Exploring Gender Dynamics and Environmental Sustainability in Family Firms

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Abstract: In an ever-changing landscape, family businesses, characterized by their unique blend of tradition, familial bonds, and entrepreneurial spirit, stand as bastions of resilience and continuity, playing a pivotal role in economic growth and societal development. Indeed, family businesses account for 80 percent of all business enterprises worldwide, making them the prevalent form of conducting business. As these entities grapple with the imperative to remain economically viable while navigating the intricacies of the contemporary business landscape, the incorporation of sustainable practices into the organizational fabric takes centre stage. By actively seeking a harmonious and reciprocal relationship between financial objectives, social responsibility, and environmental accountability, family businesses can not only secure their own longevity but also contribute to a more equitable and sustainable global environment. This narrative becomes especially compelling at the intersection with gender. Exploring the intersection between gender and sustainability provides insights into how gender dynamics influence and are influenced by efforts to achieve sustainable development. Moreover, understanding and addressing this interplay is essential for devising holistic and effective strategies that promote social equity, economic prosperity, and environmental stewardship. It underscores the need for inclusive and gender-sensitive approaches in all aspects of sustainable development. Acknowledging the significance of this ongoing dialogue, this study delves into the intricate relationship between gender dynamics and the environmental dimension of sustainability within family businesses. Through a systematic literature review of empirical research, this work specifically aims to uncover the linkage between board gender diversity and corporate environmental performance. The findings indicate that gender-diverse boards improve environmental value creation, and women in leadership positions correlate positively with environmental disclosure in family-controlled businesses. Overall, a strong positive correlation emerges between the proportion of women directors on the board and the level of environmental sustainability. The findings of this study hold implications not only for family business practitioners but also for policymakers and academics interested in propelling gender equality and sustainability agendas, notably within the framework of the 2030 Agenda for Sustainable Development.

Keywords: Environmental Sustainability, Family Business, Family Ownership, Gender, Social Sustainability, Sustainable Development

1. Introduction

The profound impact of family businesses on all key macroeconomic variables, ranging from wealth and job creation to social and territorial cohesion, is widely recognized. Globally, family businesses constitute a staggering 80 percent of all business enterprises, firmly establishing themselves as the predominant form of conducting business (Delmas and Gergaud, 2014; Hadjielias and Poutziouris, 2015). Their influence is reflected on an estimated 70-90 percent contribution to the annual global Gross Domestic Product (Maloni, Hiatt and Astrachan, 2017). Therefore, it is crucial not to underestimate their significance to the worldwide economy.

As these entities grapple with the imperative to remain economically viable while navigating the intricacies of the contemporary business landscape, the incorporation of sustainable practices into the organizational fabric takes centre stage. In light of society’s heightened awareness regarding the value of stronger social cohesion and the pressing reality of environmental challenges, organizations face mounting pressure to conduct themselves in a socially and environmentally responsible manner (Caputo, Veltri and Venturelli, 2017). This increased awareness has culminated in the emergence of the 2030 Agenda for Sustainable Development, a comprehensive document adopted by all member states of the United Nations General Assembly in 2015 comprising 17 Sustainable Development Goals (SDGs) and 169 targets (Bauweraerts, Arzubiaga and Diaz-Moriana, 2022). This agenda, which functions as a guiding blueprint, addresses critical global challenges and aims to promote social inclusion, environmental sustainability, and economic development by the year 2030. The SDGs are instrumental in driving corporate social responsibility (CSR) trends, with businesses at the forefront of championing this agenda (Yáñez-Araque et al, 2021).
By actively seeking a harmonious and reciprocal relationship between financial objectives, social responsibility, and environmental accountability, family businesses can not only secure their own longevity but also contribute to a more equitable and sustainable global environment. As such, ensuring the sustainability of family businesses emerges as a critical concern, holding implications not only for family businesses themselves but also for society as a whole.

This narrative becomes especially compelling at the intersection with gender. By exploring how gender dynamics intertwine with sustainability, valuable insights emerge, shedding light on the reciprocal influence shaping efforts to achieve sustainable development. The narrative unveils the expansive realm of social sustainability, which is anchored on the principles of social solidarity, equality, and ethics (Rumanko et al, 2021). Notably, a critical component of social sustainability is gender equality. Gender equality stands out as a pivotal SDG that nations must prioritize. A fundamental step in attaining this goal involves the gradual inclusion of women into managerial roles (Giraldez-Puig and Berenguer, 2018). This accentuates the urgency for inclusive and gender-sensitive approaches across all dimensions of sustainable development. Consequently, understanding and addressing this interplay is essential for devising holistic and effective strategies that promote social equity, economic prosperity, and environmental stewardship.

