Ethical Decision Making and Sustainability in Family Firms:

The Role of the Business Model and Motivation on Sustainability

DISSERTATION

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vorgelegt von
Felix Zinkann

Erstgutachterin: Prof. Dr.
Petra Moog
Zweitgutachterin: Prof. Dr.
Sabine Rau

Disputation:16.08.2024

Dekan der Fakultät III:
Prof. Dr. Marc Hassenzahl

Abstract

This dissertation investigates what motivates family businesses to or not to adopt environmentally friendly and sustainable strategies –as part of ethical decision making in the business strategy. The thesis focuses on family-owned businesses in Germany's fashion and food industries, ranging from medium sized companies up to multinational corporations with annual revenues exceeding €150 million. The Sustainable Development Goals (SDGs) call for peace and prosperity for current and future generations, emphasizing the critical importance of addressing all kinds of sustainability issues. Although it is assumed that family-owned businesses adopt more ethical decisions, it is unclear why they adopt sustainable practices as part of this value driven, ethical behavior. Therefore, this doctoral thesis generates qualitative empirical data, to deliver new insights. Analyzing the 33 interviews, the thesis distinguishes between four types of motivations for family businesses to act sustainably or not: conviction, self-interest, pressure, and compulsion; a fifth category has developed for those who have no motivation. The overall goal of this manuscript is to shed light on what drives family businesses to work in an ethical way toward environmental sustainability. Analyzing the interview date this can be shown. Furthermore, the manuscript gives evidence that family businesses may be hesitant to innovate their business models only for sustainability reasons, especially if their long-term profitability is jeopardized. Because attitudes toward sustainability differ across national boundaries and cultural contexts, the consumer's role in promoting sustainability is also emphasized. This doctoral thesis delivers several new insights in the ethical decision making as well as the sustainability behavior of family business and contributes to the discussion on family business and their strategic decision making.

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“Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time."

Thomas Alva Edison

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In gratitude, I dedicate this dissertation to the family Zinkann.

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List of Abbreviations

CEO	Chief Executive Officer
EDM	Ethical Decision-Making
EMS	Environmental Management Systems
GDP	Gross Domestic Product
LCA	Life Cycle Assessment
NDA	Non-disclosure Agreement
SEW	Socio-emotional Wealth
SOEP	Socioeconomical Panel
USP	Unique Selling Point

1. Introduction and Theoretical Background

In recent years, management research has placed a greater emphasis on the impact of business decisions on society as a whole (Pfeffer, 2010; Treviño, 1986). High-profile scandals such as Enron and Parmalat, as well as discussions about responsible and ethical leadership (Brown, Treviño and Harrison, 2005; Eisenbeiss, 2012), have fueled this shift (Pfeffer, 2010). One major focus in this field is ethical decision-making, with some authors arguing that family businesses are acting and working more ethical than non-family businesses (Payne *et al.*, 2011; Wu, 2006), while others argue that business families are more prone to unethical business behavior (Morck and Yeung, 2003; Litz and Turner, 2013). This behavior is defined as actions that violate hypernorms or globally held ethical standards as judged by justice, law, or widely held social norms (Donaldson and Dunfee, 1994; Treviño, 1986).

This doctoral thesis will provide an overview of the relevant literature on family business, ethical decision-making, sustainability, motivation, and business models, all of which are important factors that may influence ethical behavior in family firms. This will take place in the next sub-chapters. More specifically, light will be shed on ethical decision-making in family firms, their motivation towards sustainability, and the effect of the business model on sustainability. The respective methodology utilized in each study will be explained accordingly. It is aimed to shed light on the complexities of ethical decision-making in family businesses by exploring existing research in these areas and identifying areas for further investigation, especially in regard to sustainability business and actions.

1.1. Family Firms

Although family business research is not an emerging research field anymore, it is still considered to be "young" (Craig and Salvato, 2012; Payne, 2018). Research indicates that family firms are characterized by non-financial goals (Zellweger *et al.*, 2013) and heterogeneity

(Chua *et al.*, 2012). Family-owned businesses make up a sizable portion of all businesses and play a significant role in many economies around the world. For this reason, family business dynamics must be understood by policymakers, academics, and practitioners. Currently, statistics indicate that 90 percent of businesses are owned and operated by family members at a maximum rate, and at a minimum, 60 percent of all businesses are classified as family businesses (Wolff *et al.*, 2022), depending on the definition. The so-called F-PEC scale was the last attempt to define family firms using three different subscales, namely power, experience, and culture (Rau, Schneider-Siebke and Guenther, 2019). However, "*…defining the family firm is the first and most obvious challenge facing family business researchers…*" (Handler, 1989, p. 258). Even today no unilateral definition has been found.

