

**MAINTAINING MORAL LEGITIMACY THROUGH WORLDS AND
WORDS: AN EXPLANATION OF FIRMS' INVESTMENT IN
SUSTAINABILITY CERTIFICATION**

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Research Questions

Overall Research Questions

What causes, fosters or hinders actors' attention on family principles?

How do family principles influence actors' sense- and decision-making?

Published Study

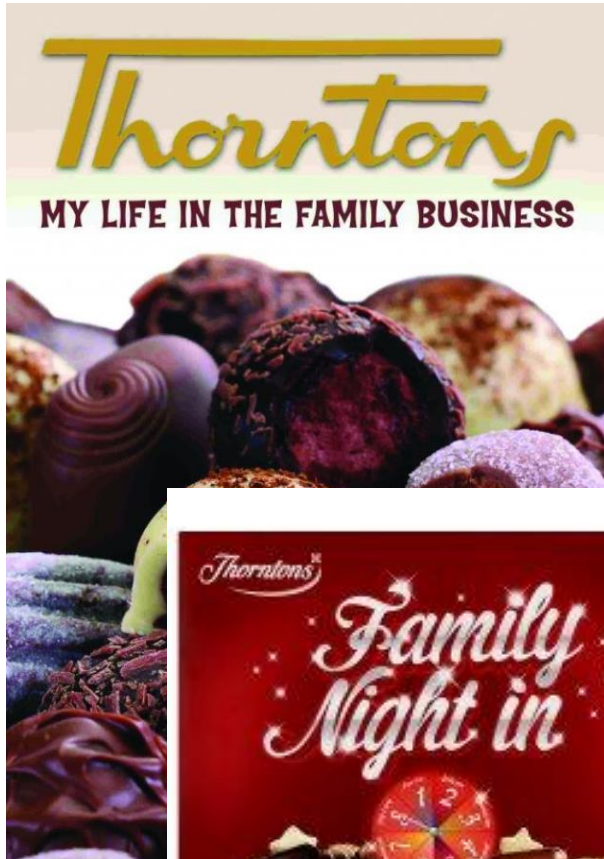
Impact of Family & Civic Principles on Legitimacy Strategy & Investment in Sustainability Certifications

Quantitative text analysis: 86 firms, coffee/tea/chocolate industry



Legitimacy Strategy: Exploring Firm Communication

“Domestic World”



“Civic/Green Worlds”

Starbucks Global Responsibility Report Goals & Progress 2010



Research Model: Overview

Investment in sustainability labels depends on prevalence of worlds

Attempts to achieve worthiness in domestic as opposed to civic/green world

Investment in sustainability labels



Domestic World



Civic/Green World

Family ownership



Domestic World – Example words: Engenderment, tradition, generation, hierarchy, trustworthy, honest, faithful, loyalty, firmness, harmonically, respect, authority, honour, shame

Civic/Green World – Example words: United, representative, legal, official, free, collectives, solidarity, movement, carbon, climate, emission, footprint

Main Hypotheses

Legitimizing and Investment in Sustainability Labels

The domestic world: - The realm of the “family” and of “trustworthiness”

Labels:

- Honesty and trust are replaced by verification and control
- Solutions have to be found on a general, codified, rule-oriented level
- Have a strong signalling function and are often adopted for marketing purposes

H1: Firms that frequently draw on the domestic world invest less in sustainability labels.

The civic/green world - The realm of duty and solidarity

Labels:

- Public policy objective
- Free from personal ties by codifying processes and providing predefined rules
- As a third party organization have the mandate to act as representative of the general will
- Combat old boy network
- Tackle the “conspiracy of silence” of global business networks

H2: Firms that frequently draw on the civic/green world invest more in sustainability labels.

The Varying Impact of Communication

Firm Ownership as Moderator

The Moderating Role of Multigenerational Family Ownership on the Effect of the Domestic World

- Multigenerational family firms are more legitimate in domestic world compared to firms without family legacy – better able to push non-labelling strategy through.
- Multigenerational family firms are particularly likely to operate by “domestic” principles: Long standing family firms tend to have established long-term, personal relationships to suppliers (Gomez-Mejia et al., 2011), which fosters implicit CSR

H3: Multigenerational family control strengthens the negative effect of domestic legitimizing on the firm's labelling investment.