Traditionally, family businesses have exhibited a pattern of male dominance, wherein men occupy key positions and women are often relegated to supportive roles. This gendered dynamic extends to the transfer of ownership and leadership within these enterprises. Accordingly, male heirs have historically been favoured, thereby perpetuating a male-centric power structure. This phenomenon, which is tied to deep-seated gender norms, societal expectations, and inheritance laws, is frequently referred to as the "glass ceiling" or "family ceiling" in the context of family businesses. Traditional beliefs about gender roles not only foster the assumption that men are better suited for leadership but also assign women to tasks linked with cultural traditions underlying house chores and family social life management, further perpetuating a “feminine” bias, with the aforementioned jobs being labelled “feminine” (Dan and Shimizu, 2022). Women are indeed under-represented in a wide range of industries, including manufacturing and agriculture, and are sometimes overlooked within family businesses, rendering them “invisible” (Dan and Shimizu, 2022). Due to their nearly non-existent bargaining power, women encounter stereotypes and biases that cast doubt on their ability to manage businesses or make strategic decisions (Agarwal, 2020). These perceptions can constrain opportunities for women to assume leadership roles within family businesses. Societal and institutional barriers, such as restricted access to education and professional networks for women, further contribute to their underrepresentation in leadership positions.

However, the growing acknowledgement of these issues is prompting a shift in many family businesses toward greater inclusivity and diversity. Societal shifts, expanded educational opportunities, and evolving norms are collectively paving the way for a more equitable distribution of ownership and leadership roles. As women actively engage as owners and leaders in family businesses, diverse perspectives and skill sets are now being brought to the decision-making table.

Acknowledging the significance of this ongoing dialogue, this study delves into the intricate relationship between gender dynamics and the environmental dimension of sustainability within family businesses. Through a systematic literature review of empirical research, this work specifically aims to uncover the linkages between board gender diversity and corporate environmental performance, as well as between the presence of women and environmental disclosure. In spite of sustained research efforts, the study of SDGs in the context of family businesses remains in its nascent stages (Bauweraerts, Arzubiaga and Diaz-Moriana, 2022). By synthesizing insights from diverse sources, we offer a roadmap for navigating the complexities that define the sustainable evolution of family businesses in the contemporary business milieu.

The paper is structured as follows: Section 2 provides an elaborate account of the methodology employed, succeeded by Section 3, which articulates our review findings. This section concludes with a reflection on the impact and limitations of the findings, along with suggestions for potential avenues for future research.

2. Methodology

To unravel the intricate relationship between gender dynamics and environmental sustainability within family businesses, a systematic literature review was conducted following the recommended three-step procedure outlined by Tranfield, Denyer and Smart (2003): planning, execution, and dissemination of results. Due to its systematic nature, this approach ensures transparency and promotes replicability. Markedly, it mitigates the shortcomings associated with the informal and unstructured planning processes commonly found in traditional literature reviews within the social sciences, as highlighted by Tranfield, Denyer and Smart (2003).
In the planning phase, the research objective was defined, and the database was chosen. Subsequently, in the execution phase, the criteria and expression of research were established. Key terms identified for retrieving pertinent articles included the truncated form of sustainability, denoted as sustainab*, and equivalent terms for gender and family business. Their combination with the Boolean operators AND and OR ensured their presence in the title, abstract and keywords of the articles, resulting in the following search expression: (((sustainab*) AND (("Gender" OR "Female" OR "Male" OR "Woman" OR "Man" OR "Women" OR "Men") AND (("family business*")) OR ("family firm*")) OR ("family enterprise*")) OR ("family influence*")) OR ("family involvement") OR ("family control*")) OR ("family owner*")))).

The search took place on November 20th, 2023, in the ISI Web of Science database and was filtered according to: document types = (Article) AND Research Areas = (Business Economics OR Environmental Sciences Ecology OR Social Sciences Other Topics) AND Languages = (English). This process yielded a total of 73 scientific articles.

