, which reflecting on the unique interest of various stakeholders
2017	Bettinazzi & Zollo	Strategic Management Journal	The attention of a firm towards its stakeholders and intension to integrate their interests and knowledge in its decision making.

2020	Bettinazzi & Feldman	Academy of Management Journal	The focus of a firm's attention to prioritize and incorporate the interests of diverse stakeholders within the decision-making process.
2020	Henio et al.	Journal of Family Business Strategy	The acknowledgement of diverse needs and interests among stakeholders, while assuming a proactive role in creating value within stakeholder relationship.
2020	Déniz-Déniz, Cabrera-Suárez, and Martín-Santana	Journal of Business Ethics	The manifestation of a firms cognitive, affective, and behavioral attachment that ensures appropriate allocation of attention to meet the requirements of each stakeholder.
2021	Garcia-Sanchez et al.	Business Strategy and the Environment	The proclivity, sensitivity, responsiveness, and active involvement to effectively satisfy the needs and interests of stakeholders.
2022	Miroshnychenko and De Massis	Technological Forecasting and Social Change	The extent to which firms incorporate environmental, social, and governance (ESG) considerations into their decision-making processes and consider the interests of all stakeholders

Hence, we define Stakeholder-Orientation as a multifaceted concept that involves the active management and perseverance of the interest and expectations of a broad range of stakeholders. It also entails taking initiative and adopting stakeholder perspectives and acknowledging the importance of stakeholders in decision-making. Overall, stakeholder orientation reflects a firm's orientation towards managing its relationships with stakeholders, and it encompasses various dimensions that emphasize the importance of stakeholder engagement, consideration, and satisfaction for long-term success.

However, the models and approach towards stakeholder orientation may vary among the family firms. Berman et al. (1999) investigates and confirms the significance of stakeholder orientation. They proposed to distinct models of stakeholder orientation.

1. Instrumental Model: In this model, the firm embraces stakeholder orientation with a sole desire of maximizing the profits. Since, the stakeholders possess and control critical resources

considering their needs and interests may result in benefits such as legitimacy, reputation, credibility, and enhanced employer attractiveness.

2. Normative Model: In this model, the firm advocates stakeholder orientation based moral, intrinsic, philosophical commitments to maintaining relationship with stakeholders. The aim is to align with the needs and interests of stakeholders to achieve substantive social improvement such as by providing housing, improving public health, managing ecosystem, or offering emergency relief.

And Sharma & Sharma (2011) proposed that stakeholder orientation of the firm can be broadly placed along a continuum from reactive to proactive.

1. Reactive Approach: This approach primarily focuses on meeting the needs and interest of stakeholders on a superficial level rather than a substantive response. Such as reactive strategies to include pollution control actions or contributions to non-governmental charities without further involvement.
2. Proactive Approach: This approach primarily focuses taking comprehensive proactive actions aimed at anticipating and accommodating the needs and interests of stakeholders. It encompasses all policies, practices and systems implemented by the firm to identify issues of significance to key stakeholders and enhance their well-being to improve firm-stakeholder relationship.

Based on the discussion above, we propose four broader yet distinct categories of stakeholder orientation within the family firms.

		Stakeholder Orientation Models	
		Instrumental Model	Normative Model
Stakeholder Orientations Approaches	Reactive Approach	Pragmatic Stakeholder Orientation	Philanthropic Stakeholder Orientation
	Proactive Approach	Collaborative Stakeholder Orientation	Value-Driven Stakeholder Orientation

Figure 02: Different combinations of Stakeholder Orientations

3.1.2 Measuring Stakeholder Orientation

In the context of family firms, several quantitative measurement methods have been employed to measure stakeholder orientation. These approaches seek to capture the multidimensional nature of stakeholder orientation and elucidate the extent to which family firms prioritize stakeholder interests.

Direct Measurement of Stakeholder Orientation

A pioneering study by Wang & Dewhirst (1992) sought to directly measure stakeholder orientation of board of directors. Their objective was to compare the level of stakeholder orientation between inside directors and outside directors. To comprehensively capture the range of stakeholders proposed by Freeman (1984), the researchers developed a thirteen-item scale encompassing five stakeholder groups including customers, employees, shareholders, community, and government.

Participants were asked to rate, on a five-point scale ranging from “never” to “all of the time”, their perception regarding the extent to which the firm should respond to the interests and expectations of various stakeholders. For example, one item assessed the firm’s provision of financial support for philanthropic and charitable activities while another investigated about the firm’s provision of opportunities for employees to participate in decision making.

Patel et al. (2016) measured both responsive and proactive components of a firm approach towards various demands of four primary stakeholders including customer orientation (16 items), competitor Orientation (15 items), employee orientation (16 items), and shareholder orientation (14 items). Some of the measurement scale of responsive items included analyzing customer satisfaction, monitoring competitor performance, rewarding employee performance, and providing information to shareholders.

Additionally, the researchers evaluated the proactive dimension such as the plans to satisfy future customer needs, strategies to outperform competition, initiatives for career progression, and efforts to enhance shareholder relations.

In a recent study published in the Academy of Management Journal, Bettinazzi & Feldman (2021**)** also employed a direct measure of stakeholder orientation, which reflect the degree to which a firm takes in account the needs and interests of its stakeholders. To operationalize the concept, the researchers utilized the items from Asset 4 database to construct thirty-four – item scale.

The scale aim at measuring the stakeholder orientation of the firms across five categories: customers (6 dummy items), suppliers (5 dummy items), employees (10 dummy items), Local communities (9 dummy items), and shareholders (4 dummy items). Sample items included evaluating the existence of job security policy or the firm's monitoring of shareholder rights.

Indirect measures of Stakeholder Orientation

- **Corporate Social Responsibility**

Several studies have used indirect approach of measuring stakeholder orientation. The most frequently utilized are the various versions related to Corporate Social Responsibility. 'Corporate Social Responsibility (CSR)' using Thomson Reuters ASSET 4 database (Bettinazzi and Zollo, 2017 & Brahem et al., 2022) 'Corporate Social Performance (CSP)' utilizing the dimension of social initiatives and social concerns from KLD Database (Bingham et al., 2011 & Dyer and Whetten, 2006) and the stakeholders dimensions using SiriPro Database (Labelle et al., 2018).

Other approaches include 'CSR Performance' using the EIRIS dataset (García-Sánchez et al., 2021) and using KEJI Index (Kim and Lee, 2018), as well as the 'CSR Commitment' using EIRIS Database (Neubaum et al., 2012).

Déniz and Suárez (2005) explored stakeholder orientation through the examination of 'Approach towards CSR' by focusing on the cost of CSR (referred as narrow vision) and the benefits of CSR (referred as

broad vision). Ahmed et al. (2020) developed 'CSR scale' based on five dimensions. The fifth dimension in the study focused on the context of a Muslim country relating to paying zakat and Sadaqat. Campopiano and De Massis (2015) analyzed the 'CSR Reporting'. Sekerci et al. (2022) investigated the 'Market Reaction to CSR News'.

- **Sustainability Practices**

Miroshnychenko and De Massis (2022) employed three dimensions of 'Sustainability Practices' based on the ASSET 4 Database. These dimensions include pollution prevention (10 dummy items), green supply chain management (4 dummy items), and green product development (3 dummy items). For example one aspect assessed whether the firm has implemented processes to improve emission reduction.

In a similar manner, Memili et al. (2018) also used 'Sustainability practices' by examining on a ten-item scale to determine whether the firm has followed those sustainability practices. This includes aspects such as the implementation of long-term sustainability system or seeking external assistance for sustainability initiatives.

Huang et al. (2009) focused on two dimensions of green innovation adoption, adoption of green technical innovation (five items) and adoption of green administrative innovations (six items). Berrone et al. (2010) used environmental performance as a measure to gauge the stakeholder orientation of the firm. They employed the Human Toxicity Potential (HTP) as a metric, which measures toxicity in terms of benzene equivalence or toluene equivalence.

Furthermore, Berrone et al. (2022) examined the environmental initiatives, specifically determining if the firm possesses ISO 14001 Certification. Lastly, Zellweger and Gond (2017) inspected the investment in sustainability certifications, exploring whether the firms have partnered with Fairtrade International (FLO), UTZ Certified, and/or affiliated with the Rainforest Alliance.

- **Social Practices**

Cruz et al. (2014) examined 'Social Practices' using the CSRHub methodology maps, which divide stakeholder in five categories, two related to internal stakeholder (employee and governance), and three related to external stakeholders (customer, community, and environment). In a different study, Cox et al. (2022) used a four-item satisfaction-based scale of 'Social Performance' to assess the level of satisfaction of participants with the firm's services, programs, resources, and fulfillment of needs and interest of stakeholders.

- **Employee Friendly Policies**

Kang and Kim (2020) developed an 'Employee Treatment Index (ETI)' using KLD Database. The researchers consolidated the strengths and concerns associated to six dimensions of employee relations, including Employee Involvement, Union Relations, Retirement Benefits, Health and Safety, Cash Profit Sharing, and others. A Higher index score indicates a greater investment in employee relations and, consequently, a higher level of stakeholder orientation.

Stavrou et al. (2007) measured stakeholder orientation through the lens of 'Employee and Community Friendly Policies'. Using the KLD Database, the researchers identified six dimensions (Traditional charitable donations, non-traditional charitable donations to support non-profit organizations, exceptional family benefits or programs addressing work/family concerns, cash profit-sharing programs to the majority of a firm's workforce, employee involvement, and the existence of a robust retirement benefits program.

Mullins et al. (2016) employed the 'Commitment to Human Resource Practices (CHRP)' framework, which focused on the employee involvement dimension from the KLD Database. This included indicator such as stock ownership, gain sharing, and participation in decision making. Similarly, Amato et al. (2021) and Van Essen et al. (2016) utilized the 'Propensity to Downsize' as a measure of concern for stakeholder interest. Neubaum et al. (2012) focused on 'Concern for employees and Concern for environmental stakeholders', while Jaskiewicz et al. (2017) analyzed the CEO incentive compensation.

- **Other Approaches to Measure Stakeholder Orientation**

Additional efforts to measure stakeholder orientation include the 'Stewardship/Agency Index' based on factors such as research and development, Cash holding, and Unsystematic Risk etc. (Le Breton-Miller et al.,2011). Corporate Charitable Donations has also been used as an indicator (Dou et al. 2019), as well as the Ratio of Charitable donations and Community Contributions (Sahasranamam et al. 2020).

Moreover, studies have explore stakeholder orientation through the analysis of 'Financing Behavior after going public' (Jain and Shao, 2015), 'Performance during financial distress' (Gómez-Mejia et al., 2022), 'Consumer perception of doing good' (Schellong et al., 2019), 'Job seeker perception' (Hauswald et al., 2016), Establishment of corporate goals related to nonfamily stakeholders (Cabrera-Suárez et al., 2015), Orientation towards key nonfamily stakeholders (Déniz-Déniz et al., 2020), family centered non-

economic goals Chrisman et al., 2012), management approach and business philosophy of the CEO (Mullins and Schoar, 2016)

Similarly, there are a limited number of studies that have qualitatively examined stakeholder orientation in the context of family firms. One notable recent work is done by Henio et al. (2020) directly studied stakeholder orientation. The study employed an inductive multiple-case study approach. The researchers interviewed 16 Finish Listed Family Firms across various sizes and industries. The Stakeholder Orientation dimensions that emerged during their iterative process including Business and Society, Customers, Employees, Collaborators and Minority Shareholders. The emergent second-order themes highlighted the importance of societal role, building trustworthy partnership with customers, commitment to employees, guaranteeing dividends and establishing a credible business name.

In a different perspective, Gamble et al. (2021) investigated stakeholder orientation through the lens of value co-creation with external stakeholders. The researchers adopted interview based multiple case studies to understand three aspects of stakeholder orientation, process of value creating, role of external stakeholders, and mechanism of value co-creation for end consumers.

Furthermore, Serna et al. (2022) explored the identification, prioritization and dependence of stakeholders. Their study employed a multiple-case study design involving interviews with six Australian food companies. The researchers measured stakeholder orientation by examining the dependency level on suppliers, employees, and customers.

3.2 Comparing Stakeholder Orientation

This section deals with the long-standing debate about whether the family firms more stakeholder oriented than nonfamily firms. In a more recent study by García-Sánchez et al. (2021) using an international sample of 956 listed firms across 29 countries and 18 industrial sectors over the period of 2006-2014 reveals that family firms have a higher level of stakeholder orientation than nonfamily firms. This is largely because family firms put greater emphasis on social and emotional aspects rather than economic gains. And this is also true in hostile market conditions, family firms are more likely to integrate the needs and expectations of stakeholders in their strategic decision making than nonfamily firms.

In contrast, Miroshnychenko and De Massis (2022) conducted a study utilizing a global sample of 2032 enterprises from 45 countries and 19 industrial sectors between 2007 and 2014. Their findings indicate that family firms consistently exhibit lower performance in terms of sustainable policies. The influence of family has a negative impact on practices related to pollution avoidance, green supply chain management, and green product creation. On average, family-owned businesses are less likely to engage in these activities. Therefore, it can be inferred from the researchers' findings that family enterprises exhibit a lower level of concern towards the demands and expectations of its stakeholders and are less inclined to include their interests into strategic decision-making compared to nonfamily firms.

Out of the selected 39 quantitative papers 25 studies have directly compared family firms with nonfamily firms with regards to their stakeholder orientation, Table 2A includes quantitative studies comparing family vs nonfamily firms along with theoretical approach used, comparison factor and key findings, Table 2B provided the list of 12 quantitative studies focus on factors that explain the differences in stakeholder orientation within the family firms. Table 2C talks about 07 theoretical and conceptual studies analyzing differences within family firms along with theoretical approach used and key findings. Table 2D analyze qualitative studies analyzing differences within family firms along with heoretical approach used, differentiating factor, and key findings. Finally, Table 2E mentions the mixed method study analyzing differences within family firms including theoretical approach used, comparison factor and key findings.

Table 2A: Quantitative Studies comparing family vs nonfamily firms - Theoretical approach used, comparison factor and key findings

Authors	Theoretical Approach*	Comparison factor	Key Findings
Amato et al. (2021)	Organization Identity Theory, Territorial Embeddedness	Downsizing	• Family firms demonstrate a lower propensity to engage in downsizing during periods of global financial crises than nonfamily firms. • The territorial embeddedness of family firms exerts a positive influence on their resilience against downsizing during times of adversity.
Berrone et al. (2010)	SEW Approach	Environmentally Friendly Practices	• Family firms are more inclined to respond to institutional pressure by embracing environmentally friendly practices, resulting in lower levels of pollution than nonfamily firms. • The positive impact of family firms on environmental performance is maintained consistently, irrespective of the familial status of the CEO or if the CEO assumes dual roles, both as the CEO and the board chair.
Berrone et al. (2022)	Institutional Theory and Property Rights	Norm-Conforming Environmental Initiatives	• Family firms are more likely to adopt norm-conforming environmental practices than government owners and institutional investors.

			• Under weak property rights condition, family firms have high adoption of environmental initiatives (proxied by ISO 14001 certification) in emerging markets like China.
Bingham et al. (2011)	Organization Identity Theory, Stakeholder Theory	Corporate Social Performance	• Family firms adopt more relational orientation towards stakeholders thus exhibit higher levels of corporate social performance than nonfamily firms. • Level family and founder involvement is correlated with the type and frequency of social initiative and social concerns undertaken by family firms.
Brahem et al. (2022)	SEW Approach	Earnings Quality	• Family firms with strong commitment to corporate social responsibility tend to have higher positive effect on earning quality compared to nonfamily firms. • CSR engagement positively impacts the financial reporting quality in family firms, leading to improved earing quality.
* Cruz et al. (2014)	Organization Identity Theory, SEW Approach, Stakeholder Theory	Socially Responsible	• Family firms do not demonstrate higher levels of social responsibility compared to nonfamily firms. Family firms tend to neglect the internal social dimension. • Family firms are also not significantly different form nonfamily firms in terms of external stakeholders and tend to reduce externally oriented social activities when faced with decline in performance.

Dyer and Whetten (2006)	Social Identity Theory	Socially Responsible	• Family firms are more socially responsible then nonfamily firms along several dimensions especially product, environment, and employee concerns. • Family firms demonstrate a higher proficiency in mitigating social concerns as compared to nonfamily counterparts
García-Sánchez et al. (2021)	SEW Approach	Stakeholder Orientation	• Family firms exhibit higher stakeholder orientation in response to environmental hostility than nonfamily counterparts. • Family firms demonstrate superior levels of CSR performance, and greater propensity to act responsibly and care for their stakeholders under hostile market conditions than nonfamily firms.
Gómez-Mejia et al. (2022)	Behavioral Agency Theory, SEW Approach	Risk-Performance Returns	• Family firms exhibit a higher likelihood of achieving superior returns from risk during periods of financial distress compared to non-family firms. • In the face of adversity, family firms tend to prioritize financial objectives and assume a more risk-seeking behavior, resulting in convergence with non-family firms as their performance declines.
Hauswald et al. (2016)	Person-Organization Fit	Job Attractiveness	• Family firms exert a greater appeal to job seekers, leading to a higher likelihood of entering employment contracts, particularly when compared to non-family firms. • The attractiveness of family firms is more pronounced in adverse economic conditions and among job applicants who prioritize conservation or self-transcendence values.

Huang et al. (2009)	Stakeholder Salience, Stakeholder Theory	Green Innovation Adoption	• Family firms exhibit a higher propensity to embrace green innovation and actively participate in environmentally sustainable practices compared to non-family firms. • Family firms demonstrate a greater emphasis on internal stakeholders relative to their nonfamily counterparts.
* Jain and Shao (2015)	Agency Theory, SEW Approach	Financing Choices Post-IPO	• Family firms are more inclined towards adopting conservative financial policies when compared to nonfamily firms, which is reflected in their elevated levels of post-IPO leverage and long-term debt structure. • Family firms exhibit a greater reluctance to raise external capital and higher investment sensitivity to internal cash flow, leading to inadequate levels of investment.
Kang and Kim (2020)	Contract Theory, Theory of the firm	Investment in Employee Friendly Policies	• Family firms prioritize allocating significant investments towards employee-friendly policies, regardless of constraints such as short-term investor pressure, managerial myopia, and managerial agency difficulties. • Family firms exhibit heightened investment in employee relations, particularly in labor-intensive industries, throughout the initial phase of their life cycle.
* Kim and Lee (2018)	Agency Theory, SEW Approach	Corporate Social Performance	• Family firms demonstrate lower levels of corporate social performance, particularly in the domain of corporate governance, as compared to nonfamily firms in South Korean context. • Family firms led by family CEOs exhibit comparatively lower levels of corporate social performance in comparison to firms managed by chaebol executives.

* Labelle et al. (2018)	Agency Theory, SEW Approach	Corporate Social Performance	• Family firms display lower levels of corporate social performance (CSP) when compared to nonfamily firms. Additionally, there exists a curvilinear relationship between family control and CSP. • Family firms situated in countries that prioritize stakeholder interests tend to show higher responsiveness to social issues compared to those in nations with a shareholder-centric approach.
* Miroshnychenko and De Massis (2022)	SEW Approach	Sustainability Practices	• Family firms exhibit a lower degree of engagement in pollution prevention, green supply chain management, and green product development practices compared to nonfamily firms. • The sustainability practices of family enterprises in the industrial and utility sectors, as well as in developing countries, are significantly deficient.
Mullins and Schoar (2016)	Stakeholder Theory	Management Style and Philosophy	• Founders and CEOs of family firms exhibit a more pronounced stakeholder focus and a heightened sense of accountability towards employees and creditors, than their nonfamily counterparts. • The stakeholder-focused management style of family firms remains persistent irrespective of cultural, financial, and economic differences at the country level.
Mullins et al. (2016)	Agency Theory, Stewardship Theory	Commitment Human Resource Practices	• Family firms exhibit a positive association with the adoption of Commitment Human Resource Practices (CHRPs), while transient institutional investors demonstrate a negative association with the use of CHRPs.

			• Family firms, characterized by their long-term investment horizon and stakeholder orientation, are more likely to adopt CHRPs. However, there exists a curvilinear relationship between family ownership stake and the adoption of CHRPs.
Neubaum et al. (2012)	Stakeholder Theory	Concerns for Stakeholders	• Family firms are more inclined than nonfamily firms to undertake actions aimed at environmental protection, irrespective of their financial motives. • Family firms demonstrate greater attentiveness to the concerns of their employees and stand to reap greater benefits if they align this attentiveness with a concern for the environment, as compared to nonfamily firms.
Rodríguez-Ariza et al. (2017)	SEW Approach, Social Role Theory	Promoting CSR Practices	• Family firms' commitment to corporate social responsibility (CSR) does not vary significantly with the presence of female directors as compared to nonfamily firms. • Family firms demonstrate greater social responsibility towards external stakeholders compared to internal one.
Sahasranamam et al. (2020)	Agency Theory, Institutional Theory	Corporate Social Responsibility (CSR)	• Family firms are more likely to exhibit higher level of corporate social responsibility engagement than nonfamily firms in emerging markets. • Family firms' effect on community related CSR is positive and significant. Institutional pressure serves as an encouraging factor for family firms to further engage in community related CSR
Schellong et al. (2019)	SEW Approach,	Perception of Doing Good	• Family firms are perceived are more stakeholder oriented than nonfamily firms, which in turn results in higher consumer happiness.

	Signaling Theory		• Family firm brands are perceived as showing more internal and external CSR behavior than nonfamily firms
Sekerci et al. (2022)	Signaling Theory	Reaction to CSR News	• Family firms elicit a more positive market response to positive CSR news and a more negative market response to negative CSR news compared to nonfamily firms. • In times of recession, investors exhibit a more negative reaction to positive CSR news and a more positive response to negative CSR news from family firms compared to their nonfamily counterparts.
Stavrou et al. (2007)	Psychological Contract Theory, Stakeholder Theory	Downsizing	• Family firms engage in downsizing to a lesser extent than nonfamily firms, irrespective of their financial performance considerations. • Family firms predominantly adhere to the intrinsic relationship model in managing their employees, while their nonfamily counterparts primarily adopt the strategic stakeholder model.
van Essen et al. (2015)	Institutional Theory	Stakeholder Outcomes	• Family firms outperform nonfamily firms and are less likely to downsize or cut wages during financial crises. • Investors and employees of family firms experience more favorable outcomes for their interests in situations where the rules pertaining to investor protection and their enforcement are underdeveloped.

* These studies found family firms to be less stakeholder oriented than nonfamily firms.

Table 2B: Quantitative Studies analyzing differences within family firms - Theoretical approach used, differentiating factor and key findings

Authors	Theoretical Approach*	Differentiating factor	Key Findings
Ahmad et al. (2020)	Stakeholder Theory, Transaction Cost Economics (TCE) Theory	Owner and Nonowner Executives	• Family involvement in business (FIB) has a positive impact on the sustainable survival of family SMEs, and this relationship is partially mediated by corporate social responsibility (CSR). In addition to effective family involvement in business, active engagement in social causes enhances a firm's longevity.
Cabrera-Suárez et al. (2015)	Social Capital Theory	Family and Nonfamily Presence on the TMT	• Family social capital (FSC), particularly its structural dimension, plays a crucial and direct role in influencing family firms' engagement with corporate goals related to key nonfamily stakeholders. An indirect influence also exists through the effect of family social capital (FSC) on the relational social capital, specifically trust within the top management team (TMT).
Chrisman et al. (2012	Behavioral Theory,	Family-centered non-economic	• Family influence acts as a partial intermediary in the link between family involvement and the embracement of family-centered non-economic goals (FCNE) by family firms. The methods of defining family firms based on involvement and

	Stakeholder Theory	goals (FCNE) Adoption	essence can be cohesively structured in a hierarchical framework, enabling a unified comprehension of family businesses.
Cox et al. (2022)	Stakeholder Salience, Stewardship Theory	Decision Alignment with Stewardship Domain	• Within family firms, when family-influenced decisions resonate with the stewardship values of continuity, community, and connection, the importance of societal goals is more strongly emphasized by the leadership. Consequently, family firms often display enhanced social performance.
Déniz and Suárez (2005)	Stakeholder Theory, Stewardship Theory	Approaches to corporate social responsibility	• Family firms exhibit heterogeneity in their orientation towards Corporate Social Responsibility (CSR), and this variation does not appear to be linked to biographical characteristics. The categorization of CSR approaches can be classified into four distinct clusters, characterized by their Vision (Narrow and Broad) and CSR Concern (Costs and Benefits).
Déniz-Déniz et al. (2020)	Stakeholder Theory	Family and Nonfamily Presence on the TMT	• Family identification within the firm positively influences the orientation towards key non-family stakeholders when defining corporate goals, and this orientation towards stakeholders is positively associated with higher economic performance. This relationship is further amplified when the top management teams (TMTs) consist of a majority of family members.
* Dou et al. (2014)	SEW Approach	First-/Multi-generation control	• Family ownership and the duration of family control exhibit a positive association with charitable donations. Additionally, when the succeeding generation shows

			reluctance to assume control of the business, the previously observed positive relationship between family ownership and charitable donations weakens.
Jaskiewicz et al. (2017)	Agency Theory, Signaling Theory	Founder- and Family-member Owned	• Family owners provide higher incentive pay to hired CEOs with the objectives of attracting nonfamily CEOs, signaling good governance practices, and ultimately enhancing firm performance. However, in the absence of socioemotional wealth distractions, founder owners do not require excessive incentives, as such an approach may prove counterproductive.
* Le Breton-Miller et al. (2011)	Agency Theory, Stewardship Theory	Social Embeddedness	• Social embeddedness positively influences the stewardship behavior within family firms. But, as the number of family directors, officers, and generations increases, and as family voting control and vote dispersion rise, stewardship tendencies decline. On the other hand, lone founders tend to embrace stewardship, while second-generation CEOs are more inclined toward self-interest.
* Memili et al. (2018)	SEW Approach	Long-term orientation (LTO)	• Family ownership tends to adversely affect the implementation of sustainability practices. However, this relationship is moderated by the long-term orientation (LTO) of the family owners. Specifically, family owners with a high LTO are more likely to adopt sustainability practices compared to those with a lower LTO.
* Richards et al. (2017)	Social Theory	First-/Multi-generation control	• First-generation family firms, heavily influenced by the civic/green world perspective, show a greater tendency to invest in sustainability certification. Conversely, multi-generational family firms, drawing significantly from the

		domestic world in their online communications, tend to be less inclined to pursue sustainability certification.
Uhlaner et al. (2004)	Stakeholder Theory	• Family firms show a strong sense of responsibility towards stakeholders tied to the business, treating them like an "extended" family. They also prioritize corporate social responsibility, highlighting the importance of considering a broader stakeholder perspective. Community cohesiveness and owner's generation act as moderator variables in this context.

Table 2C: Theoretical and Conceptual studies analyzing differences within family firms - Theoretical approach used and key findings

Author(s)	Theoretical Approach(s)	Key Argument and Conclusions
Berman et al. (1999)	Stakeholder Theory	1. Firms that actively consider and engage with various stakeholders tend to achieve a better financial outcome. 2. The strategic stakeholder management involves incorporating stakeholders' concerns into a firm's decision-making processes only when they hold strategic value for the firm. 3. The intrinsic stakeholder commitment model proposes that managerial relationships with stakeholders are driven by normative and moral commitments, rather than solely seeking to maximize profits through stakeholder engagement.
Cennamo et al. (2012)	SEW Approach, Proactive Stakeholder Engagement (PSE)	1. Family firms exhibit a higher level of proactive stakeholder engagement in comparison to nonfamily firms. Through such engagement, family firms effectively enhance and safeguard their socioemotional endowments. 2. The level of proactive stakeholder engagement activities (PSE) in family firms may vary depending on the prioritized dimension of socioemotional wealth (SEW) in their decision-making process, along with its underlying instrumental or normative motivation. 3. Family firms' decision-making process based on instrumental or normative arguments entails a more intricate consideration than a simple "either/or" scenario.

Le Breton-Miller and Miller (2016)	Agency Theory, SEW Approach, Stewardship Theory	1. Family firms' adoption of sustainability practices depends on contextual factors, including mediating and moderating contingencies in their governance structures, environmental context, and organizational context, which influence their inclination towards sustainability practices. 2. Family firms' adoption of sustainability practices may be influenced by various factors, including family values, educational backgrounds, governance arrangements, organizational factors, and environmental forces, all of which may play important mediating roles. 3. Family firms' adoption of sustainability practices is contingent upon various factors, including family background, firm governance, the firm's environment, and the organization's nature. These factors influence the extent of family firms' inclination towards sustainability practices.
Sirmon and Hitt (2003)	Resource-Based View	1. Family firms possess higher levels of social capital, patient capital, and survivability capital compared to many non-family firms. 2. Effective resource management can lead to value creation for both the business and the family as owners. One common approach to accessing complementary resources is through forming alliances. 3. Family firms that strategically allocate and leverage their unique resources tend to achieve higher levels of financial performance and long-term sustainability.
Zellweger and Nason (2008)	Stakeholder Theory	1. Stakeholder saliency moderates the positive relationship between stakeholder satisfaction and organizational effectiveness. 2. Family firms exhibit stakeholder orientation through four performance relationships – overlapping, causal, synergistic, and substitutional.

		3. Family firms can improve their effectiveness in meeting the needs of strategic stakeholders by comprehending performance relationships. Utilizing overlapping and causal relationships, which can satisfy multiple stakeholders with a single performance outcome, enhances the organizational effectiveness of family firms.
Zellweger et al. (2013)	Organizational Identity Theory	1. The pursuit of non-financial goals by family firms affected by the congruence between the family's identity and the organization's identity. Controlling families with multiple identities are driven to emphasize a positive organizational reputation. As a result, they embrace non-financial objectives to meet the needs of stakeholders who are not part of the family. 2. The presence of the family in family-owned businesses, their long-term commitment to sustainability, and the company's ability to improve itself all have a positive impact on the alignment of values between the family and the firm, as well as the family's concern for the reputation of the company. 3. Family firms exhibit a feedback loop in which non-financial goals that are positively perceived contribute to the firm's appeal and reinforce the family's long-term sustainability aspirations, visibility within the family, and the firm's importance for enhancing the family's status.
Zientara (2017)	SEW Approach, Corporate Social Responsibility (CSR)	1. Family firms tend to see CSR as a way to achieve self-interested gains aligned with their concern for SEW, rather than as a central part of their strategy reflecting a broader commitment to societal welfare. 2. Family firms prioritize their image and reputation, making them more responsive to external stakeholder demands than internal ones. However, neglecting internal stakeholders can still harm their image and reputation. 3. When assessing a firm's CSR engagement, it is crucial to interpret specific facts appropriately. Participation in accreditation should not be a prerequisite for responsible business behavior.

Table 2D: Qualitative studies analyzing differences within family firms - Theoretical approach used, differentiating factor and key findings

Authors	Theoretical Approach*	Key Findings
Henio et al. (2020)	Agency Theory, Stakeholder Theory	• Five essential family-related factors that significantly contribute to creating value towards stakeholder relations: 1) identifiable ownership, 2) permanent ownership, 3) family power and control, 4) family values and culture, and 5) the purpose of the firm. • Family firms typically embrace a focused approach to stakeholder engagement, primarily exhibiting sustainable behaviors towards a select group of key stakeholders who hold significant power, legitimacy, and urgency critical to the firm's survival. • Listed family firms, characterized by their recognizable, patient, stable, and responsible ownership, are equipped to establish lasting relationships, collaboratively create value, and enhance the development of the company, its products, and services with a wide-ranging and long-term outlook. The reputation of the owners and heirs is closely intertwined with the integrity and trustworthiness of the business.
Serna et al. (2022)	Resource Dependency Theory	• Family firms prioritize stakeholder management and adopt a range of approaches, which can be either exclusive or inclusive depending on their perspectives of the matter. • Stakeholder identification is impacted by organizational characteristics such as the presence of a suitable successor, the objectives of succession, and the owner's perspective.

- Family firm owners prioritize family members' concerns in succession conversations and involve some customers. However, employees rank as the third most important stakeholder group, after family members and customers, based on existing dependency levels.

Table 2E: Mixed Method studies analyzing differences within family firms - Theoretical approach used, comparison factor and key findings

Authors	Theoretical Approach*	Comparison factor	Key Findings
Campopiano and De Massis (2015)	Institutional Theory	CSR Reporting	• Family firms distribute a broader spectrum of CSR reports compared to non-family firms. This extensive 'explicit' CSR reporting helps them fulfill the informal expectations of closely connected external stakeholders. Additionally, family firms tend to be less adherent to CSR standards and focus on different CSR topics compared to their non-family counterparts.

3.3 Theoretical Frameworks

Stakeholder orientation with the family firms can be explained through various theoretical frameworks and models. Here, we highlight two of the most notable frameworks in the literature that expound on why family firms prioritize addressing the needs and expectations of their stakeholders and delineate the driving factors behind such behavior.

3.3.1 SEW Perspective

According to Gómez- Mejía et al. (2007), Family firms would be more interested in taking care of their stakeholders because doing so will help them preserve their Socio-Emotional Wealth (SEW). This is their nucleus, and everything in family firms revolve around it. Berrone et al. (2012) indicate that in family firms, the conservation of socio-emotional wealth (SEW) is deeply rooted in the psychology of family owners, whose identities are closely intertwined with the organization. Additionally, empirical studies suggest that the family's motivation to safeguard and augment its SEW is a primary factor driving their orientation towards stakeholders. (Berrone et al., 2010; Deniz and Suarez, 2005; García-Sánchez et al., 2021).

Socio-Emotional Wealth (SEW) is defined as the utility that family members drive from the noneconomic aspects or affective endowments of family firm (Gómez-Mejía et al., 2007; Gómez-Mejía et al., 2011). And the fulfillment of this utility draws their attention to proactively address the needs and expectations of multiple stakeholders (Cennamo et al., 2012). Berrone et al. (2012) have identified five dimensions of SEW that would meet the affective needs of family firms.

1. Family Control and Influence: This entails elements like the family CEO, family board, family management, and family ownership.
2. Identification of Family Members with the Firm: This dimension incorporates attributes such as family identification, familial closeness, and the prominence of the family name.
3. Binding Social Ties: Activities like sponsor associations, special and sporting events, and philanthropic contributions are illustrative of this dimension.
4. Emotional Attachment of Family Members: Anchored in fostering a positive firm reputation and upholding the family's distinct identity.
5. Renewal of Family Bonds through Dynastic Succession: Demonstrated through aspects like generational stage, later generations, and the intent for transgenerational control.

3.3.2 Stakeholder Theory

According to Freeman's seminal work (1984), stakeholders encompass both external groups, such as suppliers, customers, governments, competitors, civil society organizations, the local community, and the environment, as well as internal stakeholders, including employees and shareholders (Harrison et al., 2010; Laplume et al., 2008). In the context of family firms, family members constitute an additional influential stakeholder group that non-family firms do not contend with (Bingham et al., 2011).

The fundamental premise of stakeholder theory stipulates that, for firms to thrive, gain acceptance, and ensure longevity, they must take actions that support the claims of vital stakeholders. According to this theory, a company that is responsive to stakeholder needs not only gains acceptance and legitimacy but also attains a competitive edge (Freeman et al., 2004; Freeman et al., 2010). Additionally, stakeholder theory highlights the significance of establishing relationships with stakeholders to fulfill the firm's purpose and enhance value creation, emphasizing the inherent incorporation of values in business (Freeman, 1994).

Freeman (1984) suggests that the impact stakeholders have on organizational goals and their vulnerability to the firm's success are mutually influential. Therefore, it is imperative for a firm to incorporate pertinent stakeholders in its strategic planning and decision-making (Donaldson & Preston, 1995). However, the extent to which a firm engages in enhancing relations with stakeholders, involving them in its activities, and addressing their claims, can differ in terms of focus, approach, and breadth. Acceptance and Legitimacy - Family firms, like any other firms, recognize the importance of building positive relationships with stakeholders to enhance their market position and long-term success.

1. Focus on Non-Economic Goals: Family firms often emphasize non-economic goals, particularly Family-Controlled Non-Economic (FCNE) goals which align with stakeholder interests, leading family firms to prioritize stakeholder needs.
2. Survival and Thriving: To survive, thrive, and gain acceptance, firms must support the claims of important stakeholders.
3. Power of Stakeholders: Family firms, recognizing the significant role of stakeholders, including family members, are driven to address their needs, leading to a positive relationship with these powerful stakeholder groups.

4. Risk Mitigation: Failing to respond to stakeholders' concerns poses potential risks, such as consumer or supplier boycotts, pressure from special interest groups, employee strikes, or shareholder activism.

3.3.3 Stewardship Theory

Stewardship theory embodies concepts of human caring, generosity, loyalty, and responsible dedication, typically directed towards a social group or institution (Donaldson, 1990). It posits that individuals are motivated not solely by self-interest but by the act of serving others. Stewards, guided by values of achievement, responsibility, and recognition, find greater fulfillment in advancing the organization's interests than opposing them (Braun and Sharma, 2007).

In the field of family business research, scholars have identified family firms as exemplars of stewardship. This is particularly attributed to their practices that encourage socially responsible behavior and a long-term perspective in stakeholder interactions (Arregle et al., 2007; Miller & Le Breton-Miller, 2005). Arregle et al. (2007) note that certain family firms act as stewards, investing in the development of enduring relationships with stakeholders to enhance social capital. These businesses, with strong community ties and a commitment to longevity, actively foster and utilize the social capital established with customers, suppliers, employees, and the wider community (Uhlaner, van Goor-Balk, & Masurel, 2004).

At its core, stewardship theory depicts family owners and managers as far-sighted stewards of their enterprises, willing to invest and make sacrifices to ensure the firm's longevity, health, and overall value enhancement for all stakeholders (Arrègle et al., 2007; Miller & Le Breton-Miller, 2005).

3.3.4 Institutional theory

Institutional theory incorporates components from both stakeholder and legitimacy theories, offering a robust framework for comprehensive analysis. Central to this theory is the concept that firms should follow and adhere to the prevailing norms, traditions, principles and values of their industry, including regulatory and market standards (Campbell, 2007; DiMaggio and Powell, 1983; Scott, 2005).

According to institutional theory, external pressures on firms arise from a variety of sources, including regulative, normative, and cognitive dimensions (Scott, 2005). Regulative pressures are defined by industry regulations, laws, and political frameworks; normative pressures come from expected norms and values that organizations are presumed to maintain; cognitive pressures stem from social interactions

between businesses and community entities, which establish prevailing strategic approaches and help reduce uncertainty (Dibrell, 2010; DiMaggio and Powell, 1983).

Under the influence of these institutional pressures, organizations are seen as entities that coordinate and collaborate with other actors in their field. This involves engaging with stakeholders and pursuing social acceptance, credibility, and legitimacy, essential for their survival in their respective contexts (Scott, 2005). The impact of regulatory, normative, and coercive pressures, as dictated by institutional forces, nudges firms toward adopting a more stakeholder-oriented approach.

3.3.5 Agency Theory

Scholarly research, initially centered on agency effects, suggests that family ownership can both alleviate and intensify certain agency conflicts, differing from firms with dispersed ownership. For example, family-owned firms, due to managerial involvement and access to control mechanisms, are better positioned to reduce conflicts between managers and shareholders. Furthermore, family owners, being more averse to risk compared to diversified shareholders, tend to shy away from risky investments to minimize economic losses and prevent firm failure, thereby lowering the agency cost of debt (Anderson & Reeb, 2003).

On the other hand, the perspectives of agency theory and behavioral agency model view family owners and managers as driven by narrow, self-interested goals (Morck et al., 2005; Wiseman and Gómez-Mejía, 1998). Family owners, with their significant influence and privileged access to information, are often seen as using these advantages to prioritize family-centric interests. More specifically, their tendencies toward risk aversion, maintaining control, and securing stable income are thought to lead to conservative business strategies and limited investments aimed at serving the family's self-interests. This phenomenon is also noted in studies like those by Bertrand and Schoar (2006), Gómez-Mejía et al. (2007), and Morck and Yeung (2003), where such behavior is observed in family firms.

3.3.6 Organizational identity theory

Organizational identity theory proposes that firms engage in socially responsible practices because neglecting them is inconceivable. This perspective implies that values integral to an organization's

identity drive responsible corporate behavior, forming a fundamental part of its character. Complementing this notion is organizational image, representing what an organization wishes external stakeholders to perceive as its core, and organizational reputation, reflecting feedback from stakeholders regarding the credibility of identity claims (Whetten & Mackey, 2002).

Organizational identity orientation, an extension of this theory, offers a framework to comprehend the relationships between organizations and stakeholders (Brickson, 2005). It considers the nature of implicit connections and motivations between firms and stakeholders, evident through the question, "Who are we as an organization concerning our stakeholders?" (Brickson, 2007). Different orientations shape how firms address various stakeholder claims. These orientations fall into three forms: individualistic, relational, and collectivistic (Brickson, 2005, 2007). These orientations, while not mutually exclusive, highlight distinct interpretations guiding firms' interactions with stakeholders.

Firms with individualistic identity orientations act in self-interest, engaging in responsible actions to distinguish themselves and maintain legitimacy (Brickson, 2005). Relational orientation prioritizes the benefit of specific stakeholders, focusing on trust and partnership (Brickson, 2005). Collectivistic orientation centers around a shared purpose, emphasizing the welfare of the collective over dyadic bonds (Brickson, 2005). These forms offer varying insights into how firms establish relationships with stakeholders, reflecting their organizational identity orientation.

3.3.7 Stakeholder Salience Perspective

Stakeholder salience is a pivotal concept in organizational management, referring to the prominence and importance attributed to various stakeholders by an organization. This concept is critical in determining which stakeholders exert a significant influence or impact on the organization’s decision-making processes, strategic directions, and overall operational dynamics. Understanding stakeholder salience assists organizations in strategically allocating resources and attention, ensuring that they effectively address the needs and concerns of the most influential stakeholder groups.

At the core of stakeholder salience, as elucidated by Mitchell, Agle, and Wood (1997), are three fundamental attributes: power, legitimacy, and urgency. Power, as defined by Agle, Mitchell, and Sonnenfeld (1999), is the capacity of stakeholders to compel or significantly influence an organization’s actions, potentially altering its typical operational trajectory. Legitimacy, rooted in the framework proposed by Suchman (1995), emerges from stakeholders’ claims that resonate with established social

norms, values, and ethical standards, lending credence and moral authority to their demands. Urgency, another dimension highlighted by Mitchell et al. (1997), characterizes stakeholder claims that require immediate attention, often due to time sensitivity or the critical nature of the issues raised.

In the dynamic landscape of organizational management, these attributes provide a lens through which managers can assess and prioritize stakeholder groups. Stakeholders possessing one or more of these attributes—power, legitimacy, and urgency—are often given higher priority, as their claims or demands carry significant weight and can have profound impacts on the organization. This prioritization is not static but rather fluctuates based on varying contexts and evolving organizational environments, as noted by Mitchell et al. (1997). It requires managers to be adaptive and responsive to the changing dynamics of stakeholder relationships and their respective influences.

3.3.8 Social Identity Theory

Social Identity Theory, as articulated by Tajfel and Turner (1986), explores how individuals categorize themselves and others into social groups, leading to a sense of belonging and identity derived from group membership. In the context of family firms, Social Identity Theory can provide insights into how family members' identification with the firm influences their behaviors and interactions with stakeholders (Dyer & Whetten, 2006).

Family members who strongly identify with the family firm are likely to exhibit behaviors that promote the firm's values and reputation. This strong identification fosters a sense of unity and shared purpose, which can enhance the firm's commitment to stakeholder relationships. For instance, when family members view the firm as an extension of their identity, they may prioritize long-term relationships with employees, customers, and the community, aligning their actions with the firm's stakeholder-oriented goals (Dyer & Whetten, 2006).

Moreover, the intergenerational transfer of identity in family firms plays a critical role in sustaining stakeholder orientation. As the firm's identity is passed down through generations, the values and practices associated with stakeholder management are preserved and reinforced. This continuity ensures that the firm's stakeholder-oriented culture remains intact, even as leadership transitions occur. By applying Social Identity Theory, researchers can better understand the dynamics of identity within family firms and how it impacts stakeholder relationships and overall firm performance (Ashforth & Mael, 1989; Pratt, 2000).

3.3.9 Social Capital Theory

Social Capital Theory posits that social networks, relationships, and the associated norms of reciprocity and trust constitute valuable resources for individuals and organizations (Coleman, 1988; Putnam, 1995). In family firms, social capital is particularly significant due to the close-knit nature of family relationships and the firm's embeddedness in the community. Cabrera-Suárez, De Saá-Pérez, and García-Almeida (2001) highlight the unique advantages family firms have in leveraging social capital for organizational success.

Family firms often have strong ties within their communities and extended networks, fostering trust and cooperation. This trust can enhance stakeholder relationships by promoting open communication, mutual support, and collaborative problem-solving. Stakeholders such as employees, customers, suppliers, and community members are more likely to engage positively with family firms they trust (Adler & Kwon, 2002). Furthermore, the social capital inherent in family firms can facilitate the mobilization of resources, both financial and non-financial. For instance, during times of crisis, family firms can leverage their social networks to garner support from stakeholders, such as receiving favorable terms from suppliers or securing loans from family friends and local banks (Arregle et al., 2007).

Strong social capital can also contribute to the resilience of family firms by creating a supportive network that helps the firm navigate challenges and uncertainties. The goodwill and loyalty of stakeholders, built through consistent and trustworthy interactions, can act as a buffer during difficult times (Lester & Cannella, 2006). By leveraging social capital, family firms can create a competitive advantage through enhanced stakeholder engagement and improved organizational performance. Understanding the role of social capital in stakeholder orientation can provide valuable insights into how family firms can build and maintain strong stakeholder relationships (Cabrera-Suárez et al., 2015).

3.3.10 Psychological Contract Theory

Psychological Contract Theory focuses on the unwritten, implicit agreements between an organization and its stakeholders, encompassing mutual expectations, obligations, and promises (Rousseau, 1995). In family firms, psychological contracts can play a crucial role in shaping stakeholder relationships. Kang and Kim (2020) and Stavrou et al. (2007) further elaborate on the importance of psychological contracts in family business contexts.

Psychological contracts reflect the mutual expectations between the family firm and its stakeholders. For example, employees may expect job security, fair treatment, and opportunities for personal growth, while the firm expects loyalty, hard work, and alignment with its values. Similarly, customers and suppliers may expect high-quality products, ethical behavior, and reliable partnerships, while the firm expects customer loyalty and supplier support (De Massis et al., 2014). Fulfilling these implicit agreements is vital for maintaining stakeholder satisfaction and trust. Violations of psychological contracts, such as unmet expectations or perceived breaches of promises, can lead to dissatisfaction, mistrust, and disengagement among stakeholders. Family firms, with their emphasis on trust, reciprocity, and long-term orientation, are well-positioned to uphold psychological contracts effectively (Schulze et al., 2003).

The strong relational orientation of family firms can help in creating and sustaining long-term psychological contracts with stakeholders. By consistently meeting stakeholder expectations and fulfilling implicit promises, family firms can foster deep, lasting relationships that contribute to organizational stability and success (Barnett et al., 2009). By applying Psychological Contract Theory, family firms can gain insights into managing stakeholder expectations and behaviors, ultimately enhancing stakeholder satisfaction and loyalty.