Therefore, the dissertation follows one of the most cited definitions of family business (Astrachan, Klein and Smyrnios, 2002; Chua, Chrisman and Sharma, 1999), which means the majority of the shares or ownership is in the hands of one or more family members and at least one family member is in the top management position of the family business and that the succession is planned or already has taken place from one to another generation. In the following, this understanding of family business or family firm will be the basis for this thesis. Family firms are known for their distinctive characteristics that can be identified with the aid of family business research (Astrachan, Klein and Smyrnios, 2002; Chua, Chrisman and Sharma, 1999; Chua *et al.*, 2012; Rau, Schneider-Siebke and Guenther, 2019; Zellweger *et al.*, 2013). Thus, family business research can contribute to a better understanding of the unique challenges and opportunities family firms face. By studying the unique characteristics of these firms, researchers can gain a better understanding of how these businesses can succeed (Zellweger *et al.*, 2013). Furthermore, they can be managed in a way that benefits the family, the business, and society as a whole.

1.2. Ethical Decision-Making

Ethical decision-making is a process in which choices are made based on values, morals, and ethical principles (Aronoff and Ward, 2011; Rokeach, 1968). Ethical decision-making can be used in a variety of situations, including personal, professional, and business settings. It is a critical process that assists individuals in making sound and moral decisions when confronted with dilemmas. As such Jones (1991, p. 367) defines an ethical decision as one that is "*…both legal and morally acceptable to the larger community...*".

Numerous elements can influence someone's decision-making. The arguably two most influential factors that can contribute to ethical decision-making are moral development and cognitive biases (Kohlberg, 1969; Acciarini, Brunetta and Boccardelli, 2021). Moral development is the process of acquiring moral values and principles, and it is divided into three stages: preconventional, conventional, and postconventional (Kohlberg, 1969). Individuals make decisions at the preconventional level based on self-interest and fear of punishment, whereas decisions at the conventional level are based on societal norms and expectations. Decisions at the post-conventional level are based on personal values and principles, which may contradict societal norms. Cognitive biases, on the other hand, which are systematic errors in judgment caused by mental shortcuts or heuristics, can also influence ethical decision-making (Acciarini, Brunetta and Boccardelli, 2021). These biases can lead people to make unethical decisions, even if they believe they are acting morally. For example, confirmation bias, or the tendency to seek out information that confirms one's beliefs, can cause people to ignore evidence that contradicts their ethical beliefs.

1.3. Sustainability

Sustainability is defined as development that "*…meets the needs of the present without negatively affecting future generations' ability to meet their own needs…*" (WCED, 1987, p.

34). The concept of sustainability can therefore be divided into three pillars: social, economic, and environmental sustainability (Purvis, Mao and Robinson, 2019). In other words, when making decisions, we must consider the social, economic, and environmental consequences.
Economic sustainability refers to a company's ability to generate profits while maintaining long-term financial viability. This pillar is critical because a business cannot continue to operate and contribute to the other two pillars unless it has economic sustainability (Claußß, Kraus and Jones, 2022). Business's impact on the community and society as a whole is referred to as social sustainability, which includes factors such as labor practices, human rights, and community involvement. Social sustainability is becoming increasingly important for businesses as consumers and stakeholders demand more accountability and ethical behavior (Clauß, Kraus and Jones, 2022). The impact of a business on the natural environment is referred to as environmental sustainability. This includes things like carbon emissions, waste management, and resource consumption. Environmental sustainability is starting to become more and more critical for businesses because of an evolving trend. If firms fail to adapt to the trend, their long-term success will be in danger (Clauß, Kraus and Jones, 2022).

