
Family firms and Corporate Heritage: what is the link?

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Abstract

The main challenge that scholars approaching the family business domain face is to link family involvement in the ownership and/or management to firm's behaviors and outcomes. In this path of investigation, Gómez-Mejía, Haynes, Nuñez-Nickel, Jacobson, and Moyano-Fuentes (2007) initially framed out the noneconomic utilities a family receives from their businesses by labeling them as Socioemotional Wealth (SEW) or affective endowments. Their original idea is that, rather than maximizing financial returns, family owners and/or managers attempt to manage their businesses to preserve or increase the socioemotional endowments (Gómez-Mejía, Cruz, Berrone, and DeCastro, 2011). According to this relevant research stream, we consider that family owners and managers are motivated by other issues that transcend the sheer economics and financial objectives. Specifically, this paper looks at two literatures (i.e., the one on corporate heritage (CH) and the other one on socioemotional wealth (SEW) priorities) to reveal how family firms use the past and history to create brand identity and enhance their legitimacy with customers and partners. Built on the SEW framework, we find a direct relationship between the presence of a family CEO and the investment in CH, that is moderated by the level of family involvement in the firm. Our empirical analysis is based on a quantitative approach applied on a sample of medium- and large-sized firms examined in the period spanning from 2000 to 2016.

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