In examining stakeholder orientation in family firms, various theoretical frameworks provide unique and complementary insights. Each theory highlights different aspects of how family firms manage relationships with their stakeholders, offering a holistic understanding of their behaviors and practices. The Socio-Emotional Wealth (SEW) perspective emphasizes the importance of non-financial factors, such as family control, emotional attachment, and generational continuity, in shaping family firm behaviors. Family firms prioritize stakeholder relationships to preserve their socio-emotional wealth, leading to a strong emphasis on trust, loyalty, and long-term engagement with stakeholders. Stakeholder Theory posits that firms must address the interests of all stakeholders, not just shareholders, to achieve long-term success. Family firms, driven by their inherent values and community ties, often excel in stakeholder management by fostering strong, mutually beneficial relationships with employees, customers, suppliers, and the community.

Stewardship Theory suggests that managers act as stewards of the firm's resources, prioritizing collective interests over personal gains. In family firms, the overlap between ownership and management often leads to a stewardship mentality, where family members work towards the firm's longevity and the welfare of all stakeholders. Institutional Theory examines how external pressures, norms, and cultural

values influence organizational behavior. Family firms are often embedded in their local communities and industries, making them highly responsive to institutional norms and expectations. This responsiveness can enhance their stakeholder orientation by aligning firm practices with societal values. Agency Theory explores the conflicts and alignments between owners and managers. In family firms, the alignment of interests between family owners and managers reduces agency conflicts, leading to more cohesive and stakeholder-oriented decision-making processes. This alignment helps in balancing the interests of various stakeholders effectively.

Organizational Identity Theory focuses on the self-concept of the organization, which in family firms is often intertwined with the family's identity and values. This strong organizational identity drives family firms to engage in stakeholder-oriented behaviors that reflect their commitment to ethical practices, community involvement, and long-term relationships. The Stakeholder Salience Perspective examines how firms prioritize stakeholders based on their power, legitimacy, and urgency. Family firms may prioritize stakeholders differently than non-family firms due to their unique value systems and long-term orientations, often placing higher importance on relational and community stakeholders.

Social Identity Theory explores how family members' identification with the firm influences their behaviors and interactions with stakeholders. Strong identification with the family firm fosters unity and a shared sense of purpose, enhancing the firm's commitment to stakeholder relationships and ensuring continuity of these practices across generations. Social Capital Theory posits that social networks, relationships, and norms of reciprocity and trust are valuable resources for organizations. Family firms leverage their strong social capital to build and maintain trust-based relationships with stakeholders, facilitating resource mobilization and enhancing organizational resilience. Psychological Contract Theory focuses on the implicit agreements and mutual expectations between an organization and its stakeholders. Family firms, with their emphasis on trust and long-term orientation, are adept at fulfilling these psychological contracts, maintaining high levels of stakeholder satisfaction and loyalty.

Each of these theoretical frameworks provides unique insights into the stakeholder orientation of family firms. The SEW perspective emphasizes non-financial motivations driving stakeholder engagement, Stakeholder Theory highlights the importance of addressing the interests of all stakeholders, and Stewardship Theory focuses on the collective welfare and long-term goals. Institutional Theory stresses the influence of external norms and values, Agency Theory addresses the alignment of interests between owners and managers, and Organizational Identity Theory explores the impact of organizational self-

concept. The Stakeholder Salience Perspective examines stakeholder prioritization, Social Identity Theory considers the role of family members' identification with the firm, Social Capital Theory highlights the value of social networks and trust, and Psychological Contract Theory focuses on mutual expectations and implicit agreements. By integrating these perspectives, researchers and practitioners can develop a comprehensive understanding of how family firms manage stakeholder relationships. This holistic approach can lead to more effective and sustainable stakeholder management practices, ensuring the long-term success of family firms.

3.4 Critical Factors affecting Stakeholder Orientation

The stakeholder orientation of family firms is shaped by a range of critical factors, as mentioned in the theoretical framework section the most critical factor affecting the stakeholder orientation of family firms is the preservation of Socio-Emotional Wealth (SEW). Family firms are motived by emotion related goals, such as, reputation, transgenerational outlook, longevity, family name and identity. Table 03 provides the summary of all the critical factors we found during this systematic literature review.

Table 03: Critical Factors affecting stakeholder orientation within family firms

Critical Factor	Description	Source(s)
1. Founder as CEO	Family firms led by the original founder tend to prioritize stakeholder concerns compared to those with non-family, later generation, or family member CEOs.	Jaskiewicz et al. (2017) Le Breton-Miller et al. (2011) Mullins and Schoar (2016)
2. Family Name	The presence of the family name in the firm's identity influences business decisions and can impact stakeholder relationships.	Berrone et al. (2010) Deephouse & Jaskiewicz (2013) Uhlaner et al. (2004)
3. Family Identification	Strong identification with the family firm leads to increased attention to stakeholders and organizational citizenship behaviour.	Déniz-Déniz et al. (2020) Zellweger et al. (2013)
4. Family Involvement	Family members' presence fosters a stewardship environment that encourages stakeholder orientation.	Chrisman et al. (2012) Bingham et al. (2011).
5. Family Commitment	The level of family interest in firm activities affects the likelihood of family influence and stakeholder orientation.	Chrisman et al. (2012)

6. TMT Composition	The number of family members in top management influences the stakeholder orientation of family firms.	Bingham et al. (2011) Déniz-Déniz et al. (2020) Le Breton-Miller et al. (2011)
7. Management Philosophy	Leadership, goal setting, and decision-making style will affect the stakeholder orientation in family firms	Zellweger and Nason 2008, Chrisman et al., 2005
8. Family Salience	Level of importance and priority given to the family and strengthen or weaken the stakeholder orientation within family firms	Zellweger and Nason (2008)
9. Family Values	Strong family values such as trust, loyalty, mutual support, and religiosity will foster stakeholder orientation in family firms	Le Breton-Miller and Miller (2016)
10. Family Harmony	Peaceful coexistence of family members, lack of conflicts within family strengthens their stakeholder orientation	Amato et al. (2021) Chrisman et al. (2012) Zellweger and Nason (2008)
11. Parenting	Upbringing impacts stakeholder orientation; fair treatment by parents fosters cooperation.	Amato et al. (2021) Le Breton-Miller and Miller (2016)
12. Educational Experiences	Formal education of the family members can significantly affect their stakeholder orientation, better schooling can lead to better citizenship behaviour.	Le Breton-Miller and Miller (2016)
13. Proficiency of Family Members	The degree to which family member employees have the requisite knowledge, skills, and abilities for their designated job roles can profoundly impact the orientation towards stakeholders.	Chrisman et al. (2012) Cox et al. (2022)

14. Information Sharing	The sharing of vital information about the business is essential for achieving outcomes such as harmonious family dynamics, proactive firm behaviour, and overall business success.	Cox et al. (2022) Frank et al.(2017) Cabrera-Suárez et al. (2015)
15. Territorial Embeddedness	Strong local ties enhance stakeholder orientation and resilience during crises.	Amato et al. (2021) Kim et al. (2019)
16. Social Embeddedness	High community involvement fosters stakeholder-oriented behavior.	Cox et al. (2022) Le Breton-Miller et al. (2011)
17. Local Embeddedness	Connection to local communities promotes stakeholder orientation.	Berrone et al. (2010) Miroshnychenko and De Massis (2022)
18. Performance Outcome	Interplay between performance and outcomes shapes stakeholder satisfaction and organizational effectiveness.	Zellweger and Nason (2008)
19. Industry Conditions	Industry characteristics influence stakeholder orientation, with high-tech industries gaining reputation benefits.	Cruz et al. (2014)
20. Market Pressure	Long-term market pressures affect the stakeholder orientation of family firms.	Kang and Kim (2020)
21. Contextual Hostility	Competition and economic hardships reveal the firm's stakeholder treatment.	Gómez-Mejia et al. (2022) Le Breton-Miller and Miller (2016) Sahasranamam et al. (2020)
22. Community Demographics	Urban/rural context and community size impact stakeholder orientation and responsibility.	Le Breton-Miller and Miller (2016)

23. National Differences	Economic, cultural, and social variations affect stakeholder orientation in family firms.	Cruz et al. (2014)
24. Institutional Environment	Strong institutional emphasis on stakeholder orientation affects proactive responses of family firms.	Berrone et al. (2010) Kim and Lee (2018) Le Breton-Miller and Miller (2016) Sahasranamam et al. (2020)

3.5 Strategies to peruse Stakeholder Orientation

Strategies to pursue stakeholder orientation in family firms refers to the approaches and methods that family-owned businesses adopt in order to prioritize the interests and needs of various stakeholders beyond just the immediate family members who own and manage the business. Stakeholder orientation involves recognizing and addressing the concerns and expectations of all individuals and groups that are influenced by or have an impact on the family business. These stakeholders can include employees, customers, suppliers, the local community, investors, and more.

In the context of family firms, which often have unique dynamics due to the combination of family relationships and business operations, pursuing stakeholder orientation involves finding ways to balance the interests of both the family and the broader stakeholders. Some strategies that we found family firms employ to pursue stakeholder orientation include:

Employee Orientation: Encompasses the manner in which a firm formulates and implements various policies, practices, and system to prioritize the needs and expectation of employees. The firm understand the importance to managing relationship with its employees, engage in responsible work practices (Kang and Kim 2020), invest in employee relations (García-Sánchez et al. 2021), implement employee friendly policies (Cruz et al. 2014), create fair and responsible working conditions (Zellweger et al., 2012), offer care-oriented employment contract (Cruz et al., 2010).

The goal of employee orientation can be achieved through the establishment of certain policies such as employment quality policy, competitive employee benefits policy, Job security policy, union relation policy and work-life balance policy. At the same time certain practices should be observed such High Job Security, Strong Union Relations, Employee Involvement in Decision Making, competitive compensation, profit sharing, and Retirement Benefits. Furthermore, the development of systems to manage employee relations, Health and Safety systems, Equal Employment and Diversity systems and practices, Employee Training and Development Systems collectively contribute to realizing the goal.

Customer Orientation: In the context of stakeholder orientation, it involves paying attention to the needs, interest and satisfaction of customer and putting efforts to maintain long-term relationship with customers. Notably, Kim and Lee (2018) advocated for fair dealings with customers and producing excellent quality products. This approach entails viewing customers as partners in the business and building policies to continuously monitor and improve customer satisfaction. It also includes initiatives

such as Quality assurance program, investments in R&D, Product safety, and systems maintain good relationship with customers (Bettinazzi and Feldman 2021 ; Dyer and Whetten 2006).

Supplier Orientation: Strategies to prioritize the needs and expectation of supplier first and foremost includes the policy and commitment from the from to treat supplier as the key partner in business (Cennamo et al. 2012; Heino et al. 2020). The goal is to have systems in place to maintain good relationship with suppliers. Supporting suppliers in growth, being fair and transparent in transactions, transparent communication channels, collaborative decision making and taking initiatives to develop suppliers are all essential to achieve supplier orientation.

Shareholder Orientation: This includes policies and systems aimed at prioritizing and facilitating shareholder engagement and ensuring equal treatment of minority shareholder. The amount of effort that a firm puts in to monitor and implement shareholder rights (Bettinazzi and Feldman 2021). This includes efforts to maintain and improve investor relationship, frequency, and quality of communication with shareholders, developing ownership and governance structure that ensures protection of investor rights.

Community Orientation: Engaging in socially responsible activities that benefit the community and the environment is the core essence of community orientation. This can be done by building charitable foundation within the firm (Bingham et al. 2011), providing charitable donations and adopting pro-environmental practices (Dou et al. 2014), sitting on the board of charitable and non-profit organizations, hospitals, churches, schools, and charities in local communities (Déniz and Suárez 2005), and voluntarily engage to address social problems (Sahasranamam et al. 2020)

4. Discussion

4.1 Defining and Measuring Stakeholder Orientation within Family Firms

Delving into the realm of stakeholder orientation, one discovers a landscape that's richer and more varied than what's captured by the usual business yardsticks. We're talking about a domain heavily seasoned with the concept of socio-emotional wealth—or SEW for short—something that family firms hold dear. The unique thing about SEW is that it digs into the emotional treasure chest of a company, uncovering values like keeping the reins firmly within the family fold and taking care to hand down a legacy from one generation to the next. Berrone et al. (2010) cast a spotlight on this intertwinement of business aims and family bonds, it has become a cornerstone for deciphering stakeholder orientation within such businesses.

Long-term relationships, heritage preservation, and familial values are given precedence over short-term financial advantages by these organizations, indicating a departure from standard business KPIs and a shift towards a more SEW-centered strategy. According to Zellweger et al. (2013), family businesses that priorities community involvement and sustainable practices frequently foster strong stakeholder ties as a means of preserving SEW. This strategy strengthens the company's stakeholder orientation by fostering trust, loyalty, and a positive reputation.

The diversity in definitions and metrics of stakeholder orientation in family businesses, however, is a serious challenge that the research clearly highlights (Daspit et al. 2021). Due to this variability, it is challenging to compare and measure stakeholder orientation among various family firms. A significant gap in the establishment of a consistent, comprehensive measuring framework persists despite advances achieved in quantifying SEW and its influence on business decisions by research such as those conducted by Chrisman et al. (2012). In order to provide a more comprehensive understanding of stakeholder orientation in family businesses, a framework such to that proposed by Gomez-Mejia et al. (2011) would ideally incorporate traditional financial performance metrics with the qualitative components of SEW.

The present discourse on stakeholder orientation is intricately linked to the principles of Stakeholder Theory, which was first introduced by Freeman in 1984. This theory highlights the need of considering the requirements and concerns of all parties involved in company decision-making. Concurrently, the SEW perspective provides a nuanced lens through which the behavior of family firms can be understood, particularly in how they align business strategies with familial values and aspirations.

To address the challenges in measurement and definition, there is a pressing need for a unified framework that effectively captures the dual focus of family firms on financial performance and socio-emotional wealth preservation. Building on the seminal works of scholars like Berrone et al. (2010) and Zellweger et al. (2013), future research is tasked with the development of standardized metrics that can adequately reflect the complex and intertwined nature of stakeholder orientation in family firms. This endeavor not only contributes to the academic understanding but also has significant practical implications, guiding family firms in balancing their unique business and family-oriented goals.

4.2 Comparison Stakeholder orientation of Family firms with Non-Family Firms

The existing body of research on stakeholder orientation highlights a significant disparity between family and non-family enterprises, principally based on the distinctive attributes and underlying principles of family-owned companies. The comparative analysis is essential for comprehending the impact of various business models on stakeholder interactions and management practices.

Family enterprises typically exhibit a more prominent focus on stakeholders when compared to non-family firms. This inclination is mostly ascribed to the enduring perspective and familial heritage considerations that are typical of family enterprises. According to Miller and Le Breton-Miller (2006), family enterprises priorities the goal of maintaining continuity between generations, which leads them to take a long-term approach in their economic activities. This method typically places emphasis on sustainable expansion and the welfare of stakeholders, rather than immediate income. As family businesses strive to establish and uphold a lasting legacy that spans across generations, the outcome is a stronger and more long-lasting bond with stakeholders.

The stewardship theory offers a conceptual framework for comprehending this occurrence inside family-owned businesses. According to Davis et al. (1997), stewardship theory posits that stewards are driven by a commitment to protect values and traditions, resulting in a heightened emphasis on the well-being of stakeholders. This idea strongly corresponds with the guiding principles of numerous family businesses, in which those in positions of authority typically perceive their responsibilities as guardians of the family heritage, thereby placing stakeholder interests at the forefront.

Nevertheless, it is crucial to acknowledge that this increased focus on stakeholders is not consistently found in all family-owned businesses. The study conducted by Zellweger et al. (2010) demonstrates how different phases of generations in a family-owned business result in different objectives and tactics,

which in turn affect how stakeholders are valued and involved. Likewise, the way a family operates, including disagreements, planning for the transfer of power, and the way decisions are made, can have a substantial impact on how a company manages its relationships with stakeholders.

Family enterprises often face the issue of reconciling the divergent objectives of commercial performance and family interests. To attain this equilibrium, as highlighted by Chrisman et al. (2004), one must navigate intricate family dynamics while also ensuring company competitiveness, which therefore impacts stakeholder interactions.

The knowledge acquired from this comparison is not just beneficial for family-owned businesses but also for non-family-owned businesses. The latter can gain advantages by comprehending the benefits of implementing a long-term, relationship-oriented strategy for stakeholder management. Even in the absence of familial incentives, the adoption of values commonly seen in family businesses, such as long-term planning and a commitment to sustainability, can improve relationships with stakeholders and contribute to the overall success of non-family businesses.

The contrast between family and non-family organizations in stakeholder orientation highlights the unique characteristics of family businesses, which are shaped by a combination of a long-term perspective, responsible management, and values centered around the family. Nevertheless, the wide range of characteristics found in family enterprises, such as variations in generations and family dynamics, emphasizes the intricacy of making generalizations about stakeholder orientation in this particular type of business. Having a sophisticated understanding is crucial for both academic inquiry and practical implementation in the field of business management.

4.3 Critical Factors Influencing Stakeholder Orientation within Family Firms

Understanding the critical factors that influence stakeholder orientation in family firms requires an exploration of various elements that are unique to the family business context. These factors, as identified in your literature review, include generational involvement, governance structures, and the desire to preserve socio-emotional wealth (SEW). Each of these plays a pivotal role in shaping how family firms engage with and prioritize stakeholders.

Generational transitions in family firms significantly impact stakeholder orientation. The literature suggests that as family firms progress through generations, their approach to stakeholders can evolve. Gersick et al. (1997) in their study on family business life cycles, note that each generational stage brings

its own set of challenges and priorities. For instance, while the founding generation might establish strong stakeholder relations based on personal ties and legacy considerations, subsequent generations might shift focus as they bring new perspectives and strategies. This evolution can either strengthen the firm's stakeholder orientation, as newer generations continue to build on the established legacy, or weaken it, especially if inter-generational conflicts arise or if strategic shifts lead to a reduced emphasis on stakeholder relations.

The governance mechanisms of family enterprises are vital in determining stakeholder orientation. According to Carney (2005), the governance mechanisms in family enterprises, which combine family and business systems, have the potential to impact the decision-making process concerning stakeholders. Efficient governance frameworks can enable a fair evaluation of both family and company concerns, resulting in a more comprehensive focus on stakeholders. On the other hand, inadequate governance systems can result in conflicts of interest or a lack of clarity in managing stakeholders.

The inclination to conserve socioemotional wealth (SEW) is an additional crucial element that influences the stakeholder orientation in family businesses. According to Berrone et al. (2012), SEW refers to the emotional bond that the family has with the firm, which includes factors such as family identity, control, and heritage. Family enterprises frequently priorities long-term relationships with stakeholders, ensuring that business practices are in line with family values and ethics. Nevertheless, an excessive focus on Social and Environmental Welfare (SEW) could occasionally clash with the necessity to make difficult commercial choices, thereby affecting relationships with stakeholders.

The interplay among these aspects - the participation of different generations, the frameworks of governance, and the strategic entrepreneurial orientation - requires a careful equilibrium in family-owned businesses. The difficulty is in harmonizing the frequently conflicting interests of various family members, corporate goals, and stakeholder expectations. According to Miller and Le Breton-Miller (2006), family enterprises that are successful are able to balance and integrate different interests, resulting in a stakeholder orientation that is both long-lasting and aligned with the family's fundamental values.

Factors such as the level of involvement from different generations, the way the business is managed, and the importance placed on preserving social and emotional wealth are important in determining the focus on stakeholders in family businesses. Their interplay impacts the manner in which these organizations handle their relationships with various stakeholders, while simultaneously preserving an equilibrium between family and business concerns. Acquiring a thorough comprehension of these

dynamics is essential for scholars and practitioners in the field of family business studies, as it offers significant insights into the complexities of managing relationships with stakeholders within the context of a family business.

4.4 Strategies Employed by Family Firms

An analysis of the methods and mechanisms utilized by family firms to handle and align the concerns of stakeholders provides valuable observations into the distinct combination of professional and personal approaches that define these enterprises. The tactics, such as proactively involving stakeholders, maintaining open and honest communication, cultivating trust and loyalty, and establishing adaptable governance systems, are closely linked to the family's beliefs and heritage.

A crucial strategy that has been acknowledged is the proactive engagement of stakeholders. Family-owned firms often exhibit a personalized approach to engaging stakeholders, characterized by close and long-lasting relationships with many of its stakeholders mainly employee, suppliers and customers. This strategy is grounded in the core ideas and the desire to maintain a positive family business. In their study, Chua, Chrisman, and Sharma (1999) examine the inclination of family firms to possess a robust commitment to establishing and sustaining connections with their stakeholders, including employees, customers, and the community. This commitment stems from their concentration on the accumulation of relational wealth. The main goal of this engagement is to develop long-lasting relationships rather than simply doing business transactions. This demonstrates the family's commitment to maintaining a positive and lasting reputation.

Family firms often employ open communication as a tactic to effectively manage interactions with stakeholders. The significant level of transparency fosters trust and ensures that the expectations of stakeholders are in agreement. Zellweger and Nason (2008) argue that effective and honest communication inside family businesses is not merely a strategic maneuver, but rather a reflection of the family's core beliefs and ethical standards. Through transparently disseminating information and effectively articulating their objectives to stakeholders, family enterprises can cultivate an atmosphere of inclusiveness and confidence, which is crucial for sustaining enduring relationships.

Trust and loyalty are vital elements of the stakeholder strategy in family-owned businesses. Building on the research undertaken by Miller and Le Breton-Miller (2005), trust and loyalty in family firms are commonly viewed as a mutually beneficial connection between the company and its stakeholders. The

family's personal reputation, along with a constant display of ethical conduct, fosters a solid basis of trust. Ascertaining trust fosters loyalty among stakeholders, which is crucial for the long-term viability of the firm.

Implementing adaptive governance strategies is crucial in family firms to efficiently synchronize the interests of stakeholders. Mustakallio, Autio, and Zahra (2002) argue that effectively managing family enterprises often involves striking a harmonious equilibrium between adopting professional management practices and upholding the family's fundamental values. This equilibrium ensures the firm's capacity to adapt to changing business environments while maintaining its core ideals and responsibilities to stakeholders. Family firms often adopt governance techniques that include mechanisms for stakeholder involvement and input, ensuring that the diverse interests of stakeholders are considered in decision-making processes.

The methods utilized by family enterprises to oversee and harmonize the concerns of stakeholders are closely intertwined with the family's principles and the aspiration to uphold its heritage. Active involvement of stakeholders, clear and open communication, building trust and loyalty, and flexible governance practices are not just choices made by businesses; they demonstrate the distinct combination of professional and personal approaches that are typical of family-owned enterprises. These tactics exemplify the dedication of family businesses to preserving sustainable, enduring connections with their stakeholders, which is crucial to their prosperity and longevity

4.5 Contrasting Viewpoints and Debates

1. SEW's Role: A significant debate centers on the role of SEW in guiding stakeholder orientation. While some studies highlight SEW as a driver for prioritizing stakeholders, others caution against its potential to create biases in decision-making.
2. Generational Differences: The impact of generational changes within family firms on stakeholder orientation is another area of contention. Some studies find that newer generations bring fresh perspectives to stakeholder engagement, while others note a potential dilution of family values and stakeholder focus over generations.
3. Impact of Stakeholder Orientation on Performance: There is an ongoing debate about the impact of stakeholder orientation on firm performance. While some research indicates positive effects

on long-term sustainability and reputation, others question the tangible benefits and argue for a more balanced approach.

4.6 Evolving Dynamics of Stakeholder Orientation in Family Firms

1. Generational Shifts: This study highlights how stakeholder orientation evolves across generations in family firms. This evolution can reflect broader societal and economic shifts. For instance, younger generations might integrate modern ethical and sustainability concerns more deeply into business strategies, aligning with global trends towards corporate social responsibility (CSR) and sustainable business practices.
2. Technological Impact: The role of technology in shaping stakeholder communication and engagement strategies is critical. Digital platforms and social media have transformed how family firms interact with stakeholders, offering opportunities for more transparent and immediate engagement but also posing challenges in managing online reputation and stakeholder expectations.
3. Building Trust and Loyalty: This review suggests that stakeholder-oriented practices in family firms can lead to stronger relationships with customers, employees, and suppliers. This trust and loyalty can be a significant competitive advantage, especially in industries where brand reputation and customer relationships are key.
4. Resilience in Times of Crisis: The COVID-19 pandemic has highlighted the importance of stakeholder relationships in business resilience. Family firms with a strong stakeholder orientation may have been better positioned to navigate the crisis, leveraging their close stakeholder relationships for mutual support and adaptive strategies.
5. Cultural Influences: The review suggests that the level of stakeholder orientation in family enterprises might range greatly depending on the cultural setting. Across different cultures, family-owned businesses may exhibit varying degrees of community orientation, with some prioritizing direct family stakeholders. Comprehending these cultural subtleties is crucial for multinational family enterprises and scholars.

5. Contribution & Implications

The findings from the literature review have significant theoretical and practical implications that can profoundly impact future research and the practices of family firms.

5.1 Theoretical Contributions

This systematic literature review (SLR) makes several key theoretical contributions to the field of stakeholder orientation, particularly within the context of family firms. The unique nature of family firms, which are characterized by their family-centric values, long-term orientation, and often complex governance structures, offers a fertile ground for theoretical expansion and revision. Although stakeholder theory has been extensively applied to various organizational forms, there remains a significant gap in understanding how these theories apply to the family business context. This review addresses these gaps by proposing several new avenues for theoretical inquiry and offering a reconceptualization of existing frameworks that could better capture the nuances of stakeholder orientation in family firms.

Stakeholder theory, as first developed by Freeman (1984), asserts that firms must balance the interests of various stakeholders to ensure long-term success. Traditionally, this theory has been applied in non-family firms, where economic performance is often the primary metric of success. However, family firms often prioritize non-economic goals, such as socio-emotional wealth (SEW), community reputation, and long-term legacy (Gómez-Mejía et al., 2007). This review identifies a crucial gap in the stakeholder theory literature: while it acknowledges that firms must engage with stakeholders, it does not sufficiently account for the unique drivers of engagement in family firms, such as family legacy and generational continuity.

Family firms, driven by SEW, are often motivated by factors that go beyond pure economic logic, yet stakeholder theory predominantly emphasizes economic benefits in its traditional form. This review suggests that stakeholder theory can be expanded by incorporating a family-centric lens that highlights non-economic goals. Specifically, future research should explore how family firms prioritize stakeholders differently than non-family firms, not only because of economic pressures but also due to their desire to maintain family cohesion and long-term control.

Future research could investigate how family firms weigh the interests of economic versus non-economic stakeholders. For example, while non-family firms may prioritize shareholders and customers for financial reasons, family firms might give precedence to community and employee stakeholders to preserve family legacy and values. A revised stakeholder theory for family firms could integrate these motivations, creating a more holistic framework that considers both economic and socio-emotional objectives.

Additionally, this review reveals that while socio-emotional wealth (SEW) has been a dominant theoretical lens for understanding family firms' behavior towards stakeholders, it is often treated in isolation from other theoretical frameworks. To better understand stakeholder orientation in family firms, it is essential to integrate SEW with the stakeholder salience perspective, which assesses the power, legitimacy, and urgency of various stakeholders (Mitchell, Agle, & Wood, 1997).

Family firms, due to their family-oriented structure, may prioritize stakeholders who contribute to SEW dimensions—such as family control and reputation—over those who offer economic advantages. This introduces an important theoretical tension: traditional stakeholder salience theory suggests that stakeholders with more economic power (e.g., major shareholders or large customers) should receive higher attention, but family firms may focus on stakeholders who enhance non-economic benefits (e.g., long-standing community partners or family-member employees). By integrating these two theoretical frameworks, this review highlights a potential area for deeper inquiry into how family firms balance economic versus non-economic stakeholder salience.

Research should explore how the power-legitimacy-urgency model of stakeholder salience interacts with SEW in family firms. For instance, in situations where the economic power of stakeholders conflicts with family values or emotional attachment, how do family firms resolve these tensions? This could lead to a more nuanced understanding of stakeholder prioritization, providing insights into why family firms may neglect economically significant stakeholders in favor of those who preserve family identity and long-term values.

While SEW has received considerable attention in explaining stakeholder orientation in family firms, other theories, such as stewardship theory and institutional theory, remain underexplored in this context. Stewardship theory posits that individuals act as stewards of their organizations, prioritizing collective well-being over individual gains (Davis et al., 1997). Family firms, with their focus on long-term sustainability and generational continuity, are naturally aligned with stewardship behaviors. This review

finds that family firms often engage in stewardship practices that prioritize community welfare, employee well-being, and environmental sustainability, even when these actions do not directly enhance financial performance.

Similarly, institutional theory, which focuses on how external social, cultural, and regulatory pressures influence organizational behavior, offers a valuable lens through which to understand family firms' stakeholder orientation. Family firms may respond to external pressures not only to maintain legitimacy but also to align with deeply rooted family values. However, institutional theory has not been widely applied in family firm research, despite the potential to uncover how family firms balance institutional pressures with internal family dynamics.

We could apply stewardship theory to examine how family firms view their relationships with stakeholders as part of a long-term commitment to societal well-being, rather than short-term profit maximization. For example, do family firms in different cultural or regulatory environments demonstrate stronger stewardship behaviors in stakeholder management than non-family firms?

Institutional theory can also provide insights into how family firms adapt their stakeholder orientation in response to external pressures, such as regulatory changes or market demands. For example, family firms in emerging markets may face unique institutional pressures that shape their approach to stakeholder engagement differently than family firms in developed economies.

Another key contribution of this review is to highlight inconsistencies in the literature regarding whether family firms are more or less stakeholder-oriented than non-family firms. While SEW theory suggests that family firms should be more inclined to prioritize stakeholder relationships, empirical findings are mixed. Some studies suggest that family firms are more inclined to adopt stakeholder-friendly practices due to their long-term orientation and community ties, while others find that family firms may be more risk-averse and less likely to engage in sustainable practices.

This systematic literature review challenges the dominant narrative that family firms are uniformly more stakeholder-oriented than non-family firms. Instead, it suggests that stakeholder orientation in family firms is contingent on various factors, such as firm size, generational involvement, and cultural context. These contingencies introduce a new layer of complexity to the study of stakeholder orientation in family firms and call for a more nuanced theoretical understanding of how family firms manage stakeholder relationships.

Researchers should examine the moderating effects of firm characteristics (e.g., size, generational involvement) and external contexts (e.g., cultural norms, regulatory environments) on stakeholder orientation. This could help explain why some family firms are highly stakeholder-oriented while others are not, offering a more contingent view of family firm behavior that goes beyond the assumptions of SEW.

Finally, this review calls for a more holistic approach to understanding stakeholder orientation in family firms. While much of the existing research focuses on individual stakeholders (e.g., employees, customers, or shareholders), this review emphasizes the importance of viewing stakeholder orientation as a multi-dimensional construct that involves balancing competing interests across multiple stakeholder groups. Family firms, in particular, face unique challenges in managing diverse stakeholder relationships due to the interplay between family and business objectives.

This review proposes that future research should adopt a systems-oriented approach to stakeholder theory in family firms, examining how family firms integrate stakeholder interests into their decision-making processes and the potential trade-offs they must navigate. By developing a more comprehensive framework for understanding stakeholder orientation in family firms, researchers can provide both theoretical insights and practical guidance for family business practitioners.

5.2 Practical Contributions

The insights gained from understanding the specific strategies family firms use to become stakeholder-oriented can inform the development of targeted interventions and best practices. Family firm managers can leverage these strategies to enhance their stakeholder relationships, thereby improving organizational performance and sustainability. For instance, practices that foster trust, transparency, and long-term engagement can be emphasized, ensuring that the firm's actions align with stakeholder expectations and contribute to mutual benefit.

Family firm managers can apply the findings to enhance their relationships with various stakeholders, including employees, customers, suppliers, and the community. By adopting stakeholder-oriented practices, family firms can build stronger, more resilient relationships that contribute to the firm's stability and success. These practices may include regular and open communication, fair and ethical treatment of stakeholders, and active involvement in community initiatives. Such engagement can

lead to increased loyalty, satisfaction, and support from stakeholders, which are critical for the long-term success of family firms.

Qualitative and longitudinal studies provide rich, contextual insights that can help family firms navigate changes over time and maintain strong stakeholder relationships across generations. Understanding how stakeholder orientation evolves through generational transitions can guide family firms in planning for succession and ensuring continuity in their stakeholder management practices. This is particularly important for preserving the firm's reputation and legacy, which are often tied to its stakeholder relationships. By maintaining consistent and effective stakeholder orientation, family firms can ensure smooth transitions and sustained success across generations.

The practical insights from the literature review can support strategic decision-making in family firms. Managers can use these insights to align their strategies with stakeholder needs and expectations, enhancing the firm's competitive advantage. For example, understanding the importance of socio-emotional wealth can guide decisions that balance financial and non-financial goals, ensuring that stakeholder interests are considered in strategic planning. Additionally, recognizing the value of social capital can inform initiatives that strengthen the firm's network and community ties, contributing to its overall success.

The findings have implications for the policy and governance structures of family firms. Boards and governance bodies can use the insights to develop policies that promote stakeholder orientation and ensure that the firm's values and practices align with stakeholder expectations. This can involve establishing formal mechanisms for stakeholder engagement, implementing ethical guidelines, and promoting transparency in decision-making. By institutionalizing these practices, family firms can enhance their credibility and trustworthiness, which are essential for maintaining strong stakeholder relationships.

The theoretical and practical implications of the literature review provide a comprehensive foundation for advancing the understanding and practice of stakeholder orientation in family firms. By addressing the identified gaps and leveraging the insights gained, researchers and practitioners can contribute to the development of more effective and sustainable stakeholder management practices, ensuring the long-term success and resilience of family firms.

5.3 Implications

1. Theoretical Implications: This review makes significant contributions to theoretical advancements in understanding stakeholder orientation within the unique context of family firms. It highlights the importance of integrating family business studies with stakeholder theory to develop comprehensive frameworks that account for the complexities and nuances of family influence. By identifying gaps and inconsistencies in the existing literature, this review paves the way for future research to explore how family dynamics, governance structures, and socio-emotional wealth shape stakeholder orientation.
2. Practical Implications: The insights gained from this review offer valuable guidance for practitioners in family businesses. Understanding the diverse approaches to stakeholder orientation and the factors influencing them enables family businesses to tailor their strategies for more effective stakeholder engagement. By recognizing the importance of family values, trust-based relationships, and long-term commitment, family firms can develop practices that align business goals with family objectives. This alignment not only enhances organizational performance and sustainability but also ensures that stakeholder relationships are maintained across generations. Practical applications include fostering open communication, implementing ethical guidelines, and engaging actively with the community. These strategies can build stronger, more resilient relationships with stakeholders, contributing to the firm's stability and long-term success. Additionally, the review's findings support strategic decision-making and governance in family firms, providing a roadmap for integrating stakeholder-oriented practices into their core operations and policies.

6. Conclusion

This extensive literature review has meticulously analyzed the intricate characteristics of stakeholder orientation in family firms. This review has conducted a comprehensive analysis of existing research to emphasize the distinct methods that family organizations employ in comprehending, assessing, and engaging with stakeholder orientation, so distinguishing them from non-family firms. The review has identified prominent themes and patterns, providing valuable insights into the complex interplay of factors that shape stakeholder orientation in the unique context of family firms.

The review reveals several key findings: Firstly, there is a lack of consensus on the definitions and measurements of stakeholder orientation in family firms, making it difficult to compare and synthesize findings across studies. Secondly, there is a scarcity of detailed studies exploring internal variations in stakeholder orientation within family firms, particularly concerning factors such as generational stage, governance structure, and family involvement. Thirdly, while the Socio-Emotional Wealth (SEW) perspective explains why family firms prioritize stakeholder orientation, there is limited understanding of the specific strategies and processes they use to achieve this orientation. Lastly, the predominance of quantitative, cross-sectional research leaves a gap in qualitative and longitudinal insights, which are essential for understanding the dynamic and contextual nature of stakeholder orientation in family firms.

The review highlights the numerous and complex approaches via which stakeholder orientation is defined and evaluated in family firms. The article emphasizes the incorporation of traditional business metrics with the unique socio-emotional wealth factors that are distinctive to family businesses. This demonstrates their dual focus on achieving corporate success and preserving family legacy. After completing a comparative analysis, it is clear that family organizations exhibit a more pronounced emphasis on stakeholders in contrast to non-family firms. The family's perspective is greatly influenced by their enduring vision, concerns for cultural preservation, and a strong feeling of duty. However, these elements may vary based on the generation's stage, the family's dynamics, and the governance structure.

The analysis highlights that generational involvement, governance arrangements, and the preservation of socio-emotional wealth are crucial determinants of stakeholder orientation in family enterprises. These aspects jointly determine the strategy for managing stakeholders, by striking a balance between business aims and family interests. The study explores many approaches utilized by family businesses to effectively handle and correspond the interests of stakeholders. These approaches encompass proactive

involvement of stakeholders, clear and open communication, cultivation of trust and loyalty, and implementation of flexible governance methods. These tactics are firmly established in the family's beliefs and inheritance, emphasizing the distinctive combination of professional and personal approaches in family enterprises.

This approach not only enhances the scholarly comprehension of stakeholder orientation in family firms, but also carries practical implications for professionals engaged in family firms. Emphasizing the significance of customizing stakeholder management strategies to coincide with the objectives of both the family and the business. Future studies should attempt to provide a complete framework for assessing stakeholder orientation in family firms, encompassing both financial achievements and socio-emotional aspects. Future research should focus on developing a cohesive framework or model to measure and compare stakeholder orientation in family enterprises. An effective framework should take into account the distinctive characteristics of family businesses while also being flexible enough to be applied in various situations.

Furthermore, longitudinal studies offer the ability to gain a more profound understanding of how stakeholder orientation develops over time amid generational shifts in family firms. Conducting comparative studies in various cultural and industrial contexts can enhance our comprehension of this phenomenon. Also investigate the progression of stakeholder orientation throughout several generational phases in family enterprises would offer more profound understanding of the changing dynamics of stakeholder management over time.

Conducting comparative studies in multiple cultural contexts can improve our understanding of how cultural norms and values affect stakeholder orientation in family enterprises and exploring the impact of digital transformation and the increasing significance of technology in the operations of family firms on stakeholder orientation are also compelling avenue for future research.

In summary, this comprehensive literature review offers valuable understanding of the unique dynamics of stakeholder orientation in family firms, highlighting the significance of a nuanced approach to understanding and managing stakeholder interactions in these organizations. This study lays the groundwork for future research and practical use, aiming to enhance the efficiency and sustainability of stakeholder management in the context of family businesses.

7. Limitations

While this systematic literature review (SLR) provides significant insights into the field of stakeholder orientation in family firms, there are several limitations that need to be acknowledged. These limitations stem from both the methodological choices made during the review process and the inherent nature of the studies examined. Understanding these limitations is important for interpreting the findings of this review and for guiding future research.

One limitation of this review is the potential for selection bias. The search strategy was focused on major databases such as Scopus and Web of Science, ensuring that only peer-reviewed journal articles were included. While this approach helped maintain the quality and rigor of the studies, it may have excluded relevant research published in other sources. Additionally, restricting the review to articles published in English might have led to the omission of significant work in other languages, particularly from regions where family firms play an important role but where research might not be widely available in international journals. This bias limits the generalizability of the findings, especially in non-English-speaking contexts.

Another limitation is the dominance of quantitative studies in the literature. The majority of the reviewed articles employed quantitative methodologies, which allowed for the identification of trends and correlations in stakeholder orientation across large samples of family firms. However, this emphasis on quantitative research may have overlooked the rich, contextual insights that qualitative research can offer. Family firms operate in complex and nuanced environments, where decisions are often influenced by emotions, family values, and social dynamics. These aspects are difficult to capture through purely quantitative methods, suggesting that the inclusion of more qualitative research could provide a deeper understanding of the motivations and behaviors underlying stakeholder orientation in family firms.

The time frame of the included studies, which spans from 1984 to 2022, presents another limitation. While this broad range offers a historical perspective on the development of stakeholder orientation in family firms, it may not fully reflect the most recent changes in the business environment. Emerging trends such as the increased focus on sustainability, digital transformation, and post-pandemic challenges may not be adequately addressed in studies conducted before 2020. Therefore, the findings of this review may not fully capture the current realities of stakeholder management in family firms, particularly in light of the rapid changes affecting global business today.

Moreover, the heterogeneity of family firms poses a challenge for drawing generalized conclusions. Family firms vary significantly in terms of size, industry, generational involvement, governance structures, and geographic location. This diversity means that stakeholder orientation can manifest in different ways depending on the specific characteristics of the firm. While this review attempts to provide a comprehensive overview, it cannot account for all the variations within family firms. For instance, the stakeholder strategies of a first-generation, small family business might differ greatly from those of a large, multi-generational family firm. This limitation points to the need for more nuanced research that disaggregates family firms based on these contextual factors.

Another notable limitation is the lack of longitudinal data in the reviewed studies. Most of the research included in this review was cross-sectional, providing only a snapshot of stakeholder orientation at a particular point in time. As family firms evolve, particularly through leadership transitions and generational changes, their approach to stakeholder management is likely to shift. Longitudinal studies would be better suited to capturing these dynamic processes, offering insights into how stakeholder orientation changes over time and how external events, such as economic crises or leadership succession, impact stakeholder strategies in family firms.

Additionally, there is an over-reliance on the socio-emotional wealth (SEW) framework in the literature on family firms. SEW has been extensively used to explain family firms' behavior, particularly their emphasis on non-economic goals such as family control and legacy. While SEW provides valuable insights, it can overshadow other important theoretical perspectives such as stewardship theory, agency theory, or institutional theory, which may also offer valuable explanations for how family firms manage their stakeholders. This reliance on SEW may limit the development of alternative theoretical frameworks that could provide a more comprehensive understanding of stakeholder orientation in family firms.

The geographic concentration of the studies is another limitation that must be addressed. A significant portion of the reviewed research focuses on family firms in Western countries, particularly the United States and Europe. This geographic concentration means that the findings may not be entirely applicable to family firms in other parts of the world, such as Asia, Africa, or Latin America, where cultural, institutional, and economic conditions differ significantly. The lack of representation from non-Western contexts restricts the generalizability of the review’s findings and highlights the need for future research to explore stakeholder orientation in a broader range of geographic and cultural settings.

The inconsistency in measurement across studies is another limitation that complicates the synthesis of findings. Different studies use varying definitions and measurement tools to assess stakeholder orientation, making it difficult to compare results or draw consistent conclusions. Some studies rely on direct measures of stakeholder engagement, while others use proxies such as corporate social responsibility (CSR) performance or environmental initiatives. This lack of standardization hinders the development of a cohesive theoretical framework for stakeholder orientation in family firms and suggests that future research should aim to establish more consistent metrics for evaluating stakeholder behavior.

Lastly, this review's findings may have limited practical implications for family business practitioners. Many of the studies reviewed are highly academic and focus on theoretical developments without offering direct, actionable strategies for family firm owners or managers. This disconnect between theory and practice means that while the review advances academic understanding, it may not provide immediate guidance for practitioners looking to improve their stakeholder management practices. Future research could bridge this gap by incorporating more practitioner-oriented studies and developing case-based insights that are directly applicable to real-world business challenges.

8. Avenues for future research

This systematic literature review (SLR) identifies several gaps in the existing literature on stakeholder orientation in family firms and highlights areas where future research could provide significant theoretical and practical contributions. As family firms continue to play an important role in the global economy, understanding their unique approach to stakeholder management becomes crucial. This section outlines several avenues for future research that stem from the key findings and theoretical contributions of this review.

1. Exploring the Integration of Non-Economic Goals into Stakeholder Theory

One of the main theoretical contributions of this review is the identification of a gap in how traditional stakeholder theory, which emphasizes economic outcomes, applies to family firms that prioritize non-economic goals such as socio-emotional wealth (SEW). While SEW has been widely recognized as a driving force in family firms' decision-making, its integration into stakeholder theory remains underdeveloped.

Research Questions:

- How can stakeholder theory be adapted to account for non-economic goals such as family legacy, community reputation, and socio-emotional wealth in family firms?
- What are the trade-offs family firms face when balancing economic and non-economic stakeholder interests, and how do these trade-offs influence long-term sustainability?

Future studies could examine how family firms weigh the interests of economic versus non-economic stakeholders, possibly through case studies or longitudinal analyses. Researchers could explore specific industries or regions where family-centric values are particularly strong, investigating how these values influence stakeholder prioritization and resource allocation.

2. The Interplay Between SEW and Stakeholder Salience

The integration of SEW with the stakeholder salience model (Mitchell, Agle, & Wood, 1997) presents a fruitful area for future inquiry. Traditional stakeholder salience theory suggests that stakeholders with greater economic power, legitimacy, and urgency should receive more attention. However, family firms often prioritize stakeholders who contribute to non-economic dimensions such as family control, reputation, and generational continuity, leading to theoretical tensions that require further exploration.

Research Questions:

- How do family firms resolve conflicts between the economic power of stakeholders and the non-economic benefits they bring, such as reinforcing family identity or preserving family control?
- What role do family members play as internal stakeholders in shaping stakeholder salience, and how does this differ from non-family firms?

Quantitative studies could measure how family firms balance stakeholder salience dimensions differently than non-family firms, particularly in situations where economic and non-economic goals conflict. Qualitative research, such as in-depth interviews with family firm owners, could also explore the psychological and emotional factors driving these decisions.

3. Cultural and Institutional Contexts in Stakeholder Management

Institutional theory, which focuses on how external social, cultural, and regulatory pressures influence organizational behavior, has not been widely applied in the study of family firms. This review suggests that the cultural and regulatory environment plays a critical role in shaping family firms' stakeholder orientation, particularly in emerging markets where institutional pressures may differ significantly from those in developed economies.

Research Questions:

- How do cultural and institutional differences across countries influence the stakeholder orientation of family firms?
- In what ways do family firms in emerging markets respond to regulatory or cultural pressures differently from those in developed markets, particularly in their interactions with stakeholders?

Cross-country comparative studies could explore how family firms in different institutional contexts manage stakeholder relationships. For example, researchers could investigate how regulatory changes in corporate governance or environmental standards influence family firms' stakeholder engagement in developing versus developed markets.

4. The Role of Generational Involvement in Stakeholder Orientation

Another key finding of this review is the recognition that stakeholder orientation in family firms is not uniform and varies significantly depending on generational involvement. First-generation family firms may have different priorities and strategies compared to multi-generational firms when it comes to managing stakeholder relationships.

Research Questions:

- How does stakeholder orientation evolve as family firms transition from one generation to the next?
- What impact does the involvement of later generations have on the prioritization of different stakeholder groups, such as employees, customers, or community partners?

Longitudinal studies tracking family firms across generations could provide valuable insights into how generational changes affect stakeholder orientation. Future research could also explore the role of family succession planning in shaping stakeholder strategies, particularly during leadership transitions.