As a business, managing all these aspects simultaneously becomes particularly challenging, but it is a necessity if a company is to achieve full sustainability. In practice, achieving sustainability necessitates that businesses take a comprehensive and integrated approach to decision-making. This entails taking into account the impact of business decisions on all three pillars and looking for opportunities to add value in multiple areas. The dissertation focuses on the concept of environmental sustainability within the business context, as its activity has demonstrated to affect the environment in a myriad of manners and therefore it is indispensable for achieving sustainability goals.

1.4. Business Model

The backbone of any profitable company is a well-designed business model. It specifies how a company creates, delivers, and captures value in the marketplace. A well-designed business model enables a company to achieve profitability and long-term growth. It serves as the foundation for the company's strategy, guides decision-making, influences financial performance, fuels innovation, influences stakeholder relationships, and adapts to changing markets and environments. An effective business model necessitates a thorough understanding of the company's core competencies, unique value proposition, and target market. Geissdoerfer, Vladimirova, and Evans (2018) provide a promising review of existing literature that categorizes business models into four major categories:

- Business model: During the e-commerce boom of the 1990s, the idea of a business model was first developed to help entrepreneurs explain complex business concepts to potential investors (Zott, Amit and Massa, 2011). It has changed over time to become a tool for planning organizational units' environments and conducting analyses of them in the face of complexity (Doleski, 2015; Knyphausen-Aufsess and Meinhardt, 2002). It has also developed into a strategic asset for competitive advantage for firms (Afuah, 2004; Casadesus-Masanell and Ricart, 2010). The value proposition, value creation and delivery, value capture, and in some cases the value network, are all included in the majority of definitions of the term. A simplified depiction of these components and how they interact within an organizational unit serves as the working definition of a business model, how a company creates, delivers, and captures value in the marketplace (Teece, 2018).
- Sustainable business model: In order to achieve sustainability goals and benefit stakeholders, sustainable business models aim to integrate sustainability considerations into a company's operations, because more people are beginning to see these models as

a competitive advantage (Nidumolu, Prahalad and Rangaswami, 2009; Porter and Kramer, 2011). There are various subtypes or archetypes of sustainable business models, such as circular business models that actively manage stakeholders and create sustainable value. However, there might be compromises made between additional qualities and those that make a business model sustainable. As a result of this, sustainable business models can be defined as "…*those that incorporate proactive multi-stakeholder management, create financial and non-financial value for a wide range of stakeholders, and have a long-term perspective*…" (Geissdoerfer, Vladimirova and Evans, 2018, p. 404). The definition of value capture as it currently stands, is argued to be insufficient.

- Business model innovation: Adapting a company's entire business model or specific components in response to opportunities or challenges, as well as for diversification and innovation, is known as business model innovation (Schallmo, 2013). It can be a tool for organizing and analyzing the transition from one business model to another, boosting an organization's adaptability to environmental changes, and supplying a long-lasting competitive advantage (Mitchell and Coles, 2003). Corporate diversification, business venture, and start-up contexts are the main areas of application. Start-ups, business model transformation, business model diversification, and business model acquisition are four generic business model innovation configurations that can be distinguished. Business model innovation can be defined *"…as the conceptualisation and implementation of new business models…"* (Geissdoerfer, Vladimirova and Evans, 2018, p. 405). These new business models may be developed from scratch, diversified into other business models, acquired, or changed from one business model to another (Geissdoerfer, Vladimirova and Evans, 2018).

- Sustainable business model innovation: Sustainable business model innovation is a relatively new subfield of the larger field of business. Sustainable business model innovation is defined as "*…the conceptualization and implementation of sustainable business models. This can comprise the development of entirely new business models, the diversification into additional business models, the acquisition of new business models, or the transformation from one business model to another…*" (Geissdoerfer, Vladimirova, and Evans, 2018, p. 407). Exploring, adjusting, improving, redesigning, revising, creating, developing, adopting, and transforming existing business models to incorporate sustainable practices is part of the process. There are four types of sustainable business model innovation that aim to implement specific sustainable business model types and strategies. Furthermore, the research presents nine sustainable business model strategies, or "archetypes," that organizations can use to achieve their sustainability objectives. Overall, sustainable business model innovation seeks to create a sustainable business model that integrates sustainable practices and strategies, resulting in long-term value creation, proactive multi-stakeholder management, and proactive multi-stakeholder management and a long-term perspective (Geissdoerfer, Vladimirova and Evans, 2018).