The Moderating Role of First Generation Ownership on the Effect of the Civic/Green World

- First generation owner benefits less from positive family reputation– they have therefore more incentive to invest in labelling to enhance reputation of firm and hence legitimacy of ownership.

H4: First-generational family control strengthens the positive effect of civic/green legitimizing on the firm's labelling investment.

Research model: hypotheses

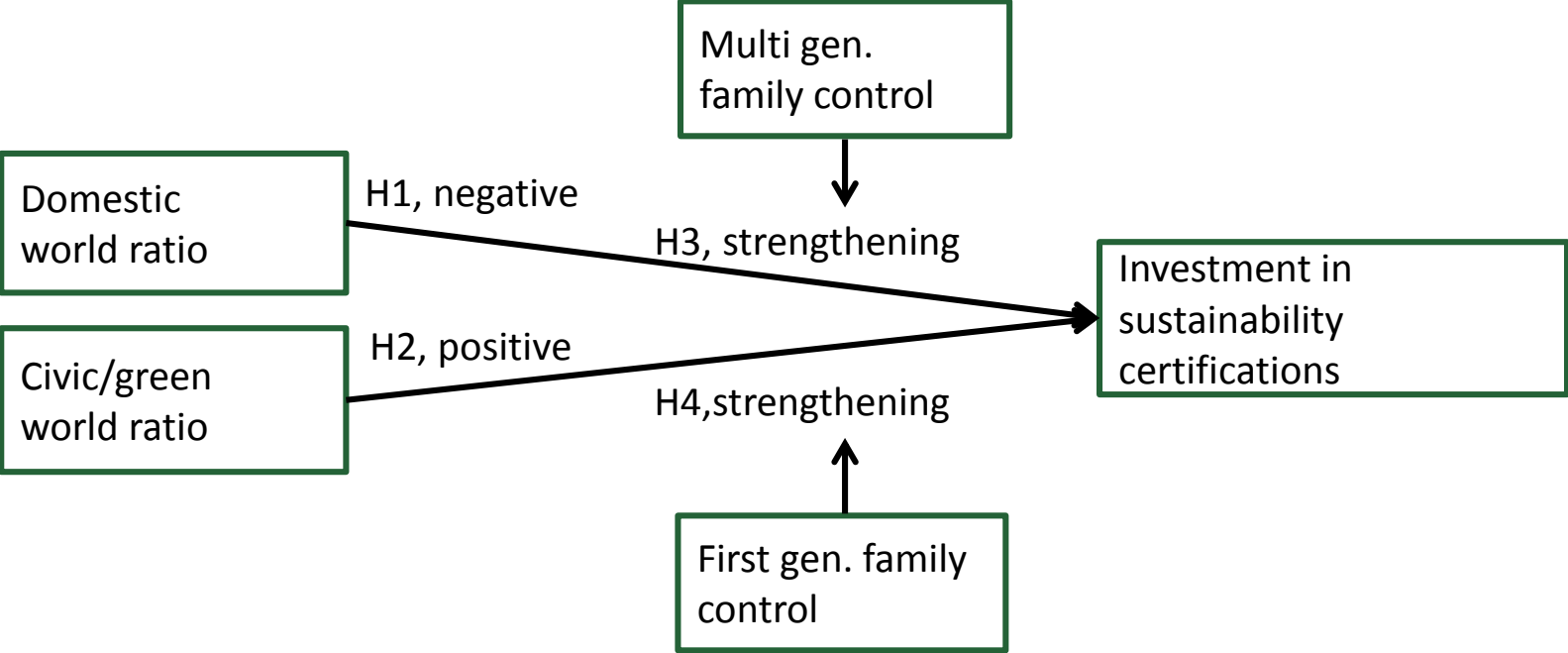


Table 2: Ordered Logistic Regression for Investment in Sustainability Certifications