5. Stewardship Theory and Long-Term Commitment to Stakeholders

Stewardship theory posits that individuals act as stewards of their organizations, prioritizing collective well-being over individual gains. This review highlights that family firms, with their long-term orientation and commitment to future generations, naturally align with stewardship behaviors. However, the application of stewardship theory to stakeholder management in family firms remains underdeveloped.

Research Questions:

- How do stewardship behaviors manifest in the stakeholder management practices of family firms, particularly regarding community and employee engagement?
- Do family firms in different industries or cultural contexts demonstrate varying levels of stewardship behaviors in their stakeholder orientation?

Researchers could conduct industry-specific studies to examine how family firms in sectors such as manufacturing, retail, or agriculture adopt stewardship practices in their interactions with stakeholders. Furthermore, exploring the impact of stewardship on firm performance and stakeholder satisfaction could provide practical insights into the benefits of long-term stakeholder commitment.

6. Inconsistencies in Stakeholder Orientation Between Family and Non-Family Firms

The literature reveals mixed findings regarding whether family firms are more stakeholder-oriented than non-family firms. While some studies suggest that family firms' long-term focus leads to greater stakeholder engagement, others find that family firms can be more risk-averse and less inclined to adopt sustainable or innovative stakeholder practices. This review suggests that these inconsistencies are likely due to the contingent nature of stakeholder orientation, influenced by factors such as firm size, industry, and cultural context.

Research Questions:

- Under what conditions are family firms more or less stakeholder-oriented than non-family firms?
- How do firm size, industry characteristics, and market conditions influence the stakeholder practices of family firms?

Researchers could adopt a contingency theory approach to investigate the contextual factors that lead to variations in stakeholder orientation between family and non-family firms. Large-scale surveys or case studies could be used to compare family and non-family firms across different industries and regions, focusing on the factors that drive stakeholder engagement.

7. A Systems-Oriented Approach to Stakeholder Theory in Family Firms

This review calls for a more holistic, systems-oriented approach to understanding stakeholder orientation in family firms. Family firms often face unique challenges in balancing the competing interests of multiple stakeholder groups due to the interplay between family and business objectives. The complexities of this balancing act remain understudied.

Research Questions:

- How do family firms integrate the interests of multiple stakeholders into their decision-making processes?
- What trade-offs do family firms face when managing the competing interests of family members, employees, customers, and other stakeholders?

Future research could adopt a systems theory perspective to examine how family firms navigate complex stakeholder dynamics. Multi-stakeholder case studies, where different stakeholder groups are

interviewed and analyzed, could provide a comprehensive view of how family firms manage these competing interests.

8. Impact of Stakeholder Orientation on Family Firm Performance

Although much of the research on stakeholder orientation focuses on the strategies employed by family firms, there is limited empirical evidence on how stakeholder orientation directly impacts firm performance. Understanding the relationship between stakeholder engagement and financial, social, and environmental performance in family firms could provide valuable insights for both academics and practitioners.

Research Questions:

- How does stakeholder orientation influence the financial, social, and environmental performance of family firms?
- Are there specific stakeholder management strategies that lead to higher firm performance in family businesses?

Empirical studies using quantitative methods, such as structural equation modeling or regression analysis, could explore the relationship between stakeholder orientation and firm performance in family businesses. Researchers could also examine the role of external stakeholders, such as customers or regulators, in shaping firm performance through their influence on stakeholder engagement strategies.

Table A: Scopus and Web of Science - Search Initial Results

Based on Article title, abstract, keywords, ABS ranking 3 to 4*, and interesting discussion in less than ABS 3 ranked

Keywords	Initial Result	Additional Included (ABS 3 to 4*)	Additional Included (Interesting but less than ABS 3)	Total Considered
Stakeholder Orientation	33	15	05	20
Stakeholder Engagement	27	11	01	12
Stakeholder Interests	55	05	03	08
Stakeholder Theory	120	16	04	20
Stakeholder Management	124	05	02	07
Stakeholder Relations	139	05	02	07
Stakeholder Ethics	10	NIL	NIL	N/A
Stakeholder CSR	50	NIL	NIL	N/A
Stakeholder Corporate Social Responsibility	60	NIL	01	01
Stakeholder Sustainability	41	NIL	NIL	N/A
Stakeholder Social Capital	12	01	01	02
Total	671	58	19	77

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Way Forward

The systematic literature review in Chapter 1 highlights several critical gaps in the existing research on stakeholder orientation in family firms. These gaps include inconsistent definitions and measurements of stakeholder orientation, limited in-depth analysis within family firms, insufficient exploration of how family firms become stakeholder-oriented, and a lack of qualitative and longitudinal studies. The subsequent empirical chapters of this thesis aim to address these gaps through targeted research approaches.

The literature review reveals that while the SEW perspective explains why family firms prioritize stakeholder orientation, there is limited understanding of the specific strategies and processes they use to achieve this orientation. This gap is particularly pronounced in the lack of qualitative insights into the mechanisms through which family firms implement stakeholder-oriented practices.

Chapter 2, titled "Unveiling the Mechanism of Stakeholder Orientation in Family Firms," directly addresses this gap by employing a qualitative research methodology. Through multiple case studies, this chapter explores the specific strategies and processes that family firms use to become stakeholder-oriented. The study delves into the cultural, strategic, and operational aspects that drive stakeholder orientation, providing detailed insights into the mechanisms that underpin effective stakeholder management.

For instance, the findings from the case studies highlight the role of family values, leadership practices, and organizational structures in fostering stakeholder engagement. By examining these factors in depth, Chapter 2 offers a comprehensive understanding of how family firms navigate the complex dynamics of stakeholder orientation, addressing the "how" aspect that has been underexplored in the literature.

The literature review also identifies a gap in understanding how external stakeholders, particularly job seekers, perceive family firms' stakeholder orientation. While existing studies have compared family and non-family firms in terms of stakeholder orientation, there is limited research on how these perceptions impact the attractiveness of family firms as employers.

Chapter 3, titled "Job-Seekers' Perceptions of Stakeholder Orientation in Family Firms," addresses this gap through an experimental study. This chapter investigates how the stakeholder orientation of family firms influences their attractiveness to potential employees, focusing on job seekers' perceptions in different cultural contexts.

The experimental design of this study allows for a controlled examination of the factors that shape job seekers' perceptions. By contrasting cultural perspectives between the U.S. and Germany, Chapter 3 provides nuanced insights into how family firms' stakeholder orientation is viewed externally and how it affects their employer brand. This research not only fills the gap identified in the literature but also offers practical implications for family firms seeking to enhance their attractiveness to top talent.

In summary, the empirical studies in Chapters 2 and 3 are meticulously designed to address the specific gaps identified in the literature review. Chapter 2 provides qualitative insights into the mechanisms through which family firms become stakeholder-oriented, while Chapter 3 explores the external perceptions of these practices, particularly among job seekers. By linking the gaps in the literature to the objectives and methodologies of the empirical studies, this thesis offers a cohesive narrative that advances our understanding of stakeholder orientation in family firms and contributes to both theoretical and practical knowledge in the field.

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Chapter 02: Unveiling the mechanism of stakeholder orientation in family firms.

Abstract

The study explores the mechanisms behind stakeholder orientation in family firms, addressing a critical gap in understanding how these firms prioritize and engage with their stakeholders. Using an inductive qualitative approach, we conducted in-depth interviews with key decision-makers from twelve family firms across diverse industries in Pakistan. The research employed a rigorous case study methodology, involving multiple stages of data coding and triangulation to ensure the validity and depth of analysis.

Our findings reveal five overarching dimensions that shape stakeholder orientation in family firms: Inspiration Nexus, Responsive Agility, Holistic Learning, Dynamic Embeddedness, and Integrated Engagement. These dimensions highlight the complex interplay between cultural values, relational dynamics, and institutional contexts in shaping stakeholder engagement strategies. The study proposes the "Cultural-Relational Model of Stakeholder Engagement in Family Firms," which integrates these dimensions to offer a comprehensive framework for understanding how family firms develop and sustain stakeholder relationships.

The study contributes to the theoretical advancement of Socioemotional Wealth (SEW) theory, Stakeholder theory, and Institutional theory, providing new insights into the unique dynamics of family firms. Practical implications include actionable strategies for family business leaders to enhance stakeholder engagement, fostering long-term sustainability and resilience in their organizations. The study also identifies areas for future research, particularly in exploring the applicability of the proposed model in different cultural and institutional contexts.

Keywords: *Stakeholder Orientation, Family Firms, Qualitative Study, Cultural-Relational Model, Socioemotional Wealth, Institutional Theory, Case Studies.*

1. Introduction

Family firms, a ubiquitous presence in the global business landscape, have long intrigued researchers and practitioners alike due to their unique characteristics and dynamics. One compelling facet that has garnered significant attention is their distinctive approach to stakeholders, which often diverges from that of non-family firms. Family firms, driven by a blend of tradition, legacy, and a deep-rooted sense of identity, have been perceived as more stakeholder-oriented, manifesting a pronounced commitment to addressing the needs and expectations of diverse stakeholder groups (Chrisman, Chua, & Sharma, 2005; Sirmon & Hitt, 2003).

Indeed, extant literature has not been reticent in acknowledging the propensity of family firms to exhibit stakeholder-centric behaviors and strategies. These firms, characterized by their long-term orientation and intergenerational continuity often prioritize stakeholder engagement over short-term shareholder value maximization (Berrone, Cruz, & Gomez-Mejia, 2012). This orientation is often attributed to the inherent nature of family firms, where the intersection of familial values, traditions, and a shared legacy imbues stakeholders with a sense of purpose beyond mere financial gain (Astrachan & Shanker, 2003).

However, while the literature readily acknowledges the existence of this distinctive stakeholder orientation in family firms, there remains a conspicuous knowledge gap in comprehensively elucidating the mechanisms that underpin this phenomenon. The vital question persists: What are the intricate dimensions and processes that propel family firms toward stakeholder orientation? To address this central inquiry, we embarked on a qualitative inductive study, anchored in the belief that qualitative exploration can unveil the nuances and subtleties of stakeholder orientation in family firms, which quantitative studies may overlook (Eisenhardt, 1989).

In this pursuit, we engaged with twelve diverse family firms situated in Pakistan, representing a spectrum of sizes, and industries. The choice of Pakistan as our research setting brings forth a unique context within which family firms operate, characterized by a fusion of tradition, emerging markets, and a burgeoning entrepreneurial spirit. The selection of Pakistan as the central focus of this study is underpinned by several strategic considerations that collectively render it an ideal backdrop for the exploration of stakeholder orientation within family firms. (Akhter, Sieger, and Chirico, 2016; Ilias, 2006; Stewart, 2003)

The orientation of family firms towards stakeholders is intricately influenced by the institutional context in which they operate, as evidenced by the research of (Berrone et al. 2010). This institutional framework encompasses legal and regulatory environments that significantly impact the dynamics between family ownership and firm value, as demonstrated by Peng and Jiang (2010). The legal regimes and governance systems within these contexts play a pivotal role in shaping corporate social behavior, a relationship further elucidated by Van der Laan Smith et al. (2005) and Campbell (2007).

In differing institutional landscapes, the emphasis on stakeholder versus shareholder primacy varies. Surroca and Tribo´ (2008) highlight this disparity, noting that managers in Anglo-Saxon countries tend to prioritize shareholders' interests more than their counterparts in continental Europe and Japan. In the latter regions, there is a traditional inclination towards nurturing long-term relationships with not just creditors but a broader array of stakeholders.

This distinction is further categorized by Ball et al. (2000) and Van der Laan Smith et al. (2005), who classify firms in common law countries as having a 'shareholder governance orientation.' In contrast, firms from code law countries, including those under French, German, Japanese, and Scandinavian legal regimes, are typically seen as having a 'stakeholder governance orientation.' This classification underscores the significant influence of the legal and regulatory backdrop on the governance strategies of family firms, shaping their approach towards stakeholder engagement and prioritization.

Thus, the institutional context, marked by its legal and regulatory dimensions, emerges as a critical determinant of how family firms balance the interests of shareholders with the broader stakeholder community. This balance is crucial in shaping the firm's strategies, operations, and overall orientation towards stakeholders, reflecting a deeper integration of the firm within its socio-economic and legal environment.

Pakistan stands out as a compelling research context due to the pervasive prevalence of family-owned enterprises within its business landscape. Recent estimates suggest that more than 80% to 90% of businesses in Pakistan are family-owned (Sheikh et al. 2022). This remarkably high prevalence of family firms underscores their prominence within the country's economic framework, presenting a ripe environment for investigating the dynamics of stakeholder orientation within this specific business model. Moreover, while the exact percentage may be subject to minor variations, the consensus within

academic and industry circles is unequivocal: family firms constitute the backbone of Pakistan's entrepreneurial ecosystem.

A second pivotal rationale for selecting Pakistan as the research setting lies in the accessibility and openness of family firms within the region to engage in substantive discussions regarding their stakeholder orientation. This accessibility stems from a confluence of factors, including cultural norms that encourage relationship-building, a relatively close-knit business community, and a willingness among family business leaders to share insights and experiences. This openness translates into a rich resource for qualitative inquiry, enabling in-depth interviews and candid discussions that are essential for unraveling the intricate dimensions of stakeholder orientation.

Pakistan's status as an emerging economy adds a layer of complexity and intrigue to the study. While extant research often delves into stakeholder orientation within established, developed economies, where institutional frameworks and regulatory mechanisms are well-defined, the unique challenge lies in understanding how family firms in emerging economies navigate stakeholder engagement in the absence of such robust structures. Pakistan, as an emerging economy, presents a pertinent and captivating case study for elucidating how family firms become stakeholder-oriented in contexts characterized by institutional fragility and limited regulatory support. This nuanced examination adds depth to the broader discourse on stakeholder orientation by shedding light on strategies and mechanisms employed by family firms operating in resource-constrained environments.

Furthermore, the legal framework within Pakistan, which derives from British law, presents an intriguing dimension for investigation. Previous research has noted variations in stakeholder orientation across countries with differing legal systems (Kostova & Roth, 2002). Countries with British legal traditions are often considered to lean toward shareholder-centric models, while those with stakeholder-friendly legal frameworks tend to prioritize the interests of diverse stakeholder groups. By virtue of its legal system, Pakistan occupies a unique position within this spectrum, making it an intriguing locus for exploring the influence of legal context on stakeholder orientation within family firms.

This paper is structured as follows: In the subsequent sections, we start with literature review, followed by methodology and then findings where we expound upon each of the five dimensions, providing detailed insights into their manifestation and influence within the context of family firms. We also

provide a discussion, along with implication and avenues for future research in this paper. Through this comprehensive exploration, we aim to contribute to the burgeoning field of family business strategy by shedding light on the mechanisms that make family firms intrinsically stakeholder oriented.

2. Literature Review

Family business studies with stakeholder theory and institutional theory illuminates the multi-faceted nature of stakeholder orientation in family businesses. Family business studies highlight the influence of family values, generational change, and family governance on business decisions. Stakeholder theory expands this view by emphasizing the importance of balancing the needs and expectations of diverse stakeholder groups, beyond the family and shareholders. Institutional theory further enriches this framework by considering how external norms, rules, and pressures influence family firms' strategies and practices, including stakeholder orientation (Chrisman, Chua, & Sharma, 2005; Freeman, 1984; Scott, 2013)

Empirical research has used these theoretical frameworks to comprehend stakeholder orientation in family enterprises. Zellweger and Nason (2008) conducted a study on socioemotional wealth in family enterprises. They utilized these theories to elucidate why family firms frequently prioritize non-financial objectives. The study demonstrated how family influence and institutional norms can impact stakeholder strategies. In a separate investigation conducted by Bingham et al. (2011), the focus is on the ability of family-owned businesses to effectively manage the tension between upholding traditional values and embracing change. This delicate balancing act is influenced by various factors, including the family itself, stakeholders, and external institutional forces. The ultimate goal is to ensure the long-term confidence and loyalty of stakeholders throughout multiple generations.

The existing research generally agrees that family enterprises have a strong focus on stakeholders. However, there are varying opinions and arguments that offer a more detailed understanding of this phenomena. The disputes mainly focus on the scope, characteristics, and consequences of stakeholder orientation in family enterprises. An area of contention revolves around the degree to which family-owned businesses prioritize the interests of stakeholders compared to the financial interests of shareholders. Some experts, such as Berrone et al. (2012), contend that family enterprises naturally prioritize engaging with stakeholders because of their focus on long-term goals and intergenerational continuity. However, there are others who provide a more nuanced perspective. According to Villalonga and Amit (2006), the level of the family's participation in management and governance can greatly influence this orientation, implying that in certain situations, shareholder value might nevertheless be given greater importance.

Disagreements also arise concerning how family businesses align stakeholder interests. Astrachan and Shanker (2003) point out the pivotal role of familial values and heritage in shaping interactions with stakeholders. In contrast, Chrisman et al. (2005) concede that such a focus isn't always altruistic by nature. They argue that sometimes, the approach to stakeholders in family firms can stem from a desire to maintain authority and sway within the company, not just from an ethical or moral standpoint.

Furthermore, the implications of integrating a stakeholder perspective within family businesses remain a subject of continuous debate. Zellweger, Eddleston, and Kellermanns (2010) highlight the potential for positive outcomes like enhanced trust and commitment among those invested in the enterprise's success. On the other hand, Miller & Le Breton-Miller (2006) raise concerns over possible drawbacks such as nepotism and inefficiency stemming from an overemphasis on family-related stakeholders at the expense of broader economic concerns.

The impact of societal norms and the legal framework on how family businesses regard stakeholder interests is garnering more focus. Kostova and Roth (2002) argue that both the socio-cultural environment and legal regulations significantly influence how these enterprises consider various stakeholders' concerns. Studies indicate that family firms operating within distinct judicial frameworks, including common law versus code law nations, may exhibit differential approaches to stakeholder engagement (Van der Laan Smith et al., 2005).

Consensus exists around the concept that family-owned businesses are oriented towards stakeholder interests, yet scholarly discussions reveal a plethora of opinions concerning the extent, traits, and outcomes of this orientation. These varying viewpoints highlight the complexity of the issue and underscore an essential need for further empirical research to understand the multiple dimensions of how stakeholder orientation manifests within family businesses.

2.1 Family Firms and Stakeholder Orientation

Firms run by families represent a distinct category of enterprises, recognized for their alternative emphasis on stakeholder interests. This subject is pivotal in the realm of research dedicated to the study of family-owned businesses. Often marked by familial involvement in both ownership and administrative roles, these entities exhibit a unique fusion of family-oriented values, enduring traditions, and an

orientation towards long-term aspirations that sets them apart from their non-family counterparts (Chrisman et al., 2005; Sirmon & Hitt, 2003).

Family businesses stand out for their natural inclination to focus on forging relationships with stakeholders, rather than solely pursuing the short-term value for shareholders (Berrone et al., 2012). While conventional companies typically fixate on financial measures and quick gains, family enterprises adopt a stakeholder-centric approach. This strategy favors building long-lasting bonds and reciprocal responsibilities with various parties, encompassing employees, customers, vendors, and the local community (Berrone et al., 2012).

Family enterprises embody a stakeholder-centric approach that is integral to their very being, acknowledging stakeholders as vital elements in the formation of the organization's identity and legacy (Astrachan & Shanker, 2003). This unique perspective is a result of blending intrinsic family values and customs, which influence the moral framework within which the enterprise operates. Frequently, family-owned businesses regard their stakeholders as part of an extended family network, characterized by common values and a closeness that goes beyond simple business interactions (Basco, Calabrò, & Campopiano, 2018).

Research indicates that family firms prioritize the interests of their stakeholders due to several influential factors. The family's focus on long-term goals and commitment to passing down values and traditions gives stakeholders a sense of security and loyalty that extends beyond short-term financial dealings (Gedajlovic, Lubatkin, & Schulze, 2004). The long-term outlook aligns with the objectives of stakeholders who seek enduring connections rather than transient alliances.

Moreover, the incorporation of family values into corporate operations fosters a climate of confidence and reciprocal communication, establishing the basis for relationships with stakeholders (Cruz, Gómez-Mejía, & Becerra, 2010). Family enterprises often foster ethical conduct, truthfulness, and uprightness. Stakeholders highly appreciate these characteristics and they enhance the perceived authenticity of their involvement initiatives (Melin & Nordqvist, 2007).

Furthermore, the family company's robust and enduring sense of identity and heritage motivates them to give priority to the concerns of stakeholders, viewing their business as a vehicle to uphold their family's

values and traditions (Nordqvist, Sharma, & Chirico, 2014). This conventional perspective promotes a commitment to the well-being of stakeholders, as their prosperity is perceived as intricately connected to the company's long-term success.

2.2 Family firms and Stakeholder Theory

Stakeholder theory, as articulated by Freeman (1984), posits that businesses should consider the interests of all stakeholders, not just shareholders, in their decision-making processes. This theory fundamentally broadens the concept of business responsibility, asserting that firms have obligations to a wide array of stakeholders, including employees, customers, suppliers, and the community. At its core, stakeholder theory suggests that businesses can create value by addressing the needs and concerns of all their stakeholders, rather than focusing solely on maximizing shareholder value (Freeman, Harrison, Wicks, Parmar, & Colle, 2010).

Navigating the terrain of stakeholder interests involves a continuous, dynamic effort to identify and understand the varied interests and needs of a firm's stakeholders. Stakeholders can be categorized by their capacity to affect the organization, the legitimacy of their connection with it, as well as how immediate their demands are as outlined by Mitchell, Agle, and Wood in 1997. Implementing effective strategies for managing stakeholders implies not just recognizing these aspects but also actively involving them in a dialogue aimed at addressing their issues and integrating their input into the enterprise's strategy (Clarkson, 1995). Successfully engaging with stakeholders can lead to enhanced company credibility, improved management of operational risks, and increased commitment to sustainable business methods (Hillman & Keim, 2001).

When Stakeholder theory is put into practice within family enterprises, it reveals unique attributes. Firms with familial roots often prioritize stakeholder considerations deeply embedded in their heritage of family values, extensive visions for the future, and interlinked interests between the business and the family (Berrone et al., 2012). Such companies tend to implement tactics that balance both economic goals and non-material aspirations, reflective of their commitment to uphold a positive familial legacy and to develop robust ties with stakeholders (Zellweger et al., 2010). The research by Miller and Le Breton-Miller (2006) suggests that when family businesses align closely with stakeholder priorities, they can unlock distinctive advantages such as enhanced trust and loyalty among stakeholders. These benefits are integral to fostering not only corporate prosperity but also enduring resilience.

2.3 Family firms and Institutional Theory

According to DiMaggio and Powell (1983), institutional theory suggests that organizational behaviors and strategies are significantly influenced by the regulatory frameworks encompassing them. In this context, both explicit rules as well as unspoken norms, beliefs, and expectations define acceptable behavior and traditions particular to a given setting. Organizations are subject to coercive, mimetic, and normative pressures which drive conformity with these prevailing institutional standards. Coercive pressures stem from legal requirements; mimetic pressures arise when organizations imitate those peers perceived as successful; while normative pressures emerge due to established professional standards and societal cultural norms (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). The potent forces of such constraints shape the creation of organizational forms and procedures, often leading industries or markets to adopt homogenous operational models.

Legitimacy is of utmost importance for the survival and profitability of family enterprises. It refers to the idea that their acts are acceptable and suitable within the social order (Suchman, 1995). Family enterprises frequently encounter distinctive obstacles when attempting to reconcile traditional familial principles with the professional and market-oriented standards prevalent in their respective industry. Individuals may react to institutional pressures by either adhering to these standards or utilizing methods of resistance to uphold family control and identity (Berrone et al., 2012). The level of compliance or opposition is contingent upon variables such as the company's dependence on outside resources, the intensity of familial principles, and the imperative to safeguard socioemotional prosperity (Gómez-Mejía et al., 2007).

Customary practices, cultural convention, and tacit societal rules play a significant role in shaping the actions and tactical approaches of family-run firms, especially in their engagement with stakeholders. These informal institutions often reflect the fundamental values and legacy left by the founding family members, directing the decision-making paths, strategy formation, and stakeholder interactions (Miller et al., 2011). Family influence can prompt distinctive stakeholder-related practices like nurturing long-standing ties with staff and clients, active community involvement, and implementing stewardship-oriented governance structures. Such approaches may stand out from standard business models prevalent among companies not managed by families (Chrisman et al., 2003).

2.4 Research Gap

By integrating together these theoretical lenses, we gain a layered insight into the emphasis on stakeholders within family enterprises. This confluence suggests that stakeholder focus in such entities is complex, shaped by a motivation to preserve familial ethos, forge robust bonds with various stakeholder categories, and conform to external regulatory demands. Studies suggest that family-run businesses might exhibit elevated levels of social responsibility as a tactic to engage stakeholders proactively – an approach rooted in their values and driven by societal expectations (Dyer & Whetten, 2006).

Although existing studies recognize the significance of stakeholder focus in family-owned ventures, it is evident there's still much to learn about the particular dynamics underpinning this orientation (Akram et al., 2022; Bettinelli et al., 2022; De Massis et al., 2021; Miroshnychenko et al., 2022). It becomes imperative then to delve into the diverse aspects and driving forces that steer such firms toward intensifying their considerations of stakeholder interests. Deepening our understanding of these elements is crucial – providing intellectual enhancement as well as actionable guidance for those at the helm of family businesses as they manage intricate relationships with their stakeholders.

New research highlights the intricate nature of stakeholder engagement in family enterprises, illustrating the complex interplay across individual, organizational, and contextual elements (Nordqvist et al., 2020). Considerations such as familial principles (Basco & Calabrò, 2022), the configuration of ownership within the family (Jaskiewicz et al., 2017), approaches to business governance (Daspit et al., 2021), and influences from external environments (Debicki et al., 2017) feature prominently. It's important to recognize that these factors often depend on each other, weaving a web of interactions affecting how stakeholders relate within family-owned firms.

Although there has been advancement in comprehending stakeholder orientation in family enterprises, there are still areas that need to be addressed. It is important to note that there is less knowledge regarding the development of stakeholder orientation strategies in family enterprises operating in diverse institutional environments. Moreover, there is still limited comprehension regarding the process via which family enterprises adopt a stakeholder-oriented approach, as well as the influence of different

levels of stakeholder importance on the strategic priorities of family firms (Freeman et al., 2019; Jaskiewicz & Dyer, 2017).

3. Methodology

In light of the exploratory nature of our research, which seeks to investigate the process through which family firms approach their stakeholder-orientation. We have adopted an inductive qualitative approach based on the multiple case-study design proposed by Eisenhardt (1989) to understand the multifaceted needs and interests of various stakeholders across family firms and to explore the mechanisms through which these firms incorporate stakeholder considerations into their organizational strategies and policies. Our study involves a multi-case design (Eisenhardt, 2021; Grodal et al., 2020) and seeks to analyze the data using a systematic thematic analysis method as introduced by Gioia et al. (2012). A flowchart (Figure 03) has been included to illustrate the entire research process, providing a visual guide to the methodology.

3.1 Case and Sample Selection

The primary aim of this analysis is to derive novel insights into theory (Eisenhardt & Graebner, 2007; Eisenhardt, 1989) and construct a grounded theory based on the case study data (De Massis & Kotlar, 2014). Based on the exploratory nature of our research question, which aims to investigate how family firms become stakeholder-oriented, how they take into account the needs and interests of multiple stakeholders, and how they translate this within their organization in terms of strategy and policies, we subscribed to an inductive qualitative methodology, specifically, the multiple case-study approach (Eisenhardt, 1989).

The scope of our research questions encompasses a diverse array of theoretical approaches. In order to accommodate the various theoretical perspectives, we utilized purposive sampling to choose our example firms (Pratt, 2009). The sample comprises 12 family enterprises with different sizes and working in various industries. In order to bolster the credibility, transferability, dependability, and confirmability (i.e., trustworthiness) of our findings, we utilized personal and academic ties to discover, choose, and interact with the case companies, as well as to establish communication with appropriate informants.

The companies were chosen using a combination of access (Alexander & Smith, 2019) and theoretical sampling (Lincoln & Guba, 1985). The primary data source consisted of comprehensive qualitative thematic (Eisenhardt & Graebner, 2007; King & Horrocks, 2010) and ethnographic face-to-face

interviews conducted via Zoom. These interviews were conducted with the intention of capturing and comparing the firsthand experiences of the main individuals involved in family businesses.

Purposive sampling was chosen because it enables the researcher to select cases that are particularly informative and relevant to the phenomenon under study. In this research, the objective was to explore how different family firms across varying contexts develop and implement stakeholder-oriented strategies. The firms were selected based on specific criteria that aligned with the study's goals, such as their size, industry, generational involvement, and willingness to participate in the research. This method ensures that the sample is not only representative of a broad spectrum of family firms but also capable of providing the detailed, nuanced data necessary for a comprehensive analysis.

- The selection included family firms of varying sizes, ranging from small enterprises to large corporations. This diversity in size was crucial for understanding how stakeholder orientation might differ depending on the scale of the organization. Similarly, firms from various industries such as hospitality, retail, electronics, and logistics were included to capture a wide range of industry-specific challenges and practices related to stakeholder orientation. This diversity was necessary to explore whether and how industry context influences the ways family firms engage with their stakeholders.
- Another key criterion was the generational involvement in the family firms. The sample included firms from first-generation startups to third or fourth-generation family businesses. This generational variety allowed the study to explore how stakeholder orientation evolves over time within family firms, and how the involvement of different generations might affect the firm’s approach to stakeholder management. For example, a fourth-generation family firm might have different priorities and challenges compared to a first-generation firm, which could lead to variations in stakeholder engagement strategies.
- Although not explicitly mentioned, it is implicit that the geographic and cultural context of the family firms also played a role in the selection process. Firms operating in different cultural settings may have different stakeholder expectations and thus may approach stakeholder orientation differently. The selection of firms from a specific region (e.g., Various provinces and cities like Sukkur, Karachi, Lahore, Faisalabad) allowed for an in-depth exploration of how local cultural norms and business practices influence stakeholder orientation in family firms.

- The willingness of the firms to participate and provide access to key decision-makers was also a significant factor in the selection process. This ensured that the study could gather rich, qualitative data through interviews with senior leaders who have a deep understanding of the firm's operations and stakeholder relationships. Access to these key informants was essential for obtaining detailed insights into the internal processes and strategies related to stakeholder orientation.

The decision to use a multiple case-study design was made to enhance the robustness and validity of the findings. The multiple case-study approach offers several advantages:

- Each case is treated as a single study, allowing for a thorough examination of the unique contextual factors that shape stakeholder orientation in each firm. This depth of analysis is particularly important in qualitative research, where the goal is to understand the complexities and subtleties of the phenomenon under investigation.
- By including multiple cases, the study benefits from the ability to compare and contrast the findings across different firms. This cross-case comparison helps identify common themes and patterns that may be generalizable across a broader population of family firms. It also allows for the identification of case-specific nuances that might be lost in a single-case study design.
- The insights gained from analyzing multiple cases can contribute to the development of a more robust and comprehensive theory of stakeholder orientation in family firms. By examining how different firms approach stakeholder engagement, the study can propose theoretical constructs that are grounded in empirical data and applicable to a wide range of contexts.
- The multiple case-study design provides a rich contextual backdrop against which stakeholder orientation can be understood. It allows the researcher to explore how specific contextual factors, such as industry dynamics, family culture, and generational involvement, interact to shape the firm's stakeholder strategies.

The informants included individuals holding high-ranking positions such as Chairman, CEOs, Presidents, Directors, and founders of the case companies. Given the significance of all the informants in the family company, we recognized them as the most valuable source of information for our study phenomenon. Table 1 presents a concise overview of the sample companies, encompassing details such as the year of establishment, the industry or sector in which the company operates, the current generation actively involved, and the approximate size of the company in terms of employee count.

Furthermore, the Table 04 (Company and interview details) includes foundational details about the participants, such as their pseudonyms to protect anonymity, roles in the corporation, length of each discussion, transcript page count for the interviews conducted, and any additional documented resources that were employed in the research.

3.2 Interview Protocol

During the interviews, we consistently encouraged our participants to express their opinions openly and adopt the position of experts or, as described by Gioia et al. (2012), "knowledgeable agents." Our interviewing approach did not adhere strictly to pre-existing theoretical models or specialized jargon. It was flexible, adjusting according to the participants' answers to fully understand how they created meaning.

The interview procedure had a comprehensive study agenda, aiming to clarify the aspects related to family ownership, control, and management that influence stakeholder orientations and improve stakeholder relations. The interviews began by providing an introduction to the study's objective and then proceeded with a series of predetermined topics. These topics explored the background, development, and current state of the family and the business, with a specific focus on stakeholder perspectives, connections, and elements that promote cooperation.

The themes primarily revolved around the following subjects: the historical background of the company; the family's personal and familial history; the family's role in the business; the shared goals, values, and culture of the family and the company; the legal and institutional framework within which the company operates; perspectives and opinions on relationships with stakeholders; and the necessary resources and abilities to effectively handle these matters. The informants exhibited a high degree of candor when discussing their companies, families, business operations, and stakeholders.

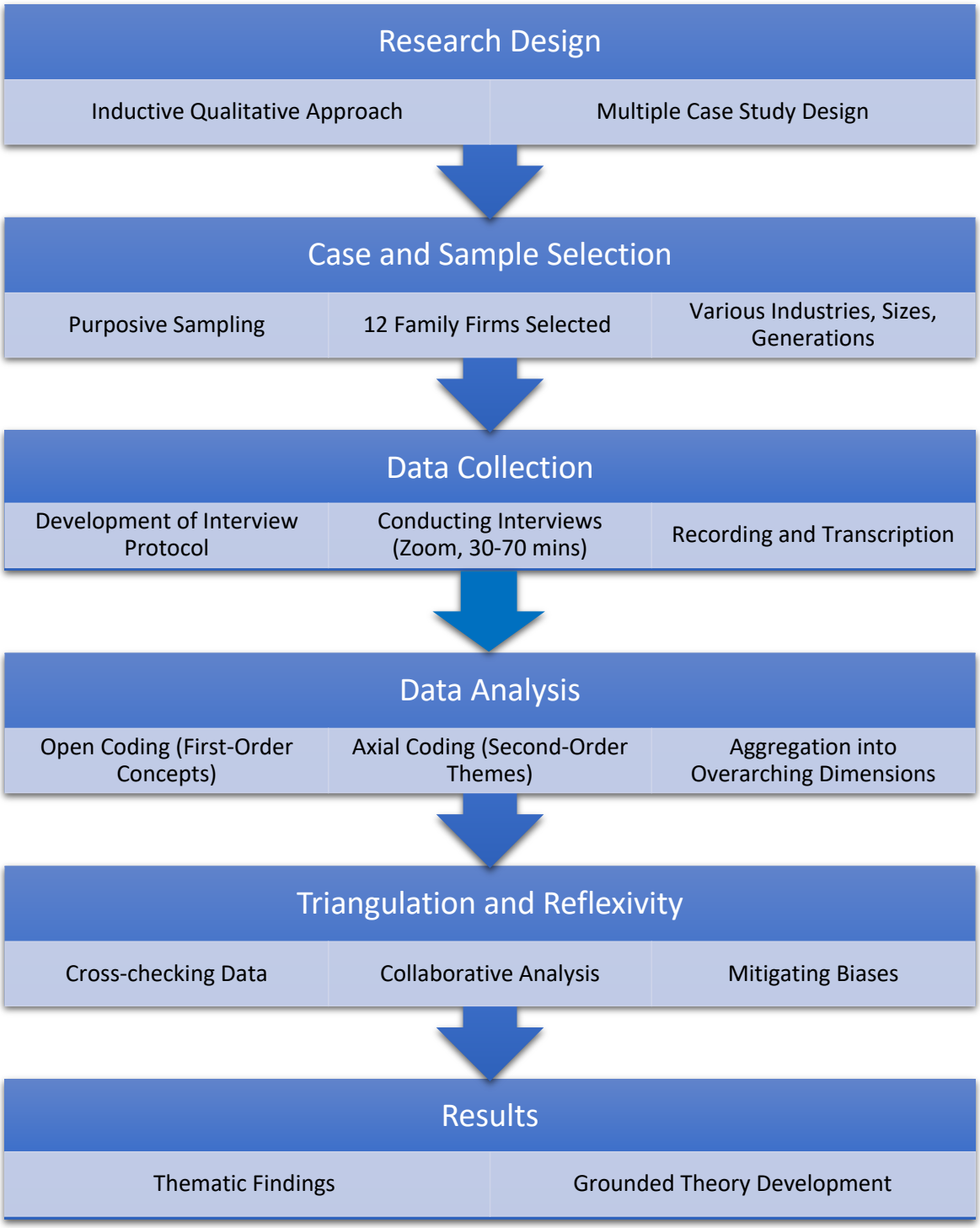

Figure 03: Steps involved in your research methodology

Table 04: Company and interview details

Company	Industry	Number of Employees	Founding Year	Number of Generations	Interviewees/Alias and Position	Length of Interview	Transcript Pages	Archival Documents
A	Hospitality	<3000	1944	3rd Gen	A1 – Director,	31 min.	11	Website, case study, news
					A2 – Chairman	34 min.	08	articles.
B	Retailing	<600	1948	4th Gen	B1 – CEO	65 min.	10	Website, case study, brochure.
C	Electronics	<500	1954	3rd Gen	C1 – CEO	64 min.	14	Website, brochure.
D	Shipping	<700	1950	3rd Gen	D1 – Chairman	43 min.	12	Website, brochure.
					D1 – Chairman (2nd Round)	33 min.	08	
E	Logistics	<12000	1983	2nd Gen	E1 – Vice President,	36 min.	09	Website, case study, news
					E2 – CEO	58 min.	10	articles.
F	Paint	<700	1982	2nd Gen	F1- CEO	40 min.	09	Website, brochure.
					F1- CEO (2nd Round)	52 min.	12	
G	Mattress	<500	1993	2nd Gen	G1- CEO	40 min.	09	Website, brochure.
					G1- CEO (2nd Round)	35 min.	07	
H	Mattress	<600	1976	2nd Gen	H1- CEO	29 min.	08	Website, brochure.
					H1- CEO (2nd Round)	47 min.	11	
					H1- CEO (3rd Round)	15 min.	04	
I	Food and Beverages	<350	1950	2nd Gen	I1 – CEO	28 min.	07	Website, brochure.
					I2 – COO	32 min.	05	
J	Technology	<1000	1995	1st Gen	J1- President	41 min.	10	Website, brochure.
					J2- CEO	31 min.	06	
K	Airlines	<200	2022	1st Gen	K1- CEO	43 min.	09	Website, brochure.
					K1- CEO (2nd Round)	37 min	06	
L	Chemicals	<5000	1981	3rd Gen	L1 – CEO	70 min.	12	Website, brochure.
					L2 – Director	20 min.	07	
						27 min.	06	
Total					**23**	**951**	**210**	

3.3 Data Collection Methods

Data collection involved conducting in-depth interviews with key informants from each of the twelve family firms. These informants included individuals in senior leadership positions, such as CEOs, Presidents, Directors, and Founders, who were identified as having a deep understanding of the firm's operations and stakeholder relationships.

3.4 Interview Setting and Structure

The interviews were conducted via Zoom, a widely recognized platform for qualitative data collection, especially in contexts where face-to-face interactions are not feasible. Each interview lasted between 30 to 70 minutes, depending on the participant's availability and the depth of the discussion. The semi-structured format allowed for a conversational flow, enabling participants to share their experiences and insights in a natural and unrestricted manner.

3.5 Recording and Transcription

All interviews were recorded with the consent of the participants and were subsequently transcribed verbatim. The transcription process was carried out with meticulous attention to detail, ensuring that the nuances of the conversations were preserved. The transcribed data served as the primary source for subsequent analysis. The precise transcription process established a strong basis for subsequent analytical stages, where thorough study and comprehension of each segment from talks were crucial.

3.6 Data Credibility

To ensure methodological rigor and comprehensiveness, this study conducted a total of 24 in-depth interviews, resulting in a cumulative interview duration of 951 minutes. The interviews were transcribed with great attention to detail, resulting in a large collection of written data that covered a total of 210 pages. The rigorous collecting of data was motivated by the goal of achieving theoretical saturation (Glaser & Strauss, 1967), a vital standard in qualitative research that indicates the point at which further data collection no longer produces novel insights or information.

To enhance the credibility and dependability of our findings, we employed the methodological strategy of triangulation (Denzin, 1978; Jick, 1979). Triangulation is a systematic process of analyzing different sources of data or views to validate and verify study findings. The study employed triangulation among the researchers, which entailed a collaborative analysis of the data and the examination of multiple theoretical links that emerged during the investigation.

By employing triangulation among investigators, an additional layer of methodological rigor was introduced, so mitigating the potential for prejudice and subjectivity. To ensure the accuracy of our findings, we employed a rigorous process that involved continuous talks, cross-checking our data, and carefully analyzing emergent patterns and themes. By employing this methodology, we were able to authenticate our findings and guarantee their support through numerous strands of evidence. This methodology improves the trustworthiness and honesty of our study outcomes, offering reassurance to the academic community regarding the reliability and accuracy of our discoveries.

3.7 Data Coding and Analysis Phases

During the initial stage of our examination, we engaged in open coding and meticulously analyzed the data both individually and as a collective, several times over. We uncovered both subtle and overt links while crafting various categories. This process led to the emergence of primary-order concepts (Gioia et al., 2012). At the second stage, we undertook axial coding where we distinguished affinities and variances among codes, organized them into clusters, and began bridging data with theory (Glaser, 2011), paving way for secondary-order themes. Following this, we looked for overarching patterns within these themes to determine their connection to the studied phenomenon.

3.8 Researcher Reflexivity

As the principal researcher, I was aware of the potential for bias, particularly in case selection, interview conduction, and data interpretation. To address these concerns, I implemented several strategies designed to enhance the objectivity and reliability of the study. Triangulation was a key strategy, involving the comparison of data from multiple sources and the cross-verification of findings across different informants and archival documents. Collaborative analysis was also employed, where coding and interpretation were conducted in conjunction

with other researchers, ensuring that multiple perspectives were considered in the final analysis. An audit trail was maintained throughout the research process to document decision-making steps and reflect on potential biases, which were discussed and mitigated through iterative reflexive discussions among the research team.

3.9 Data Analysis

Our data analysis approach is rooted in a dual-layered methodology, integrating both informant-centric and researcher-centric perspectives to uncover the underlying structures and themes within our data. This method aligns with the framework established by Corley & Gioia (2011) and further elaborated by Gioia et al. (2012), emphasizing the progression from concrete, informant-derived terms and codes (1st order analysis) to abstract, researcher-centric themes and dimensions (2nd order analysis).

Initially, our focus was on dissecting the data extensively through individual and collective analyses, aiming to unearth both explicit and implicit connections relevant to our research questions. Following the principles of "open coding" as detailed by Gioia et al. (2012) and Locke (2001), we meticulously categorized the data, ensuring that each piece was traceable to its specific case and informant. This granular approach yielded a substantial array of codes, reflecting our commitment to preserving the authenticity of informant terms. Figure 04 provides a detailed Data Structure

Phase 1: Open Coding (First-Order Concepts): In the initial phase, we engaged in open coding, which involved reading through the transcripts multiple times to identify significant phrases, terms, and concepts directly related to the research questions Gioia et al. (2012).. This process was carried out independently by the research team members to ensure a diverse range of insights. Each piece of data was assigned a code, which was grounded in the informants' own words and descriptions, thereby preserving the authenticity of the participants' perspectives.

Phase 2: Axial Coding (Second-Order Themes): The next phase involved axial coding (Glaser, 2011), where we began to identify relationships and patterns among the first-order concepts. This step required clustering similar codes together to form broader categories or themes that represented more abstract concepts. For example, concepts related to family legacy and cultural

values were grouped under the theme of "Inspiration Nexus," while those related to adaptability and responsiveness to external pressures were categorized under "Responsive Agility."

Phase 3: Aggregation into Overarching Dimensions: In the final phase, we aggregated the second-order themes into overarching dimensions that encapsulate the core mechanisms of stakeholder orientation in family firms. This step involved a comparative analysis across cases to ensure that the identified dimensions were consistent and robust across different contexts. For instance, the themes of "Family Firm Identity" and "Personal Conviction" were integrated into the broader dimension of "Inspiration Nexus," highlighting the intertwined influence of family values and individual leadership on stakeholder engagement.

In line with Eisenhardt & Graebner (2007) and Eisenhardt (1989), our objective was to generate new theoretical perspectives and contribute to the development of grounded theory from our case study data. Following the methodological guidance of De Massis & Kotlar (2014), our inductive research journey navigated from data to interpretation, and ultimately, to theory formulation. This process involved identifying key patterns in the data, discerning pivotal keywords that encapsulated the essence of our research phenomenon, and interpreting these patterns to make sense of them within the broader theoretical context (Potter & Levine-Donnerstein, 1999).

To enhance the credibility and validity of our findings, we employed triangulation, which involved cross-checking data from different sources and perspectives. This included comparing the interview data with archival documents, such as company brochures, websites, and case studies, as well as cross-verifying findings across multiple informants within the same firm. Triangulation among the research team was also a critical component, as it involved collaborative discussions and consensus-building during the coding and analysis process, thereby minimizing researcher bias and ensuring a more objective interpretation of the data.

Throughout the research process, we adhered to principles of methodological rigor to ensure the trustworthiness and reliability of our findings. This included maintaining a detailed audit trail of all data collection and analysis activities, conducting member checks with participants to verify the accuracy of our interpretations, and engaging in reflexive discussions within the research team to critically assess our own biases and assumptions.