1.5. Motivation

As society and consumers become more conscious of the effects that businesses have on the environment and society as a whole, corporate motivation to perform sustainably has grown in importance in recent years (Clauß, Kraus and Jones, 2022; Zollo *et al.,* 2013). The need to be socially and environmentally responsible has increased (Baumgartner, 2014). Originally developed by Bansal and Roth (2000), motivations refer to expectations and beliefs about the impact of sustainable actions. Originally developed to explain how corporations respond to stakeholder demands, this concept was frequently classified as being driven by competitiveness, legitimization, and altruism. Several articles have examined business justifications for corporate sustainability efforts (Babiak and Trendafilova, 2011; Bansal, 2002; Delmas and Toffel, 2008; Ditlev-Simonsen and Midttun, 2011; Dunphy, Griffiths and Benn, 2007; Frondel, Ritter and Schmidt, 2008; Moon, 2007; von Weizsäcker *et al.*, 2009). However, a majority of these articles refrain from assessing top managements moral or ethical principles but instead focus on motives typically applicable to the business side. The majority of the publications, however, avoid evaluating the moral or ethical standards of top management and instead concentrate on business-related motivations (Windolph, Harms and Schaltegger, 2014).

These business-related motivations to implement sustainable practices are manifold. For instance, long-term cost reductions through sustainable practices, such lowering energy use and waste, can help firms operate more profitably and efficiently (Bansal and Roth, 2000). Additionally, companies with a good reputation among customers and investors—which can result in higher sales and investor interest—might benefit from being perceived as environmentally and socially responsible.

Businesses are under regulatory pressure to act sustainably in addition to customer demand (Darnall, 2003; Zollo *et al.,* 2013). Governments all around the world are enacting laws and regulations to cut carbon emissions and encourage sustainable lifestyles (Darnall, 2003). This may involve offering incentives to companies who implement sustainable practices as well as imposing sanctions on those that do not.

Overall, a variety of ethical and moral factors influence corporate behavior in favor of sustainability (Zollo *et al.*, 2013). Businesses are realizing the significance of acting to decrease their carbon footprint and promote sustainable practices due to consumer demand, regulatory restrictions, financial incentives, and a growing feeling of having to act sustainably. Sustainable business practices are going to become even more crucial as society and the business environment continue to change, and companies that do not adapt could face considerable disadvantage (Zollo *et al.*, 2013).

To gain a comprehensive and holistic understanding of what motivates family businesses to adopt environmentally friendly and sustainable strategies, the motivations that drive family businesses to adopt environmentally friendly and sustainable strategies will be explored from three different angles. Each perspective is analyzed and discussed in a separate paper in the frame of this doctoral thesis.

In the first paper, the ethical decision-making in family firms will be explored by performing a systematic literature review of the existing ethical decision-making theoretical framework. This paper pursues to relate the ethical decision-making literature to family firms. Subsequently, the motivation of family firms to act and behave ethically towards a sustainable future is explored. To do so, a qualitative study with seven firms is performed. The performed qualitative study allows to obtain a specific industry focus and identify uncovered motivations.

The last paper examines the constraints business model impose on family firms when it comes to acting and behaving sustainably. This issue is explored by performing a qualitative study with seven firms with the aim to investigate the importance of a business model when it comes to innovating. The subsequent table provides an overview of the research gap, theory, method, and contribution of each paper to ameliorate the understanding of the proceeding of this paper:

Table 1: Integrated Studies.

Research Gap	Theory	Method	Contribution
Paper 1: Ethical Decision-Making in Family Firms: Bringing the Literature Closer Together			
Bridging the gap between EDM and family firms	Ethical decision-making	Systematic literature review	Theory & concept development, analysis & writing
Paper 2: The Motivation of Family Firms to Act and Behave Ethically towards a Sustainable Future			
What really motivates family firms in the food and textile industry to act/not to act ecologically sustainable?	Socio emotional wealth, Theory of basic human values	Qualitative Study with seven firms	1) Individual Motives precisely evaluated 2) Delivering four motivational categories and one to date unknown category 3) Finds a close relation between the business model and the sustainability performance output
Paper 3: Trapped by the Business Model. Limitations on the Ability of a Family Firm to Act and Behave Sustainably.			
Whether and to what extent the business model plays a role in the sustainability performance of family firms?	Socio emotional wealth, Theory of basic human values	Qualitative Study with seven firms	1) The benefits that a firm's business model offer in transforming to a sustainable firm 2) Outlines the inbound limitations a business model naturally brings

Source: Own elaboration.