The results obtained were duly exported to EndNote X9, where they underwent the filtration process. In our pursuit of upholding a cohesive narrative centred on the relationship between gender dynamics and environmental sustainability within family firms, we excluded studies that deviated from this focus. A total of 67 scientific articles were found to fall under this condition. Consequently, the final sample comprises 6 scientific articles.

For each relevant article, the following dimensions were extracted: author(s), title, study focus, theoretical approach, methodology, and sample. Cumulatively, these dimensions form the basis for the systematic literature review table.

3. Review Findings

Table 1 offers a concise overview of the relevant studies.

Table 1: Overview of the final sample

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Title</th>
<th>Study Focus</th>
<th>Theoretical Approach</th>
<th>Methodology</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cordeiro, Profumo and Tutore (2020)</td>
<td>Board gender diversity and corporate environmental performance: The moderating role of family and dual-class majority ownership structures</td>
<td>To study the relationship between ownership control and female board diversity in influencing corporate environmental performance jointly in the context of majority ownership in family-controlled and dual-class firms whose motives and influence are theoretically different from that of the firm's minority shareholders</td>
<td>Resource dependency theory, Secondary agency theory, Socioemotional wealth theory</td>
<td>Quantitative – CSRHub database (2010-2015)</td>
<td>751 large U.S. firms</td>
</tr>
<tr>
<td>Gavana, Gottardo and Molisello (2023)</td>
<td>The effect of board diversity and tenure on environmental performance. Evidence from family and non-family firms</td>
<td>To examine the effect of structural and demographic board diversity as well as board tenure on family firms’ environmental performance, by analysing the differences between family and non-family businesses and within family firms</td>
<td>Agency theory, Stewardship theory</td>
<td>Quantitative – Euronext Paris, Deutsche Borse, Euronext Milan, Euronext Lisbon, and Bolsa de Madrid (2014-2021)</td>
<td>Unbalanced panel of 434 firms from France, Germany, Italy, Spain, and Portugal, of which 171 are family firms and 263 are non-family firms (1897 observations)</td>
</tr>
<tr>
<td>Maggi, Gjergji, Vena, Sciascia and Cortesi (2023)</td>
<td>Family firm status and environmental disclosure: The</td>
<td>To investigate the level of environmental disclosure practices of family versus non-family</td>
<td>Agency theory, Resource-based view</td>
<td>Quantitative – Euronext Growth Milan (2018-2020)</td>
<td>324 observations of Italian small- and medium-sized enterprises</td>
</tr>
</tbody>
</table>
3.1 Discussion

Before we delve into the discussion of the findings, a clarification is necessary regarding sustainability and CSR, as these concepts are sometimes used interchangeably. While there isn’t perfect agreement among scholars, sustainability is often defined as a mode of development that satisfies the needs of the present without endangering the ability of future generations to meet their own needs, as proposed by the World Commission on Environment and Development (WCED), in the Brundtland Report ‘Our Common Future’ (Broccardo and Zicari, 2020; Bauweraerts et al, 2022). Accordingly, firms are expected to increase their awareness concerning their approach to social and environmental issues, in addition to actively generating profits to satisfy their shareholders (Broccardo and Zicari, 2020). This implies that, at the corporate level, sustainability is operationalized in accordance with the triple bottom line, an accounting framework that encompasses three dimensions: economic, social, and environmental.

Another crucial notion is philanthropy. CSR, along with philanthropy, is perceived as a manifestation of corporate citizenship, wherein corporate entities responsibly align their behaviour with shifting social paradigms, taking into account the assertions of both internal and external stakeholders (Campopiano et al, 2019). CSR is defined as “the voluntary integration, by companies, of social and environmental concerns in their commercial operations and in their relationships with interested parties” (Ciliberti, Pontrandolfo and Scozzi, 2008; European Commission, 2001, p. 7) that have a positive impact on the community, society, and/or planet (Combs et al, 2022). On the other hand, philanthropy involves the discretionary wealth transfer of net income to stakeholders (Carroll, 1991; Windsor, 2006), financing initiatives that are not related to the core functions of the business, such as building museums, sponsoring performances and art exhibitions, and providing fellowships to graduate students (Hutchins and Sutherland, 2008). Corporate philanthropy can contribute to the success of family businesses by fostering positive interactions with employees, customers, and suppliers.

Ultimately, based on the studies that employ it (e.g., Campopiano et al, 2019; Cordeiro, Profumo and Tutore, 2020), CSR is the balancing of social, environmental, and economic demands, making it synonymous with sustainability.