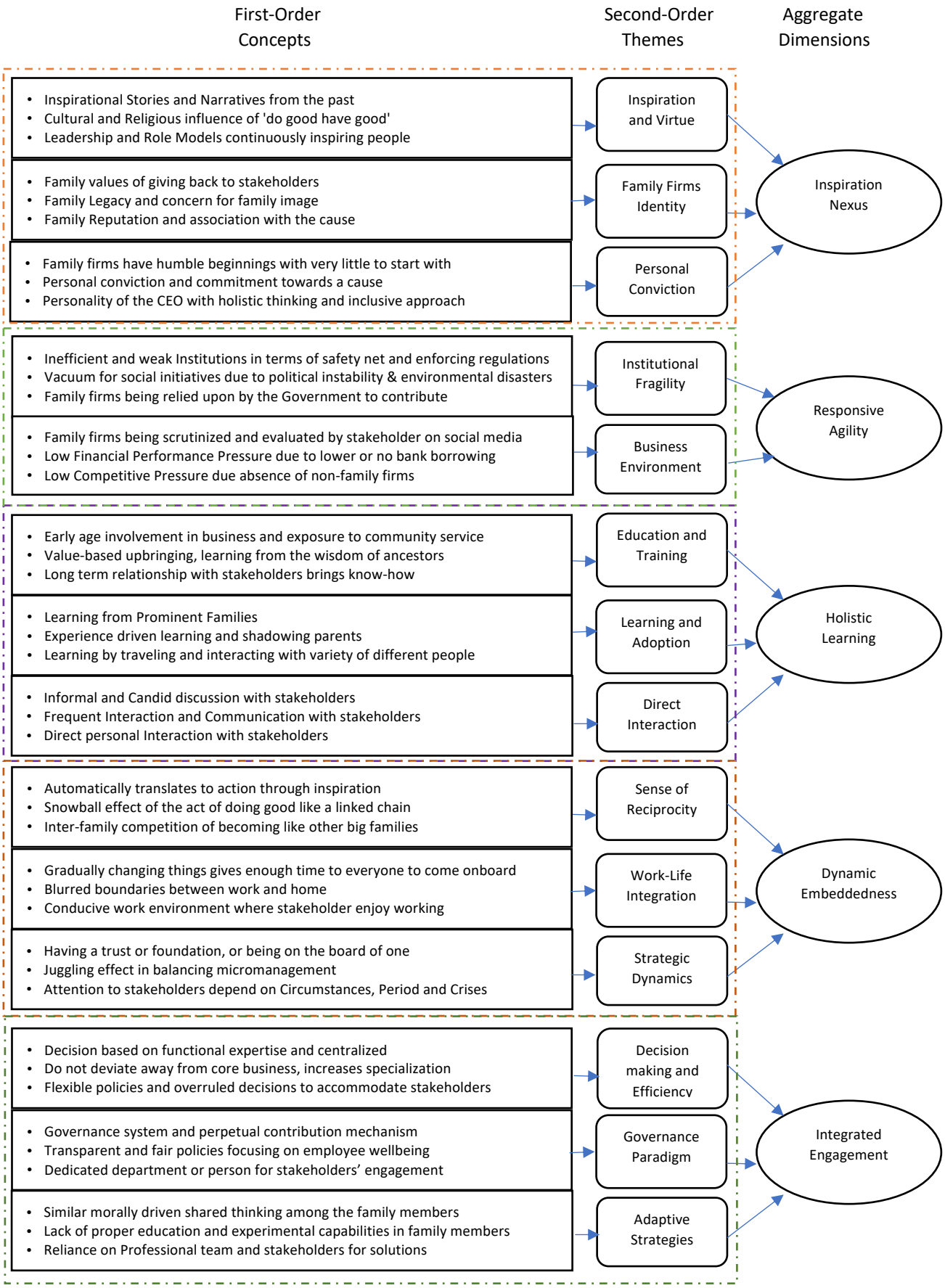

Figure 04 -Data Structure

4. Data Analysis

4.1 Inspiration Nexus

Family firms have access to something that most non-family firms don't, and we call it the "Inspiration Nexus" which emerges as a pivotal dimension in understanding how family firms cultivate their stakeholder orientation. This nexus is a confluence of historical narratives, inspirational personalities, religious influence, cultural ethos, family related values, reputation, history, legacy and the personality, personal conviction and commitment of the leadership that collectively forge a distinctive stakeholder-centric approach.

a. Inspiration and Virtue

Family firms are often deeply rooted in rich histories, their paths marked by resilience, ethical conduct, and an unwavering commitment to community involvement. This legacy not only shapes their current business practices but also sets the tone for future stakeholder interactions.

Take, for instance, the CEO of Company C, who reflects on his grandfather's influence: *"Our grandfather is my inspiration... he showed us that if you keep doing good for the community, the community grows. This is deeply rooted in our religion's teachings, emphasizing Zakat and Sadaqat, reminding us of our duty to assist those in need"* (C1-C). Such narratives are not merely historical retrospections; they serve as moral and ethical compasses guiding present and future actions, weaving spiritual and moral principles into the very fabric of the firm's philosophy.

These tales of past sacrifices and ethical dilemmas transcend time, serving as guiding lights for current leadership in making decisions that prioritize stakeholder welfare, especially during challenging times. The CEO of Company F exemplifies this empathetic approach in decision-making: *"I always consider what I would choose for others should be what I would choose for myself. This simple, straightforward philosophy guides our every decision, ensuring fairness and empathy towards all involved"* (F1-F). This historical awareness cultivates a deep sense of responsibility and ethical stewardship in family firms, influencing their approaches to employee relations, community engagement, and environmental stewardship.

The cultural and religious milieu in which these family firms operate profoundly influences their stakeholder orientation. Ethical imperatives like 'do good, have good' are not merely

slogans but are deeply embedded within the firm's strategic and operational framework. This orientation fosters a business philosophy that transcends financial metrics, encompassing ethical conduct, fair trade practices, and a commitment to sustainable development.

"I personally believe religion plays a very important role in decision-making, especially in Pakistan," (G1-G), asserts the CEO of Company G. This sentiment is echoed across many family firms in the region, where religious and cultural values significantly influence business decisions and stakeholder interactions. The Chairman of Company A reinforces this, noting, *"….Our whole religion is based on the basic principles, good thoughts, good words, and good deeds. That's why we go above and beyond to accommodate our employees, customers and anyone else who is related to us"* (A2-A). Similarly, the CEO of Company B emphasizes the role of religious teachings in guiding their business practices: *"Our traditional values, deeply rooted in religion, instruct us not to hoard wealth but to use it for the betterment of our family and society"* (B1-B).

When inquired about the voluntary nature of their stakeholder orientation, the CEO of Company C responded, *"Opting out of being stakeholder-oriented would not align with our principles – it wouldn't be fair to the community, the country, or our religious beliefs"* (C1-C). This statement highlights a commitment to stakeholder orientation that transcends legal obligations and is deeply rooted in moral and ethical beliefs.

'Inspiration and Virtue' within family firms is a testament to their deep-rooted ethical frameworks, historical narratives, and cultural and religious beliefs. These elements collectively shape a distinctive, stakeholder-centric approach, ensuring that family firms not only thrive in business but also contribute positively to the society and communities they are part of.

b. Family firm Identity

Family Firm Identity stands as a testament to the enduring influence of intergenerational values and principles. This identity, deeply interwoven with the firm's culture and operational ethos, is not merely a business strategy but a reflection of a rich legacy that shapes stakeholder relationships.

At the heart of this identity lies the shared values imparted through generations. The CEO of Company C elucidates, *"Our approach to business and community is deeply ingrained in our*

upbringing, stemming from a shared family value of contributing to the community's welfare. This is a complex, profound philosophy that goes beyond mere business practices" (C1-C). This sentiment is echoed across family firms, where communal well-being and social responsibility form the bedrock of their operations.

Beyond the operational realm, family firms place a significant emphasis on maintaining a positive image and upholding long-standing values. The CEO of Company C conveys this responsibility, saying, *"Our focus isn't solely on financial gains; it's about preserving our image and ensuring customer welfare, avoiding any semblance of mediocrity"* (C1-C). This commitment to integrity and quality underscores the family firm's identity as more than just a business entity.

This deep-seated identity is further reinforced in both formal and informal settings, as highlighted by the Director of Company L: *"Our values and beliefs, passed down from our forefathers, are a part of our legacy that we continually uphold and integrate into our business practices"* (L1-L). Such a perpetual reinforcement of family values ensures their integration into the very fabric of the firm's culture and operations.

Operationalizing these values, family firms align their business strategies with ethical and cultural norms. The CEO of Company B notes, *"We just do not want to be just part of a landscape but rather a mean to solve problem. . This has been the main driving force in our family, and our forefathers have instilled it in our family to an extend that it also affects our business life as well"* (B1-B). This perspective reveals the role of family firms as community pillars, committed to ethical practices and positive societal contributions.

The cultural and religious context of these firms plays a pivotal role in shaping their identity. The Chairman of Company A remarks, *"Our religion, emphasizing good thoughts, words, and deeds, inspires us to go above and beyond in accommodating our stakeholders"* (A2-A). This cultural and religious grounding profoundly influences their approach to stakeholder management, underlining their commitment to ethical conduct and community welfare.

In essence, the identity of family firms within the Inspiration Nexus is a dynamic and intrinsic element, characterized by deeply rooted values, traditions, and cultural influences. This identity shapes every aspect of the firm's operations, driving strategic decision-making and daily interactions with stakeholders. It embodies a harmonious balance between business objectives

and ethical responsibilities, reflective of the family firm's humanistic approach and commitment to the holistic well-being of all stakeholders.

c. Personal Conviction

The personal convictions of family firm leaders, particularly the CEO, significantly influence the firm's approach to stakeholder engagement. Their actions, decisions, and ethical stances set a precedent that percolates through the organization. Leaders who embody commitment to stakeholder well-being create a culture where such values are not just encouraged but expected.

Leaders in family firms, like CEOs, are often the embodiment of these convictions. Their personal beliefs and ethical standards deeply influence the strategic direction and operational decisions of the firm. As the CEO of Company C articulates, *"Our actions are driven by personal conviction. It's about aligning our business practices with our understanding of what is morally right, a process that is inspired and reflective"* (C1-C).

The role of leaders in these firms extends beyond traditional management; they often serve as ethical role models, setting a standard for the entire organization. Their commitment to stakeholder welfare is ingrained in the firm's culture. The CEO of Company F exemplifies this approach: *"My decision-making is guided by empathy. I consistently consider the impact of my decisions on others, choosing paths that benefit not just our business but all our stakeholders"* (F1-F). Such leadership practices underscore a dedication to balancing business goals with the welfare of the wider community.

This inclusive and holistic mindset of family firm leaders ensures a broader consideration of the impact of business decisions. The President of Company J's perspective illustrates this approach: *"I think it is more that the policy, it is more sort of a responsibility that we feel. That feeling of responsibility comes first, and the policy comes later. So, we believe that it is our responsibility and the policy rides on this thing", ".... I am not doing things differently, it is all the other who are doing things differently, I am doing things the way they should be"* (J1-J). This approach signifies a deep commitment to inclusive growth and sustainable stakeholder engagement.

Furthermore, these convictions are often rooted in childhood experiences and familial upbringing, shaping the leaders' perspectives on stakeholder engagement and community involvement. For instance, the CEO of Company F shares, *"Our upbringing has indelibly*

shaped our approach to business, instilling a sense of duty to support and uplift those around us." (F1-F).

Thus "Inspiration Nexus" within family firms emerges as a fundamental ethos, intricately interwoven with the firm's core identity, rich narratives, and the profound convictions of its leadership. This nexus is not a superficial layer but a deeply ingrained element, sustained and nurtured by a rich tapestry of cultural values, historical experiences, and intergenerational wisdom. It forms the bedrock upon which these firms build their stakeholder relationships, guiding their approach to business and community engagement.

This nexus goes beyond traditional business strategies, encapsulating a holistic view where stakeholder orientation is an inherent aspect of business operations. It reflects a commitment that transcends mere profit-making, encompassing a broader responsibility towards social and environmental stewardship, ethical business practices, and community well-being. Therefore, we propose the following:

4.1 Responsive Agility

The concept of "Responsive Agility" in family firms captures their ability to adeptly respond to and navigate within complex institutional landscapes. This agility is not merely reactive but is a strategic and proactive stance that family firms adopt in response to external pressures, institutional voids, and stakeholder expectations.

a. Institutional Fragility

In the landscape of family firms in Pakistan, a striking aspect of their operational strategy is the concept of "Institutional Fragility," a phenomenon marked by the weakness or absence of formal institutional structures. In these environments, family firms exhibit a distinctive form of agility, characterized by their ability to adeptly fill the gaps left by these institutional voids, often assuming roles that extend beyond typical business functions.

Institutional fragility in Pakistan manifests in various forms, from inadequate social safety nets to inefficiencies in labor welfare institutions. Family firms, in response, take on a more encompassing role, extending their responsibilities to areas traditionally managed by governmental entities.

For instance, the Director of Company A highlights this approach, emphasizing the lack of a social safety net in Pakistan: *"We're operating in an environment where you have to be self-reliant. Our focus, especially during crises like the COVID-19 pandemic, was on ensuring our employees' welfare. In Pakistan, if we don't look after our staff, there's no one else who will"* (A1-A). This quote underscores the firm's commitment to its employees, ensuring their well-being in the absence of external support.

Similarly, the CEO of Company G discusses the proactive measures taken by their firm in response to the inefficiencies of local institutions: *".....There is also one more thing that we keep in mind that the social security or labor welfare institute in Pakistan do not functions as good as in other developed countries like in Europe or USA or Canada. In a third world countries like Pakistan, these institutions are inefficient or no existent, and on top of it our labor is not that educated and familiar with their rights to ask for their benefits. So, what we normally do is create labor welfare fund".* (G1-G).

The President of Company J sheds light on the broader context of this institutional fragility: *"In Pakistan, we face a situation where regulatory bodies lack the capacity to enforce social*

and ethical standards effectively. Our commitment to addressing these needs is not about image, but a deep-seated sense of responsibility. We step in where others can't or won't" (J1-J).

Confronted with systemic deficiencies, family enterprises in Pakistan have developed into stand-in social establishments. Their dynamism transcends mere commercial activities to include the enhancement of communal wellbeing, public assistance, and conservation efforts. The Executive Vice-President of Company E eloquently delineates their role when discussing engagement in societal endeavors amid calamities: "Our approach to adversity, such as flood events, surpasses conventional business metrics. We frequently initiate assignments at cost or pro bono, aiming to furnish support and succor. This strategy denotes our acknowledgment that our duties as a familial enterprise reach beyond the market sphere to encompass wider societal obligations during urgent times" (E1-E).

The concept of 'Institutional Fragility' underscores the distinctive role played by family enterprises in Pakistan. The nimble adaptability of these firms equips them to efficiently bridge institutional gaps, an approach that transcends business tactics and mirrors their dedication to social wellbeing. Such flexibility stands as evidence of their robust endurance and anticipatory acumen, facilitating their journey through and constructive impact upon Pakistan's intricate socio-economic tapestry.

b. Business Environment

Family businesses in Pakistan are situated within a business landscape characterized by not just dynamism but also extensive scrutiny from stakeholders, including consumers and regulatory agencies. Such conditions necessitate that these enterprises exhibit remarkable agility in the modification of their strategies to accommodate evolving needs and anticipations.

The Chairman of Company D captures this scenario: *"In our country, most companies are family-owned, regardless of their size or the presence of a Board of Directors. The core objective remains to serve the family's interests. However, this doesn't mean neglecting other stakeholders. In Pakistan, the business environment is such that stakeholder concerns can't be overlooked"* (D1-D). This perspective highlights the balancing act family firms must perform in managing both family and stakeholder interests.

The Vice President of Company E further elaborates on the evolving nature of stakeholder scrutiny: *"With increasing awareness among consumers and the ubiquitous presence of social media, businesses, especially successful ones, are under constant observation. Stakeholders, particularly customers, are more informed and critical of ethical practices, hiring policies, and overall corporate behavior*" (E1-E).

The agility of family firms extends beyond expeditious decision-making; it encompasses a readiness to address stakeholder concerns in consonance with both their ethical principles and long-term strategic objectives. Such flexibility is imperative for upholding faith and integrity within a marketplace susceptible to swift changes in perception and reputation. The Vice President of Company E remarks, "The unfolding narrative of business both in Pakistan and worldwide will progressively rely on principled, sustainable modalities. As initiatives focused on Environmental, Social, and Governance (ESG) considerations gain momentum, the facility to evolve and realign with these norms will determine commercial prosperity" (E1-E). This perspective embodies a progressive stance whereby responsiveness to environmental and social imperatives is seamlessly woven into the fabric of corporate strategy.

The concept of 'Business Environment' in the context of Responsive Agility denotes that family enterprises expertly maneuver through the intricate web of market pressures, anticipations from stakeholders, and moral imperatives. The nimbleness displayed by these firms is not just a reactionary move but rather a reflection of a deeply ingrained strategy central to their culture. It results in continuous adaptation, creating new solutions, and an anticipatory stance towards both the impediments and prospects produced by their respective commercial settings. This strategic agility is indispensable for reconciling economic financial outcomes with the broader interests of stakeholders, thus securing long-term viability and pertinent presence within an ever-evolving corporate milieu.

Responsive Agility within family-owned enterprises represents a comprehensive concept which encapsulates their capacity for proactive adaption and exertion of influence over their institutional contexts. This adaptability affords these firms the adeptness to negotiate stakeholder interactions judiciously, harmonize financial objectives with other value-driven aspirations, and perpetuate their market advantage. Such agility reflects the durability and strategic prescience these entities exhibit in mastering intricate commercial terrain. Accordingly, we submit the ensuing proposition.

4.3 Holistic Learning

The dimension of "Holistic Learning" in family firms encapsulates a comprehensive approach to knowledge acquisition and dissemination that is deeply interwoven with the firm's stakeholder orientation. This learning transcends formal education and training, embedding itself into the fabric of the firm's culture and operations.

a. Education and Training

In family firms, education and training are not confined to formal settings but are integral parts of daily business practices. This approach to learning involves gaining insights from every interaction and experience, allowing family members and employees to develop a deep understanding of the business and its stakeholders. Such learning is often experiential, involving direct involvement in business operations and decision-making, providing a hands-on understanding of the nuances of managing stakeholder relationships

The CEO of Company B shares a poignant example of this hands-on learning approach: *"For instance, when my father's friend fell ill, he tasked me with accompanying him to the hospital in Karachi. I wasn't just there as company; this experience was part of my training. Being present during his treatment and witnessing the challenges firsthand was an invaluable lesson in empathy and responsibility"* (B1-B). This experience illustrates how family firms integrate real-life experiences into their training processes, instilling crucial values like empathy and personal responsibility which are essential in managing stakeholder relationships.

The CEO of Company G reflects on the importance of learning from daily interactions and experiences: *"When I joined the ABC Club International (NGO) with my friends, initially it was just for fun. However, as I became more involved, I realized the profound satisfaction and happiness derived from helping others. This realization wasn't taught; it was experienced. It's a feeling you truly comprehend only by being actively involved in such activities"* (G1-G). This insight reveals how family firms value informal learning experiences, understanding that real-world experiences often provide deeper insights than traditional training methods.

The Director of Company A articulates how formal education is complemented by practical learning within the family business: *"After completing my education, my father challenged me to work in various departments, including being a mailman for the General Manager. This role wasn't beneath my academic qualifications; instead, it offered a comprehensive understanding*

of business communication. Our formal education, combined with the wisdom inherited from our ancestors, forms the backbone of our current practices" (A1-A). This blending of formal education with practical, hands-on experience provides a holistic learning experience, equipping family firm members with the skills and knowledge to effectively manage stakeholder relations.

This multifaceted approach to education and training in family firms is further exemplified by additional insights from various CEOs, highlighting the importance of learning from direct experiences, both within and outside the business environment. These experiences contribute significantly to shaping the stakeholder orientation of family firms.

For example, "*I used to accompany my grandfather to our mill and office during weekends and summer holidays. This wasn't just a pastime; it was an integral part of my on-the-job training. It was here that I familiarized myself with our company's culture and philosophy, embedding it into my very being"* (L2-L). This quote highlights the emphasis on consistent engagement with the enterprise from a young age as a means to cultivate an extensive comprehension of the company's functionality and its interactions with stakeholders.

In family firms, education and training are not confined to traditional methods. Instead, they encompass a broader spectrum of learning through real-world experiences, direct business involvement, and integrating formal education with practical insights. This approach to learning ensures a deep understanding of the nuances involved in managing stakeholder relationships and inculcates a sense of responsibility and commitment towards stakeholders, reinforcing the firm's stakeholder-oriented culture.

b. Learning and Adoption

Holistic learning in family firms also includes learning from experiences and observations. This includes not only their own experiences but also those of other family businesses, offering valuable lessons in stakeholder engagement. This form of learning is dynamic, allowing family firms to adapt and refine their stakeholder strategies based on changing circumstances and evolving stakeholder needs.

This external perspective offers a wealth of insights into effective stakeholder engagement. The Vice President of Company E remarks, *"Looking at other prominent family businesses, like the Taba Family with their diverse endeavors, offers us a template for deeper commitment in*

specific areas. While we haven't formalized our initiatives to that extent yet, these examples provide a clear direction for future engagement" (E1-E).

The CEOs of Companies F and C emphasize the value of intergenerational knowledge transfer, which forms a cornerstone of their learning processes: *"Our firm boasts a remarkable employee retention rate, with some staff members who joined during my father's time still with us. This continuity ensures that the wisdom and values instilled by previous generations persist and guide our current stakeholder practices"* (F1-F). Similarly, the CEO of Company C adds, *"In our hiring process, we prioritize long-term commitment. The team that my father built continues to work with me, embodying the values and insights that have been passed down"* (C1-C). These testimonies underline the import of sustaining loyal employee relations which is elemental not just for ensuring operational stability but also in cultivating an intricate comprehension concerning the requisites of stakeholders.

Direct involvement and shadowing in business operations are other key elements of the learning process in family firms. The Director of Company A shares, *"My son, who has shown a keen interest in the hotel business, is now actively involved in the family firm. He's not just a bystander; he actively participates in meetings and shadows our operations. This immersive experience is crucial for him to understand and adopt our way of doing business"* (A1-A). This instance delineates how progeny within family-run businesses are interwoven into actual commerce landscapes to secure experiential knowledge acquisition vital for grasping both enterprise mechanics and relationships with various interested parties.

Moreover, enterprises operated by families acknowledge the significance of assimilating knowledge drawn from diverse origins such as international excursions and the acquaintance with disparate cultural and corporate customs. The CEO of Company B observes, *"My family has always valued travel, both domestically and internationally. These journeys are not just leisure; they're learning expeditions that open our eyes to new ideas and practices. We then try to adapt these learnings to our local context, ensuring that our stakeholder engagement strategies are innovative and effective"* (B1-B). This methodology accentuates the critical nature of receptivity towards fresh ideas and their strategic adaptation in order to bolster stakeholder interactions.

The principle is underscored by supplementary views from leaders of family enterprises, who underline the necessity of perpetual education and adaptation to novel situations for efficacious

engagement with stakeholders. For example, one might consider the reflection that *"My upbringing, interactions with various people, businesses, and societies worldwide have given me a unique perspective on following certain standards and practices. These insights, largely influenced by cultures like the Japanese and Germans, have shaped our approach to stakeholder engagement"* (J1-J). This citation illustrates how external inputs and international insights enhance the educational experience within family businesses, leading to a more comprehensive grasp of managing relationships with stakeholders.

In family enterprises, the process of learning and adaptation is a continuous and evolving pathway. It encompasses extracting lessons from multiple avenues – including other familial corporate entities, wisdom passed through generations, hands-on engagement within the business sphere, and an array of experiences external to the organization. Such a comprehensive strategy for acquiring knowledge guarantees that family organizations stay nimble and adaptive to the shifting requirements of their stakeholders. Through this ongoing refinement of tactics, these firms persist in upholding strong and significant connections with their stakeholder community.

c. Direct Interaction

Engaging insularly with stakeholders constitutes a critical element of the "Holistic Learning" paradigm in family-owned enterprises. The integration of this facet underscores the necessity for direct engagement, which facilitates an in-depth comprehension of stakeholder aspirations and requisites. Such engagements are quintessential for establishing trust and calibrating the enterprise's objectives to reflect stakeholder interest.

In family enterprises, there is a deliberate emphasis on transparent and regular dialogues with stakeholders, acknowledging that such exchanges are crucial for appreciating and addressing their viewpoints. The Director of Company L articulates the process of interacting with employees via less formal contexts: *"We regularly organize dinners with our senior and middle management teams. These events provide an opportunity for candid discussions, allowing us to align our values and strategies with the expectations of our team members"* (L1-L). This strategy underscores the company's dedication to preserving a strong bond with its workforce, thereby nurturing an environment of reciprocal esteem and comprehension.

The CEO of Company G emphasizes the importance of personal interaction in stakeholder engagement: *"It's essential to have no communication gap with all our stakeholders. This requires personal interactions, which are crucial in understanding their perspectives and needs"* (G1-G). Such exchanges transcend mere information transfer; they serve as critical channels for attentive listening and deriving knowledge from stakeholders, ultimately influencing the enterprise's strategic direction and operational protocols.

Incorporating informal learning via immediate stakeholder dialogues frequently cultivates novel concepts and methodologies for engaging with them. The leading executive at Company B highlights recognizing those who ultimately benefit from their services by stating, *"Our objective is to forge unmediated communicative pathways with our stakeholders, guaranteeing comprehension of their requirements to facilitate an adept response"* (B1-B). These engagements promote a nuanced apprehension of stakeholders' necessities, permitting customization of methods aligned to them. Furthermore, the CEO of Company G mentions, *"Stakeholder interaction transcends corporate exigency; it constitutes an educational exchange. Each discussion and assembly gifts us invaluable perspectives that sharpen our stakeholder engagement strategy"* (G1-G). These views underscore interaction's dual advantages: education coupled with relationship enhancement ensures a more sympathetic and finely tuned method of managing stakeholder relations.

Direct Interaction within familial enterprises constitutes an essential element of their encompassing educational modus operandi. Via transparent dialogues, intimate interactions, engagement with varied constituencies, and casual learning events, such enterprises accrue critical knowledge that shapes their approach to stakeholder interaction. This method not only bolsters the enterprise's capacity to attend to the requirements of stakeholders but also solidifies its dedication to fostering substantive and resilient connections with all interested parties.

In summary, "Holistic Learning" in the context of family businesses represents an exhaustive paradigm that amalgamates both structured and spontaneous education practices. It is distinguished by the harmonious melding of pedagogy and vocational execution, manifested through both time-honored sagacity from previous generations and the elucidation derived from direct involvement, coupled with candid communication channels among stakeholders. Such a pedagogical strategy guarantees that family ventures possess requisite comprehension for satisfying stakeholder exigencies while reaffirming their devotion to stakeholder-focused principles.

4.4 Dynamic Embeddedness

"Dynamic Embeddedness" in family firms encapsulates the intricate integration of business operations within the fabric of family values and the broader socio-economic environment. This dimension emphasizes how family firms harmonize their internal culture with external stakeholder expectations, ensuring a sustainable and responsive approach to business. Here's a deeper exploration of this dimension:

a. Sense of Reciprocity

Family firms often operate under a guiding principle that their success is intrinsically linked with the well-being of their stakeholders. This belief drives a reciprocal relationship where firms actively invest in the welfare of employees, communities, customers, and other stakeholders, understanding that such investments are not just ethical but also beneficial for long-term business sustainability.

This symbiotic relationship fosters a culture where giving back is not just a corporate responsibility but a core element of the firm's identity. The CEO of Company F captures this sentiment *"So, it is this whole culture, and those people who cannot fit in this culture they automatically get filtered out themselves. So, with the Grace of Allah these are all the thing that puts us in the right direction"* (F1-F).

The cascading impact of positive actions initiated by the firm resonates through the words of the CEO of Company C*: "If you are doing the right thing, I believe, it automatically translates to your people also. If I have a firm believe that If I do something good, I will get the good results. So similarly, my employees also see that if we are doing a good thing, they understand, and they try to do their bit" ..... It has a snowball effect, if I do a good thing for one person, that person might go around a do a good thing for someone else. I normally tell people of you ever get a chance to repay, do not repay to me but rather help someone out who is needy"* (C1-C). This perspective highlights the ripple effect of goodwill, where one good deed triggers a chain reaction of benevolence within the community, reinforcing the firm's commitment to social welfare.

Interestingly, the pursuit of stakeholder welfare in family firms often transcends materialistic goals. The Chairman of Company A elucidates this notion, expressing a profound sense of fulfillment derived from aiding others' success, *"There are 22 powerful families in Pakistan*

that have larger stakes in many firms, but we do not compete with them, I don't want to be a millionaire and billionaire like them. Something that gives me happiness the most in my life is that if I can help them in succeeding in anything, it gives me the greatest of pleasure....." (A2-A).

Sense of Reciprocity in family firms is not merely a business strategy but a reflection of their fundamental values and beliefs. It embodies a commitment to nurturing a reciprocal relationship with stakeholders, recognizing that the firm's prosperity is inextricably linked to the community's well-being. This approach fosters a harmonious balance between business objectives and ethical responsibilities, ensuring that the firm's operations are grounded in mutual respect and shared growth.

b. Work-Life Integration

In family firms, the concept of "Work-Life Integration" emerges not as a policy but as a natural extension of their deeply held values and family dynamics. This integration manifests in a unique confluence of personal and professional lives, where business decisions are imbued with a familial warmth and understanding, closely aligning with stakeholder needs and aspirations.

The seamless blending of family and business realms is eloquently described by the CEO of Company B: *"Even during the family dinner time, we talk about business, or during the family times like having a cup of tea, ice cream or other refreshments, we end up talking about businesses and this is quite common in all family firms and their families"* (B1-B). This statement illustrates how business considerations are not confined to the office but permeate family conversations, reflecting a lifestyle where work and personal life coexist harmoniously.

This holistic approach extends to the broader family unit, as exemplified by Company A's Director*: "Our children have seen how our grandparents were taken care of by us, and they are looking after my parents now. What you do at home translates to work, and what you do at work translates at home"* (A1-A). Here, the nurturing and caring ethos practiced within the family spills over into the workplace, fostering an environment where employees and stakeholders are treated with the same respect and consideration as family members.

The resultant work environment is one where stakeholders' interests are deeply understood and valued. CEO of Company B emphasizes creating a conducive environment, *"One key*

stakeholder that I cannot ignore is our employee. I always try to create a conducive environment where they enjoy working and own it, understand the practices and values" (B1-B).

Work-Life Integration in family firms is not just about balancing two separate worlds but about merging them into a cohesive whole. This approach enables these firms to maintain a deep connection with their stakeholders, ensuring that decisions are made with a comprehensive understanding of both professional and personal implications. It's a testament to the unique nature of family firms, where the boundaries between business and personal life blur, giving rise to a harmonious and empathetic business culture.

c. Strategic Dynamics

Family firms demonstrate their commitment to stakeholders not only through their daily operations but also through strategic initiatives like the establishment of trusts or foundations. This strategic approach is evident in the words of the CEO of Company C, who talks about their organization called XYZ Trust, which provides various forms of community support: *"This is how we are giving back to the community; we also have another organization called the XYZ Trust. That trust provide food, marriage help, paying the school fees and others to the community, we understand that this is very small, but we are trying to expand it as much as we can"* (C1-C). Such initiatives exemplify the firm's dedication to playing an active role in societal welfare.

The depth of this commitment is further highlighted by Company D's Chairman: *"Well! Foundation .... Foundations is not really the important thing, the important thing is the money you give and you give it with certain principles, that it should be distributed in the fair manner, it should reach the right people, and it should be not misused or misdirected"* (D1-D). This statement underscores the firm's focus on ensuring that their contributions are meaningful and impactful.

Moreover, family firms often integrate their philanthropic endeavors into their business model, as illustrated by the CEO of Company F: *"10% of our profit goes to the foundation in my father's name...I tell everybody, at every level, whenever I meet my workers, that you were part of earning that 10%"* (F1-F). This approach not only reinforces their commitment to social responsibility but also instills a sense of collective achievement and purpose among all stakeholders. The CEO of Company K shares a similar sentiment: *"I am a trustee and a*

chairman on another trust, and in these trusts, lots of ideas and projects would come up and we will discuss, and I will try to support it within my capacity" (K1-K).

Family firms' strategic dynamics also involve adapting to various circumstances, including crises. Company A's Director discusses the balance required in managing stakeholder needs: *"The thing is that all stakeholders must be involved by the family but depending upon the crises, depending on the period, depending on the circumstances, the level and the type of attention given to each stakeholder will be different"* (A1-A). This adaptability enables family firms to respond swiftly and effectively to stakeholder needs, showcasing their strategic agility.

Strategic Dynamics of family firms are a manifestation of their ability to harmonize their enduring values with contemporary business practices. It encapsulates their deep understanding of the significance of maintaining robust, empathetic, and responsive relationships with all stakeholders. Through these strategic efforts, family firms not only contribute to immediate stakeholder needs but also lay the foundation for long-term, sustainable relationships that benefit both the firm and its broader community.

In conclusion, the "Dynamic Embeddedness" of family firms represents their ability to interweave their enduring values with modern business practices. It reflects a deep understanding of the importance of maintaining robust, empathetic, and responsive relationships with all stakeholders. This approach ensures that family firms remain adaptable, sustainable, and deeply connected to their stakeholder community.

4.5 Integrated Engagement

The concept of "Integrated Engagement" within family firms captures the holistic integration of stakeholder considerations into their governance and strategic frameworks. This dimension underscores how family firms align their decision-making processes and business practices with the needs and expectations of their stakeholders.

a. Decision making and efficiency

Family firms often exhibit a form of centralized decision-making, wherein key family members play pivotal roles. This centralization, coupled with functional expertise, allows for decisions that are deeply informed by an understanding of stakeholder needs and familial values. While this can streamline processes and ensure consistency with family principles, it also allows for flexibility in stakeholder engagement, adapting to specific situations and requirements.

A prime example is Company A, where decision-making is a collaborative family affair, as described by a key member: *"You see the thing is that when we have our meetings, is it daily or every second day we have a meeting. My son has also joined so it's my father my brother my son and I, four of us. We sit down and we go through different points. I look after certain aspects of the business, my brother looks after certain aspects, my father looks after certain aspects. We will give our ideas but ultimately my father will say Yay or Nay! for a certain idea. Everything I want will not always happen, everything my brother wants will not always happen and likewise my father, but at the end of the day, there can only be one boss, and that's my father"* (A1-A). This narrative highlights the blend of consultation and final decision-making authority, ensuring decisions align with both business needs and family values.

Furthermore, these firms maintain a core focus on their business specialties while adapting their operations and strategies to accommodate stakeholder interests. This balance ensures business sustainability without compromising stakeholder welfare. As the leader of Company B notes, *"This is one of our uniqueness (up until we branched out in doing other things) that we have been in retail, we did not deviate from our core business. Our core specialization has always been retail"* (B1-B), emphasizing the commitment to their primary business domain while being receptive to stakeholder feedback.

The adaptability in decision-making is also evident in how these firms respond to immediate stakeholder needs. For instance, Company A demonstrates flexibility in policy implementation: *"...rules are made for fools, and children at school, and donkeys at loose. We make the rules, if your rules cannot take care of an employee, we need change them*" (A2-A). This statement reflects a deep understanding that policies must be flexible enough to accommodate the human aspect of business operations.

Family firms often exhibit agility in shifting their focus among various stakeholder groups in times of crisis, ensuring the most pressing needs are addressed. This agility is manifested in their capacity to balance financial performance with stakeholder welfare, ensuring long-term sustainability over short-term gains.

Decision-making and efficiency in family firms is characterized by a unique blend of centralized control, functional expertise, and flexibility. This approach not only ensures efficient and consistent decision-making but also allows these firms to remain responsive and adaptable to the diverse needs of their stakeholders. This strategy reinforces the commitment of family firms to both business success and the welfare of their stakeholders, creating a harmonious balance that is crucial for long-term sustainability.

b. Governance Paradigms

The governance structures in family firms frequently incorporate mechanisms for continuous stakeholder engagement. This may manifest in dedicated departments or individuals focused on stakeholder relations, ensuring ongoing dialogue and responsiveness to stakeholder concerns. Moreover, these governance paradigms are often characterized by transparency and fairness, particularly in policies related to employee well-being and environmental stewardship.

For instance, the approach of Company B towards governance highlights the importance of fairness and transparency in stakeholder relationships. The CEO of Company B emphasizes, *What I am trying to say that if you have set up the limits and are fair and transparent with you stakeholders it can easily be done, the capabilities are always there, just takes one's mind how you exercise them. But then again you might also have observed there are firms who are financially doing good but will not consider the needs and expectation of their stakeholders, they always put their interest first and are concerned about making as much money as they*

can'" (B1-B). This perspective underscores the firm's commitment to equitable stakeholder engagement, ensuring that their practices are not just financially prudent but also ethically sound.

Another dimension of governance in family firms is the formalization of stakeholder engagement through monetary contributions and foundations. As the Vice President of Company E points out, *"And the other way of course is in the form of monitory contributions etc. And I think and I feel it is better that one should formalize these things, if there is a will at the shareholder level to give back, it is always a good idea to formalize it, just to ensure uniformity, consistency, that it doesn't get ignored, you just hardwire it in your systems, as a certain dedicated percentage that you would set aside for XYZ initiatives. I think that is probably the best way forward. Otherwise, in tough years to tend to pull back, and especially these sort of CSR related initiatives are the ones that end up suffering"* (E1-E). This approach indicates a strategic move towards institutionalizing stakeholder engagement, embedding it into the firm's operational framework.

Governance frameworks within family enterprises exhibit a state of flux, continuously adapting to the evolving requirements of stakeholders and shifts in societal norms. This malleable nature equips these firms with the capacity for nimbleness and adaptation, ensuring they adeptly negotiate the dual mandates of commercial success and stakeholder interest optimization. Moreover, governance practices pervasive in family businesses often mirror an amalgamation of their fundamental ethical principles. Observations reveal this interlacing in their stewarding of relationships with employees, clients, and other pertinent parties—placing emphasis on communal prosperity concomitant with fiscal pursuits. Such conduct transcends mere tactical policy; it represents an external expression of the enterprise's internal moral fiber and guiding ethos.

Governance paradigms exhibited by familial enterprises constitute a fusion of orderly participation, moral custodianship, and flexible tactics. Such a comprehensive methodology guarantees that the involvement of stakeholders is intrinsic to the enterprise's core operational principles rather than an incidental addition. Familial corporations, by integrating stakeholder considerations into their administrative schemata, exhibit not only a dedication to perpetuating their commerce but also an intention to contribute constructively to the wider array of stakeholders with which they are entwined. This seamless confluence of entrepreneurial insight and ethical obligation represents a distinctive characteristic of governance in family-owned

businesses, affording them the capacity to adeptly steer through the intricate web of relations with stakeholders using both vision and nimbleness.

c. Adaptive Strategies

Firms within the family domain frequently exhibit a propensity for implementing flexible strategies which capitalize on the wisdom and involvement of various stakeholders. Such methodologies not only promote inventiveness and agility in commercial endeavors but also enhance bonds with those stakeholders, nurturing an atmosphere conducive to collective advancement and reciprocal advantages.

A striking illustration of this adaptable strategy is observable in the managerial tactics employed by Company F's Chief Executive Officer, who places considerable significance on enabling their workforce. *"First of all, let me correct a misconception, which is that I work a lot as the CEO. I am the person who works the least, frankly speaking. And I think that is the job of a CEO that the team should be empowered enough that they don't need me to take a decision,"* (F1-F). This perspective highlights the value placed on delegation and trust within the firm, allowing employees to take ownership of their roles and contribute meaningfully to the firm's operations.

The CEO of Company G also addresses the crucial role of education in shaping adaptive strategies. *"Unfortunately, the school syllabus has become more competitive and focuses a lot on the hard sciences, and it is always about getting good grades at school. So, it is our responsibility as parents to teach them ethical and moral values"* (G1-G). This statement reflects the understanding that ethical and moral values are integral to developing adaptive business strategies, particularly in the context of family firms where personal and professional values often intersect.

These adaptive strategies often extend beyond the confines of the firm, involving collaborative initiatives with community groups, partnerships with environmental organizations, or innovation programs driven by employees. An external orientation guarantees that family businesses attend to the immediate interests of their stakeholders while simultaneously playing an active role in promoting the general welfare of society and the environment. This collective perspective not only shapes business strategies within these firms but also safeguards their adherence to established values and principles of conduct. In family enterprises, choices are

appraised considering their economical merit as well as their implications for interested parties and the wider public.

Utilization of dynamic approaches within family enterprises signifies their dedication to stakeholder involvement and an openness to assimilate feedback from stakeholders into their corporate framework. By cultivating an environment that promotes cooperative practices, moral accountability, and perpetual growth, these firms guarantee that their methods for engaging with stakeholders are not merely reactive but also enduringly progressive. Such a methodology highlights the distinct role of family businesses as guardians of economic worth and societal ethical duties, skillfully managing the complex equilibrium between commercial prosperity and the well-being of stakeholders.

In summary, "Integrated Engagement" in family firms represents a comprehensive approach to stakeholder management, characterized by a strategic alignment of business practices with stakeholder needs. This alignment is achieved through a combination of centralized decision-making, a focus on core business strengths, adaptive governance structures, and a strong moral compass. It ensures that stakeholder engagement is not just an adjunct to business operations but a fully integrated and vital component of the family firm's strategic framework.

4.6 Toward Mechanisms of Stakeholder Orientation

These five "dimensions" and "processes" are not limited to the role of drivers or antecedents that spur family firms toward stakeholder orientation. Rather, they represent a more dynamic and complex set of mechanisms through which stakeholder orientation unfolds within these organizations. Family firms are uniquely situated in their governance structures, values, and stakeholder relationships, which means that their orientation towards stakeholders is not simply driven by external motivations but also shaped by internal, often relational, processes. These dimensions both motivate stakeholder strategies and are shaped by ongoing interactions with stakeholders, forming a cyclical relationship where the firm’s orientation evolves through engagement with stakeholders.

Each of the five dimensions identified in this study—Inspiration Nexus, Responsive Agility, Holistic Learning, Dynamic Embeddedness, and Integrated Engagement—represents a key element of this process, playing a dual role as both motivators and shapers of stakeholder strategies.

The Inspiration Nexus refers to the intrinsic values, vision, and family legacy that drive family firms' commitment to stakeholders. For many family firms, their identity is tied to intergenerational legacies, socio-emotional wealth (SEW), and long-term survival, which creates a strong motivation to prioritize the interests of stakeholders who are integral to maintaining the firm's social and relational capital.

This dimension acts as a driver by motivating the firm to engage with stakeholders who share or enhance these values. Family firms often seek to build and nurture relationships with employees, customers, and community members who contribute to the firm's enduring reputation and its future legacy. The firm's stakeholder strategies are shaped by the need to align external relationships with its internal identity and purpose. Decisions regarding which stakeholders to prioritize are influenced by how well these stakeholders fit into the family's long-term vision and values. For example, community engagement initiatives and philanthropic activities often stem from the firm's desire to protect and enhance its legacy.

Responsive Agility reflects the capacity of family firms to be flexible and adapt quickly to the changing needs of their stakeholders. Unlike larger, more bureaucratic organizations, family firms often benefit from flatter organizational structures and more direct decision-making processes, allowing them to respond swiftly to stakeholder demands.

This dimension drives the firm's actions by creating an awareness of the importance of agility in maintaining positive stakeholder relationships. Family firms understand that their close, often personal, connections with stakeholders—such as long-term customers or local suppliers—demand a high degree of responsiveness. Stakeholder strategies are shaped by this need for responsiveness. For example, a family firm may introduce new product lines or service offerings based on feedback from key customers or adapt its operational strategies in response to shifts in the market or local regulations. This agility enhances stakeholder trust and fosters loyalty, as stakeholders come to view the firm as responsive and reliable.

Holistic Learning involves the ongoing process through which family firms learn from their interactions with stakeholders, using this knowledge to improve their operations, strategies, and relationships. Family firms often engage in continuous dialogue with their stakeholders, viewing them as partners in the firm's growth rather than passive recipients of the firm's actions.

The desire to learn and improve acts as a driver for stakeholder orientation. Family firms seek to evolve in response to stakeholder needs, which often leads to innovative solutions and improvements in the firm's processes and products. This dimension shapes stakeholder strategies by encouraging the firm to create channels for regular feedback and learning. For instance, family firms may establish customer advisory boards, employee suggestion programs, or community forums that allow them to gather insights and incorporate these into their decision-making processes. By learning from stakeholders, the firm continuously refines its approach, ensuring that it remains aligned with the evolving needs of its key stakeholders.

Dynamic Embeddedness refers to the deep-rooted social and cultural ties that family firms have with their stakeholders, particularly in local or regional contexts. Family firms are often highly embedded in their communities, with long-standing relationships that span generations. This embeddedness shapes the way they engage with stakeholders, creating a sense of mutual obligation and trust.

This dimension motivates family firms to prioritize local and community-based stakeholders. The firm's embeddedness in the local context fosters a sense of responsibility to contribute positively to the community, whether through employment, sponsorship of local events, or engagement in regional development initiatives. Stakeholder strategies are shaped by this embeddedness through a focus on maintaining and strengthening these deep-rooted relationships. For example, a family firm may choose to work exclusively with local suppliers, even if it is more expensive, because of the shared history and commitment to the community. These decisions are often driven by the firm's desire to contribute to the social fabric of the community in which it is embedded.

Integrated Engagement reflects the collaborative approach that family firms take in managing their relationships with stakeholders. Rather than treating stakeholders as external entities, family firms often integrate them into their decision-making processes, fostering a sense of partnership and shared responsibility.

This dimension motivates family firms to actively involve stakeholders in the firm's strategic decisions. Family firms recognize that their success is often intertwined with the success of their stakeholders, creating a strong incentive to engage in collaborative problem-solving and co-creation. Stakeholder strategies are shaped by this collaborative ethos. Family firms may invite stakeholders to participate in joint ventures, co-design products, or engage in strategic

planning sessions. This integrated approach ensures that the firm's strategies are aligned with the needs and expectations of its key stakeholders, leading to stronger, more resilient relationships.

Understanding the underlying drivers that propel family firms toward stakeholder orientation is not only essential for theoretical advancements but also for the development of practical strategies and interventions. Without a clear understanding of what motivates family firms to engage with and prioritize their stakeholders, both scholars and practitioners would struggle to design effective mechanisms that foster stronger stakeholder relationships, leading to missed opportunities for both the firms and their stakeholders.

Knowing the key drivers behind stakeholder orientation allows for the development of more targeted interventions. Family firms operate within a unique ecosystem where decisions are often influenced by both economic and non-economic goals, such as socio-emotional wealth, family legacy, and community reputation. These drivers shape how family firms approach stakeholder engagement and define the specific needs and challenges they face.

Without a nuanced understanding of these motivations, interventions aimed at improving stakeholder relationships risk being ineffective or misaligned with the firm's core values. For example, generic corporate governance models that prioritize short-term financial performance might not resonate with family firms, where long-term sustainability and community ties are prioritized. Therefore, understanding what drives these firms can help tailor interventions that align with their intrinsic motivations, fostering more sustainable and meaningful stakeholder engagement.

Family firms are often characterized by their long-term orientation and multigenerational planning. Stakeholder relationships play a crucial role in ensuring the long-term success of these firms, particularly because family firms frequently rely on trust, loyalty, and reputation—qualities that are cultivated through sustained stakeholder engagement. By identifying the drivers that motivate family firms to invest in these relationships, scholars and practitioners can develop strategies that support the firm's long-term performance.

For instance, if family firms are driven by their commitment to maintaining a legacy, interventions could focus on helping these firms create stakeholder partnerships that reinforce their long-term goals and values. This might include developing family governance structures that ensure future generations continue to prioritize stakeholder relationships or implementing

community engagement programs that align with the family's vision of social responsibility. Such tailored approaches can enhance the firm's ability to thrive across generations while maintaining strong ties to its stakeholders.

The drivers behind stakeholder orientation in family firms are not only essential for firm performance but also for the well-being of stakeholders themselves. Family firms often build deep, long-lasting relationships with a variety of stakeholders, from employees and suppliers to customers and the local community. Understanding what motivates family firms to invest in these relationships can help practitioners develop strategies that improve stakeholder well-being.

For example, if family firms are primarily motivated by a sense of community responsibility or ethical values, interventions could focus on enhancing these relationships through corporate social responsibility (CSR) initiatives, employee engagement programs, or community development projects. By aligning stakeholder strategies with the firm's core motivations, these initiatives can create a positive impact not only for the firm but also for the broader ecosystem in which it operates. Stakeholders who feel valued and engaged are more likely to remain loyal and committed, which in turn enhances the firm's reputation and long-term sustainability.