Within the context of family-owned enterprises, there are linked factors related to ethical decision-making in family firms, the incentive of family firms to act ethically towards a sustainable future, and the restrictions on a family firm's ability to behave sustainably. A family business's dedication to acting responsibly and sustainably is based on its commitment to making ethical decisions. Given that ethical issues frequently involve a sense of obligation to future generations, it affects their incentive to place a higher priority on long-term sustainability than on short-term advantages. Family businesses are motivated by principles, such as the desire to uphold the family name and legacy, to conduct themselves morally. But even with the best of intentions, family businesses may find themselves limited by their structures and business models. These limitations could be the requirement for quick financial gain, cautious judgment, or opposition to change. In the end, how these variables interact determines how successfully a family business may implement moral and sustainable business practices. Family businesses need to strike a delicate balance between motivation, ethics, and the real-world limitations imposed by their particular business dynamics in order to accomplish sustainable business behavior.

2. Ethical Decision-Making in Family Firms: Bringing the Literature Closer Together

2.1. Introduction

As aforementioned, business decisions have gained traction since the 1980s in the field of management (Pfeffer, 2010; Treviño, 1986). However, it was especially an array of corporate scandals involving major companies such as Wirecard, Volkswagen, Tamiflu, Purdue Pharma, Theranos, Enron, or Parmalat which put the matters of ethical leadership and ethical decision-making (EDM) in the spotlight. (Brown, Treviño and Harrison, 2005; Eisenbeiss, 2012; Pfeffer, 2010). Ethical leadership and sustainable management are usually influenced and guided by values. Rokeach (1968, p. 160) defines values as principles that *"...guide actions and judgements across specific objects and situations..."*. From a general perspective, it can be stated that values determine individual and organizational behavior and choices in certain situations (Rokeach, 1968). They can also be defined as an array of ethical codes and norms (Aronoff and Ward, 2011; Tàpies and Ward, 2008), which in the business context are usually determined the corporate culture and social structure of a firm. They can also be a categorized as a code of conduct, as values and moral beliefs influences behavior and decision-making. Jones (1991, p. 367) defines an ethical decision as one, "*…being both legal and morally acceptable to the larger community…*," and an unethical decision as, "*…either illegal or morally unacceptable to the larger community…*".

Since EDM has been studied through different lenses and viewpoints such as business, sport, medical, and neuroscience, leading to a growing separation of the topic. Lehnert, Park and Singh (2015) state that for ethical decision-making alone four meta reviews have been written in 1994, 2000, 2005, 2013 which covered around 400 empirical studies, but that the topic is by no means exhausted. Indeed, Vazquez (2018) and other scholars have backed this through combining this research field with another, in his case family firms. While some authors state that family firms, defined as firms in which a family has major influence (Chua, Chrisman and

Sharma, 1999; Klein, Astrachan and Smyrnios, 2005) behave more ethical than their non-family counterparts (Payne *et al*., 2011; Wu, 2006), as their individual values and moral beliefs influence their decision-making processes, other authors (Litz and Turner, 2013; Morck and Yeung, 2003) argue that business families are especially apt to unethical behavior defined as behavior that violates hyper norms or globally held standards of ethical behavior judged in terms of justice, law, or widely held social norms (Donaldson and Dunfee, 1994; Treviño, 1986). Nonetheless, in order to combine both ethical decision-making and family firms, it is necessary to sharpen the concepts employed and their definitions to avoid fuzziness.

Moore *et al.,* (2019) and Brown and Mitchell (2010) note that this relationship requires not only more empirical research but also theory development. Thus, this paper aims to contribute to this discussion in order to broaden the scope of ethical decision-making and to specify it for family businesses in the context of sustainability.