	Model 1	Model 2a/b		Model 3a/b		Model 4a/b	
Control Variables							
Coffee as Primary Industry	0.568+	0.590+	0.704+	0.704+	0.702+	0.708+	0.767*
Chocolate as Primary Industry	-0.609+	-0.653*	-0.132	-0.116	-0.013	-0.119	0.022
Home Market US	0.141	0.182	0.331	0.359	0.490	0.347	0.317
Home Market Canada	-0.229	-0.366	-0.302	-0.280	-0.249	-0.290	-0.215
Home Market UK and Ireland	0.139	0.164	0.330	0.354	0.530	0.343	0.273
Home Market Italy	-0.705*	-0.924*	-0.908*	-0.906*	-1.096*	-0.909*	-1.026*
Home Market Germany	-0.085	-0.216	0.044	0.062	0.086	0.050	0.055
Home Market Switzerland	0.111	-0.049	0.071	0.089	0.052	0.080	-0.158
Home Market Netherlands	0.385	0.304	0.322	0.345	0.483	0.333	0.631
Home Market Scandinavia	0.515	0.406	0.385	0.394	0.590	0.391	0.475
Company Size (Employees)	-0.297	-0.482	-0.509	-0.516	-0.626+	-0.511	-0.408
Sales in Chocolate/Coffee/Tea	0.950*	1.040*	0.769+	0.760+	0.886+	0.764+	0.972*
Performance	0.071	0.016	-0.082	-0.089	-0.048	-0.086	-0.097
Company Age	-0.351	-0.359	-0.289	-0.291	-0.376	-0.291	-0.451
Private Blockholder	0.492+	0.513+	0.586+	0.557	0.638+	0.600+	0.544
Stock Listed	0.107	0.106	0.042	0.048	-0.003	0.043	-0.177
Independent Variables							
Fame World		0.053	0.164	0.167	0.255	0.168	0.401
Inspired World		0.064	0.251	0.253	0.390	0.254	0.219
Market World		-0.345	-0.309	-0.320	-0.387	-0.320	-0.554
Industrial World		0.667+	0.321	0.331	0.580	0.330	0.548
Domestic World			-0.731*	-0.749*	-1.061**	-0.741*	-0.696
Civic/Green World			0.744*	0.755*	0.953*	0.748*	1.290*
Moderator Domestic World							
Multi-generation Family Control				0.067	0.214		
Domestic World* Multi-gen. Family Control					-0.728*		
Moderator Civic/Green World							
First generation Family Control						-0.031	0.318
Civic/Green World*First-gen. Family Control							1.619*
-2log likelihood (-2LL)	147.572	143.53	137.012	136.97	132.12	137.00	127.02
Likelihood Ratio (LR) Chi ²	32.88**	36.93*	43.44**	43.43**	48.34**	43.45**	53.43***
LR Test of model fit: Change in -2LL		4.04	6.52*	0.04	4.86*	0.01	9.98**
Pseudo R ² (McFadden)	0.182	0.205	0.241	0.241	0.268	0.241	0.296
Observations	86	86	86	86	86	86	86

+p<.1; *p<.05; **p<.01; ***p<.001

All variables are standardized. Relying on unstandardized variables instead does not change the model's findings.

Contribution

Methods

- Quantitative text analysis of archived websites in the chocolate, tea and coffee industry
- Development of the dictionary based on Boltanski & Thévenot (2006)
- Development of data set through company & certification data; Companies from USA & CA, Western Europe
- Ordinal logistic regression

Theoretical Contribution

CSR

- Explores "domestic world" as a legitimation alternative
- highlights differentiation between implicit and explicit CSR approach

Family Firms and Entrepreneurship

- Importance of differentiating between founder and multi-generational family firms
- Highlights negative relationship between family branding, multi-generational family ownership and sustainability certifications

Practical Contribution

- Indicates that emphasis on family principles can be an alternative to certifications
- Family influence can be an advantage in the "domestic world"
- Results important for certification companies: targeted communication with family business