Family firms operate differently from non-family firms in many ways, and understanding the drivers of stakeholder orientation is key to developing support mechanisms that are tailored to their unique context. Generic business strategies that work well for large public corporations may not be as effective for family businesses, which often prioritize personal relationships, community ties, and family legacy over short-term financial gains.

By identifying the specific drivers that motivate family firms, support mechanisms can be more precisely designed. For instance, educational programs for family business leaders could emphasize the importance of stakeholder engagement as a way to enhance the firm's legacy. Workshops or training programs might focus on strategies for balancing economic performance with socio-emotional wealth, helping family firms navigate the complexities of managing multiple stakeholders while preserving their core family values.

Theoretical frameworks that seek to explain stakeholder orientation in family firms often lack direct applicability if they do not take into account the motivations that underlie stakeholder

strategies. By understanding these drivers, researchers can bridge the gap between theory and practice, offering practical insights that can be implemented by family firm leaders.

For example, the concept of socio-emotional wealth (SEW) helps explain why family firms often prioritize non-economic stakeholders, such as community members or long-term employees. However, understanding the deeper emotional and relational drivers behind SEW allows for more practical applications, such as the design of governance structures that safeguard both the family's socio-emotional goals and the interests of stakeholders. This bridge between theory and practice enables family firms to apply research insights in a way that aligns with their real-world challenges and goals.

Understanding the drivers behind stakeholder orientation in family firms is critical for designing effective interventions, improving long-term firm performance, enhancing stakeholder well-being, and developing tailored support mechanisms. By identifying the specific motivations that propel family firms to engage with their stakeholders, scholars and practitioners can provide more relevant and practical guidance, ensuring that stakeholder strategies are aligned with the unique values and goals of family firms. Without this understanding, the field risks missing critical opportunities to support family firms in maintaining their legacy while fostering meaningful and sustainable stakeholder relationships.

5. Discussion and Findings

The findings of this study provide significant insights into the mechanisms by which family firms develop and implement stakeholder-oriented strategies. By examining a diverse sample of family firms across various industries, sizes, and generational stages, this research has uncovered several key dimensions that shape stakeholder orientation in these unique organizational contexts. These dimensions—namely, the Inspiration Nexus, Responsive Agility, Holistic Learning, Dynamic Embeddedness, and Integrated Engagement—offer a comprehensive framework for understanding how family firms navigate the complexities of stakeholder relationships.

The importance of these findings lies in their ability to bridge the gap between the traditional theories of stakeholder management and the distinct characteristics of family firms. While existing literature often views family firms through the lens of their socioemotional wealth and long-term orientation, this study extends those concepts by providing empirical evidence of how family values, legacy, and generational involvement actively influence stakeholder engagement practices. These findings not only enrich our understanding of family firms but also have broader implications for the field of stakeholder management, offering new perspectives that can be applied across different organizational settings.

Inspiration Nexus offers a nuanced perspective on family business studies, traditionally centered on succession and governance (Zellweger et al., 2010). This dimension reveals a dynamic interplay of historical narratives and ethical leadership, illustrating how evolving family values influence stakeholder orientation. This challenges the conventional view of static family values in business, proposing instead that family firms embody a living legacy that continually shapes and is shaped by stakeholder interactions (Basco & Calabrò, 2017).

Responsive Agility underscores family firms' unique ability to adapt to changing institutional landscapes (Chrisman et al., 2005). This dimension extends beyond the established notion of adaptability by highlighting strategic and proactive responses to institutional voids. It challenges the traditional view of family firms as conservative and risk-averse, instead depicting them as dynamic entities capable of influencing and reshaping their socio-economic contexts (Gedajlovic et al., 2004).

Holistic Learning extends the concept of knowledge transfer in family firms to encompass a broader, more inclusive approach. This dimension highlights how family firms integrate external insights and experiences into their learning processes, thereby enriching their stakeholder engagement strategies (Su and Daspit, 2022). This finding challenges the insular perception of family firms, presenting them as open systems that actively incorporate diverse perspectives and practices (Melin & Nordqvist, 2007).

Dynamic Embeddedness offers a fresh lens to institutional theory as applied to family firms (Scott, 2013). It reveals how family firms strategically blend internal values with external stakeholder expectations, navigating complex environments with agility and foresight. This challenges the idea of passive conformity to institutional norms in family firms, presenting them as active agents in shaping and responding to their institutional environments (Miller, Le Breton-Miller, & Lester, 2011).

Integrated Engagement aligns with stakeholder theory principles (Freeman, 1984) but advances the conversation by showing the systematic integration of stakeholder engagement in family firms' governance structures. This dimension refutes the notion of stakeholder engagement as a peripheral aspect, positing it instead as a core element of strategic and operational decision-making (Berrone et al., 2012).

The findings of this study make substantial contributions to the existing theoretical frameworks surrounding stakeholder orientation, particularly within the context of family firms. By uncovering the nuanced mechanisms that drive stakeholder engagement in these firms, the research not only supports existing theories but also introduces new constructs that could reshape our understanding of stakeholder management in family businesses.

One of the primary contributions of this study is its extension of the Socioemotional Wealth (SEW) framework, which has been central to understanding decision-making in family firms. The SEW framework emphasizes the importance of non-financial goals, such as family control, identity, and legacy, in shaping the strategic choices of family businesses.

This study substantiates the SEW framework by demonstrating how these non-financial goals significantly influence stakeholder orientation. However, it goes a step further by detailing specific mechanisms—such as the Inspiration Nexus—where family legacy, cultural values, and personal convictions interact to guide stakeholder engagement strategies. This finding suggests that the SEW framework can be expanded to include more granular, culturally

embedded factors that are specific to family firms, thereby offering a more detailed understanding of how family identity and values translate into stakeholder management practices.

The study also contributes to the Dynamic Capabilities perspective by introducing the concept of Responsive Agility. Traditional views of family firms often characterize them as risk-averse and conservative, primarily due to their focus on preserving socioemotional wealth. However, this research reveals that family firms possess a unique form of agility rooted in their long-term orientation and value-driven decision-making.

This Responsive Agility enables them to swiftly adapt to changing stakeholder needs and environmental shifts, challenging the notion that family firms are inherently slower to respond to market changes. This insight adds a new dimension to the dynamic capabilities framework by highlighting the role of family values and long-term commitment in fostering flexibility and innovation within stakeholder management.

The Inspiration Nexus and Integrated Engagement constructs offer fresh perspectives on how family firms approach stakeholder orientation.

- Inspiration Nexus: This construct encapsulates the interplay between family legacy, cultural and religious values, and personal convictions in shaping stakeholder engagement. Unlike traditional models of stakeholder management, which often prioritize financial returns and shareholder value, the Inspiration Nexus highlights the deep-rooted, value-driven motivations that guide family firms. This construct suggests that stakeholder orientation in family firms is not just a strategic choice but a reflection of the family's identity and long-standing values. As such, it calls for a re-examination of stakeholder theories to incorporate the cultural and emotional dimensions that are particularly salient in family firms.
- Integrated Engagement: This construct emphasizes the alignment between family values and business strategies in stakeholder management. It suggests that for family firms, effective stakeholder engagement is not merely about responding to external pressures but about ensuring that all interactions and decisions are consistent with the family's core values and long-term vision. This construct challenges the transactional view of stakeholder management by proposing that in family firms, stakeholder

relationships are deeply integrated into the fabric of the organization, driven by a commitment to uphold the family's legacy and reputation.

These new constructs and the expanded understanding of existing theories have several implications for the broader field of family business research and stakeholder theory. First, they suggest that stakeholder orientation in family firms cannot be fully understood without considering the unique cultural, emotional, and generational factors that influence these organizations. This perspective urges scholars to adopt a more holistic view of stakeholder management that goes beyond financial metrics to include the values, beliefs, and long-term aspirations of the family.

These insights encourage a rethinking of Stakeholder Theory itself. The traditional models, which often focus on balancing the interests of various stakeholders primarily through economic incentives, may not be fully applicable to family firms. The constructs introduced in this study suggest that in family firms, stakeholder relationships are more deeply intertwined with the identity and values of the organization, requiring a different approach to stakeholder management. This could lead to the development of new frameworks that better account for the unique dynamics of family firms, ultimately enriching the theoretical landscape of stakeholder management.

Traditional stakeholder theory often assumes that businesses engage with stakeholders primarily out of strategic necessity, driven by economic or reputational incentives. This perspective is particularly evident in the literature that focuses on non-family firms, where stakeholder engagement is frequently portrayed as a means to enhance financial performance, manage risk, or comply with regulatory requirements (Hillman & Keim, 2001; Mitchell, Agle, & Wood, 1997).

Our findings challenge this economic-centric view of stakeholder theory by revealing that, in family firms, stakeholder engagement is often driven by moral and ethical imperatives deeply rooted in cultural and religious values. The "Inspiration Nexus" that emerges from our study illustrates how family firms prioritize stakeholder welfare not just as a strategic choice but as a reflection of their identity and values. This nexus encompasses historical narratives, cultural ethos, and personal convictions that shape the firm's approach to stakeholders.

For instance, the emphasis on religious teachings, such as the concept of Zakat (charitable giving) in Islamic culture, demonstrates that stakeholder orientation in family firms is embedded in a broader ethical framework that transcends mere financial considerations. This finding suggests that stakeholder theory should be expanded to include non-economic motivations, particularly in contexts where cultural and religious values play a central role in business practices.

Moreover, the relational nature of stakeholder engagement in family firms further distinguishes them from non-family firms. In family firms, stakeholder relationships are often long-term, trust-based, and deeply personal, reflecting the firm's commitment to maintaining these relationships across generations. This contrasts with the more transactional relationships typically emphasized in stakeholder theory. Our findings, therefore, propose a refinement of stakeholder theory that accounts for the relational and value-driven nature of stakeholder engagement in family firms.

By expanding stakeholder theory to include cultural and ethical dimensions, our research contributes to a more nuanced understanding of how family firms engage with stakeholders. This theoretical advancement highlights the need for stakeholder theory to be adaptable to different cultural and organizational contexts, particularly in emerging markets where family businesses dominate the landscape.

Institutional theory, as introduced by DiMaggio and Powell (1983), suggests that organizational behaviors and strategies are significantly influenced by the regulatory frameworks and social norms that define acceptable practices within a given context. Organizations are subject to coercive, mimetic, and normative pressures, which drive them to conform to institutional standards in order to gain legitimacy (Meyer & Rowan, 1977).

In its traditional form, institutional theory emphasizes the role of formal institutions, such as legal systems, regulatory bodies, and professional standards, in shaping organizational behavior. This perspective is particularly relevant in developed economies, where such institutions are robust and well-defined. However, our research takes place in Pakistan, an emerging market where formal institutions are often weak or absent. This context provides a unique opportunity to explore how family firms navigate these institutional voids.

Our findings introduce the concept of "Responsive Agility," which captures how family firms in Pakistan adapt to the challenges posed by institutional fragility. Unlike non-family firms,

which may rely heavily on formal institutions for guidance and support, family firms in our study demonstrate a remarkable ability to fill the gaps left by weak institutions. This includes taking on roles traditionally managed by the government, such as providing social welfare and community support.

For example, the CEO of one family firm in our study emphasized how the lack of a social safety net in Pakistan prompted their firm to take on the responsibility of ensuring employee welfare during crises. This proactive role challenges the assumption in institutional theory that businesses are primarily reactive to institutional forces. Instead, our findings suggest that family firms can act as substitutes for weak institutions, shaping their institutional environment in ways that non-family firms may not.

Additionally, the influence of informal institutions—such as cultural norms, family traditions, and community networks—emerges as a powerful force in shaping the behavior of family firms. These informal mechanisms often serve as substitutes for formal institutions, guiding business practices and stakeholder engagement. For instance, the emphasis on family legacy and reputation within our sample firms highlights how informal institutions can exert significant pressure on family firms to maintain high ethical standards and strong stakeholder relationships.

Our research expands institutional theory by demonstrating that in contexts where formal institutions are weak, informal institutions can play a critical role in shaping organizational behavior. This contribution calls for a reevaluation of institutional theory to account for the influence of informal structures, particularly in emerging markets. By highlighting the proactive role of family firms in filling institutional voids, our research challenges the passive role traditionally assigned to businesses in institutional theory.

The Resource-Based View (RBV) posits that organizations gain a competitive advantage through the unique resources and capabilities they possess (Barney, 1991). These resources include tangible assets, intellectual property, and intangible assets such as knowledge and organizational culture. The findings of this study align with RBV by demonstrating how family firms leverage unique resources—specifically, their cultural values, family legacy, and intergenerational knowledge transfer—to enhance their stakeholder orientation.

This study's identification of the Inspiration Nexus—the interplay of family legacy, cultural values, and personal conviction—can be seen as a critical intangible resource that contributes

to the firm's competitive advantage. In family firms, these resources are deeply embedded within the organization, making them difficult for competitors to replicate. The Inspiration Nexus thus serves as a unique resource that differentiates family firms in their approach to stakeholder management.

The study also highlights the role of Holistic Learning, where continuous learning is facilitated through intergenerational knowledge transfer, as a valuable resource. This finding underscores the importance of knowledge as a critical resource in line with RBV, particularly in how it enhances a firm's ability to engage with stakeholders effectively.

5.1 Cultural-Relational Model of Stakeholder Engagement in Family Firms

Building on our research findings, we propose a new theoretical framework that we term the "Cultural-Relational Model of Stakeholder Engagement in Family Firms." This model integrates the cultural and relational dimensions that emerged as key drivers in how family firms engage with their stakeholders. The model provides a holistic understanding of the mechanisms through which family firms develop and sustain stakeholder relationships, particularly in contexts where cultural values and relational ties are paramount.

The Cultural-Relational Model emphasizes three interconnected dimensions—Cultural Values, Relational Orientation, and Institutional Adaptability—that collectively shape stakeholder engagement in family firms. This model is particularly relevant in environments where formal institutions are weak or absent, and where informal structures, such as cultural norms and community networks, play a critical role in business operations.

Key Components of the Cultural-Relational Model

1. Cultural Values
    - Definition: Cultural values in family firms refer to the deeply ingrained beliefs and norms that guide behavior within the organization. These values often stem from religious, ethical, and social traditions passed down through generations, profoundly influencing the firm's ethical framework and interactions with stakeholders.

- Influence on Stakeholder Engagement: In family firms, cultural values shape the commitment to fairness, social responsibility, and long-term relationships with stakeholders. These firms tend to prioritize ethical practices over short-term financial gains, distinguishing them from non-family firms. Cultural values drive the firm to engage in practices that reinforce their societal commitments, such as ensuring fair wages, ethical sourcing, and environmental stewardship. The cultural imperative for social responsibility often manifests in active participation in community development and charitable activities, further solidifying the firm's role as a socially responsible entity.
- Examples:
  - Ethical Practices: Family firms might ensure fair wages, ethical sourcing, and environmental stewardship as part of their business practices, driven by cultural values that emphasize social responsibility.
  - Community Engagement: Active participation in community development and charitable activities is often driven by religious or cultural imperatives, reinforcing the firm's commitment to societal well-being. For example, in Islamic cultures, the practice of Zakat encourages family firms to prioritize the welfare of employees and communities through charitable activities.

2. Relational Orientation
   - Definition: Relational orientation in family firms refers to the emphasis on long-term, trust-based relationships with stakeholders. These relationships often extend beyond transactional interactions, reflecting the firm's view of stakeholders as part of an extended family.
   - Influence on Stakeholder Engagement: The relational orientation of family firms fosters loyalty, commitment, and mutual respect between the firm and its stakeholders. This orientation encourages the development of stable, enduring relationships with employees, suppliers, and customers, which are seen as integral to the firm's legacy and continuity. Family firms tend to have higher employee retention rates, as the trust and loyalty cultivated over time contribute to a consistent and cohesive organizational culture. Similarly, long-term

partnerships with key stakeholders, such as customers and suppliers, are viewed as crucial to sustaining the firm's reputation and reliability.

- Examples:
  - Long-term Employee Relationships: Family firms often experience high employee retention rates, reflecting the trust and loyalty cultivated over time. This stability is essential for maintaining a consistent and cohesive organizational culture.
  - Customer and Supplier Loyalty: Family firms are more likely to build lasting partnerships with key stakeholders, treating them as part of the firm's extended family. This approach not only strengthens business relationships but also enhances the firm's reputation and reliability, ensuring continued success and stakeholder satisfaction.

3. Institutional Adaptability
   - Definition: Institutional adaptability refers to the ability of family firms to navigate and adapt to weak or absent formal institutions by leveraging informal structures, such as cultural norms, community networks, and family influence. This adaptability allows family firms to operate effectively even in challenging environments where formal support systems may be lacking.
   - Influence on Stakeholder Engagement: In contexts with weak formal institutions, family firms often step in to fill institutional voids by providing social services or community support. Their deep connections to the community and ability to mobilize resources quickly enable them to respond effectively to external pressures and stakeholder needs. For instance, in regions where government support is insufficient, family firms may take on roles traditionally managed by the state, such as providing healthcare, education, or disaster relief. This adaptability demonstrates the resilience and responsiveness of family firms to external challenges, ensuring their continued relevance and success.
   - Examples:
     - Substitute for Formal Institutions: Family firms may take on roles traditionally managed by the government, such as providing healthcare,

education, or disaster relief, particularly in regions where formal institutions are insufficient.

- Flexible Governance: Family firms often adapt their governance practices to accommodate changing stakeholder expectations and institutional constraints, demonstrating their resilience and responsiveness to external challenges. This flexibility allows family firms to maintain stability and continuity even in the face of institutional challenges.

Visualization of the Cultural-Relational Model

The Cultural-Relational Model (Figure 05) can be visualized as a dynamic framework with the following elements:

1. Core Triangle Structure: The model is centered around a triangle with each corner representing one of the primary dimensions: Cultural Values, Relational Orientation, and Institutional Adaptability. These dimensions are interconnected, highlighting the interplay between cultural norms, relational ties, and institutional contexts in shaping stakeholder engagement.
2. Interconnecting Arrows: Arrows between each corner illustrate the interdependence and dynamic interaction between the dimensions. Each arrow represents how these dimensions influence and reinforce each other, creating a synergistic effect that enhances stakeholder engagement.
    - Cultural Values ↔ Relational Orientation: This arrow represents how cultural values reinforce long-term relationships with stakeholders, creating a stable foundation for trust and mutual respect. The outcomes include:
        - Increased Stakeholder Loyalty: When stakeholders, such as employees and suppliers, see that a family firm's actions are guided by cultural values, they are more likely to develop a strong sense of loyalty to the firm.

        - Enhanced Reputation: A firm's commitment to cultural values and relational orientation can lead to a stronger reputation in the market, attracting both customers and partners who share similar values.
    - Relational Orientation ↔ Institutional Adaptability: This connection demonstrates how strong stakeholder relationships enable family firms to adapt more effectively to institutional challenges, leveraging trust and loyalty to navigate uncertain environments. The outcomes include:
        - Resilience to Market Shocks: Strong relationships with stakeholders provide family firms with a buffer against market volatility, enabling them to adapt quickly to changes and maintain business continuity.
        - Increased Social Capital: By leveraging relational ties to adapt to institutional voids, family firms build social capital, which can be drawn upon in times of need, further reinforcing their adaptability.
    - Institutional Adaptability ↔ Cultural Values: This link illustrates how cultural norms and values guide the firm's responses to institutional voids, ensuring that their actions align with ethical and cultural expectations. The outcomes include:
        - Strengthened Community Bonds: By responding to institutional challenges in a manner consistent with cultural values, family firms reinforce their bonds with the community, leading to greater trust and cooperation.
        - Sustainable Business Practices: Culturally-driven adaptability ensures that family firms not only survive but thrive in challenging environments, as their actions are aligned with both their ethical principles and the needs of the community.
3. Central Hub: Stakeholder Engagement: At the center of the triangle is the concept of Stakeholder Engagement, which is directly influenced by the three dimensions. This central hub represents the ultimate goal of the model—how family firms engage with their stakeholders through a combination of cultural, relational, and adaptive strategies.
4. Peripheral Circles: Examples and Outcomes: Surrounding the triangle are smaller circles that provide specific examples of how each dimension influences stakeholder

engagement (e.g., ethical practices, community support) and the outcomes of these interactions (e.g., loyalty, resilience). These examples help illustrate the practical implications of the model and how it can be applied in real-world contexts.

The Cultural-Relational Model of Stakeholder Engagement in Family Firms offers a comprehensive framework that integrates elements of Socioemotional Wealth (SEW) Theory, Resource-Based View (RBV), Stakeholder Theory, Institutional Theory, Dynamic Capabilities, and Family Business Studies. It provides a holistic perspective on how family firms engage with their stakeholders, particularly in emerging markets where formal institutions may be weak or absent. This model challenges existing theories to expand their scope and consider the unique dynamics of family firms, thereby making a significant contribution to the academic literature.

In practice, the model offers actionable insights for family business managers and leaders, guiding them in leveraging cultural values, relational ties, and institutional adaptability to enhance stakeholder engagement. By applying this model, family firms can strengthen their relationships with stakeholders, improve their resilience to external pressures, and ensure long-term sustainability.

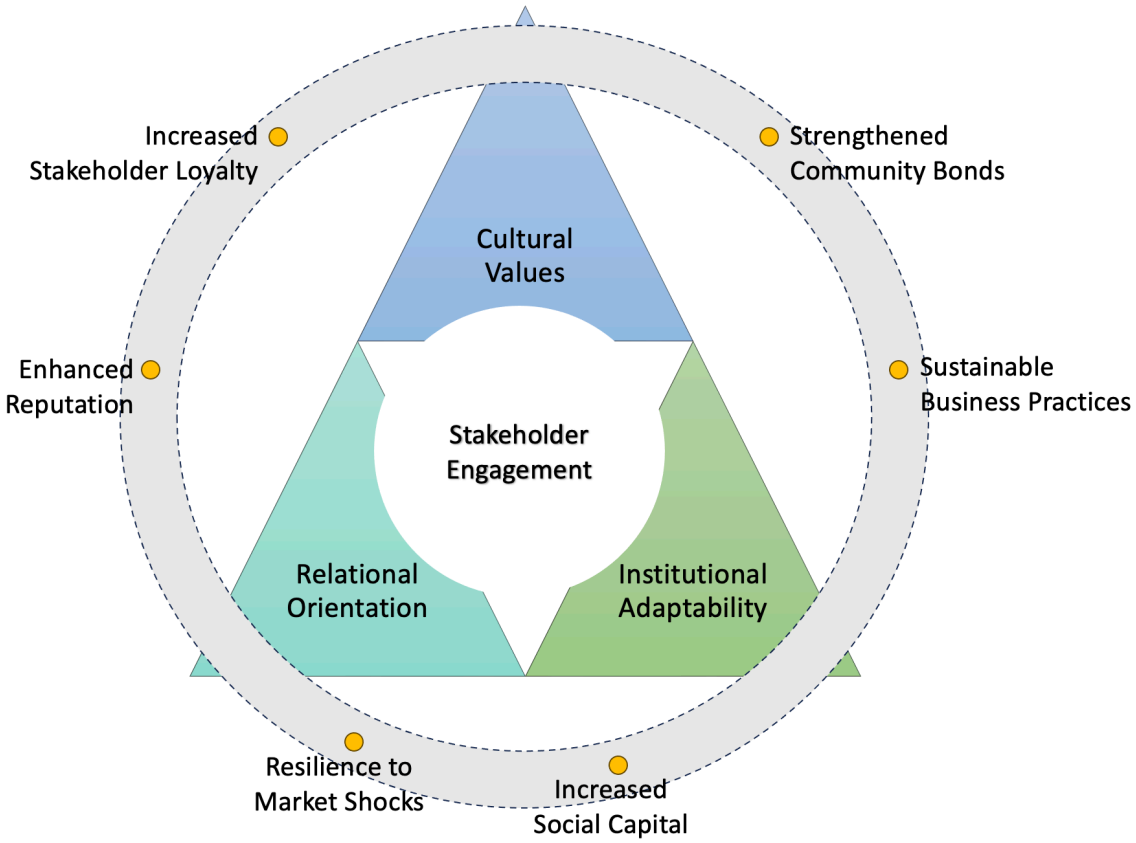

Figure 05: The Cultural-Relational Model

5.2 Relationship Between the Five Dimensions and the Cultural-Relational Model

The Cultural-Relational Model provides a holistic framework for understanding how family firms engage with their stakeholders, recognizing the critical role that cultural values and relational dynamics play in shaping these engagements. This model acknowledges that family firms are not just economically driven entities but are deeply embedded in a web of social, cultural, and relational factors that influence their decision-making processes, particularly regarding stakeholder orientation.

The five dimensions identified in this study—Inspiration Nexus, Responsive Agility, Holistic Learning, Dynamic Embeddedness, and Integrated Engagement—are integral components of this model. Each dimension represents a key aspect of how family firms navigate their relationships with stakeholders, and together they form a comprehensive framework for understanding how these firms balance internal family values with external stakeholder demands. The Cultural-Relational Model integrates these dimensions to offer a more nuanced

explanation of stakeholder orientation in family firms, particularly in how these firms leverage their cultural heritage and relational capital to shape their stakeholder strategies.

The Inspiration Nexus highlights the importance of values, vision, and family legacy in driving family firms' stakeholder orientation. Within the Cultural-Relational Model, this dimension reflects the cultural context that family firms operate within. The firm's identity and commitment to preserving a multigenerational legacy are central to how they prioritize and engage with stakeholders.

In the Cultural-Relational Model, the Inspiration Nexus serves as the cultural foundation of stakeholder orientation. The family's cultural identity and long-term vision create a strong motivational basis for engaging stakeholders who align with or support these values. Stakeholders are not just seen as external entities; they are integral to the family's legacy and vision, making stakeholder engagement a deeply personal and relational process. This dimension illustrates how cultural heritage shapes the firm's interactions with stakeholders, aligning external relationships with internal family values.

Responsive Agility represents the family firm's ability to adapt quickly to stakeholder needs, reflecting its relational flexibility and responsiveness. This dimension highlights how family firms, due to their more informal and relational structures, can pivot rapidly in response to the evolving needs of their stakeholders.

Within the Cultural-Relational Model, Responsive Agility represents the relational dynamics that define family firms' interactions with stakeholders. Family firms tend to have closer, more personalized relationships with their stakeholders, which allows them to respond with greater speed and flexibility compared to larger, more bureaucratic organizations. This relational agility is a critical component of the model, emphasizing how family firms leverage their social capital and relational networks to maintain strong and adaptive stakeholder relationships. The ability to respond quickly reinforces trust and fosters deeper engagement with stakeholders, who view the family firm as a reliable and responsive partner.

Holistic Learning refers to the continuous learning process through which family firms evolve by gathering insights from their stakeholders. This dimension underscores the importance of learning from external feedback and adapting internal strategies accordingly.

In the context of the Cultural-Relational Model, Holistic Learning represents the interactive learning process between the family firm and its stakeholders. Family firms often maintain

open channels of communication with their stakeholders, actively incorporating stakeholder feedback into their decision-making processes. This ongoing dialogue is not just transactional but deeply relational, as family firms seek to understand the broader needs and interests of their stakeholders, ensuring that both parties benefit from the relationship. Holistic Learning reflects the model's emphasis on how family firms engage with stakeholders in a continuous process of adaptation and improvement, driven by mutual respect and shared learning.

Dynamic Embeddedness refers to the deep-rooted social and cultural ties that family firms have with their stakeholders, particularly within local communities. Family firms are often closely tied to their communities, and these ties significantly influence their stakeholder orientation.

In the Cultural-Relational Model, Dynamic Embeddedness captures the cultural and social embeddedness of family firms within their local and regional contexts. The firm's stakeholder strategies are heavily influenced by its position within these social networks, where relationships are built on trust, reciprocity, and long-term commitment. Family firms often view their stakeholders as part of an extended relational network, and their embeddedness in these networks leads to a more inclusive and socially responsible approach to stakeholder engagement. This dimension underscores how family firms' cultural and relational connections shape their responsibilities toward stakeholders, particularly in terms of community involvement and social responsibility.

Integrated Engagement refers to the collaborative and participatory approach that family firms take in managing their relationships with stakeholders. Rather than treating stakeholders as external actors, family firms often integrate them into their decision-making processes, creating a sense of partnership and shared responsibility.

Within the Cultural-Relational Model, Integrated Engagement represents the collaborative ethos that defines how family firms manage stakeholder relationships. Family firms often take a relational approach to stakeholder management, actively involving stakeholders in key decisions and viewing them as long-term partners. This collaborative engagement aligns with the cultural values of trust, loyalty, and relational commitment that are central to the family firm's identity. By integrating stakeholders into their decision-making processes, family firms not only enhance stakeholder loyalty but also ensure that their strategies reflect the broader interests of the community and other key stakeholders.

The five dimensions—Inspiration Nexus, Responsive Agility, Holistic Learning, Dynamic Embeddedness, and Integrated Engagement—are not standalone factors but are interconnected elements that collectively form the foundation of the Cultural-Relational Model. Each dimension contributes to the model by highlighting how family firms leverage their unique cultural and relational context to engage with stakeholders. Together, these dimensions provide a comprehensive understanding of the mechanisms through which family firms develop and sustain stakeholder relationships.

The Cultural-Relational Model thus offers a holistic framework that integrates both cultural values (such as the legacy and long-term vision embodied in the Inspiration Nexus) and relational dynamics (such as the flexibility and responsiveness reflected in Responsive Agility) to explain how family firms orient themselves toward stakeholders. The model demonstrates that stakeholder engagement in family firms is not purely transactional; it is deeply embedded in the family's cultural identity and sustained through long-term, relational processes. By understanding these dimensions within the framework of the Cultural-Relational Model, scholars and practitioners can gain deeper insights into how family firms navigate the complexities of stakeholder management in ways that are distinct from non-family firms.

The relationship between the five dimensions and the Cultural-Relational Model lies in the way these dimensions represent both the cultural and relational processes that underpin stakeholder orientation in family firms. The Cultural-Relational Model integrates these dimensions to provide a nuanced understanding of how family firms engage with stakeholders, emphasizing the role of family culture, social embeddedness, and relational dynamics. By viewing stakeholder orientation through this integrated lens, we can better understand the unique ways in which family firms balance their internal values with external stakeholder demands, resulting in more sustainable and meaningful stakeholder relationships.

5.3 Potential Counterarguments

While our findings provide strong evidence for the unique mechanisms that drive stakeholder orientation in family firms, it is important to acknowledge and consider potential counterarguments and alternative explanations. This not only strengthens the credibility of our analysis but also broadens the understanding of the complexities involved in stakeholder engagement within family businesses.

One possible counterargument is that the observed stakeholder orientation in family firms may not be solely driven by cultural values or ethical considerations but could also be motivated by self-interest and the desire to maintain control within the firm. Some scholars, such as Chrisman et al. (2005), argue that family firms might prioritize stakeholder engagement as a means of preserving family influence and authority, rather than out of genuine concern for stakeholder welfare.

While it is possible that self-interest plays a role in stakeholder engagement, our findings suggest that in the context of Pakistani family firms, cultural and ethical values are deeply ingrained and act as primary motivators. For instance, many of the firms we studied emphasized religious teachings and cultural traditions as guiding principles for their business practices, which extended beyond mere strategic considerations. Additionally, the long-term, trust-based relationships that these firms maintain with their stakeholders indicate a level of commitment that goes beyond self-serving motives. However, we acknowledge that the motivations behind stakeholder engagement can be multifaceted, and in some cases, self-interest and ethical concerns may coexist.

Another alternative explanation for the stakeholder orientation observed in family firms is that it may be driven by external institutional pressures rather than internal values. According to institutional theory, firms are often compelled to conform to societal norms and expectations in order to gain legitimacy and avoid penalties. In this view, family firms may engage with stakeholders not out of a voluntary commitment to ethical practices, but as a response to external pressures, such as regulatory requirements or societal expectations.

Eexternal pressures undoubtedly influence organizational behavior, our findings suggest that family firms in Pakistan navigate these pressures in unique ways due to the informal nature of many of the institutions in the region. Instead of merely reacting to external forces, family firms often take a proactive approach, filling institutional voids and establishing their own norms based on cultural values and familial traditions. This proactive stance challenges the traditional view of firms as passive recipients of institutional pressure and highlights the role of internal values in shaping stakeholder engagement. However, we recognize that in different institutional contexts, external pressures may play a more significant role in driving stakeholder orientation.

Another counterargument could be that stakeholder engagement in family firms is primarily a risk mitigation strategy, rather than an ethical or relational endeavor. Engaging with stakeholders—such as maintaining positive relationships with employees, suppliers, and the community—can reduce the likelihood of conflicts, improve the firm's reputation, and ultimately protect the business from potential risks.

While stakeholder engagement undoubtedly has risk mitigation benefits, our findings suggest that in family firms, this engagement is often rooted in deeper relational and ethical commitments. For example, the emphasis on long-term loyalty and trust-based relationships indicates that these firms are not simply managing risk but are genuinely invested in the well-being of their stakeholders. This relational approach is consistent with the family-centric nature of these businesses, where stakeholders are often treated as part of the extended family. Nonetheless, we acknowledge that risk mitigation can be a byproduct of strong stakeholder relationships, and in some cases, it may reinforce the firm's commitment to ethical practices.

A final alternative explanation is that family firms may adopt a stakeholder-oriented approach as a response to market dynamics, such as increasing competition or changing consumer preferences. In this view, stakeholder engagement is a strategic response to external market conditions, rather than a reflection of internal values.

Market dynamics undoubtedly influence business strategies, our findings suggest that the stakeholder orientation observed in family firms is often guided by long-standing cultural and ethical values, rather than short-term market pressures. For instance, many of the firms in our study emphasized their commitment to community welfare and social responsibility, even when it did not directly align with market incentives. This indicates that their stakeholder engagement is driven by a broader set of motivations, rooted in the firm's identity and legacy. However, we recognize that in highly competitive markets, stakeholder engagement may also serve as a strategic advantage, and the interplay between market forces and internal values warrants further exploration.

By acknowledging these potential counterarguments and alternative explanations, we provide a more nuanced understanding of the factors that drive stakeholder orientation in family firms. While our findings highlight the importance of cultural values, relational orientation, and institutional adaptability, we recognize that these factors do not operate in isolation. Instead, they interact with a range of external influences, including institutional pressures, market

dynamics, and risk considerations. By considering these complexities, we offer a more comprehensive view of how family firms engage with their stakeholders and contribute to the broader discourse on family business and organizational theory.

6. Conclusion

This research journey into the realm of stakeholder orientation in family firms has unveiled a nuanced, multifaceted landscape where familial values, strategic agility, and institutional sensibilities converge to form a distinct approach to stakeholder management. Through the exploration of the five aggregate dimensions – Inspiration Nexus, Responsive Agility, Holistic Learning, Dynamic Embeddedness, and Integrated Engagement – we have delineated the unique ways in which family firms interact with and respond to their stakeholders.

Our study provides substantial understanding concerning the behavior of stakeholder orientation within family firms, yet it is imperative to consider its constraints. Firstly, concentrating on family firms in Pakistan yields profound revelations pertinent to nascent economic systems; however, this focal point may restrain our outcomes' applicability across diverse cultural and financial environments. Subsequent studies could expand upon this work by encompassing a more extensive array of global locales to amplify the applicability of the conclusions derived. Second, our study's qualitative approach, although it provides extensive detail and profound insights, is dependent on subjective interpretations made by the participants. Third, the process of choosing firms based on particular criteria like generational stage, strategic relevance, and innovation in stakeholder involvement, although advantageous for a targeted investigation, might disregard the experiences of other family firms with distinct features.

This study also explores the intricate dynamics of stakeholder engagement in family firms, emphasizing the critical role of cultural values, relational orientation, and institutional adaptability. Through the development and introduction of the Cultural-Relational Model of Stakeholder Engagement in Family Firms, the chapter has provided a comprehensive framework that integrates these key dimensions to offer a holistic understanding of how family firms interact with their stakeholders.

The findings from this research have revealed that family firms are uniquely positioned to engage with stakeholders in ways that are deeply rooted in their cultural and ethical

frameworks. Unlike non-family firms that may prioritize short-term financial gains, family firms are often guided by long-standing cultural values and ethical principles, which influence their commitment to fairness, social responsibility, and long-term relationships. This cultural foundation not only shapes how family firms operate internally but also guides their external interactions with stakeholders, fostering trust, loyalty, and a strong sense of community.

Moreover, the chapter has highlighted the importance of Relational Orientation in family firms, where stakeholder relationships are viewed as extensions of family ties. This orientation fosters stable, enduring relationships with employees, suppliers, and customers, which are seen as integral to the firm's legacy and continuity. The relational approach to stakeholder management, characterized by mutual respect and long-term commitment, distinguishes family firms from their non-family counterparts and contributes to their sustained success.

The concept of Institutional Adaptability further enriches our understanding of stakeholder engagement in family firms, particularly in contexts where formal institutions are weak or absent. Family firms often step in to fill institutional voids by leveraging informal structures, such as cultural norms and community networks, to navigate external challenges and provide social services. This adaptability not only ensures the survival of family firms in challenging environments but also strengthens their relationships with stakeholders, reinforcing their role as both economic and social institutions.

Through the proposed Cultural-Relational Model, this chapter has made significant contributions to several established theories, including Socioemotional Wealth (SEW) Theory, Resource-Based View (RBV), Stakeholder Theory, Institutional Theory, and Dynamic Capabilities. The model serves as a unifying framework that integrates these theories, providing a deeper and more nuanced understanding of how family firms engage with their stakeholders. By highlighting the interplay between cultural values, relational orientation, and institutional adaptability, the model challenges existing theories to expand their scope and consider the unique dynamics of family firms.

In practice, the insights gained from this chapter offer valuable guidance for family business leaders and managers. The Cultural-Relational Model provides a strategic framework for leveraging cultural values, relational ties, and institutional adaptability to enhance stakeholder engagement, improve resilience, and ensure long-term sustainability. Family firms can use this

model to strengthen their relationships with stakeholders, navigate external challenges, and maintain their competitive advantage in an increasingly complex business environment.

In conclusion, this chapter has advanced our understanding of stakeholder engagement in family firms by proposing a comprehensive framework that integrates cultural, relational, and institutional dimensions. The Cultural-Relational Model of Stakeholder Engagement in Family Firms not only contributes to the academic literature but also offers practical implications for family businesses operating in diverse cultural and institutional contexts. As family firms continue to play a crucial role in the global economy, the insights from this chapter provide a solid foundation for further research and strategic practice in the field of family business studies.

7. Theoretical Contribution

The findings from this study provide significant contributions to several established theories in the field of family business studies, stakeholder management, and organizational behavior. By integrating cultural, relational, and institutional dimensions into the understanding of stakeholder engagement in family firms, this research not only supports existing theories but also offers novel insights that extend their scope and applicability. The proposed 'Cultural-Relational Model of Stakeholder Engagement in Family Firms' serves as a unifying framework that connects these dimensions and provides a holistic perspective on how family firms interact with their stakeholders. The following sections detail the specific contributions to key theoretical frameworks.

1. Extension of Socioemotional Wealth (SEW) Theory

Socioemotional Wealth (SEW) Theory posits that family firms prioritize the preservation of their socioemotional wealth—non-financial aspects of the business that meet the emotional needs of the family—over purely financial goals (Gómez-Mejía et al., 2007). This study extends SEW Theory by demonstrating that stakeholder engagement is a critical mechanism through which family firms preserve and enhance their socioemotional wealth. The integration of Cultural Values into stakeholder engagement practices underscores how family firms use their cultural and ethical frameworks to build trust, loyalty, and long-term relationships with

stakeholders. This, in turn, reinforces the socioemotional wealth of the family by ensuring that the business remains aligned with the family's values and legacy.

Furthermore, the study introduces the concept of Relational Orientation as a dimension of SEW, where family firms view their stakeholders not just as business partners but as part of an extended family. This relational approach to stakeholder management is deeply intertwined with the firm's socioemotional wealth, as it reflects the family's commitment to maintaining strong, enduring relationships that support the long-term sustainability of the business. By highlighting the importance of relational ties in stakeholder engagement, this study suggests that SEW Theory should be expanded to more explicitly include the role of stakeholder relationships in the preservation of socioemotional wealth.

2. Enrichment of the Resource-Based View (RBV)

The Resource-Based View (RBV) of the firm emphasizes that a company's competitive advantage is derived from its unique resources and capabilities (Barney, 1991). This study enriches RBV by identifying cultural values and relational orientation as intangible resources that are particularly salient in family firms. The Cultural-Relational Model proposed in this research illustrates how these intangible resources are not only internal strengths but also critical drivers of stakeholder engagement.

In family firms, cultural values serve as a guiding force in decision-making processes, shaping the firm's approach to ethical practices, community involvement, and long-term strategic planning. These cultural values, when aligned with relational orientation, create a synergistic effect that enhances the firm's ability to build and sustain competitive advantages through strong stakeholder relationships. By positioning cultural and relational dimensions as core resources within the RBV framework, this study provides a more nuanced understanding of how family firms leverage these intangible assets to achieve both economic and non-economic goals.

3. Expansion of Stakeholder Theory

Stakeholder Theory traditionally focuses on how businesses manage relationships with various stakeholders to achieve long-term success (Freeman, 1984). This study expands Stakeholder Theory by proposing that family firms, due to their unique cultural and relational

characteristics, engage with stakeholders in ways that differ from non-family firms. The Cultural-Relational Model highlights that for family firms, stakeholder engagement is not merely about balancing competing interests but about integrating stakeholders into the firm's extended family network.

This relational approach to stakeholder management suggests that family firms are inherently more aligned with the principles of Stakeholder Theory, as they emphasize trust, loyalty, and long-term relationships over short-term financial gains. The study's findings indicate that Stakeholder Theory could be enhanced by incorporating the cultural and relational dimensions that are particularly prominent in family firms, offering a more comprehensive framework for understanding how businesses interact with their stakeholders.

4. Contributions to Institutional Theory

Institutional Theory examines how organizations are influenced by the institutional environments in which they operate, including formal regulations and informal norms (DiMaggio & Powell, 1983). This study contributes to Institutional Theory by demonstrating that family firms in emerging markets often fill institutional voids through their Institutional Adaptability—the ability to leverage informal structures, such as cultural norms and community networks, to navigate weak or absent formal institutions.

The Cultural-Relational Model suggests that family firms are not passive actors within their institutional environments but are active agents who shape and adapt to these environments through their stakeholder engagement practices. By filling institutional voids, family firms not only ensure their own survival but also contribute to the broader societal welfare, reinforcing their legitimacy and strengthening their stakeholder relationships. This study therefore expands Institutional Theory by highlighting the role of family firms as both economic and social institutions that adaptively respond to institutional challenges in ways that align with their cultural and relational values.

5. Integration of Dynamic Capabilities

The Dynamic Capabilities framework posits that a firm's ability to adapt to changing environments is a key determinant of its long-term success (Teece, Pisano, & Shuen, 1997). This study integrates Dynamic Capabilities with the concept of Institutional Adaptability in

family firms, proposing that the unique cultural and relational characteristics of these firms enhance their ability to respond to environmental changes and institutional challenges.

The Cultural-Relational Model illustrates that family firms possess a form of dynamic capability that is rooted in their cultural values and relational orientation. This capability allows them to quickly mobilize resources, adapt governance practices, and engage with stakeholders in ways that ensure resilience and continuity. By integrating Dynamic Capabilities with cultural and relational dimensions, this study offers a more comprehensive understanding of how family firms sustain their competitive advantage in volatile environments.

6. Proposing a Holistic Framework

Our Cultural-Relational Model of Stakeholder Engagement in Family Firms serves as a holistic framework that integrates elements from SEW Theory, RBV, Stakeholder Theory, Institutional Theory, and Dynamic Capabilities. This model provides a comprehensive perspective on how family firms engage with their stakeholders, emphasizing the interplay between cultural values, relational orientation, and institutional adaptability. By proposing this model, the study challenges existing theories to expand their scope and consider the unique dynamics of family firms, thereby making a significant contribution to the academic literature.

The model also offers practical implications for family business managers and leaders, guiding them in leveraging these dimensions to enhance stakeholder engagement, improve resilience, and ensure long-term sustainability. As such, the Cultural-Relational Model not only advances theoretical understanding but also provides actionable insights that can be applied in real-world contexts.

8. Practical Implications

This study offers several practical implications for family business leaders, managers, and policymakers, providing actionable insights that can be leveraged to enhance stakeholder engagement, improve business resilience, and ensure long-term sustainability. The proposed Cultural-Relational Model of Stakeholder Engagement in Family Firms not only advances theoretical understanding but also serves as a strategic framework that family firms can apply in real-world contexts.

One of the key practical implications of this study is the importance of leveraging cultural values as a strategic asset in stakeholder engagement. Family firms often possess deeply ingrained cultural and ethical frameworks that guide their decision-making processes. These values, which are rooted in religious, ethical, and social traditions, can be harnessed to build strong, trust-based relationships with stakeholders.

Family business leaders should actively integrate these cultural values into their business strategies, ensuring that all stakeholder interactions reflect the firm's commitment to fairness, social responsibility, and long-term relationships. For example, practices such as fair wages, ethical sourcing, and environmental stewardship should not only be implemented but also communicated effectively to stakeholders. By aligning business operations with cultural values, family firms can differentiate themselves in the market, enhance their reputation, and build lasting loyalty among customers, employees, and suppliers.

Moreover, cultural values can be a powerful tool for community engagement. Family firms can leverage their cultural and ethical commitments to actively participate in community development initiatives, such as supporting local education, healthcare, or environmental conservation efforts. These activities not only fulfill the firm's social responsibilities but also strengthen its ties to the community, creating a supportive environment that can enhance the firm's resilience in times of crisis.

The study highlights the importance of relational orientation in family firms, where stakeholder relationships are viewed as extensions of family ties. This relational approach fosters loyalty, commitment, and mutual respect, which are essential for the long-term success of the business.

Family business managers should prioritize building and maintaining long-term, trust-based relationships with key stakeholders, including employees, customers, suppliers, and community members. This can be achieved by creating a corporate culture that values and rewards loyalty, transparency, and mutual respect. For instance, family firms can implement employee retention programs that emphasize job security, career development, and recognition of long-term service. These programs not only improve employee satisfaction and retention but also contribute to a stable and cohesive organizational culture.

In terms of customer and supplier relationships, family firms should focus on developing partnerships that are built on trust and mutual benefit. This could involve long-term contracts, collaborative product development, or joint community initiatives that reinforce the sense of

partnership. By treating customers and suppliers as part of the extended family, family firms can ensure stable supply chains, consistent customer loyalty, and a strong market position.

The study's findings on institutional adaptability are particularly relevant for family firms operating in regions with weak or absent formal institutions. In such environments, family firms often need to rely on informal structures, such as cultural norms and community networks, to navigate external challenges and fill institutional voids.

Family business leaders should cultivate institutional adaptability by developing flexible governance practices that can respond to changing stakeholder expectations and institutional constraints. This may involve decentralizing decision-making processes, empowering local managers, or creating cross-functional teams that can quickly mobilize resources in response to external pressures. By enhancing their adaptability, family firms can remain resilient in the face of institutional challenges, ensuring their continued success and sustainability.