Through the social lens, sustainability invokes social responsibility. Social sustainability places critical emphasis on gender equality. However, the complex nature of these and other issues produces struggles in defining and measuring social sustainability, which negatively affect the incorporation of social outcomes into corporate practice and research (Rumanko et al, 2021).

Under the environmental light, sustainability acquires an edge that seeks to fight environmental degradation. Within this context, the concept of environmental disclosure assumes particular significance, as it serves as an indicator of a firm’s responsibility to its community and the world (Oware et al, 2021). Environmental disclosure covers various aspects, including efficient energy use, pollution prevention programs, recycling abilities, clean energy, and ISO certification. An additional or complementary step in this regard is the adoption of green innovation, signifying ecologically friendly innovations deeply ingrained into an organization’s products.
processes, services, or methods. These practices collectively fall under the umbrella of “ecopreneurship”, also known as ecological entrepreneurship or green entrepreneurship.

At the nexus of sustainability’s environmental dimension and gender, we find Cordeiro, Profumo and Tutore (2020), who present a ground-breaking study – the first to address the combined effect of ownership control and board gender diversity on corporate environmental performance. Firstly, the authors uncover a strong positive correlation between the proportion of women directors on the board and the level of environmental CSR. Secondly, they establish that the effect of board gender diversity on environmental performance is more pronounced in family businesses. Thirdly, their observation that firms with three or more women directors exhibit superior environmental performance supports the notion that homophily contributes to intraboard networks of women directors. In spite of this evidence and concerns about the ethical and financial ramifications of a lack of gender diversity, the representation of female directors remains remarkably low.

In an attempt to clarify the relationship between female CEOs and environmental disclosure practices in both family and non-family controlled businesses, particularly within the context of a developing economy, India, Oware et al (2021) substantiate this claim. While the research identifies a positive association in family businesses, it underscores that women lack adequate representation on boards to exert effective influence on environmental disclosure. Therefore, it is recommended that companies consider hiring more female directors, surpassing the current limit of one to three. The study argues that a maximum of three female directors is insufficient, and an increase beyond this number is proposed to ensure effective oversight of environmental accountability by female directors. This, in turn, can enhance the company’s credibility in the eyes of stakeholders.

Cordeiro, Profumo and Tutore (2020)’s and Oware et al (2021)’s findings do not entirely align with those of Maggi et al (2023). While Maggi et al (2023) assert that attaining a critical number of women directors (i.e., critical mass) alters board dynamics and improves the decision-making process, this number is set at a minimum of two female directors. Nevertheless, the authors also note a positive association between women directors on the board and the level of environmental disclosure. In contrast to non-family firms, family companies exhibit lower levels of environmental disclosure. Gender diversity on the board, however, positively moderates the family firm-environmental disclosure relationship, to the extent that when at least two women sit on the board, it reverses the lower level of environmental disclosure, leading family businesses to provide richer environmental disclosure as compared to their non-family counterparts.

Auspiciously, several countries are implementing strategies to boost female representation on corporate boards, adopting either a coercive, enabling, or laissez-faire approach (Cordeiro, Profumo and Tutore, 2020).

In a similar vein, Nadeem, Gypang and Ahmed (2020) contribute both theoretical insights and empirical evidence regarding the impact of board gender diversity, specifically on the multifaceted measure of value creation. Employing a multidimensional approach to value creation is essential to accommodate the interests of a wide range of stakeholders, including employees, customers, the community, and shareholders. Ultimately, this approach refers to a company’s ability to deliver both financial and non-financial returns to its legitimate stakeholders. Hence, following Harrison and Wicks (2013)’s proposed performance indicators from multiple stakeholder perspectives, Nadeem, Gyapong and Ahmed (2020) base their assessment of value on environmental, social, and economic performance metrics. The findings suggest that while gender-diverse boards are associated with stakeholder value creation in family businesses, this is most evident for environmental value creation. Although female directors tend to the interests of diverse stakeholder groups, family owners lead them to prioritize environmental stakeholders, arising from the belief that environmental value creation may offer greater legitimacy.

Gavana, Gottardo and Moisello (2023) build upon previous research by extending the results to encompass France, Germany, Italy, Spain, and Portugal. The authors do indeed point out that women on the board positively influence environmental performance, and this effect is significant only in family businesses. Family businesses demonstrate greater effectiveness in leveraging the distinctive qualities of women directors to the benefit of environmental performance. Importantly, the study goes a step further than earlier literature by indicating that the positive impact of board gender diversity diminishes as board tenure increases.