Going back in time, Bowen (1953) can be considered as one of the first to address social responsibilities or ethics in a business context as he argued that managers should consider the objectives and values for society when adopting decisions. Back in the 1950's this idea did not resonate, neither with practitioners, nor with scholars. Friedman (1962) was quick to counter that the only social responsibility a firm should have is to increase shareholders' wealth. Henry Ford himself experienced this at first hand in 1917, when the Dodge Brothers, big shareholders of Ford Motor Company, sued Ford because he increased the wage of his employees to five dollar per day and therefore paid lower dividends. On 21st of May, Michigan Court sentenced Henry Ford to pay higher dividends and reduce the wages of his employees as they noted: "*…A firm exists to make profits…*" (Henderson, 2009, p. 33). Over time more and more scholars (Jones, 1991; Rest, 1986; Treviño, 1986) added work to support Bowen's (1953) standpoint of more "aware" managers and at the same time laid ground to what today is known as ethical decision-making. Today and many studies later Friedman's view only finds very few followers, as ethical decisions are now associated with positive organizational outcomes (Eisenbeiss, 2012). Lehnert, Park and Singh (2015) note that scholars have placed their focus on the circumstances, influences and boundary conditions of ethical decision-making, from gender (Pierce and Sweeney, 2010) over age (Elango *et al*., 2010), and religion (Kurpis, Beqiri and Hedgeson, 2008) to more psychological topics such as personal values (McGuire *et al*., 2006), control (Buchan, 2005) and cultural norms (Arnold *et al.*, 2007). Research shows that gender impacts EDM, as females have a more ethical attitude (Gilligan, 1977; McCabe, Ingram and Dato-on, 2006, O'Fallon and Butterfield, 2005), there are no clear results about age having a significant impact (Ford and Richardson, 1994; Lehnert, Park and Singh, 2015; Loe, Ferrell and Mansfield, 2000; O'Fallon and Butterfield, 2005), and mixed results were yielded about the impact of on EDM (Ford and Richardson, 1994; Lehnert, Park and Singh, 2015; Loe, Ferrell and Mansfield, 2000; McNichols and Zimmerer, 1985; O'Fallon and Butterfield, 2005). The studies of values or cultural norms show a correlation between culture and what is considered as ethically right or wrong (Ford and Richardson, 1994; Loe, Ferrell and Mansfield, 2000) – which could bridge to a certain extent towards family business or special groups and entities like family business.

Although Rottig, Koufteros and Umphress (2011) looked at the effect of organizational structures, Vazquez (2018) and others (Debicki *et al.,* 2009; Everett, 1986; Gallo, 1998, 2004; Litz and Turner, 2013; O'Boyle, Rutherford and Pollack, 2010; Payne *et al.,* 2011; Sharma and Sharma, 2011; Wortman, 1994), noted that the research body regarding the topic family business and ethics' is very limited, considering the significant differences between family and non-family firms. Vazquez (2018) goes as far as stating that the causes for the different approach to ethics come from the involvement of the owning family, the inclination to socioemotional wealth and social interactions, which from a different perspective can be seen as the key mediators which lead to the differences between family and non-family firms. In consequence, he emphasizes the need for more research on the topic of ethical decision-making in family firms (Vazquez, 2018) to identify to what extent individual values and moral beliefs, especially of owner-managers, influence decision-making processes in family firms, as they have been demonstrated to be a crucial factor on the decision-making and general behavior of firms (Chua, Chrisman and de Massis, 2015; García-Álvarez and López-Sintas, 2001).

Research points at family and non-family firms differing in various elements of corporate culture such as decision-making (Carney, 2005), value profiles (Rau, Schneider-Siebke and Guenther, 2019), or risk-taking (Chrisman and Patel, 2012). Trust plays a pivotal role in some family firms (Steier and Muethel, 2014) as well as stewardship (Le Breton-Miller, Miller and Lester, 2011) and thus allows for a different approach to ethical decision-making. Vazquez (2018) supports this thought with his finding that family firms are considerably different from non-family firms regarding ethical issues, while encouraging further research in this field, whereas Lehnert and colleagues (2015) note that very little emphasis has been placed on moderating and mediating influences.

In conducting a systematic literature review on ethical decision-making in family firms, I organize prior research, clarify concepts and topics, illuminate the status quo, and further the understanding how and when ethical decisions-making is different in family firms to non-family firms. Furthermore, the review contributes to spotting gaps in the literature and, thus, develops research questions and areas for future projects.