In addition, family firms can play a proactive role in addressing institutional voids by stepping in to provide social services or community support in areas where government support is lacking. For example, family firms might invest in local infrastructure projects, such as building schools, hospitals, or roads, that benefit both the community and the business. These actions not only fulfill a social need but also enhance the firm's legitimacy and strengthen its stakeholder relationships.

The Cultural-Relational Model proposed in this study offers a strategic framework that family firms can integrate into their overall business strategy. By considering the interplay between cultural values, relational orientation, and institutional adaptability, family firms can develop a holistic approach to stakeholder engagement that aligns with their long-term goals.

Family business leaders should use the model as a guide for strategic planning, ensuring that all aspects of the business—from operations to marketing to governance—are aligned with the firm's cultural and relational values. This integrated approach can help family firms to build a strong, cohesive organizational identity that resonates with stakeholders and supports long-term success.

Moreover, the model can be used to assess and improve existing stakeholder engagement practices. By evaluating how well the firm's current practices align with the cultural-relational dimensions identified in the model, family business leaders can identify areas for improvement and implement targeted strategies to enhance stakeholder relationships.

The study also has implications for policymakers and industry associations that support family businesses. Policymakers should recognize the unique role that family firms play in filling institutional voids and contributing to community development, particularly in regions with weak formal institutions. Policies that support family firms in these roles, such as tax incentives for community investments or grants for infrastructure projects, could enhance the positive impact of family businesses on society.

Industry associations can use the findings of this study to develop training programs and resources that help family firms strengthen their cultural values, relational orientation, and institutional adaptability. By providing family business leaders with the tools and knowledge they need to implement the Cultural-Relational Model, industry associations can contribute to the overall resilience and sustainability of family firms.

This study provides a range of practical implications for family business leaders, managers, policymakers, and industry associations. By leveraging cultural values, strengthening relational orientation, and enhancing institutional adaptability, family firms can improve their stakeholder engagement practices, build stronger relationships, and ensure long-term sustainability. The Cultural-Relational Model of Stakeholder Engagement in Family Firms offers a strategic framework that can guide family firms in navigating the complexities of stakeholder management in diverse cultural and institutional contexts. By applying the insights from this study, family firms can not only achieve business success but also contribute positively to the communities and societies in which they operate.

9. Limitations and Future Directions

While this study makes significant contributions to the understanding of stakeholder engagement in family firms, it is important to acknowledge several limitations that may impact the generalizability and applicability of the findings. Recognizing these limitations not only provides context for interpreting the results but also offers directions for future research to address these constraints.

The study's sample size is relatively small and geographically limited, focusing primarily on family firms within a specific region or cultural context. While this allows for in-depth analysis and a rich understanding of stakeholder engagement within these firms, it limits the

generalizability of the findings to family firms in other regions or cultural settings. The insights gained from this study may not fully represent the diverse range of family firms operating in different countries, particularly those with varying cultural, economic, and institutional environments. As such, caution should be exercised when applying the findings to family firms in different contexts.

Future studies should consider expanding the sample size and including family firms from multiple regions and cultural contexts to enhance the generalizability of the findings. Comparative studies across different countries or regions could provide a more comprehensive understanding of how cultural and institutional factors influence stakeholder engagement in family firms.

We employed a qualitative research design, which is well-suited for exploring complex phenomena and generating in-depth insights. However, qualitative research is inherently subjective, and the findings may be influenced by the researchers' interpretations and biases. While the qualitative approach allows for a detailed exploration of the cultural and relational dimensions of stakeholder engagement, the findings may not be easily quantifiable or replicable in other studies. The lack of quantifiable data limits the ability to generalize the results across a broader population of family firms.

To address this limitation, future research could employ a mixed-methods approach, combining qualitative and quantitative data collection and analysis. This would allow for the validation of qualitative findings through statistical analysis, providing a more robust and generalizable understanding of stakeholder engagement in family firms.

Our study is specifically focused on family firms, which are characterized by unique cultural, relational, and institutional dynamics. While this focus provides valuable insights into the stakeholder engagement practices of these firms, it limits the applicability of the findings to non-family firms. The cultural-relational model proposed in this study may not fully apply to non-family firms, which may have different motivations, structures, and stakeholder engagement practices. Therefore, the findings should be interpreted within the context of family firms and not generalized to all types of organizations.

Future research could explore how the cultural-relational model might be adapted or modified for non-family firms. Comparative studies between family and non-family firms could provide

insights into the differences and similarities in stakeholder engagement practices across different types of organizations.

The study is conducted within a specific cultural and institutional context, which may influence the findings. The cultural values, relational orientation, and institutional adaptability observed in the study are likely shaped by the particular cultural norms and institutional structures of the region in which the family firms operate. The findings may not be directly applicable to family firms operating in different cultural or institutional environments. For example, family firms in regions with strong formal institutions may not exhibit the same level of institutional adaptability as those in regions with weaker institutions.

Future studies should examine how cultural and institutional contexts influence stakeholder engagement in family firms across different regions. Cross-cultural research could provide a more nuanced understanding of how the cultural-relational model applies in diverse environments and help identify universal principles as well as context-specific practices.

We have provided a snapshot of stakeholder engagement practices in family firms at a specific point in time. However, stakeholder relationships and the factors influencing them are dynamic and may evolve over time, particularly as family firms transition between generations or respond to changing external environments. The cross-sectional nature of the study may overlook the temporal dynamics of stakeholder engagement in family firms. The findings may not capture how these practices change over time or how they are affected by generational transitions, economic shifts, or other temporal factors.

Longitudinal studies that track family firms over time would provide valuable insights into how stakeholder engagement practices evolve. Such research could examine how generational changes, market dynamics, or institutional developments influence the cultural and relational dimensions of stakeholder engagement in family firms.

As with any qualitative research, there is a risk of researcher bias influencing the data collection, analysis, and interpretation. Our own cultural backgrounds, experiences, and assumptions may shape how they perceive and report the findings. Researcher bias could lead to selective reporting or interpretation of data, potentially skewing the findings. This could limit the objectivity and reliability of the study's conclusions.

To mitigate researcher bias, future studies could employ triangulation by involving multiple researchers with diverse backgrounds in the data collection and analysis process. Additionally,

incorporating participant feedback or conducting member checks could help ensure that the findings accurately reflect the perspectives of the family firms studied.

The study primarily focuses on the internal perspectives of family firms regarding their stakeholder engagement practices. While this provides valuable insights into the cultural and relational dimensions within the firms, it may overlook the perspectives of external stakeholders, such as customers, suppliers, or community members. The findings may be biased towards the internal views of family firms and may not fully capture the experiences or expectations of external stakeholders. This could limit the comprehensiveness of the study's conclusions.

Future research could incorporate the perspectives of external stakeholders to provide a more balanced and comprehensive understanding of stakeholder engagement in family firms. Including interviews or surveys with key external stakeholders could reveal how these groups perceive and interact with family firms, enriching the overall analysis.

The insights gained from this study open up several avenues for future research that could further explore the theoretical connections identified . Future research could explore how cultural values and family legacy function as resources within the RBV framework across different cultural contexts. Comparative studies between family firms in different regions or countries could provide valuable insights into how these intangible resources are leveraged differently depending on cultural norms and societal expectations.

Longitudinal studies could track how family firms evolve their SEW strategies over time, particularly during generational transitions, to maintain or enhance their stakeholder orientation. Future research could further investigate how these factors influence organizational adaptability in both family and non-family firms. Experimental studies could be designed to test the impact of value-driven decision-making on organizational agility and performance in different types of firms.

Given the study's findings on Integrated Engagement, there is an opportunity for future research to develop integrated frameworks that combine SEW, RBV, and dynamic capabilities to better understand stakeholder management in family firms. These frameworks could be tested across different types of organizations to assess their applicability beyond the family business context.

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Way Forward

Chapter 1 laid the groundwork by systematically reviewing the literature on stakeholder orientation in family firms, highlighting key gaps such as the inconsistent definitions, limited qualitative insights, and the need to understand external perceptions of stakeholder orientation.

One prominent finding was the unique influence of socio-emotional wealth (SEW) on family firms, which often guides them toward prioritizing long-term relationships and community welfare. However, the chapter also uncovered a debate around whether family firms are indeed more stakeholder-oriented than non-family firms, with mixed empirical evidence suggesting a complex and context-dependent reality.

Chapter 01 emphasized that while family firms might be inclined to embrace stakeholder orientation due to their intrinsic values, the mechanisms and processes through which they achieve this remain underexplored.

Therefore, Chapter 2 delved into the qualitative exploration of the mechanisms underpinning stakeholder orientation in family firms. Through multiple case studies, we identified five dimensions—Inspiration Nexus, Responsive Agility, Holistic Learning, Dynamic Embeddedness, and Integrated Engagement—that collectively contribute to the "Cultural-Relational Model of Stakeholder Engagement in Family Firms".

This model demonstrated that family firms' stakeholder orientation is a multifaceted process, intricately shaped by cultural values, relational dynamics, and institutional contexts. The findings revealed how family firms balance their inherent family-oriented values with professional management practices, suggesting that stakeholder orientation is not a static concept but a dynamic interplay of various factors.

Despite these comprehensive insights into the internal mechanisms, an important dimension remains unexplored: how do external stakeholders, specifically job seekers, perceive these orientations? Existing literature indicates that family firms' unique identity and stakeholder management practices significantly impact their employer branding and attractiveness to potential employees. Yet, there is a lack of research examining how these perceptions vary across different cultural and institutional environments.

As established in Chapter 1, job seekers' perceptions can be influenced by family firms' approach to internal stakeholders, including their practices of inclusivity, psychological safety, and equity. Understanding these external perceptions is crucial, as it not only impacts family firms' ability to attract top talent but also reflects the broader implications of their stakeholder orientation in a global context.

Chapter 3 addresses this gap by shifting the focus to the external perspective, investigating job seekers' perceptions of stakeholder orientation in family firms. The chapter employs a comparative experimental design to explore how the presence of family members in the interview process influences job seekers' perceptions of organizational attractiveness, particularly in the U.S. and German markets.

This cross-cultural examination offers a nuanced understanding of how cultural and institutional contexts shape these perceptions, providing insights into how family firms can align their stakeholder engagement practices with market expectations. By connecting the internal mechanisms of stakeholder orientation explored in Chapter 2 with the external perceptions analyzed in Chapter 3, this study aims to offer a holistic view of how stakeholder orientation in family firms functions and is perceived within and beyond the firm.

While Chapters 1 and 2 provided an in-depth exploration of the internal mechanisms driving stakeholder orientation in family firms, Chapter 3 extends this understanding by examining the external perspective. This transition is essential for comprehensively understanding the role of stakeholder orientation in family firms, particularly in how it influences their attractiveness as employers and shapes their long-term sustainability and success.

Chapter 03: Job-Seekers' Perceptions of Stakeholder Orientation in Family Firms

Abstract

This chapter investigates how job seekers perceive family firms in the context of internal stakeholder orientation and psychological safety, particularly focusing on differences between the United States and German markets. The study employs a comparative experimental design to explore how the identity of family firms, specifically the presence of family members in the interview process, influences job seekers' perceptions of organizational attractiveness, stakeholder management, and psychological safety.

Findings reveal significant cultural and institutional differences. In Germany, job seekers exhibit lower attraction to family firms, primarily due to concerns about internal stakeholder orientation and psychological safety. This is reflective of the collectivist culture and stakeholder governance models prevalent in Germany, where equity and inclusivity are emphasized. By contrast, job seekers in the United States did not display a strong preference for family firms, which may be attributed to the individualistic culture and shareholder-driven corporate norms in the U.S., where personal achievement and financial success are prioritized.

The study contributes to the understanding of family firms' employer branding by highlighting the importance of aligning family governance practices with institutional and cultural expectations. In particular, it emphasizes that family firms in more collectivist and stakeholder-focused environments may need to improve inclusivity and transparency to enhance their attractiveness to job seekers. These findings have practical implications for family businesses seeking to attract talent in diverse cultural contexts.

Keywords: *Family Firms, Stakeholder Orientation, Job Seekers, Psychological Safety, Comparative Study, Institutional Context, Employer Branding*

1. Introduction

Family firms play a pivotal role in the global economy, representing a significant proportion of businesses worldwide. In the United States, family-owned enterprises account for approximately 80% to 90% of all businesses, and this figure rises to an even more substantial 95% in regions like Europe and Asia (Astrachan & Shanker, 2003; Zellweger, 2017). Beyond their economic impact, family firms are often viewed as societal pillars, embodying values such as stability, ethical conduct, and community orientation (Berrone et al., 2012; Sirmon & Hitt, 2003). These firms are perceived to exhibit a stakeholder-oriented approach, reflecting a commitment that extends beyond financial performance to encompass broader societal and familial legacies.

Despite their prominence, the appeal of family firms to potential employees remains an area with limited scholarly attention, particularly concerning how they manage relationships with both internal and external stakeholders. While existing research has delved into internal family dynamics, such as succession planning and governance (Chua, Chrisman, & Bergiel, 2009), there is a significant gap in understanding how family firms are perceived by external stakeholders like job seekers. This gap is crucial, as attracting and retaining talent is increasingly becoming a critical factor for family firms to sustain their competitive edge in a dynamic labor market (Debicki, Kellermanns, Chrisman, & Pearson, 2016).

Family firms often present a complex duality to job seekers. On one hand, they are viewed as unique entities characterized by stability, ethical behavior, and a long-term orientation (Astrachan et al., 2019). On the other hand, these firms may be perceived as risky or less appealing due to concerns over nepotism, limited career advancement opportunities, and managerial entrenchment (Block et al., 2019). This dichotomy is shaped by factors such as the firm's treatment of internal stakeholders and how its family-centered culture influences organizational practices and employee perceptions.

While family altruism can foster a sense of belonging and community within the firm (Gómez-Mejía et al., 2001), it may also lead to inconsistent organizational practices, potential favoritism, and challenges in professionalizing the business (Burkart, Panunzi, & Shleifer, 2003). These dynamics are critical in shaping job seekers' perceptions of the firm's stakeholder

orientation, fairness, and psychological safety. Yet, the interpretation of these dynamics by job seekers across different cultural and institutional contexts remains underexplored, particularly in contrasting markets like the U.S. and Germany.

Institutional frameworks significantly shape how family firms are perceived by job seekers. Legal regimes, governance systems, and cultural norms within different countries influence corporate behavior towards stakeholders (Peng & Jiang, 2010; Campbell, 2007). In Anglo-Saxon countries like the U.S., firms often exhibit a shareholder-centric governance orientation, emphasizing short-term financial gains and individual achievement. In contrast, in code law countries such as Germany, corporate governance models lean towards a stakeholder-centric approach, promoting inclusivity, employee representation, and social responsibility (Ball et al., 2000). These differences in institutional environments create distinct lenses through which job seekers evaluate family firms.

In the U.S., family firms are often perceived as embodying stability, ethical leadership, and an entrepreneurial spirit that aligns with American values (Dyer, 2006). Conversely, in Germany, family firms are seen as integral to the social market economy, with an emphasis on community welfare, long-term stability, and responsible business practices (Chrisman et al., 2012). These divergent institutional contexts may lead to different evaluations of family firms' attractiveness as employers. Understanding how these cultural and legal frameworks influence job seekers' perceptions is vital for family firms aiming to attract top talent across different markets.

This chapter seeks to address these gaps by examining how job seekers in the U.S. and Germany perceive the stakeholder orientation of family firms. The study focuses on how internal and external stakeholder management, family values, and perceived psychological safety shape the attractiveness of family firms as employers. Using a comparative experimental design, this chapter explores the role of cultural and institutional factors in shaping these perceptions, offering a nuanced understanding of how family firms are viewed in contrast to non-family firms in different settings.

Drawing on Stakeholder Theory (Freeman, 1984), Institutional Theory (Scott, 2014), and Hofstede's Cultural Dimensions Theory (Hofstede, 1980), this chapter analyzes how family firms balance the interests of various stakeholders to enhance their employer

attractiveness. It also explores the cultural dimensions that influence job seekers' evaluations, particularly the differences between collectivist and individualistic societies. Additionally, the chapter incorporates the concept of psychological safety to examine how the internal dynamics of family firms impact their appeal to potential employees (Edmondson, 1999).

By providing a comparative analysis of job seekers' perceptions in the U.S. and Germany, this chapter contributes to a more comprehensive understanding of family firms' positioning in the labor market. It advances the theoretical link between stakeholder management and employer attractiveness, offering practical implications for family firms to navigate the challenges of maintaining their familial identity while meeting the evolving expectations of a diverse and globalized workforce (Backhaus & Tikoo, 2004). This chapter fills the research gaps identified in Chapters One and Two by addressing stakeholder orientation, cultural dimensions, and psychological safety in the context of family firms.

2. Theoretical Framework

2.1 Stakeholder Theory and Family Firms

Stakeholder Theory posits that organizations are accountable not only to their shareholders but also to a broader array of stakeholders, including employees, customers, suppliers, and the community (Freeman, 1984). Family firms, with their focus on socioemotional wealth (SEW)—the non-financial aspects that meet the family's affective needs such as identity, reputation, and the perpetuation of family values—are naturally inclined to prioritize stakeholder interests (Berrone, Cruz, & Gomez-Mejia, 2012). This inherent stakeholder orientation often leads family firms to engage in long-term relationships and ethical behaviors, fostering a perception of stability and community involvement (Miller & Le Breton-Miller, 2005).

However, this stakeholder-centric approach can be a double-edged sword. The prioritization of family members' interests can result in the perception of nepotism or favoritism, which may affect the firm's attractiveness to job seekers, particularly those outside the family (Gómez-Mejía et al., 2007). Non-family employees and potential job seekers might perceive family firms as having a biased stakeholder orientation that favors family members, potentially leading to concerns about fairness, psychological safety, and opportunities for career progression (Chrisman, Chua, & Sharma, 2005). This study argues that the way family firms manage this balance between familial priorities and non-family stakeholder interests significantly influences their attractiveness to job seekers.

In collectivist cultures such as Germany, where social harmony, group cohesion, and long-term relationships are highly valued, the stakeholder orientation of family firms may be viewed positively. German job seekers may appreciate the long-term commitment and ethical stance of family firms, which align with their cultural values emphasizing stability and social welfare (Hofstede, 1980; Ball et al., 2000). However, this appreciation may be moderated by concerns about inclusivity and fairness if family firms are perceived as overly prioritizing family members at the expense of non-family employees. Conversely, in more individualistic cultures like the U.S., where personal advancement, individual achievement, and meritocracy are emphasized, job seekers may be less attracted to family firms that appear to restrict opportunities for growth and advancement (Astrachan & Shanker, 2003). This contrast sets the

stage for a comparative analysis of how stakeholder orientation influences job seekers' perceptions across cultural contexts.

2.2 Institutional Theory and Family Firms

Institutional Theory provides a framework for understanding how organizations are influenced by the cultural norms, legal frameworks, and societal expectations of the institutional environment in which they operate (DiMaggio & Powell, 1983; Scott, 2001). Family firms do not exist in isolation; their practices, structures, and strategies are shaped by the broader institutional context, which varies significantly across countries. For example, in Germany, the corporate governance landscape is characterized by a stakeholder-centric model that emphasizes inclusivity, employee representation, and social responsibility (Van der Laan Smith et al., 2005). Legal frameworks in Germany often mandate employee involvement in corporate decision-making, thereby exerting coercive institutional pressures on family firms to adopt inclusive practices that align with societal expectations (Lane, 2000).

In this context, family firms in Germany may be scrutinized by job seekers for their ability to navigate these institutional pressures while balancing familial interests. German job seekers, influenced by the country's institutional norms, may evaluate family firms based on their adherence to stakeholder-oriented governance and practices that promote inclusivity, fairness, and psychological safety (Surroca & Tribo, 2008). In contrast, the U.S. corporate landscape is more aligned with shareholder primacy, emphasizing short-term financial performance and individual achievement (Campbell, 2007). Family firms in the U.S. may face mimetic pressures to emulate non-family firms that prioritize market-driven values and performance metrics. Job seekers in the U.S., therefore, may evaluate family firms based on different criteria, such as their entrepreneurial spirit, innovative potential, and the opportunities they provide for personal growth and financial rewards (Block et al., 2011).

This study contends that institutional frameworks significantly shape how job seekers perceive family firms. In environments like Germany, where institutional norms favor stakeholder inclusivity and long-term orientation, family firms are expected to demonstrate a balanced approach to managing both family and non-family interests. Conversely, in the U.S., job seekers may be more attuned to signals of innovation, career advancement, and merit-based

rewards. Therefore, this study hypothesizes that job seekers' perceptions of family firms are context-dependent, influenced by the institutional norms and values of their respective environments.

2.3 Signaling Theory and Family Firms

Signaling Theory explains how organizations communicate information to reduce information asymmetry between themselves and external stakeholders, such as potential employees (Spence, 1973). Family firms, which are often characterized by opaque governance structures and unique internal dynamics, rely heavily on signaling to convey their values, culture, and strategic orientation to job seekers and other stakeholders (Connelly et al., 2011). Effective signals include long-term orientation, ethical behavior, stability, and community involvement—traits commonly associated with family firms due to their focus on socioemotional wealth (Zellweger et al., 2012).

However, the interpretation of these signals by job seekers is influenced by the cultural and institutional context. In collectivist cultures like Germany, job seekers are likely to respond positively to signals that emphasize ethical leadership, social responsibility, and a commitment to long-term relationships (Hofstede, 1980; Chrisman et al., 2012). Such signals resonate with the cultural emphasis on group harmony, societal welfare, and stability. In this environment, family firms that can effectively signal their stakeholder orientation and ethical stance may enhance their attractiveness to job seekers.

Conversely, in individualistic cultures such as the U.S., where the emphasis is on personal achievement, innovation, and merit-based rewards, job seekers may interpret family firms' signals differently. They may prioritize signals that indicate opportunities for career advancement, entrepreneurial potential, and dynamic organizational cultures over signals of stability and familial legacy (Hofstede, 1980; Astrachan et al., 2019). This suggests that the effectiveness of family firms' signaling strategies is moderated by the cultural context, necessitating a nuanced understanding of how different cultural groups interpret the signals sent by family firms.

This study argues that the signals sent by family firms regarding their stakeholder orientation, governance practices, and organizational culture are perceived differently by job seekers

depending on their cultural background. This leads to the hypothesis that family firms' ability to attract potential employees is contingent upon the alignment of their signals with the cultural and institutional values of the job seekers' environment.

The integration of Stakeholder Theory, Institutional Theory, and Signaling Theory provides a comprehensive framework for examining how job seekers in different cultural contexts perceive the attractiveness of family firms. Stakeholder Theory lays the groundwork by highlighting the importance of managing diverse interests within the firm, focusing on how family firms prioritize the well-being of both family and non-family stakeholders. Institutional Theorydeepens this understanding by exploring how the cultural and legal environment shapes these stakeholder management practices, influencing the expectations and evaluations of job seekers. Signaling Theory complements this framework by explaining the mechanisms through which family firms communicate their values, strategic orientation, and internal dynamics to potential employees.

Together, these theories address the research question of how job seekers in the U.S. and Germany perceive family firms differently based on their internal and external stakeholder management practices. This theoretical integration is not an ad hoc assembly of concepts but rather a deliberate effort to capture the complexity of family firms' positioning in the labor market.

Stakeholder Theory elucidates the inherent tensions and challenges family firms face in balancing the interests of diverse stakeholder groups. Institutional Theory explains the context-specific factors that shape these challenges and influence job seekers' evaluations. Signaling Theory provides the tools to understand how family firms can effectively communicate their unique attributes to the labor market, influencing their employer brand.

The integration of these theories leads to the hypotheses that job seekers' perceptions of family firms are contingent upon the cultural and institutional context in which they operate. Specifically, it hypothesizes that in collectivist cultures like Germany, job seekers are more likely to value family firms' signals of stakeholder orientation, ethical leadership, and long-term stability. In contrast, in individualistic cultures like the U.S., job seekers may prioritize signals of innovation, career advancement, and meritocracy.

By grounding the hypotheses in this coherent, integrated theoretical framework, this study aims to contribute to the literature on family business management by providing a nuanced understanding of how family firms can navigate the complexities of attracting and retaining talent in diverse cultural and institutional environments. This approach offers insights into how family firms can align their governance and signaling strategies with the expectations and values of job seekers, enhancing their competitiveness in the global labor market.

Study 01 - Stakeholder perception of family firms: A comparative study of U.S. and German Markets.

Family firms occupy a unique space in the organizational landscape due to their distinctive governance structures, long-term orientation, and emphasis on socioemotional wealth. These characteristics often set family firms apart from non-family firms, especially in their approach to internal and external stakeholders. While family firms are often viewed as stable, ethical, and community-oriented, they may also face challenges such as nepotism, limited career progression for non-family employees, and concerns about psychological safety (Chrisman, Chua, & Sharma, 2005; Berrone et al., 2012). These dualities make it essential to understand how job seekers perceive family firms, particularly across different cultural and institutional contexts.

In markets like the United States, which is characterized by individualism and a shareholder-centric corporate culture, job seekers may prioritize personal achievement, merit-based rewards, and career advancement opportunities over the family-centric values that are typically emphasized by family firms (Hofstede, 1980). In such contexts, non-family firms that focus on performance-driven, short-term objectives may be more attractive to job seekers seeking rapid career progression. However, family firms that emphasize long-term stability, community involvement, and ethical leadership could also appeal to job seekers in specific niches. This presents a complex dynamic in which family firms must signal their unique advantages to potential employees to remain competitive (Spence, 1973; Zellweger et al., 2012).

Conversely, in collectivist cultures like Germany, where stakeholder-oriented governance models prevail, job seekers may value the stability and long-term orientation typically associated with family firms. However, family firms' close-knit hierarchical structures and emphasis on family control may be perceived as exclusionary by non-family employees, leading to concerns about inclusivity, fairness, and psychological safety (Surroca & Tribo, 2008). In Germany, where corporate governance often emphasizes stakeholder engagement, employee representation, and social responsibility, non-family firms might be seen as more equitable and professional, providing job seekers with clearer career pathways and merit-based opportunities for advancement (Ball et al., 2000). This could make non-family firms more attractive despite the perceived benefits of working in a family-owned business.

Theoretical frameworks such as Stakeholder Theory (Freeman, 1984) suggest that family firms, with their focus on socioemotional wealth, should be more stakeholder-oriented, balancing the needs of internal and external stakeholders. However, family firms often face agency problems (Jensen & Meckling, 1976) when non-family employees perceive that family members are given preferential treatment, which can create barriers to attracting non-family talent. This is especially problematic in contexts like Germany, where job seekers may prioritize fairness and psychological safety over the familial ties that drive decision-making in family firms (Edmondson, 1999). These dynamics contribute to a critical tension between family firms' governance structures and the expectations of job seekers in different cultural settings.

Building on Signaling Theory (Spence, 1973), it can be argued that family firms must clearly communicate their values, long-term orientation, and ethical leadership to job seekers in order to overcome the information asymmetry that often exists in the labor market. While these signals may resonate in certain cultural contexts, such as Germany, where stability and ethical behavior are prioritized, in the U.S., job seekers might be more attracted to signals of innovation, professional growth, and merit-based rewards. Therefore, the ability of family firms to signal their advantages in a way that resonates with the priorities of job seekers is crucial for their success in different markets.

In the U.S. context, family firms may not have a clear advantage over non-family firms due to the emphasis on individualism and market-driven performance. U.S. job seekers are likely to prioritize personal achievement, career advancement, and dynamic organizational cultures that reward performance rather than familial ties (Astrachan et al., 2019). Given these cultural dynamics, we expect that U.S. job seekers will show no significant preference for family firms over non-family firms in terms of organizational attractiveness, internal stakeholder orientation, or psychological safety. This is rooted in the idea that job seekers in the U.S. market are less influenced by the long-term stability and familial governance that are traditionally associated with family firms.

On the other hand, German job seekers, operating within a stakeholder-oriented and collectivist cultural framework, are likely to place greater importance on inclusivity, fairness, and psychological safety (Surroca & Tribo, 2008). Family firms, with their close-knit and

hierarchical structures, may be perceived as less inclusive and more prone to nepotism, which could diminish their attractiveness in the German labor market. Therefore, we hypothesize that German job seekers will rate non-family firms higher than family firms in terms of organizational attractiveness, internal stakeholder orientation, and psychological safety. This is based on the assumption that family firms may struggle to meet the high expectations for stakeholder governance and inclusivity that are prevalent in Germany.

Additionally, given the stark cultural differences between the U.S. and Germany, we expect to observe a significant difference between U.S. and German job seekers' perceptions of family firms. Specifically, German job seekers are expected to demonstrate a lower preference for family firms due to the unique cultural and institutional frameworks in Germany, where stakeholder engagement, inclusivity, and psychological safety are highly prioritized.
These cultural and institutional differences serve as the foundation for the following hypotheses:

Hypotheses:

- H1 (U.S. Context): U.S. job seekers will not show a significant preference for family firms over non-family firms in terms of organizational attractiveness, internal stakeholder orientation, or perceived psychological safety.
- H2 (German Context): German job seekers will rate non-family firms higher than family firms in terms of organizational attractiveness, internal stakeholder orientation, and perceived psychological safety.
- H3 (Cultural Differences): There will be a significant difference between U.S. and German job seekers' perceptions of family firms, with German participants demonstrating a lower preference for family firms due to concerns over stakeholder orientation and psychological safety.

a. Participants and procedure

In order to obtain a comprehensive understanding of job seekers' perceptions of family and non-family firms, we carefully selected participants from diverse segments of the labor markets in both the United States and Germany. Participants were recruited via Prolific, a well-regarded online platform known for its ability to provide reliable and varied participant pools. The platform enabled us to draw from a broad spectrum of individuals across different

demographics, ensuring a rich diversity of perspectives in our study. This allowed for a more representative understanding of how job seekers in these two distinct cultural contexts perceive family and non-family firms.

According to Cohen (2013), a sample size of at least 200 participants per group is recommended to achieve sufficient statistical power for detecting medium-sized effects in social science research. Our study exceeds this threshold with 276 participants from the U.S. and 329 from Germany, ensuring robust statistical power to detect potential differences across cultural contexts providing a robust dataset for comparative analysis.

This sample size ensured sufficient statistical power to detect potential differences in perceptions between the two groups. The inclusion of participants from two culturally distinct regions was critical for understanding how job seekers' perceptions of family firms may differ across institutional and cultural contexts.

Our sample was purposefully designed to include individuals from various age groups, educational backgrounds, and levels of familiarity with family businesses. This approach ensured that our findings would be broadly applicable across different types of job seekers, enhancing the external validity of the study. The age range of participants, for example, allowed us to capture views from both younger job seekers who may be earlier in their careers and older individuals with more experience in the labor market. Similarly, the range of educational backgrounds ensured that both blue-collar and white-collar job seekers were represented.

Table 05 provides a detailed breakdown of the demographic characteristics of the U.S. and German samples. Notably, the gender composition differed significantly between the two groups, with the U.S. sample consisting of 61% males and 39% females, whereas the German sample was predominantly female, with 66% of participants identifying as female. This demographic difference could influence the perceptions of family and non-family firms, as previous research has shown that men and women may have different preferences regarding organizational culture, leadership styles, and job security.

Table 05 – Demographic of Study 01 (U.S. Sample)

	U.S.	Germany
Sample Characteristics		
Sample Size	n = 276	n = 329
Males	61%	34%
Females	39%	66%
Married	62%	84%
Age	M = 39.68, SD = 14.1	M = 28.98, SD = 7.86
Education Level	M = 3.47, SD = 0.91	M = 3.39, SD = 1.14
Family Firm Familiarity	M = 4.20, SD = 1.71	M = 3.86, SD = 1.46

The marital status of participants also varied between the two countries, with 62% of the U.S. sample being married, compared to a much higher 84% in the German sample. This distinction could potentially affect job seekers' preferences for family versus non-family firms, as married individuals might prioritize stability and long-term security more than their unmarried counterparts.

In terms of age, the U.S. sample had an average age of 39.68 years (SD = 14.1), while the German sample was significantly younger, with an average age of 28.98 years (SD = 7.86). This age difference could have important implications for the findings, as younger job seekers may place more emphasis on career advancement opportunities and innovation, while older individuals may prioritize job security and work-life balance, both of which could be perceived differently in family and non-family firms.

Participants' educational levels were also measured, with a mean of 3.47 (SD = 0.91) for the U.S. sample and a mean of 3.39 (SD = 1.14) for the German sample, on a scale where higher values indicate higher levels of formal education. The familiarity of participants with family businesses was slightly higher in the U.S. (M = 4.20, SD = 1.71) compared to Germany (M = 3.86, SD = 1.46), indicating that job seekers in the U.S. may have more direct exposure to family-run firms.

Overall, the participant selection and recruitment process were meticulously designed to ensure that our study captured a wide array of perspectives, allowing us to make meaningful comparisons between how job seekers from different demographic backgrounds and cultural settings perceive family and non-family firms. The demographic diversity of our sample is an

important strength of the study, as it enhances the generalizability of our findings and provides valuable insights into how job seekers across different contexts evaluate potential employers.

b. Scenario Development Process

The scenario development process in this study was a critical element designed to explore how job seekers perceive family and non-family firms across different cultural contexts, specifically the U.S. and Germany. By utilizing scenario-based simulations, we created realistic and immersive job search experiences for participants. This approach was chosen to ensure that the results would be reflective of real-world recruitment situations while allowing for controlled comparisons between family and non-family firms.

The use of scenarios allowed us to manipulate variables, such as the type of firm, to observe how participants reacted to the distinction between family and non-family enterprises. This provided a controlled setting to assess how firm identity influenced job seekers' perceptions of internal and external stakeholder orientations, organizational attractiveness, and psychological safety.

The development of the scenarios began with an extensive review of the literature on family and non-family firms. This research helped identify key traits that distinguish the two types of firms. For the family firm scenario, we emphasized elements like family governance, intergenerational values, and the involvement of family members in both ownership and management. The non-family firm scenario, by contrast, focused on a diverse shareholder structure and leadership driven by professional managers without familial ties.

To ensure the scenarios accurately reflected real-world dynamics, we consulted experts in family business studies and HR professionals. Their input helped refine the scenarios to make them more authentic and relevant. The goal was to ensure that participants could easily relate to the situations presented and make realistic assessments based on their job-seeking preferences.

Once the initial scenarios were developed, we conducted a pilot test with a small, diverse group of participants. This pilot was crucial for assessing the clarity, realism, and engagement of the scenarios. The feedback received from the pilot allowed us to make refinements, particularly

by adding more specific details about the family firm's history and the professional management structure of the non-family firm. These adjustments ensured that the differences between the two types of firms were clear and the scenarios remained relatable to participants. *Scenario A (Family Firm) and Scenario B (Nonfamily Firm) were meticulously crafted to reflect typical characteristics and structures of family and nonfamily businesses respectively. For Scenario A, elements such as family governance, intergenerational values, and familial involvement in management were highlighted to capture the essence of a family firm. In contrast, Scenario B emphasized a more diverse shareholder structure and professional management, typical of nonfamily corporations.*

These carefully crafted scenarios allowed for an in-depth exploration of how job seekers in both the U.S. and Germany perceived family and non-family firms. By simulating realistic job search experiences, the study was able to capture the nuanced ways in which job seekers evaluate firms based on their internal dynamics and organizational values. The development of these scenarios, validated through expert consultation and pilot testing, played a key role in ensuring that the findings would be applicable to real-world job search behavior while maintaining the controlled conditions necessary for robust experimental design.

c. Measures

To ensure the robustness of our findings and the validity of the constructs measured, we carefully selected scales that have been widely used and validated in previous research. The scales were specifically chosen to capture four key constructs relevant to job seekers' perceptions: organizational attractiveness, internal stakeholder orientation, external stakeholder orientation, and perceived psychological safety. Each of these constructs is central to understanding how family and non-family firms are evaluated by potential employees, particularly in terms of their appeal as employers, their approach to stakeholder engagement, and the level of psychological safety they offer.

For all the constructs, a seven-point Likert-type response scale was utilized, with responses ranging from 1 ("strongly disagree") to 7 ("strongly agree"). This scale allows for nuanced responses, enabling participants to express varying degrees of agreement or disagreement with the statements presented. The use of a seven-point scale is consistent with best practices in

psychological and organizational research, offering a balance between simplicity and sensitivity in capturing participants' perceptions.

Organizational attractiveness, which refers to the extent to which a firm is perceived as a desirable place to work, was measured using three items from Highhouse et al. (2003). This scale has been widely used in recruitment literature and is known for its reliability in assessing employer attractiveness. Sample items include statements such as "I would be interested in working for this company," which capture participants' general feelings toward the company as a potential employer. By focusing on the firm's overall appeal, this measure provides insight into the initial impressions job seekers form based on their exposure to family and non-family firms.

To assess internal stakeholder orientation, we adopted a seven-item scale from Schellong et al. (2019) and Walsh & Beatty (2007), which examines how participants perceive a firm's treatment of its internal stakeholders, particularly employees. This construct is critical in understanding how job seekers evaluate the company's internal culture, particularly regarding fairness, leadership quality, and employee welfare. Sample items include "The firm looks like a good company to work for," and "It seems to treat its people well." These items were chosen to assess whether participants believe the company is employee-focused and fosters a supportive and inclusive work environment. This scale also provides insight into job seekers' expectations of leadership quality within family and non-family firms.

For external stakeholder orientation, we utilized another seven-item scale from Lichtenstein et al. (2004) and Schellong et al. (2019). This scale focuses on how participants perceive the firm's commitment to external stakeholders, including the broader community. It assesses the firm's social responsibility, ethical behavior, and community engagement. Sample items include statements such as "The firm is committed to using a portion of its profits to help nonprofits" and "The firm gives back to the communities in which it does business." These items were selected to understand how job seekers evaluate the firm's role in society and its contributions to the well-being of external stakeholders. External stakeholder orientation is particularly important in the context of family firms, which are often viewed as more community-oriented due to their long-term presence and ties to the local environment.

To measure perceived psychological safety, we adopted the seven-item scale developed by Edmondson (1999), which has been extensively validated in organizational behavior research. Psychological safety refers to the extent to which employees feel comfortable expressing themselves, sharing ideas, and taking risks without fear of negative consequences. In this context, psychological safety is essential for understanding how job seekers perceive the firm's work environment, particularly regarding openness, inclusivity, and the handling of mistakes. Sample items include "If I make a mistake at this workplace, it would often be held against me" and "I believe in this workplace one would be able to bring up problems and tough issues." These items capture the degree to which job seekers feel that the company fosters a psychologically safe environment, which can be particularly relevant in family firms, where hierarchical structures and family ties may affect openness and communication.

To immerse participants in a realistic job-seeking experience, we presented them with a scenario in which they were actively searching for a job. They were asked to imagine that they were browsing their favorite recruitment platform when they came across a job advertisement for a company looking for applicants in their area of interest. This scenario was designed to mimic real-world job-hunting behaviors, thereby enhancing the ecological validity of the study. Following this scenario, participants were randomly assigned to evaluate either a family firm or a non-family firm. They were then asked to assess the firm based on the aforementioned scales, providing a comprehensive evaluation of the company's attractiveness, stakeholder orientation, and perceived psychological safety.

This method allows for a controlled examination of job seekers' perceptions while maintaining realism, ensuring that the findings reflect how job seekers might behave in actual job search situations. By using well-established measures with strong psychometric properties, we are confident that the data collected offers a reliable and valid assessment of job seekers' perceptions of family and non-family firms across cultural contexts.

a. Study 01 - Results

Results U.S. Sample (n=276)

We employed a one-way ANOVA to compare the mean scores of job seekers' perceptions across key variables: organizational attractiveness, internal stakeholder orientation, external stakeholder orientation, and perceived psychological safety. Each of these variables was

evaluated using a seven-point Likert scale, providing a nuanced assessment of how participants perceived family versus non-family firms.

The analysis revealed that U.S. participants did not exhibit a statistically significant difference in their evaluation of family firms compared to non-family firms across all measured variables. This was an unexpected finding, particularly given the conventional view that family firms, with their reputation for long-term orientation and strong ethical values, might be more attractive to job seekers. However, in the U.S. context, factors such as internal and external stakeholder orientation, as well as perceived psychological safety, did not play a decisive role in shaping the perceived attractiveness of family firms relative to non-family firms.

One possible explanation for these results lies in the cultural and market dynamics prevalent in the U.S. labor market. American job seekers may prioritize factors such as career advancement, merit-based rewards, and individual achievement over the perceived stability and family-centric values of family firms. The emphasis on personal growth and professional development in individualistic cultures like the U.S. could diminish the impact of family firms' long-term orientation and stakeholder focus when compared to non-family firms that may be seen as more dynamic and performance-driven.

Additionally, it is plausible that U.S. job seekers view both family and non-family firms as relatively similar in their treatment of employees and external stakeholders, potentially because the broader corporate environment in the U.S. tends to prioritize shareholder value and short-term financial performance across all types of firms. The lack of significant variance in perceptions of psychological safety between family and non-family firms further underscores this notion, as U.S. job seekers may not view family governance structures as contributing to a more inclusive or supportive work environment than professional management structures in non-family firms.

The descriptive statistics (Table 6a) present the mean scores for each of the measured variables, providing a detailed understanding of how job seekers perceived family and non-family firms across different dimensions. Despite slight numerical differences in the means, none of these differences were statistically significant, as confirmed by the ANOVA results (Table 6b). The absence of statistical significance suggests that family firms are not inherently perceived as

more attractive or safer by U.S. job seekers, contrary to what might be expected based on the traditional strengths associated with family-owned businesses.

Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
M_ICSR	1	143	5.2697	1.28360	.10734	5.0575	5.4819	1.00	7.00
	2	133	5.1160	1.19292	.10344	4.9114	5.3206	1.00	7.00
	Total	276	5.1957	1.24087	.07469	5.0486	5.3427	1.00	7.00
M_ECSR	1	143	4.2498	1.41172	.11805	4.0164	4.4831	1.00	7.00
	2	133	4.0902	1.33786	.11601	3.8608	4.3197	1.00	7.00
	Total	276	4.1729	1.37645	.08285	4.0098	4.3360	1.00	7.00
M_PPS	1	143	4.4925	1.35374	.11321	4.2687	4.7163	1.00	7.00
	2	133	4.5854	.92830	.08049	4.4262	4.7446	2.86	7.00
	Total	276	4.5373	1.16709	.07025	4.3990	4.6756	1.00	7.00
M_ATT	1	143	5.2121	1.60279	.13403	4.9472	5.4771	1.00	7.00
	2	133	5.0727	1.33039	.11536	4.8445	5.3009	1.00	7.00
	Total	276	5.1449	1.47680	.08889	4.9699	5.3199	1.00	7.00

Table 6a – Descriptive Results of Study 01 (U.S. Sample)

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
M_ICSR	Between Groups	1.628	1	1.628	1.058	.305
	Within Groups	421.806	274	1.539		
	Total	423.435	275			
M_ECSR	Between Groups	1.754	1	1.754	.925	.337
	Within Groups	519.263	274	1.895		
	Total	521.017	275			
M_PPS	Between Groups	.595	1	.595	.436	.510
	Within Groups	373.981	274	1.365		
	Total	374.576	275			
M_ATT	Between Groups	1.340	1	1.340	.613	.434
	Within Groups	598.419	274	2.184		
	Total	599.758	275			

Table 6b – ANOVA results of Study 01 (U.S. Sample)

The lack of significant findings also raises important questions about how family firms in the U.S. market communicate their values and differentiate themselves from non-family firms. While family firms are often associated with ethical leadership, stability, and strong community ties, these characteristics may not be adequately emphasized or valued by U.S. job seekers, who might instead be looking for signals of innovation, career progression, and competitive compensation packages.

These findings indicate that, in the U.S. context, family firms may need to rethink their employer branding strategies, particularly in how they present their unique advantages to prospective employees. By aligning their messaging with the priorities of U.S. job seekers—such as professional development opportunities and performance-based incentives—family firms may be able to enhance their appeal in a competitive labor market.

The U.S. results suggest that family firms do not currently hold a distinct advantage over non-family firms in terms of job seekers' perceptions of attractiveness, stakeholder orientation, or psychological safety. The findings challenge conventional assumptions about the inherent appeal of family firms and highlight the need for further research into how different organizational structures resonate with job seekers in diverse cultural contexts.

Study 01 – Results German Sample (n=329)

The analysis of the German sample in Study 01 revealed a strikingly different pattern from the U.S. results. German participants demonstrated a clear preference for non-family firms over family firms, as evidenced by significantly lower ratings of overall job attractiveness for family firms. The mean score for job attractiveness in family firms was 4.75 (SD = 1.26), compared to 5.09 (SD = 1.13) for non-family firms, reflecting a notable disparity in how these two types of organizations are perceived in the German labor market.

This lower attraction to family firms was further highlighted when examining internal stakeholder orientation. German participants rated family firms less favorably, with a mean score of 4.79 (SD = 0.96) compared to 5.01 (SD = 0.91) for non-family firms. This difference suggests that job seekers in Germany may perceive non-family firms as being more equitable and inclusive in their treatment of internal stakeholders, such as employees. One possible explanation for this perception lies in the traditional governance structures of family firms, which often emphasize familial ties and long-term succession planning over broader stakeholder engagement. For non-family job seekers, these practices may appear exclusionary or indicative of limited career progression opportunities, particularly in a corporate culture that highly values transparency and merit-based systems.

Moreover, perceptions of psychological safety—defined as the extent to which employees feel they can express themselves without fear of negative consequences—were also significantly lower in family firms. Family firms received a mean score of 4.40 (SD = 0.85) for perceived psychological safety, compared to 4.64 (SD = 0.77) for non-family firms. This result suggests that German job seekers may associate family firms with environments that are less open to diverse opinions or innovative thinking. It is possible that the close-knit, hierarchical nature of

family governance may be perceived as stifling, leading to concerns about favoritism, lack of transparency, or nepotism.

The statistical significance of these findings, as confirmed by the ANOVA results (Table 6d), underscores the extent to which German job seekers differentiate between family and non-family firms based on their perceived internal dynamics and organizational culture. The cultural context in Germany, where corporate governance traditionally leans towards inclusivity, stakeholder engagement, and social responsibility, may explain why family firms are viewed less favorably. In particular, the codified stakeholder governance models and employee representation laws in Germany could heighten job seekers' expectations for fairness and transparency, which family firms may struggle to meet if they are perceived as prioritizing family members over other stakeholders.

Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
M_ICSR	1	165	4.7905	.96408	.07505	4.6423	4.9387	1.57	7.00
	2	164	5.0017	.91425	.07139	4.8608	5.1427	2.00	7.00
	Total	329	4.8958	.94409	.05205	4.7934	4.9982	1.57	7.00
M_ECSR	1	165	3.9740	1.20872	.09410	3.7882	4.1598	1.00	7.00
	2	164	3.6864	1.15103	.08988	3.5089	3.8639	1.00	6.71
	Total	329	3.8307	1.18728	.06546	3.7019	3.9594	1.00	7.00
M_PPS	1	165	4.4000	.85455	.06653	4.2686	4.5314	1.29	6.71
	2	164	4.6437	.77337	.06039	4.5245	4.7630	2.29	7.00
	Total	329	4.5215	.82295	.04537	4.4322	4.6107	1.29	7.00
M_ATT	1	165	4.7535	1.26175	.09823	4.5596	4.9475	1.00	7.00
	2	164	5.0955	1.13791	.08886	4.9201	5.2710	1.00	7.00
	Total	329	4.9240	1.21194	.06682	4.7926	5.0555	1.00	7.00

Table 6c – Descriptive Results of Study 01 (German Sample)

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
M_ICSR	Between Groups	3.671	1	3.671	4.158	.042
	Within Groups	288.674	327	.883		
	Total	292.345	328			
M_ECSR	Between Groups	6.804	1	6.804	4.884	.028
	Within Groups	455.557	327	1.393		
	Total	462.361	328			
M_PPS	Between Groups	4.886	1	4.886	7.354	.007
	Within Groups	217.253	327	.664		
	Total	222.139	328			
M_ATT	Between Groups	9.620	1	9.620	6.662	.010
	Within Groups	472.147	327	1.444		
	Total	481.767	328			

Table 6d – ANOVA results of Study 01 (German Sample)

One key aspect that likely contributes to these results is the German corporate tradition of stakeholder orientation. Unlike in the U.S., where shareholder value often dominates corporate objectives, German firms typically adopt a stakeholder-centric approach, emphasizing the importance of balancing the interests of employees, customers, and the community alongside profitability. Family firms, with their emphasis on family control and legacy, may be perceived as less aligned with these stakeholder-oriented values, leading to a more critical view from job seekers.

The lower ratings of psychological safety in family firms also highlight the role of cultural expectations regarding workplace environments in Germany. Job seekers in this market may prioritize work environments that offer inclusivity, diversity, and the ability to express oneself without fear of reprisal—values that may not be as readily associated with the traditional, hierarchical structures common in family firms. The perception that family members hold disproportionate power and influence could further undermine job seekers' confidence in their ability to contribute freely and advance within the organization.

In conclusion, the results of the German sample illustrate the challenges family firms face in maintaining attractiveness in a highly stakeholder-oriented and egalitarian labor market. German job seekers appear to place a premium on internal stakeholder orientation and psychological safety, and family firms may be viewed as falling short in these areas due to their inherent governance structures. These findings suggest that family firms in Germany may need to adopt more transparent, merit-based management practices and actively communicate their commitment to fairness and inclusivity to better appeal to prospective employees. The distinct cultural and institutional context of the German market clearly influences how family firms are perceived, offering valuable insights for family businesses looking to enhance their employer brand and attract top talent.

Study 01 - Preliminary Discussion and Findings

Our study revealed intriguing insights into how job seekers perceive family and non-family firms in the United States and Germany. The findings challenge some common assumptions and shed light on the complexities of stakeholder orientation in family businesses.

In the U.S. context, we found no significant preference among job seekers for family firms over non-family firms. This neutrality challenges the notion that family firms are universally more attractive as employers in the U.S. market. The lack of significant variance in job seekers' preferences suggests that other factors, possibly more market-driven, play a critical role in shaping their choices.

Factors like compensation, professional growth, and company reputation may outweigh the appeal of family firm characteristics such as long-term orientation and stability (Astrachan et al., 2019). Furthermore, the relatively low emphasis on internal stakeholder orientation and psychological safety indicates that these elements do not strongly influence U.S. job seekers when choosing between family and non-family firms. The prevailing shareholder-centric attitude in the U.S. corporate landscape, where firms are often evaluated based on financial performance and individual achievement, might further explain the neutrality observed (Surroca and Tribo, 2008).

Conversely, the findings from the German sample demonstrated a stark difference. Job seekers in Germany showed significantly lower attraction to family firms compared to non-family firms. This reduced attractiveness can be attributed to perceptions of weaker internal stakeholder orientation and lower levels of psychological safety within family firms. German job seekers, particularly in a context where corporate governance models emphasize inclusivity and fairness (Chrisman et al., 2005), may expect a more formalized and equitable work environment. The perceived favoritism and nepotism often associated with family firms (Chua et al., 2009) contribute to the diminished appeal. In the German labor market, which places a high value on long-term relationships, stakeholder engagement, and social responsibility, family firms may fall short if they do not adopt a more professional approach to internal governance and inclusivity (Ball et al., 2000).

The diminished perceived psychological safety within family firms is another crucial determinant. Psychological safety, which fosters employee engagement and innovation, is essential for attracting and retaining top talent (Edmondson, 1999; Nembhard & Edmondson, 2006). However, in family firms, non-family employees might feel marginalized or excluded from decision-making, leading to concerns about psychological safety. This is particularly significant in Germany, where the institutional framework emphasizes a stakeholder-oriented

approach to business operations. Job seekers in Germany expect companies to provide inclusive work environments where all employees, regardless of family ties, are valued and given opportunities for career advancement (Surroca and Tribo, 2008).

Our findings align with the literature, suggesting that family firms may struggle with balancing familial governance and broader stakeholder expectations, particularly in cultures like Germany that emphasize inclusivity and psychological safety (Chrisman et al., 2005). In these contexts, family firms may be perceived as failing to fully embrace inclusive practices, thus diminishing their attractiveness to job seekers. The perception of nepotism or favoritism in family firms (Chua et al., 2009) creates a barrier to attracting diverse talent, particularly in markets where equity and transparency are paramount.

In contrast, in the U.S., where the corporate governance landscape is more shareholder-focused, family firms are not viewed significantly differently from non-family firms. The entrepreneurial spirit in the U.S., coupled with an emphasis on individual achievement, might make the family aspect less relevant in shaping job seekers' perceptions (Jaufenthaler, 2022). U.S. job seekers may not place as much value on stakeholder engagement or psychological safety as their German counterparts, leading to the neutral findings in our study. Moreover, the heterogeneity of family firms in the U.S. could lead to varying perceptions, with some job seekers viewing them as stable and value-driven, while others may see them as less dynamic or innovative compared to non-family firms (Block et al., 2019).

These contrasting results underscore the importance of considering cultural nuances when examining the attractiveness of family firms as employers. The complex interplay of stakeholder orientation, psychological safety, and cultural context reveals that family firms must tailor their governance and communication strategies to align with the expectations of job seekers in different markets. In Germany, family firms need to address concerns around inclusivity and psychological safety to remain competitive in attracting top talent. Meanwhile, in the U.S., the family firm label may not be as decisive, and these firms may need to differentiate themselves through other factors, such as career growth opportunities and innovation.

The findings open new avenues for further research. Future studies could explore how family firms in different cultural and institutional settings balance their familial identity with the need for professional governance. Additionally, understanding the specific factors that job seekers prioritize—such as job security, career advancement, or workplace inclusivity—will provide deeper insights into how family firms can enhance their employer brand.

In conclusion, our study highlights the intricate relationship between stakeholder orientation, psychological safety, and cultural-institutional contexts in shaping job seekers' perceptions of family firms. While family firms possess unique advantages due to their long-term orientation and socioemotional wealth, these attributes may not be sufficient to attract top talent in certain markets. As such, family firms must continuously adapt their governance practices to meet the evolving expectations of job seekers, ensuring they remain competitive and attractive in diverse labor markets.

Study 02 - Comparative Analysis of Collectivism, Uncertainty Avoidance, and Psychological Safety in the U.S. and German Markets

The results of Study 01 provide significant insights into how job seekers perceive family firms in the U.S. and Germany. These findings, while important, also raise questions about the role of cultural factors in shaping these perceptions, particularly in relation to psychological safety. Study 01 revealed that job seekers in Germany demonstrated lower attraction to family firms compared to non-family firms, largely due to perceptions of weaker internal stakeholder orientation and lower psychological safety. In contrast, U.S. job seekers did not show a significant preference for family firms over non-family firms, suggesting that cultural factors may play a critical role in moderating these perceptions.

The decision to conduct Study 02 is rooted in the need to further explore how key cultural dimensions—specifically collectivism and uncertainty avoidance—influence job seekers' perceptions of psychological safety in family firms. Hofstede's (1980) cultural dimensions theory provides a valuable framework for understanding how these factors may affect job seekers' evaluations of family firms in distinct cultural contexts. Collectivism, which emphasizes group harmony and loyalty, is expected to play a crucial role in shaping perceptions of family firms, particularly in Germany, where stakeholder-oriented governance is emphasized. On the other hand, uncertainty avoidance, which reflects a society's tolerance for ambiguity and risk, may also impact how family firms are perceived, especially when their governance structures and decision-making processes appear less transparent.

The findings from Study 01 suggest that family firms may face unique challenges in markets like Germany, where job seekers prioritize fairness, inclusivity, and psychological safety. Edmondson's (1999) concept of psychological safety, which emerged as a significant factor in Study 01, further underscores the importance of exploring how family firms can foster environments where employees feel safe to express themselves without fear of negative repercussions. Psychological safety is a critical component of organizational culture and significantly impacts employee engagement and retention.

By incorporating collectivism and uncertainty avoidance as key variables in Study 02, we aim to test whether these cultural dimensions significantly predict job seekers' perceptions of

psychological safety in family firms in the U.S. and Germany. This study seeks to build on the foundational insights from Study 01, providing a deeper understanding of how cultural values shape job seekers' expectations and perceptions of family firms. Furthermore, Signaling Theory (Spence, 1973) will guide the analysis of how family firms communicate their values and organizational practices to job seekers, particularly in cultures that may prioritize different aspects of organizational governance and employee treatment.

Overall, the rationale for Study 02 is grounded in the need to explore the mediating role of cultural dimensions in shaping perceptions of psychological safety within family firms, with the goal of offering actionable insights for family businesses operating in diverse cultural settings. By examining the interplay between collectivism, uncertainty avoidance, and psychological safety, this study will provide critical guidance for family firms aiming to enhance their employer brand and attract talent in both the U.S. and Germany.

Introduction

The aim of Study 02 is to examine how key cultural dimensions, specifically collectivism and uncertainty avoidance, shape job seekers' perceptions of psychological safety in family firms. Psychological safety is a critical component of workplace environments that fosters trust, open communication, and innovation, and is directly linked to organizational success and employee well-being (Edmondson, 1999). In family firms, where governance structures often reflect a concentration of control and family influence, perceptions of psychological safety can vary significantly across cultural contexts. To understand these dynamics, it is essential to consider how cultural values such as collectivism and uncertainty avoidance moderate the relationship between family firm identity and perceptions of psychological safety.

Hofstede's (1980) cultural dimensions theory provides a robust framework for understanding how cultural values shape organizational behavior and employee perceptions. Two key dimensions relevant to this study are collectivism and uncertainty avoidance. Collectivism refers to the degree to which individuals prioritize the group's well-being over personal achievement, while uncertainty avoidance reflects a society's tolerance for ambiguity, risk, and unpredictability. Both of these cultural dimensions are expected to play a significant role in shaping job seekers' perceptions of family firms, particularly in relation to psychological safety.

In collectivist cultures like Germany, job seekers may value group harmony, long-term relationships, and inclusivity within organizations. Family firms, which are often seen as prioritizing familial interests over meritocracy, may struggle to align with these cultural expectations if they are perceived as exclusionary or nepotistic (Chua et al., 2009).

In contrast, individualistic cultures like the U.S. may place less emphasis on group harmony and more on personal achievement and career growth. This may explain why U.S. job seekers did not exhibit significant preferences for or against family firms in Study 01, as family firm governance structures may not be seen as particularly relevant to their personal career goals (Astrachan et al., 2019).

Uncertainty avoidance is another critical dimension that could affect how job seekers perceive family firms. In cultures with high uncertainty avoidance, such as Germany, individuals tend to prefer structured environments with clear rules, stability, and predictable outcomes. Family firms, which often operate with informal governance structures and concentrate decision-making power within the family, may be viewed with skepticism in such cultures (Surroca and Tribo, 2008).

Job seekers in high uncertainty avoidance cultures may feel that family firms do not offer the level of transparency or inclusivity needed to ensure fairness and security. In contrast, in cultures with low uncertainty avoidance, such as the U.S., individuals may be more comfortable with ambiguity and risk, potentially perceiving family firms' long-term orientation and stability as positive attributes.

Psychological safety, as defined by Edmondson (1999), refers to the extent to which employees feel free to express themselves, take risks, and contribute ideas without fear of retribution. In the context of family firms, psychological safety can be influenced by the firm’s governance structure, leadership style, and internal stakeholder orientation. Family firms often exhibit a concentrated leadership style, with decision-making power resting in the hands of a few family members, which may lead to perceptions of favoritism or lack of transparency.

These dynamics can undermine the sense of psychological safety for non-family employees, who may feel marginalized or excluded from key decision-making processes (Nembhard & Edmondson, 2006).

The findings from Study 01 highlighted that German job seekers rated psychological safety lower in family firms compared to non-family firms, suggesting that the governance structures of family firms may be perceived as less inclusive or transparent. This result aligns with existing literature suggesting that family firms, while often viewed as stable and values-driven, may struggle to create environments that foster openness and psychological safety for all employees (Chrisman et al., 2005). In Germany, where uncertainty avoidance and collectivist values emphasize fairness and inclusivity, family firms may need to adopt more formalized governance practices and transparent communication to foster psychological safety.

In contrast, the U.S. job market, characterized by individualism and lower uncertainty avoidance, may place less emphasis on psychological safety as a decisive factor in employer attractiveness. U.S. job seekers may prioritize career advancement, personal growth, and financial rewards over perceptions of psychological safety, as indicated by the neutral findings regarding family firms in Study 01 (Jaufenthaler, 2022). However, psychological safety remains an important aspect of organizational culture that influences employee engagement, retention, and overall performance, suggesting that family firms in the U.S. could benefit from highlighting their commitment to creating safe, inclusive work environments.

Signaling theory (Spence, 1973) provides further insight into how family firms communicate their organizational values, culture, and commitment to psychological safety to job seekers. In highly competitive labor markets, job seekers rely on organizational signals to assess employer attractiveness, particularly when information about the firm's internal dynamics is limited. Family firms, which are often perceived as opaque or insular, need to actively signal their commitment to fairness, inclusivity, and psychological safety to attract top talent (Zellweger et al., 2012). This is particularly important in markets like Germany, where job seekers may be more attuned to signals of stakeholder engagement and governance practices that align with their cultural values.

By emphasizing their long-term orientation, ethical leadership, and commitment to employee well-being, family firms can enhance their employer brand and differentiate themselves from

non-family firms. However, as Study 01 demonstrated, these signals may not always be received positively, particularly in cultures with high uncertainty avoidance and collectivist values. Study 02 will further explore how family firms can tailor their employer branding strategies to align with the cultural expectations of job seekers, particularly in terms of communicating psychological safety and stakeholder orientation.

Hypothesis

- H1: Job seekers in collectivist cultures (e.g., Germany) will perceive family firms as offering lower levels of psychological safety compared to non-family firms, due to perceived nepotism and exclusionary practices.
- H2: Job seekers in individualist cultures (e.g., the U.S.) will not exhibit significant differences in their perceptions of psychological safety between family and non-family firms, as they prioritize career growth and personal achievement over workplace inclusivity.
- H3: Job seekers in high uncertainty avoidance cultures (e.g., Germany) will perceive family firms as less attractive than non-family firms due to their informal governance structures and perceived lack of transparency.
- H4: Job seekers in low uncertainty avoidance cultures (e.g., the U.S.) will not show a strong preference for non-family firms over family firms, as they are more comfortable with ambiguity and risk in organizational structures.

Methodology

This study employs a between-subjects experimental design similar to Study 01, with a focus on comparing job seekers' perceptions between family and non-family firms in the U.S. and Germany. The study builds on the results of Study 01, which found significant differences in how job seekers perceive these firms across cultural contexts. The primary aim of Study 02 is to delve deeper into how cultural dimensions—specifically collectivism and uncertainty avoidance—affect job seekers' perceptions of psychological safety and organizational attractiveness in family firms.

Participants in this study are active job seekers from the U.S. and Germany. A total of 300 respondents will be recruited through Prolific, with 150 participants from each country. The

inclusion criteria mirror those in Study 01, focusing on individuals currently seeking employment or who have recently applied for positions in family firms.

To ensure the sample is representative, participants will be drawn from various demographic backgrounds, including age, education level, and work experience. We aim to capture a wide range of perspectives from both young and experienced job seekers, thereby increasing the external validity of the study. Table 01 provides a detailed demographic breakdown of the participants.

Measures

Cultural Dimensions: Collectivism and Uncertainty Avoidance

To measure collectivism and uncertainty avoidance, we adapted the Cultural Dimensions Scale from Yoo and Donthu (2002). This scale is grounded in Hofstede's cultural dimensions theory (Hofstede, Hofstede, & Minkov, 2010), which allows us to operationalize these cultural constructs at the individual level. The scale has been validated in previous studies and demonstrates strong psychometric properties, making it a reliable tool for cross-cultural comparisons.

1. Collectivism: This dimension was measured using six items from Yoo and Donthu's scale, which capture the extent to which participants prioritize group harmony and interdependence over individual goals. Sample items include: "Group welfare is more important than individual rewards" and "Individuals should pursue their goals after considering the welfare of the group." Responses were recorded on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree).
2. Uncertainty Avoidance: Five items from Yoo and Donthu's scale were used to measure participants' tolerance for ambiguity and uncertainty. Sample items include: "Rules and regulations are important because they inform me of what is expected of me" and "It is important to have instructions spelled out in detail so that I always know what I'm expected to do." As with collectivism, participants responded on a 7-point Likert scale.

Psychological safety was assessed using Edmondson's (1999) seven-item Psychological Safety Scale, which has been widely used in organizational behavior research. This scale captures participants' perceptions of how safe they would feel expressing their opinions, taking risks, or making mistakes in the workplace. Sample items include: "If I make a mistake at this

workplace, it would often be held against me" and "I feel that this workplace values diversity and does not reject people for being different." Responses were collected using a 7-point Likert scale.

As in Study 01, organizational attractiveness was measured using three items adapted from Highhouse et al. (2003). This scale evaluates how desirable participants find a particular organization as a potential employer. Items such as "I would be interested in working for this company" were rated on a 7-point Likert scale.

Participants were randomly assigned to either the family firm or non-family firm condition. They were presented with a job advertisement simulating a real-world recruitment scenario for a position within a company in their field of interest. The companies were described either as family-owned or non-family-owned, and participants were asked to evaluate the firm based on the provided scales.

After completing the evaluations, participants provided demographic information, including their age, gender, education level, and work experience, allowing for further analysis based on these factors.

Participants

In Study 02, a total of 435 participants were recruited to provide insights into how cultural dimensions influence job seekers' perceptions of family and non-family firms. Participants were drawn from two distinct cultural contexts: 210 from the United States and 225 from Germany. Recruitment was carried out via Prolific, an online platform known for its diverse and reliable participant pool, ensuring that the study captured a broad range of job seekers actively seeking employment or who had recently applied for positions in family firms. The sample was designed to represent a mix of demographics, including gender, marital status, age, education level, and familiarity with family firms, as shown in Table 07.

Table 07 – Demographic Information of Study 02

	U.S.	Germany
Sample Characteristics		
Sample Size	n = 210	n = 225
Males	51%	40%
Females	49%	60%
Married	85%	79%
Age	M = 39.22, SD = 14.3	M = 30.56, SD = 9.01
Education Level	M = 3.32, SD = 0.97	M = 3.67, SD = 1.11
Family Firm Familiarity	M = 4.43, SD = 1.74	M = 3.72, SD = 1.59

The gender distribution in the U.S. sample was nearly balanced, with 51% males and 49% females, providing a gender-equitable perspective in the American context. In contrast, the German sample consisted of 40% males and 60% females, reflecting a more female-dominant composition. This gender difference could influence the interpretation of results, especially considering previous research that suggests gender may impact preferences for job characteristics, organizational culture, and perceived job security (Astrachan et al., 2019). For instance, women may place greater emphasis on psychological safety and work-life balance, which could impact how they perceive family and non-family firms differently.

Regarding marital status, 85% of the U.S. participants reported being married, compared to 79% of the German participants. The higher proportion of married individuals in both samples may influence the emphasis participants place on stability and long-term employment. Previous research has indicated that married individuals tend to prioritize job security and long-term career prospects over short-term gains (Block et al., 2019). In the context of family firms, which are often associated with stability and long-term orientation, this factor may have a significant impact on how job seekers perceive these organizations in comparison to non-family firms.

The age distribution in the two samples also differed considerably. The U.S. participants had an average age of 39.22 years (SD = 14.3), making them older on average than their German counterparts, who had an average age of 30.56 years (SD = 9.01). This age disparity may affect how participants evaluate job opportunities, as younger job seekers often prioritize career development, innovation, and learning opportunities, while older job seekers may prioritize stability, work-life balance, and retirement benefits (Hofstede, Hofstede, & Minkov, 2010). The older U.S. sample might be more attuned to the long-term orientation and family-centered

culture of family firms, while the younger German sample may lean towards non-family firms, which are perceived as offering more dynamic and merit-based opportunities.

Educational background was also captured in both samples. The U.S. participants reported a mean education level of 3.32 (SD = 0.97), while the German sample had a slightly higher mean education level of 3.67 (SD = 1.11) on a scale where higher values indicate higher formal education. This difference may influence perceptions of job attractiveness, as individuals with higher education levels may prioritize different aspects of a job, such as opportunities for growth, professional development, or ethical leadership. Higher educational attainment in the German sample might contribute to more critical evaluations of family firms, particularly if they perceive these firms as less innovative or inclusive compared to non-family firms.

Another important factor considered was participants' familiarity with family firms, which was measured on a 7-point Likert scale. U.S. participants reported a higher mean familiarity with family firms (M = 4.43, SD = 1.74) compared to their German counterparts (M = 3.72, SD = 1.59). This familiarity could impact how job seekers perceive the strengths and weaknesses of family firms. For example, those with greater familiarity might have a better understanding of the stability and community-oriented nature of family firms, while those less familiar might harbor concerns about nepotism or lack of professional growth.

Overall, the demographic diversity of the sample strengthens the generalizability of the findings, allowing for a more nuanced understanding of how cultural dimensions, such as collectivism and uncertainty avoidance, affect job seekers' perceptions of family and non-family firms. The differences in gender composition, age, marital status, education, and familiarity with family firms provide a rich foundation for comparing how these variables influence job preferences and organizational attractiveness in two culturally distinct markets.

Study 02 - Results

Study 02 Results - U.S. Sample (n=210)

In this analysis of the U.S. sample, we aimed to explore how organizational attractiveness (M_ATT) is influenced by job seekers' perceptions of collectivism (M_COLL), uncertainty

avoidance (M_UA), and group membership (family firm versus non-family firm). The moderated regression and ANOVA analyses were used to assess these relationships.

Descriptive Statistics

- Perceived Psychological Safety (M_PSS): The average score for perceived psychological safety was 4.37 (SD = 0.96), indicating moderate perceptions of safety in workplace environments among U.S. job seekers.
- Organizational Attractiveness (M_ATT): The mean score for organizational attractiveness was 4.92 (SD = 1.33), reflecting a moderately positive perception of both family and non-family firms as attractive employers.
- Collectivism (M_COLL): Collectivism was rated moderately high with a mean score of 4.19 (SD = 1.26). This suggests that U.S. job seekers maintain balanced views on group harmony and relational values.
- Uncertainty Avoidance (M_UA): The mean score for uncertainty avoidance was 5.76 (SD = 0.90), indicating a relatively high preference for structured environments and a desire for clear expectations and predictability in the workplace.

ANOVA Results

To explore potential group differences (family firm vs. non-family firm) in organizational attractiveness, perceived psychological safety, collectivism, and uncertainty avoidance, we conducted a one-way ANOVA.

- Organizational Attractiveness (M_ATT): There was no statistically significant difference between family and non-family firms in terms of attractiveness ($F(1, 208) = 0.429$, $p = 0.513$). This suggests that U.S. job seekers do not differentiate significantly between these two types of firms when evaluating them as potential employers.
- Perceived Psychological Safety (M_PSS): Similarly, there were no significant differences between family and non-family firms in terms of perceived psychological safety ($F(1, 208) = 0.009$, $p = 0.923$), indicating that both types of organizations are viewed similarly regarding psychological safety.
- Collectivism (M_COLL): The analysis did reveal a significant effect of collectivism ($F(1, 208) = 4.438$, $p = 0.036$), indicating that job seekers with higher collectivist values perceive family firms differently from non-family firms.
- Uncertainty Avoidance (M_UA): There was a trend toward significance in uncertainty avoidance ($F(1, 208) = 3.043$, $p = 0.083$), implying that those with high uncertainty avoidance

may perceive family firms slightly more favorably, although this effect was not statistically significant.

Moderation Analysis Using PROCESS (Model 1)

The moderation analysis was conducted to test whether collectivism (M_COLL) or uncertainty avoidance (M_UA) moderated the effect of group membership (family vs. non-family firm) on organizational attractiveness (M_ATT). The results are presented below:

- Moderation by Collectivism (M_COLL):
  The interaction between group membership and collectivism was marginally significant (B = 0.2537, p = 0.0505), suggesting that collectivism moderates the relationship between group membership and organizational attractiveness. Job seekers with higher collectivism may perceive family firms more positively compared to those with lower collectivism.
  The conditional effects show that at higher levels of collectivism (M_COLL = 5.37), there is a trend toward greater organizational attractiveness for family firms (Effect = 0.3706, p = 0.0976), though not significant.
- Moderation by Uncertainty Avoidance (M_UA):
  The interaction between group membership and uncertainty avoidance was also marginally significant (B = -0.3830, p = 0.0519), suggesting that uncertainty avoidance slightly moderates the effect of group membership on organizational attractiveness.
  At higher levels of uncertainty avoidance (M_UA = 7.00), family firms were viewed somewhat less favorably (Effect = -0.5025, p = 0.0960), though the effect did not reach full statistical significance.

Combined Moderation by Collectivism and Uncertainty Avoidance (PROCESS Model 2)

- The interaction between group membership and collectivism (Int_1) was significant (B = 0.2854, p = 0.0216), indicating that collectivism influences how job seekers view family firms.
- The interaction between group membership and uncertainty avoidance (Int_2) was also significant (B = -0.4150, p = 0.0159), suggesting that uncertainty avoidance plays a significant role in moderating the perceived attractiveness of family firms.
- Overall, the combination of collectivism and uncertainty avoidance explained a significant portion of the variance in organizational attractiveness ($R^2 = 0.3327$, $F(5, 204) = 20.3419$, $p < 0.001$).
- The conditional effects analysis revealed that at high levels of collectivism (M_COLL = 5.37) and low uncertainty avoidance (M_UA = 4.80), family firms were perceived as more attractive

(Effect = 0.8746, p = 0.0019). Conversely, at low levels of collectivism and high uncertainty avoidance, family firms were viewed less favorably.

The results of the U.S. sample suggest that cultural values, particularly collectivism and uncertainty avoidance, play a role in moderating the attractiveness of family firms. Collectivism positively moderates this relationship, making family firms more attractive to individuals with high collectivist values. Uncertainty avoidance, on the other hand, tends to have a negative moderating effect, suggesting that individuals who prefer structured, predictable environments may not view family firms as favorably.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
M_PSS	210	1.86	7.00	4.3707	.95646
M_ATT	210	1.00	7.00	4.9190	1.33266
M_COLL	210	1.50	6.83	4.1944	1.25705
M_UA	210	3.40	7.00	5.7610	.90475
Valid N (listwise)	210				

Table 7a – Descriptive Results of Study 02 (U.S. Sample)

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
M_ATT	Between Groups	.763	1	.763	.429	.513
	Within Groups	370.416	208	1.781		
	Total	371.179	209			
M_PSS	Between Groups	.009	1	.009	.009	.923
	Within Groups	191.187	208	.919		
	Total	191.196	209			
M_COLL	Between Groups	6.899	1	6.899	4.438	.036
	Within Groups	323.356	208	1.555		
	Total	330.255	209			
M_UA	Between Groups	2.467	1	2.467	3.043	.083
	Within Groups	168.613	208	.811		
	Total	171.080	209			

Table 7b – ANOVA Results of Study 02 (U.S. Sample)

Study 02 Results - German Sample (n=225)

The analysis for the German sample follows the same procedure as that used in the U.S. sample, focusing on understanding how organizational attractiveness (M_ATT), perceived psychological safety (M_PSS), collectivism (M_COLL), and uncertainty avoidance (M_UA) relate to job seekers' perceptions of family and non-family firms. In this section, we also examine the moderating effects of collectivism and uncertainty avoidance on organizational attractiveness.

Descriptive Statistics

- Perceived Psychological Safety (M_PSS): The mean score for perceived psychological safety was 4.54 (SD = 0.84), indicating moderate levels of psychological safety among the respondents.
- Organizational Attractiveness (M_ATT): The average score for organizational attractiveness was 4.94 (SD = 1.12), suggesting that both family and non-family firms are perceived to be moderately attractive by job seekers in Germany.
- Collectivism (M_COLL): The mean score for collectivism was 4.01 (SD = 0.93), reflecting moderate collectivist tendencies among the German participants.
- Uncertainty Avoidance (M_UA): The mean score for uncertainty avoidance was 5.22 (SD = 0.90), demonstrating a preference for structured and predictable work environments in the German sample.

ANOVA Results

We used one-way ANOVA to examine the differences in job seekers' perceptions between family and non-family firms in the German context.

- Organizational Attractiveness (M_ATT): There was no significant difference in organizational attractiveness between family and non-family firms ($F(1, 223) = 0.072$, $p = 0.789$). This suggests that job seekers in Germany do not differentiate much between family and non-family firms in terms of organizational attractiveness.
- Perceived Psychological Safety (M_PSS): A significant difference in perceived psychological safety was found between family and non-family firms ($F(1, 223) = 4.487$, $p = 0.035$). This

indicates that job seekers perceive family firms as providing less psychological safety compared to non-family firms.

- Collectivism (M_COLL): There was no significant difference in collectivism between family and non-family firms ($F(1, 223) = 1.715$, $p = 0.192$). This suggests that collectivism does not strongly influence job seekers' evaluations of family versus non-family firms in Germany.
- Uncertainty Avoidance (M_UA): No significant difference was found in uncertainty avoidance between family and non-family firms ($F(1, 223) = 0.709$, $p = 0.401$), indicating that uncertainty avoidance does not play a significant role in how family firms are perceived.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
M_PSS	225	1.57	6.29	4.5390	.84134
M_ATT	225	1.33	7.00	4.9363	1.12396
M_COLL	225	1.83	6.83	4.0081	.92505
M_UA	225	2.20	7.00	5.2187	.89792
Valid N (listwise)	225				

Table 7c – Descriptive Results of Study 02 (German Sample)

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
M_ATT	Between Groups	.091	1	.091	.072	.789
	Within Groups	282.885	223	1.269		
	Total	282.976	224			
M_PSS	Between Groups	3.128	1	3.128	4.487	.035
	Within Groups	155.432	223	.697		
	Total	158.560	224			
M_COLL	Between Groups	1.463	1	1.463	1.715	.192
	Within Groups	190.216	223	.853		
	Total	191.680	224			
M_UA	Between Groups	.572	1	.572	.709	.401
	Within Groups	180.030	223	.807		
	Total	180.602	224			

Table 7d – ANOVA Results of Study 02 (German Sample)

Moderation Analysis Using PROCESS (Model 1)

We performed a moderation analysis using collectivism (M_COLL) and uncertainty avoidance (M_UA) as moderators of the relationship between firm type (family or non-family) and organizational attractiveness (M_ATT). The results are as follows:

- Moderation by Collectivism (M_COLL):

  The interaction between group membership (family or non-family firm) and collectivism was statistically significant (B = -0.3782, p = 0.0163), indicating that collectivism significantly moderates the relationship between firm type and organizational attractiveness.

  At lower levels of collectivism (M_COLL = 3.03), family firms are perceived more favorably than non-family firms (B = 0.3577, p = 0.0899). However, as collectivism increases, family firms become less attractive (M_COLL = 4.83; B = -0.3256, p = 0.0944).
- Moderation by Uncertainty Avoidance (M_UA):

  The interaction between group membership and uncertainty avoidance was not significant (B = -0.1688, p = 0.3114), suggesting that uncertainty avoidance does not moderate the relationship between group membership and organizational attractiveness in this sample.
- Across different levels of uncertainty avoidance, there were no significant differences in how family versus non-family firms were perceived.

Moderation Analysis Using PROCESS (Model 2)

This model examined the joint moderating effects of collectivism and uncertainty avoidance on organizational attractiveness.

- Both collectivism (B = 0.9259, p = 0.0002) and uncertainty avoidance (B = 0.5063, p = 0.0416) significantly influence job seekers' evaluations of organizational attractiveness. However, only collectivism significantly moderates the relationship between firm type and attractiveness (B = -0.4029, p = 0.0109), whereas uncertainty avoidance does not show a significant moderating effect.
- The interaction between collectivism and firm type was significant, with higher collectivism decreasing the attractiveness of family firms. At high levels of collectivism

and uncertainty avoidance (M_COLL = 4.83, M_UA = 6.00), family firms were perceived as significantly less attractive (B = -0.5274, p = 0.0183).

The results for the German sample indicate that job seekers perceive family and non-family firms similarly in terms of organizational attractiveness, except when collectivism is considered as a moderating factor. Higher collectivism tends to reduce the attractiveness of family firms. Psychological safety, however, remains a key concern for job seekers in Germany, as family firms are perceived to offer less psychological safety compared to non-family firms. The analysis also shows that while uncertainty avoidance plays a role in organizational attractiveness, it does not significantly moderate the relationship between firm type and attractiveness. Family firms in Germany may need to address issues related to psychological safety and the concerns of collectivist job seekers to remain competitive in the labor market.

Study 02 - Preliminary Discussion and Findings

The results of Study 02 build upon the findings from Study 01 and provide deeper insights into how cultural dimensions, particularly collectivism and uncertainty avoidance, shape job seekers' perceptions of family and non-family firms across two culturally distinct markets, the U.S. and Germany. Study 01 highlighted the importance of perceived psychological safety in family firms, with significant cultural differences between job seekers in the U.S. and Germany. Study 02 takes this analysis further by investigating how cultural values interact with the family firm identity to influence perceptions of psychological safety and organizational attractiveness.

In the U.S. sample, the results indicated that collectivism plays a significant moderating role in how job seekers perceive family firms. U.S. job seekers with higher collectivist values were more likely to view family firms as attractive, likely because of their alignment with group harmony and long-term stability. This finding aligns with Hofstede's cultural dimensions theory (Hofstede, Hofstede, & Minkov, 2010), which suggests that even in individualistic cultures like the U.S., individuals who value collectivism may seek organizational environments that reflect their values.

The moderated regression analysis revealed that at higher levels of collectivism, family firms were perceived as more attractive, though this effect approached but did not reach full statistical significance. The lack of a strong distinction between family and non-family firms for collectivist U.S. job seekers could be explained by the relative diversity and heterogeneity of the U.S. labor market, where organizations vary widely in their treatment of employees and stakeholder orientation (Astrachan et al., 2019). The neutral overall results regarding organizational attractiveness may reflect the broader U.S. corporate landscape, which prioritizes shareholder value, individual achievement, and career progression over relational values like those emphasized in collectivist environments.

Conversely, uncertainty avoidance demonstrated a marginally significant negative moderating effect on job seekers' perceptions of family firms. U.S. job seekers with high uncertainty avoidance perceived family firms less favorably, which can be attributed to family firms' often informal governance structures. Job seekers who value predictability and clear rules may perceive family firms as riskier or less transparent, thus making them less attractive. However, the effect of uncertainty avoidance on organizational attractiveness was less pronounced than collectivism, indicating that U.S. job seekers prioritize other factors, such as career advancement and innovation, over uncertainty avoidance.

In contrast to the U.S., collectivism played a much more substantial role in shaping job seekers' perceptions of family firms in Germany. German job seekers with higher collectivist values tended to view family firms less favorably, perceiving them as exclusionary or nepotistic (Chua et al., 2009). This finding aligns with H1, which posited that collectivist cultures would perceive family firms as offering lower psychological safety due to concerns over fairness and inclusivity.

The significant interaction between group membership (family vs. non-family firm) and collectivism suggests that family firms in Germany face a unique challenge in aligning their governance practices with the expectations of collectivist job seekers. Stakeholder theory (Freeman, 1984) suggests that organizations, particularly in collectivist cultures, must prioritize stakeholder engagement and inclusivity to maintain their attractiveness as employers. Family firms, with their emphasis on family control and long-term legacy, may struggle to meet these expectations, leading to lower perceptions of organizational attractiveness.

Additionally, the significant negative moderating effect of collectivism on organizational attractiveness highlights that German job seekers place a premium on fairness, group harmony, and transparent governance structures. Family firms, which often exhibit hierarchical decision-making processes and concentrated family control, may be viewed as less inclusive or transparent, making them less appealing to collectivist job seekers (Chrisman et al., 2005).
Surprisingly, uncertainty avoidance did not significantly moderate the relationship between family firm identity and organizational attractiveness in the German sample, contrary to H3.

This suggests that while German job seekers may value structured environments, their perceptions of family firms are more influenced by relational and collectivist values than by uncertainty avoidance. It is possible that job seekers in Germany perceive both family and non-family firms as offering relatively similar levels of predictability and stability, thereby diminishing the impact of uncertainty avoidance on their perceptions.
The findings regarding psychological safety further underscore the unique challenges family firms face in Germany. German job seekers rated family firms significantly lower on psychological safety compared to non-family firms, which aligns with the broader literature on psychological safety and organizational behavior (Edmondson, 1999). The governance structures of family firms, which often involve close-knit leadership teams and family-based decision-making, may be perceived as limiting opportunities for open communication and risk-taking among non-family employees (Nembhard & Edmondson, 2006).

This finding supports H1, which predicted that job seekers in collectivist cultures would perceive lower levels of psychological safety in family firms. It also aligns with institutional theory (DiMaggio & Powell, 1983), which posits that organizations must adapt to the cultural and institutional norms of their environments to maintain legitimacy. In Germany, where workplace inclusivity and stakeholder engagement are emphasized, family firms may need to adopt more formalized governance practices and transparent decision-making processes to foster psychological safety and attract top talent.

The results of Study 02 offer valuable insights for family firms operating in both the U.S. and German markets. While collectivism positively moderates the attractiveness of family firms in the U.S., it has the opposite effect in Germany, highlighting the need for family firms to tailor

their employer branding strategies to align with the cultural values of job seekers in different markets.

In the U.S., where individualism and career growth are prioritized, family firms may benefit from emphasizing their stability, ethical leadership, and long-term orientation. However, they must also address concerns related to uncertainty avoidance by demonstrating transparency in governance and decision-making. Family firms that effectively signal their commitment to inclusivity, transparency, and career development are more likely to attract U.S. job seekers who value both relational and performance-based aspects of organizational culture (Spence, 1973; Zellweger et al., 2012).

In Germany, where collectivism and psychological safety are more salient concerns, family firms must focus on fostering transparent, inclusive environments that prioritize fairness and stakeholder engagement. This may involve adopting more formalized governance structures, reducing perceptions of nepotism, and ensuring that all employees—whether family members or not—feel valued and included in decision-making processes. By addressing these concerns, family firms can improve their attractiveness to German job seekers and enhance their employer brand in a competitive labor market.

Study 02 provides a comprehensive analysis of how cultural dimensions influence job seekers' perceptions of family firms in the U.S. and Germany. The findings demonstrate that collectivism and uncertainty avoidance play significant roles in shaping organizational attractiveness, particularly in relation to psychological safety. While family firms are viewed more favorably by collectivist job seekers in the U.S., they face significant challenges in the German market, where collectivist values emphasize fairness, inclusivity, and stakeholder engagement.

Study 03 - The Influence of Interviewer Identity on Job Seekers' Perceptions in the German Market

The role of family firms in the global economy has been a subject of considerable academic inquiry, particularly in how these firms are perceived by job seekers. Family firms are often characterized by their long-term orientation, strong socioemotional wealth, and close-knit leadership structures (Berrone et al., 2012; Gomez-Mejia et al., 2007). However, as shown in Studies 01 and 02, job seekers' perceptions of family firms can vary significantly across cultural contexts. The findings from these studies indicate that in the U.S., job seekers do not exhibit strong preferences between family and non-family firms, while in Germany, family firms are often perceived as offering lower psychological safety and less attractive working environments due to perceived nepotism and weak internal stakeholder orientation (Chrisman et al., 2005; Edmondson, 1999).

Building upon these findings, Study 03 aims to investigate a previously unexplored but highly relevant factor: the role of interviewer identity in shaping job seekers' perceptions of family firms. In recruitment processes, the interviewer serves as a crucial signal of the firm's values, governance structures, and internal culture (Spence, 1973). The presence of a family member as an interviewer may reinforce concerns about nepotism or lack of meritocracy, while an HR professional may signal a more structured, fair, and inclusive organizational environment (Zellweger et al., 2012).

The purpose of Study 03 is to explore how interviewer identity influences job seekers' perceptions of family firms in the U.S. and German markets, particularly in terms of organizational attractiveness, perceived psychological safety, and internal stakeholder orientation. By incorporating the theoretical frameworks of signaling theory (Spence, 1973), institutional theory (DiMaggio & Powell, 1983), and cultural dimensions theory (Hofstede, Hofstede, & Minkov, 2010), this study seeks to offer a deeper understanding of how family firms can optimize their recruitment strategies and employer branding to attract talent in different cultural settings.

Signaling Theory and Interviewer Identity

Signaling theory (Spence, 1973) suggests that organizations send signals to potential employees during the recruitment process, helping job seekers interpret the firm's culture, values, and governance structures. In the context of family firms, where the balance between family control and professional governance is often opaque, the identity of the interviewer can serve as a powerful signal of organizational dynamics. A family member serving as the interviewer may signal the firm's commitment to family values, but it may also raise concerns about nepotism, lack of inclusivity, and reduced career advancement opportunities for non-family employees (Zellweger et al., 2012). On the other hand, an HR professional may signal a more meritocratic and professional governance structure, which could enhance perceptions of fairness and inclusivity, particularly in collectivist cultures (Chua et al., 2009).

Previous research has shown that job seekers are highly attuned to signals during the recruitment process, particularly those related to fairness, inclusivity, and career advancement opportunities (Highhouse et al., 2003). In family firms, where governance and decision-making are often concentrated within the family, the presence of a family member as the interviewer could reinforce perceptions of hierarchical control and exclusivity. Conversely, an HR professional may mitigate these concerns by signaling a more structured, inclusive, and transparent recruitment process, potentially enhancing the firm's attractiveness to a broader pool of job seekers.

Institutional Theory and Cultural Context

Institutional theory (DiMaggio & Powell, 1983) provides further insight into how cultural and regulatory contexts shape organizational behavior and perceptions. Family firms operate within distinct institutional environments that influence their governance structures, recruitment processes, and stakeholder relationships. In cultures with high uncertainty avoidance, such as Germany, job seekers may place a premium on organizational transparency, fairness, and structured governance (Hofstede, 1980). In these contexts, the presence of a family member as the interviewer may exacerbate concerns about nepotism and lack of meritocracy, particularly if the firm is perceived as privileging family members over non-family employees.

In contrast, in the U.S., where individualism and lower uncertainty avoidance dominate, job seekers may be less concerned with familial governance structures and more focused on

personal achievement, career growth, and financial incentives (Hofstede, Hofstede, & Minkov, 2010). While the identity of the interviewer may still serve as an important signal, U.S. job seekers may place less emphasis on the family versus professional governance dichotomy and more on the firm's ability to provide opportunities for career advancement and personal growth (Astrachan et al., 2019).

Cultural Dimensions and Job Seekers' Preferences

Hofstede's (1980) cultural dimensions theory offers a robust framework for understanding how cultural values shape job seekers' expectations and perceptions of family firms. Two key dimensions relevant to this study are collectivism and uncertainty avoidance. Collectivism refers to the degree to which individuals prioritize group harmony, loyalty, and long-term relationships over personal achievement. In collectivist cultures, such as Germany, job seekers are likely to value inclusivity, transparency, and fairness in organizational governance, and may be more sensitive to signals of nepotism or exclusionary practices (Chua et al., 2009).

Uncertainty avoidance, which reflects a society's tolerance for ambiguity and risk, is another critical dimension influencing job seekers' perceptions of family firms. In high uncertainty avoidance cultures, job seekers may prefer structured, rule-based environments that provide clear expectations and stability (Hofstede, Hofstede, & Minkov, 2010). The presence of a family member as the interviewer may raise concerns about the firm's governance structures, potentially signaling a lack of transparency and predictability. In contrast, low uncertainty avoidance cultures, such as the U.S., may place less emphasis on formal governance structures and more on the firm's ability to innovate and provide career growth opportunities (Chrisman et al., 2005).

Psychological Safety in Family Firms

Psychological safety, as defined by Edmondson (1999), refers to the extent to which employees feel safe to express themselves, take risks, and contribute ideas without fear of retribution. In the context of family firms, where governance structures are often hierarchical and decision-making is concentrated within the family, non-family employees may feel marginalized or excluded from key decision-making processes (Nembhard & Edmondson, 2006). The presence

of a family member as the interviewer may reinforce these concerns, signaling a lack of openness and inclusivity in the workplace. Conversely, an HR professional as the interviewer may help mitigate these concerns by signaling a more inclusive and transparent work environment, thereby enhancing perceptions of psychological safety.

The findings from Study 01 and Study 02 underscore the importance of psychological safety in shaping job seekers' perceptions of family firms, particularly in high uncertainty avoidance cultures like Germany, where job seekers expect high levels of transparency, fairness, and inclusivity (Surroca & Tribo, 2008). In these contexts, family firms may need to adopt more formalized governance practices and transparent recruitment processes to enhance psychological safety and attract top talent.

Hypothesis Development

Based on the theoretical frameworks of signaling theory, institutional theory, and cultural dimensions theory, the following hypotheses are proposed:

- H1: Job seekers who are interviewed by a family member will perceive family firms as offering lower psychological safety compared to those interviewed by an HR professional, particularly in high uncertainty avoidance cultures like Germany.
- H2: The presence of an HR professional as the interviewer will enhance perceptions of fairness, inclusivity, and organizational attractiveness in family firms, particularly in collectivist cultures like Germany.
- H3: In low uncertainty avoidance cultures like the U.S., interviewer identity (family member vs. HR professional) will have a weaker effect on job seekers' perceptions of organizational attractiveness, as job seekers prioritize career growth and personal achievement over governance structures.
- H4: Job seekers in collectivist cultures (e.g., Germany) will perceive family firms more negatively when interviewed by a family member due to concerns about nepotism and exclusionary practices, compared to job seekers in individualistic cultures (e.g., the U.S.).

Study 03 aims to build on the findings from Study 01 and Study 02 by exploring the role of interviewer identity in shaping job seekers' perceptions of family firms in the U.S. and German markets. By examining how the presence of a family member versus an HR professional as the

interviewer influences perceptions of organizational attractiveness, psychological safety, and fairness, this study will provide valuable insights into how family firms can strategically manage their recruitment processes to enhance their employer branding and attract top talent in different cultural contexts. The theoretical frameworks of signaling theory, institutional theory, and cultural dimensions theory offer a robust foundation for understanding the complex interplay between interviewer identity, cultural values, and job seekers' preferences.