Last but not all least, Campopiano et al (2019) undertake an exploration into the effects of women on the board of directors, differentiating between the presence and absence of family ties, on firm’s engagement in corporate citizenship behaviour. Drawing on self-construal theory, the authors find that female directors contribute positively to family business CSR engagement, but only when they are not part of the controlling family.
Conversely, female directors are particularly beneficial for philanthropic commitment when they are members of the controlling family. Female directors who belong to the controlling family are spurred by a quest for family reputation, while those outside the controlling family prioritize firm interests, initiating social initiatives aligned with the core of the business. The study notably highlights the positive impact of women on CSR and philanthropy, attributing it to a leadership style that emphasizes human relations, reflecting an attitude of care towards stakeholders and the community in which the business operates.

4. Conclusion

This paper explores the intriguing interplay between gender dynamics and environmental sustainability within the family business context by scrutinizing existing literature to illuminate the impact of gender diversity on environmental performance. In doing so, it discerns how these enterprises conceptualize, implement, and navigate gender-inclusive practices. The review contributes to research at the intersection of environmental sustainability and gender diversity by providing a thorough overview of the current state-of-the-art and suggesting potential avenues for future research.

The study also adds to the advancement of gender equality. The presence of gender diversity on corporate boards can be regarded as a key component of broader efforts to achieve gender equality in various spheres. A gender diverse board brings together diverse perspectives and skill sets, potentially fostering a more comprehensive understanding of the challenges encountered by family businesses, resulting in better outcomes for all stakeholders.

In essence, the documented findings highlight a positive correlation between the presence of women and environmental sustainability in family-controlled businesses. These findings hold implications not only for family business practitioners but also for policymakers and academics interested in propelling gender equality and sustainability agendas, notably within the framework of the 2030 Agenda for Sustainable Development.

In this sense, family businesses are encouraged to appoint a greater number of female directors to the board so as to enhance effective board functioning and improve decision-making, especially environmental accountability. In this context, family owners and managers should be mindful of the family versus non-family affiliation of women, recognizing that female family and non-family directors might prioritize the family or the business reputation, respectively. While it is indeed a significant antecedent shaping corporate citizenship behaviour, the presence of women in family businesses should not be inherently linked to this conclusion. The underlying concept is that diversity and inclusion should primarily be approached with a focus on equality and respect for individuals.

Policymakers can play a pivotal role in fostering a symbiotic relationship between gender diversity and environmental sustainability in family-controlled businesses by enacting supportive policies. Policymakers might consider implementing educational initiatives that raise awareness about the relationship between gender diversity and environmental sustainability. This could involve collaborative efforts with educational institutions and industry associations to promote gender-sensitive practices in family business management. Policymakers can further explore strategies for recognizing and incentivizing family businesses that demonstrate a commitment to both gender diversity and environmental sustainability, possibly through awards or financial incentives. Policymakers should acknowledge that the presence of women should not be a mere compliance requirement.

Additional research at the intersection of gender dynamics and environmental sustainability is evidently warranted for academics, given that this study identified only six relevant papers. Future studies are encouraged to extend the time horizon, adopting a longitudinal perspective. This approach can offer insights into the current levels of environmental sustainability in family businesses and their patterns over time (Maggi et al, 2023). Such a longitudinal perspective provides a more robust foundation for exploring the impact of gender-diversity on environmental sustainability. Moreover, future research should look at other settings, such as emerging economies, and establish comparisons between family and non-family companies and their approach to gender-inclusive practices. Qualitative methods could be employed to understand why and how women nurture family business citizenship behaviour. Examining the influence of stereotypes on the impact of female directors and CEOs on sustainable decisions could also be a relevant avenue for discussion.

As is customary in scientific endeavours, this study is not exempt from limitations. Firstly, the present systematic literature review is contingent on the selected search strategy, suggesting that alternative search terms and sampling procedures could potentially yield different results. Secondly, as an outcome of the initial limitation,
there is a possibility that emerging trends from conference papers were overlooked, given that the scope of this review is limited to articles. Nevertheless, we contend that this work serves as a stimulus for researchers, by systematizing existing literature and pinpointing avenues for future research.

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References