2.2. Methodology

Building an integrative review regarding ethical decision-making in family firms, a systematic literature review of the current knowledge of ethical decision-making as well as on ethical decision-making in family firms is combined. Therefore, the common approach to systematic literature review is applied (Boland, Cherry and Dickson, 2017) in order to develop evidence-based knowledge (Tranfield, Denyer and Smart, 2003). The overall research objective is to collect, organize, and structure the current knowledge on ethical decision-making in general and in family firms.

Table 2: Paper Selection Approach.

Research Objective: Collect, organize, and structure the current knowledge on and application of ethical decision-making (EDM). Understand the integration of ethical decision-making in family firms Extent and question paradigms in the literature
Journals Included: Academy of Management Annals, Academy of Management Journal, Academy of Management Review, Entrepreneurship Theory and Practice, Family Business Review, Journal of Applied Psychology, Journal of Business Ethics, Journal of Economic Behavior and Organization, Journal of Family Business Management, Journal of International Business Studies, Journal of Labor Economics, Journal of Political Economy, Journal of Public Administration Research and Theory, Journal of Strategic Information Systems, Leadership Quarterly, Organization Science, Organizational Behavior and Human Decision Process, Organizational Research Methods, Personnel Psychology, Journal of Organizational Behavior. Search conducted in: EBSCO Discovery Service, Emerald Insight, JSTOR Journal Archive, and ScienceDirect. An additional search in Google Scholar was performed in order to test the obtained results and identify further papers.
Search Approach: Electronic and manual searching Combination of search terms by using Boolean terms: 1) “ethical decision making” AND/OR “ethical decision making and family firms”,

2) “ethical decision making” AND/OR “ethical decision making and family firms”, AND/OR “ethics in family firms”
3) “ethical decision making” AND/OR “ethics in family firms”

It was searched for these terms in the title, abstract and full text of sources.

Inclusion and Exclusion:

Articles found by all search engine for the period between 2007-2022: *3276* (including duplicates)

Duplicated studies excluded: n= 1413

Studies screened by reading titles and abstracts: n = 1863

Studies excluded after reading titles and abstracts: n = 1781, due to:

- Not related to the research topic (n = 996)
- Results not relevant for the research question (n = 531)
- Not a sample of interest (n = 183)
- Not fulfilling some of the selection criteria (n = 71)

Full text articles evaluated for eligibility: n = 82. After its assessment, n = 16 were discarded due to:

- Using of very different definition of the main concepts (n = 6)
- Findings not sufficiently relevant for this study (n = 4)
- Sample of the study too unrelated to family firms (n = 1)
- Study design not adequate for this review’s RQ (n = 5)

As a result, *66* articles were classified as relevant for this review.

Categorization of the Articles:

Ethical decision-making

Ethics in family firms

Gap Spotting:

Highlighting under-researched areas and inconclusive findings

Proposing a further research idea's

Source: Own elaboration.

2.2.1. Journals and Articles Selected

After initial searches, the scope and strategy for searching and selecting appropriate journals and search words was determined. Keeping in mind that the journals searched are the "*…most important metrics of research quality…*" (Peters *et al.*, 2014, p. 1786), and given the large number of available publications, the review focuses on A+ and A rated journals in management with few exemptions: the Journal of Business Ethics as it directly centers around the core topic as well as the family business journals: Family Business Review, Family Business Management, and Journal of Family Business Strategy. As a starting point for the analysis, papers from 20 influential, top-ranked, and peer-reviewed journals (see Table 1, pp. 9-10), of which only 9 contained relevant material, were collected. The databases EBSCO Discovery, Emerald Insight, JSTOR Journal Archive, and ScienceDirect were utilized for identifying the papers.