Participants and procedure

In Study 03, the sample comprised 200 participants who were selected to represent a diverse cross-section of job seekers. This group provided essential insights into job seekers' perceptions of family firms based on their familiarity with family firms, demographic factors such as gender, marital status, and age. These factors offer a rich foundation for understanding how individual characteristics might influence job seekers' attitudes towards family firms in different cultural and organizational contexts. Below is a detailed breakdown of the sample's characteristics based on the descriptive statistics:

One of the key variables in the study was the participants' **familiarity with family firms**, which was measured on a scale ranging from 1 (no familiarity) to 7 (high familiarity). The mean score for familiarity was 4.15, with a standard deviation of 1.599, suggesting moderate familiarity with family firms among participants. The familiarity range spanned from a minimum score of 1 (indicating little to no familiarity) to a maximum score of 7 (indicating high familiarity), showing that participants had varying levels of exposure to or knowledge of family-run businesses. This variation in familiarity is critical for understanding how different levels of exposure may affect perceptions and attitudes towards family firms, as those more familiar may have a more nuanced or positive view of such organizations compared to those with less exposure.

The **gender** distribution in the sample was relatively balanced but skewed slightly towards females. Gender was coded as 1 for males and 2 for females, with a mean score of 1.67 and a standard deviation of 0.473. This distribution indicates that 67% of the sample were female, and 33% were male. Gender differences are particularly relevant when considering job seekers' preferences and perceptions of family firms. Previous research suggests that women may prioritize different job characteristics, such as work-life balance, psychological safety, and

inclusivity, which are often associated with family firms (Astrachan et al., 2019). In contrast, male job seekers may focus more on career progression and financial rewards, factors that could influence how family firms are perceived as potential employers.

Marital status was another important demographic variable in the sample. Participants were coded as 1 for single and 2 for married. The mean score for marital status was 1.84, with a standard deviation of 0.368, indicating that a majority of the participants were married (84%). This is significant as previous studies have shown that married individuals often prioritize job stability and long-term security, which are qualities typically associated with family firms. Married job seekers may be more likely to view family firms positively due to their focus on stability and long-term planning, as opposed to non-family firms that may be perceived as more transient or profit-driven.

The **age** of participants ranged from 18 to 71 years, with a mean age of 28.31 and a standard deviation of 9.040. The wide range of ages in the sample provides insights from both younger and more experienced job seekers. Younger participants, who are likely to be early in their careers, may prioritize innovation, learning opportunities, and career growth, which could influence how they perceive family firms. Older participants, who may be further along in their careers, may value stability, leadership, and organizational culture, characteristics often associated with family-run businesses (Hofstede, Hofstede, & Minkov, 2010). The mean age of 28.31 suggests that a large portion of the sample is relatively young, which could mean that perceptions of family firms may be influenced by the desire for modernity, innovation, and dynamic work environments.

Table 08 – Demographic Information of Study 03

	German Sample Characteristics
Sample Size	n = 200
Males	34%
Females	66%
Married	84%
Age	M = 28.31, SD = 9.04
Family Firm Familiarity	M = 4.15, SD = 1.59

Study 03 Results

In Study 03, we aimed to understand how the identity of the interviewer (Family Member vs. HR Professional) influences job seekers' perceptions of family firms in Germany. We assessed the impact of this variable on stakeholder orientation, perceived psychological safety, and overall job attractiveness, using a 7-point Likert scale. Our analysis involved comparing mean scores across these variables, employing ANOVA to determine if the identity of the interviewer significantly influenced the participants' responses.

Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
M_ICSR	1	102	4.7941	1.02022	.10102	4.5937	4.9945	1.57	7.00
	2	98	4.8207	.79110	.07991	4.6621	4.9793	2.71	7.00
	Total	200	4.8071	.91296	.06456	4.6798	4.9344	1.57	7.00
M_ECSR	1	102	3.8641	1.34619	.13329	3.5997	4.1286	1.00	7.00
	2	98	3.6837	1.38007	.13941	3.4070	3.9604	1.00	7.00
	Total	200	3.7757	1.36247	.09634	3.5857	3.9657	1.00	7.00
M_PPS	1	102	4.2675	.90567	.08967	4.0896	4.4454	1.43	7.00
	2	98	4.2915	.85294	.08616	4.1205	4.4625	2.43	7.00
	Total	200	4.2793	.87810	.06209	4.1568	4.4017	1.43	7.00
M_ATT	1	102	4.7843	1.24382	.12316	4.5400	5.0286	1.00	7.00
	2	98	4.6684	1.20125	.12134	4.4275	4.9092	2.00	7.00
	Total	200	4.7275	1.22146	.08637	4.5572	4.8978	1.00	7.00

Table 8a – Descriptive results of Study 03

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
M_ICSR	Between Groups	.035	1	.035	.042	.838
	Within Groups	165.832	198	.838		
	Total	165.867	199			
M_ECSR	Between Groups	1.628	1	1.628	.876	.350
	Within Groups	367.781	198	1.857		
	Total	369.409	199			
M_PPS	Between Groups	.029	1	.029	.037	.847
	Within Groups	153.412	198	.775		
	Total	153.441	199			
M_ATT	Between Groups	.672	1	.672	.449	.504
	Within Groups	296.227	198	1.496		
	Total	296.899	199			

Table 8b – ANOVA results of Study 03

The results of the ANOVA analysis provide valuable insights into the influence of interviewer identity (family member vs. HR professional) on job seekers' perceptions of family firms. Despite the grounding in signaling theory, which suggests that the identity of the interviewer serves as an important indicator of the firm's values and internal operations, the findings

indicate that interviewer identity does not significantly influence key factors such as internal corporate social responsibility (ICSR), external corporate social responsibility (ECSR), perceived psychological safety (PSS), and organizational attractiveness (ATT).

Starting with internal corporate social responsibility (ICSR), the analysis shows an F-value of 0.042 and a p-value of 0.838, far from statistical significance. This implies that whether the interviewer is a family member or an HR professional does not meaningfully impact job seekers' perceptions of how a family firm treats its employees. ICSR is typically seen as a reflection of the firm's long-term values and day-to-day operations, which are unlikely to be interpreted solely based on the individual conducting the interview. This aligns with previous research, including the findings from Studies 01 and 02, where job seekers' concerns about fairness and internal governance were influenced more by broader organizational practices, especially in high uncertainty avoidance cultures like Germany (Berrone et al., 2012; Gomez-Mejia et al., 2007). It appears that job seekers regard internal CSR as a systemic feature of the organization rather than something conveyed by the interviewer.

Similarly, the analysis for external corporate social responsibility (ECSR) yields an F-value of 0.876 and a p-value of 0.350, indicating no significant difference between family-member and HR professional interviewers. ECSR pertains to how the firm interacts with external stakeholders, such as the community and environment. In family firms, this is often tied to long-standing commitments to social responsibility, which again seem to be independent of the recruitment process. Job seekers do not appear to base their perceptions of the firm's external CSR on who conducts the interview, supporting the idea that these judgments are formed based on broader organizational cues. This finding mirrors prior studies that highlighted the dual perception of family firms as either stable, community-oriented entities or as firms with limited career progression opportunities (Chrisman et al., 2005).

When it comes to perceived psychological safety (PSS), the analysis shows an F-value of 0.037 and a p-value of 0.847, suggesting that interviewer identity does not have a significant impact on job seekers' perceptions of psychological safety. Psychological safety is crucial in environments where there are power imbalances or insider-outsider dynamics, which are common in family firms. Previous research, including your own, has identified psychological safety as a major concern for job seekers, particularly in Germany, where issues of fairness and

transparency are paramount (Edmondson, 1999; Surroca & Tribo, 2008). However, the current findings suggest that the presence of a family member as an interviewer does not exacerbate or mitigate these concerns. Instead, job seekers may be looking at the overall governance structure and organizational culture to gauge psychological safety, rather than focusing on who is conducting the interview.

For organizational attractiveness (ATT), the results show an F-value of 0.449 and a p-value of 0.504, indicating no significant effect of interviewer identity on how appealing job seekers find the family firm as a potential employer. Organizational attractiveness typically depends on a variety of factors such as career growth opportunities, work-life balance, and company values (Highhouse et al., 2003). Previous studies suggested that job seekers, especially in high uncertainty avoidance cultures like Germany, might view family firms as less attractive due to concerns about career advancement and meritocracy (Chua et al., 2009). However, the present findings imply that the interviewer's identity is not a key determinant in shaping these perceptions. It is possible that job seekers focus on broader cues, such as the company's reputation and work environment, when assessing the attractiveness of family firms.

Across all four variables—ICSR, ECSR, PSS, and ATT—the results consistently show no statistically significant differences based on whether the interviewer is a family member or an HR professional. While signaling theory posits that recruiter identity can be a powerful cue for job seekers (Spence, 1973), these results suggest that this signal is not strong enough on its own to significantly impact perceptions of family firms. Job seekers appear to rely on more visible and structural elements of the organization, such as its public reputation, internal policies, and cultural values, when forming their judgments about family firms.
This finding aligns with the work of De Vries (1993), who suggested that in family firms, the broader organizational culture and values often overshadow the roles of individual actors. In Germany, this outcome suggests that the identity of the interviewer—whether a family member or an HR professional—does not substantially alter perceptions of internal stakeholder orientation or psychological safety (Calabrò et al., 2019). The results indicate that job seekers adopt a more holistic view of family firms, consistent with Sharma and Irving's (2005) findings that organizational reputation and culture have a more significant impact on job seeker attitudes than individual recruiters.

The lack of significant differences across these variables offers an interesting perspective on family firms in the German market. As Zahra (2003) posited, in certain cultural contexts, the reputation and values of family businesses are often more critical than day-to-day management practices in shaping perceptions. This observation suggests that for family firms in Germany, the focus should be on maintaining and communicating their core values and legacy, rather than relying solely on professionalizing recruitment practices (Carney, 2005). Indeed, Mustakallio et al. (2002) emphasize the importance of integrating familial values with professional management practices to create a strong organizational image that resonates with job seekers.

The findings from Study 03 suggest that while the professionalization of HR practices may be beneficial for family firms, it is not the only factor that influences job seekers' perceptions. Instead, family firms should focus on building a cohesive employer brand that emphasizes their unique values and culture, as suggested by Sirmon and Hitt (2003). In doing so, these firms can attract top talent by aligning traditional family-oriented approaches with modern business practices, ensuring that job seekers perceive them as both stable and progressive.

The results from Study 03 challenge the assumption that the presence of an HR professional in the recruitment process significantly alters job seekers' perceptions of family firms. Rather, these findings underscore the importance of a holistic approach to employer branding and talent acquisition that combines the values of the family with professional management practices. As family firms continue to evolve, it is critical for them to recognize that their long-term success in attracting top talent lies in balancing their familial heritage with the demands of a modern, competitive labor market.

Study 03 - Preliminary Discussion and Findings

Study 03 builds on previous research into the unique role of family firms in the global economy, particularly in how job seekers perceive these organizations. Family firms are often defined by their long-term orientation, socioemotional wealth, and tightly-knit leadership structures (Berrone et al., 2012; Gomez-Mejia et al., 2007). However, as demonstrated in Studies 01 and 02, job seekers' perceptions of family firms can differ significantly across cultural contexts. While job seekers in the U.S. tend to show no strong preference between family and non-family firms, job seekers in Germany frequently view family firms as less attractive due to concerns

about psychological safety, nepotism, and weak internal stakeholder orientation (Chrisman et al., 2005; Edmondson, 1999).

In Study 03, we explored an important but previously under-researched factor: the role of interviewer identity in shaping job seekers' perceptions of family firms. The recruitment process is a critical stage where potential employees form judgments about an organization's values, governance structures, and internal culture (Spence, 1973). The identity of the interviewer—whether a family member or an HR professional—can serve as a signal that communicates important information about the firm's culture. A family member conducting the interview may trigger concerns about nepotism or a lack of meritocracy, while an HR professional might convey a more structured, fair, and inclusive environment (Zellweger et al., 2012).

Thus, Study 03 sought to investigate how interviewer identity affects job seekers' perceptions of family firms, particularly in terms of organizational attractiveness, perceived psychological safety, and stakeholder orientation, with a focus on the German market.
Our findings from Study 03 reveal that the identity of the interviewer (family member vs. HR professional) does not significantly influence job seekers' perceptions across the key dimensions of internal corporate social responsibility (ICSR), external corporate social responsibility (ECSR), psychological safety (PSS), or organizational attractiveness (ATT).

For ICSR, which refers to how firms treat their employees and internal stakeholders, the ANOVA results yielded a low F-value (0.042) and an insignificant p-value (0.838), indicating that the identity of the interviewer has little to no impact on job seekers' perceptions of internal CSR practices. This suggests that job seekers interpret internal CSR as being more related to the organization's broader values and operations rather than being shaped by the individual conducting the interview. Prior research in Germany indicated that job seekers are highly sensitive to fairness and governance practices in family firms (Berrone et al., 2012). However, the current findings suggest that the identity of the interviewer alone does not sufficiently signal these attributes.

Similarly, for external corporate social responsibility (ECSR), which deals with how the firm interacts with external stakeholders such as communities or environmental efforts, the ANOVA

results (F-value: 0.876, p-value: 0.350) reveal no significant differences based on interviewer identity. Job seekers appear to form their perceptions of a firm's external CSR commitments based on more systemic factors, rather than the interviewer's identity. This is consistent with previous studies, which showed that family firms are often perceived as stable, community-focused entities, but may also carry the perception of limited career advancement opportunities (Chrisman et al., 2005).

Perceived psychological safety, which is critical for employees to feel comfortable expressing themselves and taking risks, was another variable analyzed. The results (F-value: 0.037, p-value: 0.847) indicate that interviewer identity does not significantly affect job seekers' perceptions of psychological safety. Psychological safety is often influenced by deeper organizational governance and culture. The results here suggest that even in family firms, where power imbalances and insider-outsider dynamics might be prominent, the identity of the interviewer does not notably alter job seekers' concerns about psychological safety (Edmondson, 1999; Nembhard & Edmondson, 2006).

Finally, the analysis of organizational attractiveness (ATT), which reflects how appealing a firm is to potential employees, also showed no significant effect of interviewer identity (F-value: 0.449, p-value: 0.504). This aligns with prior findings from Study 01 and Study 02, which indicated that while job seekers in Germany are concerned with meritocracy and career progression within family firms, these concerns are not significantly influenced by whether a family member or an HR professional conducts the interview.

The overall lack of significant differences across these four variables suggests that the identity of the interviewer is not a strong enough signal to meaningfully affect job seekers' perceptions of family firms. While signaling theory suggests that recruiter identity can play an important role in conveying organizational values and practices (Spence, 1973), the findings from Study 03 imply that job seekers in the German market rely more on structural and cultural cues about the firm's broader reputation, governance, and operational policies when forming their perceptions. This insight aligns with the work of De Vries (1993) and Zahra (2003), who argue that the essence of a family firm is often shaped by its long-term legacy and deeply embedded cultural values rather than day-to-day management practices.

These findings have important implications for family firms in Germany. Rather than focusing solely on professionalizing HR practices by introducing non-family recruiters, family firms should prioritize building a strong employer brand that effectively communicates their core values, transparency, and fairness. As previous research has suggested, integrating familial values with professional management practices can create a balanced and appealing organizational image (Mustakallio et al., 2002; Sirmon & Hitt, 2003).

In conclusion, the results of Study 03 challenge the assumption that the presence of an HR professional in recruitment processes fundamentally changes job seekers' perceptions of family firms. Instead, family firms should adopt a holistic approach to recruitment and employer branding, one that leverages both their familial heritage and modern business practices to attract top talent. These findings provide valuable insights for family firms looking to optimize their recruitment strategies in highly competitive markets like Germany, where job seekers expect high levels of organizational transparency and meritocracy.

Chapter 03 – Discussion and Conclusion

The findings from Chapter 03 provide valuable insights into how job seekers perceive family firms across different cultural and institutional settings, specifically in the U.S. and Germany. Through three separate studies, it becomes clear that the appeal of family firms varies significantly depending on the context, with factors like cultural values, governance structures, and job seekers' expectations playing a critical role.

The first study compared the perceptions of job seekers in the U.S. and Germany, focusing on their evaluation of family versus non-family firms. In the U.S., the results showed no significant preference between the two types of firms. This suggests that family firms do not hold a unique advantage in terms of attractiveness for U.S. job seekers. The corporate landscape in the U.S. is often characterized by a shareholder-centric approach, where job seekers prioritize personal growth, career advancement, and merit-based rewards. As a result, the values typically associated with family firms, such as long-term stability and ethical orientation, do not necessarily stand out in comparison to non-family firms. U.S. job seekers appear more concerned with factors like professional opportunities and performance-driven rewards, rather than the family-centric governance structures that family firms are known for.

In Germany, however, the situation is markedly different. Job seekers demonstrated a clear preference for non-family firms over family firms, primarily due to concerns about fairness and psychological safety. Family firms were perceived as less attractive, particularly because of the potential for nepotism and a lack of transparency in decision-making. The close-knit governance structures of family firms, where family members hold significant power, can be seen as exclusionary. This creates a perception among job seekers that non-family employees may have limited opportunities for career advancement or inclusion in important organizational decisions. Germany's corporate governance system, which emphasizes inclusivity, fairness, and stakeholder engagement, makes non-family firms more appealing to job seekers, as these firms are seen as more professional and equitable.

The second study delved deeper into the cultural factors that influence these perceptions, specifically focusing on collectivism and uncertainty avoidance. In Germany, where collectivism and a strong sense of group harmony are valued, family firms are viewed less favorably. Job seekers with high collectivist values may see the tight-knit, family-oriented nature of these firms as exclusionary, with favoritism toward family members limiting the opportunities for non-family employees. On the other hand, in the U.S., collectivist values had a more positive impact on the perception of family firms. Job seekers who prioritize long-term stability and loyalty may find family firms appealing, as these firms often signal a commitment to ethical behavior and strong community ties.

Uncertainty avoidance, which reflects a society's preference for structured environments and predictability, also plays a significant role. In Germany, where high uncertainty avoidance is prevalent, job seekers tend to prefer organizations that offer clear, transparent governance structures. Family firms, with their often informal governance and concentrated decision-making power within the family, may be viewed as risky or less professional. This reinforces the perception that non-family firms, which are more likely to have formalized and transparent processes, are better suited to meet job seekers' expectations in Germany. In contrast, in the U.S., where uncertainty avoidance is lower, job seekers are more comfortable with ambiguity and may not view the informal governance of family firms as a significant drawback.

The third study explored whether the identity of the interviewer—whether a family member or a professional HR manager—affected job seekers' perceptions of family firms. Surprisingly,

the results showed that the identity of the interviewer had little impact on perceptions of psychological safety, internal stakeholder orientation, or organizational attractiveness. This finding suggests that job seekers form their opinions of family firms based on broader factors, such as the firm's structure and governance, rather than on the specific individuals involved in the recruitment process.

Overall, the findings from these three studies highlight the importance of cultural and institutional context in shaping job seekers' perceptions of family firms. In Germany, the strong emphasis on inclusivity, transparency, and fairness makes it challenging for family firms to attract top talent unless they address these concerns. Family firms are often perceived as less inclusive, with potential barriers to psychological safety and career progression for non-family employees. In contrast, in the U.S., where individualism and shareholder-focused governance are more dominant, family firms do not hold a unique position of attractiveness. Instead, job seekers are more focused on personal advancement and professional opportunities, with less concern about the governance structure of the firm.

These findings underscore the need for family firms to adapt their strategies in order to remain competitive in diverse labor markets. In the U.S., family firms may need to emphasize career development and professional growth opportunities in their employer branding to attract job seekers. Meanwhile, in Germany, family firms must address the perception of nepotism and limited psychological safety by adopting more transparent, merit-based governance practices. By aligning their practices with the expectations of job seekers in different cultural contexts, family firms can better position themselves as attractive employers.

In conclusion, while family firms possess unique strengths, such as long-term orientation and ethical leadership, these qualities alone may not be enough to attract talent in certain markets. The research highlights the importance of cultural fit, fairness, and inclusivity in shaping job seekers' preferences. Family firms must continue to evolve their governance and communication strategies to meet the expectations of job seekers in different countries, ensuring that they remain competitive in attracting and retaining talent in today's global labor market.

Theoretical Contributions

This chapter presents a substantial contribution to theoretical discourse by advancing several key areas of organizational and family business studies, with a particular focus on job seekers' perceptions of family firms. This chapter's integration of multiple theoretical frameworks provides a comprehensive understanding of how family firms are perceived, particularly in cross-cultural contexts such as the U.S. and Germany. Through the combination of signaling theory, institutional theory, cultural dimensions theory, stakeholder theory, and corporate social responsibility (CSR), Chapter 03 deepens the understanding of family firms' recruitment dynamics and job seekers' decision-making processes.

One of the most critical theoretical contributions of Chapter 03 lies in its extension of signaling theory within the context of family firms. Traditionally, signaling theory suggests that firms send signals to outsiders, including potential employees, through representatives such as recruiters or interviewers (Spence, 1973). The assumption is that these representatives provide valuable signals about the organization's values, norms, and culture. In the specific case of family firms, it was assumed that the identity of the interviewer, whether a family member or an HR professional, would significantly influence job seekers' perceptions. It was thought that having a family member conduct interviews would signal a commitment to family values, long-term relationships, and stability, while an HR professional would emphasize more professional, merit-based organizational traits.

However, the findings of this study challenge these assumptions. The research presented in this chapter shows that the identity of the interviewer, whether a family member or an HR professional, does not significantly alter job seekers' perceptions of family firms. This insight represents a critical departure from traditional signaling theory by demonstrating that organizational characteristics, such as governance structures and internal CSR policies, play a more crucial role than individual-level signals. Job seekers appear to focus more on how the organization as a whole operates—its long-term strategic orientation, its treatment of employees, and its internal decision-making processes—rather than the personal background of the interviewer.

This finding refines signaling theory, particularly in the context of family businesses, by emphasizing the need for family firms to develop strong, clear organizational identities rather than relying on individual representatives to convey their values during recruitment processes. The study underscores the importance of system-level signals over personal interactions, suggesting that job seekers are more attuned to a firm's overall brand and strategic direction than previously assumed (Connelly, Certo, Ireland, & Reutzel, 2011).

The chapter also makes a significant contribution to institutional theory, particularly by analyzing how family firms in different cultural contexts are influenced by varying institutional pressures. Institutional theory traditionally posits that firms must conform to social norms, cultural expectations, and regulatory requirements to gain legitimacy and ensure their survival (DiMaggio & Powell, 1983). Chapter 03 highlights how these institutional pressures manifest differently in the U.S. and Germany, affecting job seekers' perceptions of family firms.

In Germany, where there is a strong institutional emphasis on fairness, transparency, and meritocracy, family firms are often viewed with skepticism. Job seekers in Germany may associate family firms with nepotism, favoritism, and a lack of clear career progression, which runs counter to the institutional norms of merit-based advancement that are highly valued in the country's business environment.

In contrast, family firms in the U.S. are perceived more favorably, as the U.S. business culture tends to value entrepreneurial success, long-term stability, and individualism. Family firms, with their focus on longevity and stability, align well with these cultural expectations, making them more attractive to job seekers in the U.S. This comparison between the U.S. and Germany offers a nuanced application of institutional theory, demonstrating how cultural and regulatory environments shape the attractiveness of family firms in different markets.

It suggests that family firms operating in diverse cultural settings must be acutely aware of the institutional norms in their respective markets and adapt their recruitment and management practices accordingly to align with local expectations (Scott, 2005). This insight has practical implications for family firms as they expand internationally, highlighting the need for a flexible approach that balances family traditions with professional management practices.

Chapter 03 significantly advances cultural dimensions theory by applying it to the context of family firm recruitment. Hofstede's cultural dimensions theory (1980) posits that national cultures vary along dimensions such as individualism vs. collectivism and uncertainty avoidance. These cultural differences play a substantial role in shaping organizational practices and how they are perceived by outsiders. The study in Chapter 03 draws on these cultural dimensions to explain why family firms are viewed differently in the U.S. and Germany.

In Germany, a collectivist society with high uncertainty avoidance, job seekers tend to prefer organizations that offer clear structures, rules, and transparent career progression pathways. Family firms, which often operate with less formal structures and greater reliance on personal relationships, may be perceived as lacking the transparency and fairness that German job seekers value. This cultural mismatch may explain why family firms struggle to attract talent in Germany, as they are seen as inconsistent with the country's institutionalized norms of fairness and meritocracy.

Conversely, in the U.S., where individualism and entrepreneurial spirit are more highly valued, family firms may be viewed as providing unique opportunities for personal growth and long-term career stability. The emphasis on individual success and the potential for upward mobility within family-owned businesses resonates more with U.S. job seekers.

This cross-cultural analysis not only contributes to cultural dimensions theory by demonstrating how job seekers' perceptions are shaped by their cultural context but also offers practical insights for family firms seeking to attract talent in different markets. It suggests that family firms must adapt their recruitment strategies to align with the cultural values of the labor market in which they operate, balancing family-centered values with professional expectations to enhance their appeal.

Another important theoretical contribution of Chapter 03 lies in its application of stakeholder theory to family firms. Stakeholder theory, as proposed by Freeman (1984), emphasizes that organizations must manage relationships with a broad array of stakeholders, including employees, customers, suppliers, and the community, to ensure long-term success. Chapter 03 extends this theory by focusing specifically on job seekers as a critical stakeholder group in family firms. The study reveals that job seekers' perceptions of how a family firm manages its

stakeholders—particularly internal stakeholders such as employees—are crucial in shaping the firm's attractiveness as an employer.

The research emphasizes that family firms must balance the interests of multiple stakeholder groups, including family members, employees, and the broader community. However, job seekers tend to place greater importance on internal stakeholder orientation—how the firm treats its employees, provides career development opportunities, and fosters a fair and transparent work environment—over external CSR activities.

This finding contributes to stakeholder theory by highlighting the centrality of internal organizational practices in influencing job seekers' decisions. It suggests that family firms need to prioritize fairness, career progression, and employee well-being if they are to attract top talent, as these internal dynamics play a more significant role than external CSR initiatives in shaping job seekers' perceptions (Jones, Harrison, & Felps, 2018).

Lastly, Chapter 03 offers a significant contribution to family firm governance and identity. It explores the dual nature of family identity in shaping job seekers' perceptions, showing that while family identity can be a strength, signaling stability and long-term commitment, it can also be a liability in markets where meritocracy and professionalism are highly valued. In Germany, for example, family firms may be seen as nepotistic, limiting opportunities for non-family employees to advance. In contrast, in the U.S., family firms may be valued for their stability and resilience, which align with American cultural values. This nuanced understanding of family firm governance contributes to the literature on family business by demonstrating how family firms must navigate their unique identity, balancing family traditions with modern management practices to appeal to a broader range of job seekers.

Overall, the theoretical contributions of Chapter 03 are multifaceted and significant. By integrating signaling theory, institutional theory, cultural dimensions theory, and stakeholder theory, the chapter provides a comprehensive framework for understanding how family firms are perceived by job seekers in different cultural contexts. It highlights the need for family firms to adapt their recruitment and management practices to align with the expectations of modern job seekers, balancing familial values with professional expectations to remain competitive in global labor markets.

Limitations and Avenues for Future Research

While Chapter 03 provides valuable insights into the perceptions of job seekers toward family firms, particularly in the contexts of the U.S. and Germany, several limitations should be acknowledged. These limitations offer critical areas for future research, which could further expand the theoretical and practical understanding of family firms' recruitment strategies.
One of the primary limitations across all three studies is the cultural and contextual specificity.

The research focuses on job seekers in two distinct countries—the United States and Germany—both of which have specific cultural, institutional, and economic environments. While this comparison provides insightful findings regarding job seekers' attitudes toward family firms in individualistic and collectivist cultures, it limits the generalizability of the results to other regions. Family firms operate in a variety of institutional settings, including emerging economies or countries with differing legal, social, and economic norms. Future research could expand on these findings by exploring how job seekers perceive family firms in other geographical and cultural contexts, such as in Asia, Latin America, or Africa. Investigating a broader range of countries would provide a more comprehensive understanding of how cultural and institutional factors influence job seekers' perceptions of family firms globally.

Another limitation is inherent in the experimental design of the studies. While the use of fictional scenarios allowed for control over certain variables, the hypothetical nature of these experiments might not fully reflect the complexity and emotional engagement present in real-world job-seeking situations. In actual recruitment processes, job seekers may experience different pressures, motivations, and interpersonal interactions that were not captured in these controlled experiments. The emotional involvement and stakes in actual job applications could influence how individuals perceive family firms, making the results of the studies somewhat limited in ecological validity.

Future research could address this limitation by conducting field studies or longitudinal research, where job seekers' perceptions are observed over time in actual recruitment settings. This would allow researchers to capture more realistic and dynamic changes in job seekers' attitudes toward family firms.

A related issue is the sample diversity and representation. Although efforts were made to ensure demographic diversity, the reliance on Prolific for participant recruitment introduces potential biases. Participants recruited through online platforms may not be fully representative of the broader population of job seekers in each country.

For instance, factors such as age, employment background, or prior experience with family firms could influence how participants respond to hypothetical scenarios. In addition, the online recruitment approach may attract individuals with a higher familiarity with online platforms and surveys, which could skew the data. Future research could improve the representativeness of the sample by recruiting job seekers from a wider variety of sources, such as career fairs, job placement agencies, or university alumni networks, to ensure a more comprehensive representation of the population.

The measurement and scale limitations also pose a challenge. While the scales used to measure key constructs like organizational attractiveness, stakeholder orientation, and psychological safety were validated in previous research, they may not fully capture the nuanced perceptions of job seekers, particularly in the context of family firms.

There is a possibility that job seekers consider other factors that were not accounted for, such as the ethical reputation of family firms, their treatment of non-family employees, or perceived nepotism. Additionally, the self-reported nature of the data may be subject to response biases, where participants provide socially desirable answers rather than their true thoughts and feelings. Future studies could employ mixed methods approaches, combining quantitative surveys with qualitative techniques like interviews or focus groups, to capture a broader spectrum of perceptions and reduce the potential for bias.

One notable limitation, particularly relevant to Study 03, is the lack of a significant difference in job seekers' perceptions based on the identity of the interviewer (family member vs. HR professional). This could be due to the way the experimental scenarios were presented or interpreted by participants. It is possible that participants did not fully engage with the nuances of the interviewer's identity or may have perceived the interviewer's role as less important than broader organizational characteristics.

The use of more vivid or immersive experimental designs, such as video simulations or role-playing scenarios, could offer a more realistic experience for participants and might reveal different results. Future research could also explore how other variables, such as the interview setting or interpersonal communication style, influence job seekers' perceptions of family firms.

Another limitation lies in the dynamic nature of job seekers' perceptions, which are influenced by various factors such as economic conditions, industry trends, and individual career experiences. The studies in Chapter 03 provide a snapshot of job seekers' perceptions at a specific point in time, which may not fully capture how these attitudes evolve. Job seekers' perceptions of family firms may change depending on external factors like recessions, shifts in job market demand, or personal experiences with family businesses. Conducting longitudinal studies that follow job seekers over an extended period would provide a more comprehensive understanding of how perceptions of family firms change over time and in response to real-world conditions.

Lastly, while the studies focused on variables such as stakeholder orientation and psychological safety, there are other potential factors influencing job seekers' perceptions that were not examined. Variables such as the size of the family firm, its industry sector, its level of professionalization, or its public reputation could all play significant roles in shaping job seekers' attitudes. Family firms that operate in high-growth or stable industries may be viewed more favorably than those in volatile sectors. Similarly, larger, well-established family firms might be perceived differently from small, privately-held family businesses. Exploring these additional variables in future research could provide a more holistic picture of the factors that influence job seekers' perceptions of family firms.

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Appendix A– Detailed Scenarios for Study 01

Scenario A (Family Firm)

Imagine that you are currently looking for a job. During the search process on your favorite recruitment platform, you see an employment ad for a **family-owned company** seeking applicants in your area of interest and for your preferred region.

This **family-owned company** distinguishes itself by its deeply ingrained **family values**. The majority of shares and voting rights are closely held by the founding family, and they actively manage the day-to-day operations of the firm. Their commitment to maintaining a **familial atmosphere** within the workplace sets them apart.

This **family-owned company** is currently seeking highly motivated individuals for various positions who can help the firm improve its overall performance in the market.

Scenario B (Non-family Firm)

Imagine that you are currently looking for a job. During the search process on your favorite recruitment platform, you see an employment ad for a company seeking applicants in your area of interest and for your preferred region.

This company stands out for its corporate structure, where shares and voting rights are distributed among a diverse group of shareholders. and the day-to-day operations are overseen by a team of experienced professionals who don't have significant shareholding in the firm.

This company is currently seeking highly motivated individuals for various positions, who can help the firm improve its overall performance in the market.

Source: Inspired by (Jaufenthaler, 2023 and Kahlert et al., 2017).

Appendix B – Detailed Scenarios for Study 03

Scenario A (Family Firm – Interviewer Identity – Family Member)

Imagine that you are currently looking for a job. During the search process on your favorite recruitment platform, you see an employment ad for a **family-owned company** seeking applicants in your area of interest and for your preferred region.

This **family-owned company** distinguishes itself by its deeply ingrained **family values**. The majority of shares and voting rights are closely held by the founding family, and they actively manage the day-to-day operations of the firm. Their commitment to maintaining a **familial atmosphere** within the workplace sets them apart. This **family-owned company** is currently seeking highly motivated individuals for various positions who can help the firm improve its overall performance in the market.

For this job opportunity, **the recruitment process and interview will be conducted by a family member from the founding family.**

Scenario B (Family Firm – Interviewer Identity – HR Professional)

Imagine that you are currently looking for a job. During the search process on your favorite recruitment platform, you see an employment ad for a **family-owned company** seeking applicants in your area of interest and for your preferred region.

This **family-owned company** distinguishes itself by its deeply ingrained **family values**. The majority of shares and voting rights are closely held by the founding family, and they actively manage the day-to-day operations of the firm. Their commitment to maintaining a **familial atmosphere** within the workplace sets them apart. This **family-owned company** is currently seeking highly motivated individuals for various positions who can help the firm improve its overall performance in the market.

For this job opportunity, **the recruitment process and interview will be conducted by a HR Professional with extensive experience in the field.**

Appendix C – Detailed Scales for Study 01, 02 & 03

1. Dependent Variable

Organizational Attractiveness (Highhouse, S., Lievens, F., & Sinar, E. F., 2003)

1. This company is attractive as a place for employment.
2. I would accept a job offer from this company
3. I would recommend this company to a friend looking for a job.

2. Mediating Variables

Internal Stakeholder Orientation (Schellong, M., Kraiczy, N. D., Malär, L., & Hack, A., 2019)

1. Looks like a good company to work.
2. Seems to treat its people well.
3. Seems to have excellent leadership.
4. Has management who seems to pay attention to the needs of its employees.
5. Seems to have good employees.
6. Seems to maintain high standards in the way that it treats people.
7. Seems to be well-managed.

External Stakeholder Orientation- (Schellong et at., 2019)

1. Seems like committed to using a portion of its profits to help nonprofits.
2. Looks like gives back to the communities in which it does business.
3. Local nonprofits benefit from this company's contributions.
4. Seems like integrates charitable contributions into its business activities.
5. Looks like it is involved in corporate giving.
6. Looks like it is concerned about the environment
7. Seems like it gives to worthy causes

Perceived Psychological Safety (Edmondson, A., 1999)

1. If I make a mistake at this workplace, it would often be held against me.
2. I believe in this workplace one would be able to bring up problems and tough issues.
3. I feel that this workplace values diversity and does not reject people for being different.
4. It would be safe to take a risk at this workplace
5. It would be difficult to ask others for help in this workplace
6. No one at this workplace would deliberately act in a way that undermines my efforts.
7. My unique skills and talents would be valued and utilized at this workplace.

3. Moderating Variables

Collectivism (Yoo and Donthou, 2002)

1. Individuals should sacrifice self-interest for the group that they belong to
2. Individuals should stick with the group even through difficulties
3. Group welfare is more important than individual rewards
4. Group success is more important than individual success
5. Individuals should pursue their goals after considering the welfare of the group
6. Group loyalty should be encouraged even if individual goals suffer

Uncertainty avoidance (Yoo and Donthou, 2002)

1. It is important to have instructions spelled out in detail so that I always know what I'm expected to do
2. It is important to closely follow instructions and procedures
3. Rules/regulations are important because they inform me of what is expected of me
4. Standardized work procedures are helpful
5. Instructions for operations are important

Appendix D1 – Study 02 - Model 01 & 02 results of US Sample

```
**************************************************************************
                          Model  : 1
               Y  : M_ATT     X  : Group     W  : M_COLL
                        Sample Size:  210
**************************************************************************
                       OUTCOME VARIABLE: M_ATT
                            Model Summary
    R       R-sq        MSE          F        df1        df2          p
 .5050      .2550     1.3424    23.5020     3.0000   206.0000      .0000
                              Model
       coeff         se          t          p       LLCI       ULCI
constant     4.2184      .9039     4.6668      .0000     2.4363     6.0006
Group        -.9924      .5633    -1.7617      .0796    -2.1029      .1182
M_COLL        .1471      .2020      .7282      .4673     -.2511      .5453
Int_1         .2537      .1289     1.9675      .0505     -.0005      .5078

      Product terms key:  Int_1    :        Group    x        M_COLL

          Test(s) of highest order unconditional interaction(s):
            R2-chng          F        df1        df2          p
        X*W      .0140     3.8709     1.0000   206.0000      .0505
                          ----------
                    Focal predict: Group    (X)
                       Mod var: M_COLL   (W)

Conditional effects of the focal predictor at values of the moderator(s):

 M_COLL     Effect         se          t          p       LLCI       ULCI
 3.0000     -.2314      .2224    -1.0403      .2994     -.6700      .2072
 4.5000      .1491      .1666      .8946      .3721     -.1795      .4776
 5.3733      .3706      .2227     1.6644      .0976     -.0684      .8096

*********************** ANALYSIS NOTES AND ERRORS ************************
```

Level of confidence for all confidence intervals in output: 95.000

****

Model : 1

Y : M_ATT X : Group W : M_UA

Sample Size: 210

****

OUTCOME VARIABLE: M_ATT

Model Summary

R	R-sq	MSE	F	df1	df2	p
.3205	.1027	1.6168	7.8584	3.0000	206.0000	.0001

Model

	coeff	se	t	p	LLCI	ULCI
constant	-.8515	1.8272	-.4660	.6417	-4.4540	2.7509
Group	2.1783	1.1417	1.9079	.0578	-.0727	4.4293
M_UA	1.0053	.3101	3.2419	.0014	.3939	1.6167
Int_1	-.3830	.1958	-1.9554	.0519	-.7691	.0032

Product terms key: Int_1 : Group x M_UA

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	.0167	3.8238	1.0000	206.0000	.0519

Focal predict: Group (X)

Mod var: M_UA (W)

Conditional effects of the focal predictor at values of the moderator(s):

M_UA	Effect	se	t	p	LLCI	ULCI
4.8000	.3400	.2580	1.3180	.1890	-.1686	.8487
5.9000	-.0812	.1789	-.4539	.6504	-.4340	.2716
7.0000	-.5025	.3005	-1.6722	.0960	-1.0949	.0899

********** ANALYSIS NOTES AND ERRORS **********

Level of confidence for all confidence intervals in output: 95.0000

```
*************************************************************************
                          Model  : 2
          Y  : M_ATT  X  : Group   W  : M_COLL      Z  : M_UA

                        Sample Size:  210
*************************************************************************
                     OUTCOME VARIABLE: M_ATT
                          Model Summary
    R       R-sq        MSE          F        df1        df2          p
 .5768      .3327     1.2142    20.3419     5.0000   204.0000      .0000
                            Model
       coeff         se          t          p       LLCI       ULCI
constant    -1.2584     1.7178     -.7326      .4647    -4.6453     2.1285
Group        1.3333     1.0734     1.2422      .2156     -.7830     3.4497
M_COLL        .0726      .1931      .3760      .7073     -.3082      .4534
Int_1         .2854      .1232     2.3153      .0216      .0424      .5284
M_UA          .9839      .2702     3.6416      .0003      .4512     1.5167
Int_2        -.4150      .1706    -2.4326      .0159     -.7514     -.0786

                      Product terms key:
              Int_1    :        Group    x        M_COLL
               Int_2    :        Group    x        M_UA

   Test(s) of highest order unconditional interaction(s):
     R2-chng           F        df1        df2          p
X*W       .0175     5.3607     1.0000   204.0000      .0216
X*Z       .0194     5.9174     1.0000   204.0000      .0159
BOTH      .0335     5.1193     2.0000   204.0000      .0068
                          ----------
                 Focal predict: Group    (X)
                    Mod var: M_COLL   (W)
                    Mod var: M_UA     (Z)
```

Conditional effects of the focal predictor at values of the moderator(s):

M_COLL	M_UA	Effect	se	t	p	LLCI	ULCI
3.0000	4.8000	.1974	.2591	.7618	.4470	-.3134	.7082
3.0000	5.9000	-.2591	.2157	-1.2014	.2310	-.6844	.1662
3.0000	7.0000	-.7156	.3104	-2.3053	.0222	-1.3277	-.1036
4.5000	4.8000	.6254	.2312	2.7055	.0074	.1696	1.0812
4.5000	5.9000	.1689	.1606	1.0518	.2941	-.1477	.4855
4.5000	7.0000	-.2876	.2619	-1.0983	.2734	-.8039	.2287
5.3733	4.8000	.8746	.2774	3.1528	.0019	.3277	1.4216
5.3733	5.9000	.4181	.2126	1.9667	.0506	-.0011	.8373
5.3733	7.0000	-.0384	.2896	-.1325	.8947	-.6094	.5326

Level of confidence for all confidence intervals in output: 95.0000

Appendix D2 – Study 02 - Model 01 & 02 results of German Sample

```
*************************************************************************
                          Model  : 1
               Y  : M_ATT    X  : Group        W  : M_COLL

                        Sample Size:  225
*************************************************************************
                    OUTCOME VARIABLE:  M_ATT
                         Model Summary
    R       R-sq        MSE          F        df1        df2          p
 .3073      .0944     1.1596     7.6796     3.0000   221.0000      .0001
                          Model
      coeff         se          t          p       LLCI       ULCI
constant     1.3729     1.0155     1.3519      .1778     -.6284     3.3743
Group        1.5026      .6421     2.3400      .0202      .2371     2.7680
M_COLL        .8979      .2501     3.5904      .0004      .4051     1.3908
Int_1        -.3782      .1563    -2.4203      .0163     -.6862     -.0703

      Product terms key:  Int_1    :        Group    x        M_COLL

        Test(s) of highest order unconditional interaction(s):
          R2-chng          F        df1        df2          p
       X*W      .0240     5.8577     1.0000   221.0000      .0163
                          ----------
                   Focal predict: Group    (X)
                      Mod var: M_COLL   (W)

Conditional effects of the focal predictor at values of the moderator(s):

 M_COLL     Effect         se          t          p       LLCI       ULCI
 3.0267      .3577      .2100     1.7036      .0899     -.0561      .7716
 4.0000     -.0104      .1441     -.0722      .9425     -.2945      .2737
 4.8333     -.3256      .1939    -1.6796      .0944     -.7077      .0564

********************** ANALYSIS NOTES AND ERRORS ************************
```

```
    Level of confidence for all confidence intervals in output: 95.000
**************************************************************************
                          Model  : 1
                Y  : M_ATT  X  : Group  W  : M_UA

                        Sample Size:  225

**************************************************************************
                      OUTCOME VARIABLE: M_ATT
                          Model Summary
    R       R-sq        MSE          F        df1        df2          p
 .1845      .0340     1.2369     2.5949     3.0000   221.0000      .0534

                              Model
       coeff         se          t          p       LLCI       ULCI
constant     2.5088     1.3515     1.8563      .0647     -.1547     5.1723
Group         .9000      .8813     1.0212      .3083     -.8368     2.6369
M_UA          .4604      .2564     1.7958      .0739     -.0449      .9657
Int_1        -.1688      .1663    -1.0146      .3114     -.4966      .1591

       Product terms key:  Int_1    :        Group    x        M_UA

          Test(s) of highest order unconditional interaction(s):
          R2-chng          F        df1        df2          p
       X*W      .0045     1.0295     1.0000   221.0000      .3114

*********************** ANALYSIS NOTES AND ERRORS ************************

    Level of confidence for all confidence intervals in output: 95.0000
```

Appendix E – Study 03 Model 02 Results

```
**************************************************************************
                          Model  : 2
                          Y  : M_ATT
                          X  : Group
                          W  : M_COLL
                          Z  : M_UA

                        Sample
                        Size:  225

**************************************************************************
                        OUTCOME VARIABLE:
                             M_ATT

                        Model Summary
      R        R-sq         MSE          F         df1         df2          p
   .3563       .1269      1.1281      6.3680      5.0000    219.0000       .0000

                             Model
          coeff         se          t          p       LLCI       ULCI
constant  -1.3476     1.5907     -.8472      .3978    -4.4826     1.7874
Group      2.6742      .9924     2.6946      .0076      .7183     4.6301
M_COLL      .9259      .2484     3.7272      .0002      .4363     1.4155
Int_1      -.4029      .1569    -2.5676      .0109     -.7121     -.0936
M_UA        .5063      .2470     2.0500      .0416      .0195      .9930
Int_2      -.2091      .1621    -1.2901      .1984     -.5285      .1103

                        Product terms key:
                Int_1    :        Group    x        M_COLL
                 Int_2    :        Group    x        M_UA

        Test(s) of highest order unconditional interaction(s):
```

	R2-chng	F	df1	df2	p
X*W	.0263	6.5925	1.0000	219.0000	.0109
X*Z	.0066	1.6643	1.0000	219.0000	.1984
BOTH	.0371	4.6572	2.0000	219.0000	.0105

Focal predict: Group (X)
Mod var: M_COLL (W)
Mod var: M_UA (Z)

Conditional effects of the focal predictor at values of the moderator(s):

M_COLL	M_UA	Effect	se	t	p	LLCI	ULCI
3.0267	4.2000	.5767	.2523	2.2858	.0232	.0795	1.0740
3.0267	5.4000	.3258	.2137	1.5246	.1288	-.0954	.7471
3.0267	6.0000	.2004	.2551	.7857	.4329	-.3023	.7031
4.0000	4.2000	.1846	.2171	.8503	.3961	-.2433	.6125
4.0000	5.4000	-.0663	.1456	-.4553	.6493	-.3531	.2206
4.0000	6.0000	-.1917	.1912	-1.0025	.3172	-.5686	.1852
4.8333	4.2000	-.1511	.2647	-.5708	.5687	-.6728	.3706
4.8333	5.4000	-.4020	.1931	-2.0820	.0385	-.7825	-.0215
4.8333	6.0000	-.5274	.2219	-2.3766	.0183	-.9648	-.0901

********** ANALYSIS NOTES AND ERRORS **********

Level of confidence for all confidence intervals in output:
95.0000

W values in conditional tables are the 16th, 50th, and 84th percentiles.