During the research, the term "ethical decision-making" was the main keyword. Unfortunately, the term alone in many cases did not ensure the identification of an adequate body of literature, which is why it was combined with the term "family business". This combination of search terms was looked for in the title, abstract, and full text each article in order to bring each search engine to suggest more "business" related articles. The term and research subject "ethical decision-making" was first brought to life by Linda Treviño in 1986. Since then, the topic has grown massively and was applied in new areas such as sport, medical, or neuroscience for example. Thus, it was necessary to not only adjust the search term but also to limit the time frame. The global financial crisis in August 2007, fueled a new wave of research on ethical topics, e.g. ‘The Ethical Issues in the 2007 financial crisis’ (Eferakaya and Enakirerhi, 2016), ‘The financial crisis: An erosion of ethic’s (Schön, 2017), and ‘The collapse of ethical behaviour during the financial crisis’ (Greycourt, 2008). Alternatively, one can take the words from Epstein and Hanson in their book ‘Rotten’ (2021, p. x-xi): “*…The widespread financial manipulation and outright fraud by respected banks and mortgage companies brought the economy to its knees…*”. Thus, 2007, is the most recent date which increased worldwide awareness for ethical concerns, leading to further research, seems a solid starting date. During the initial research phase, the search tools suggested 3276 different articles of which 50 were classified as relevant, which suggests the potential research gap. Although we have picked up some articles from earlier times, we have put the focus of our research on the year 2007 onwards. Table 2 shows the number of selected articles by year and journal.

Table 3: Number of Papers in Journals per Year.

Selected Journals	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Journal of Business Ethics (B Journal)	1		1		5	4	2		3	1		3			20
Organizational Behavior and Human Decision Process			1		2	1	1	2		2	1				10
Journal of Applied Psychology		2	1	1	1	1			1			1	1	1	10
Leadership Quarterly								1							1
Academy of Management Journal				1		1	1	1		1					5
Academy of Management Review	1														1
Entrepreneurship Theory and Practice								1							1
Family Business Review				1											1
Journal of Family Business Management											1				1
	2	**2**	**3**	**3**	**8**	**7**	**4**	**5**	**4**	**4**	**2**	**4**	**1**	**1**	**50**

Source: Own elaboration.

2.3. Findings

The knowledge acquired through this systematic literature review offers new insights about the process to the input and output of ethical decision-making in a business environment. Many of the identified studies have tried to get a clearer understanding of what exactly influences a human during the process of deciding. To gather a full understanding, Digman's Big 5 personality traits, which were in fact first brought to life by Goldberg (1990), are a sine qua non condition. Recent studies from the Humbold University Berlin and the socioeconomical panel (SOEP) have shown that the Big 5 changes significantly during the career of individuals, with the biggest changes arriving with the first job and the start of retirement. The next biggest factor leading to a personality change is considered to be professional advancement (Gelitz, 2021). Further, history has shown that personality traits do not only vary from human to human, but can also be influenced or even manipulated in a positive but also in a negative way. Craft (2013) for example, brought locus of control and Machiavellianism into to the equation, but rightly noted that clearly these influencing factors are also triggered by something else and must therefore be seen on the same level as the personality traits. Thus, the question has to be raised what influences the personality traits and therefore the decider of how ethical decisions are faced. This issue will be shed light on in the subsequent subchapters by alluding to the importance of individual characteristics. In the past scholars found the answer in one or two of the following factors: individual characteristics (who am I and who do I want to be) and the organizational environment (what am I told, what environment do I operate in) (Kish-Gephart, Harrison and Treviño, 2010; Lehnert, Park and Singh, 2015; Parks-Leduc, Mulligan and Rutherford, 2021; Sims, 1999).

The majority of scholars only concentrate at one of the two influences. Surprisingly, to the best of the researcher's knowledge there is no empirical evidence of the social environment being studied in the same context together with the other two. Kish-Gephart, Harrison and Treviño (2010) as well Lehnert, Park and Singh, (2015) were one of the few academics who at least studied two fields (individual characteristics and organizational environment) together. As a result, because these three have not been studied together before, it is necessary to dig a little bit deeper by separating individual from organizational factors like Kish-Gephart and colleagues (2010), but additionally bringing in the social environment (what is exemplified through family and friends) of an individual.

2.3.1. Individual Characteristics

The question of who someone is and what makes them what they are, has challenged scholars around the globe for centuries. Yet recent research seems to have found a common ground (Kish-Gephart, Harrison and Treviño, 2010; Lehnert, Park and Singh, 2015) and agree that it is necessary to distinguish between psychological characteristics and demographic characteristics, as the identified sources show.

2.3.2. Psychological Characteristics

The findings obtained from the performed literature review point at psychological characteristics as a factor influencing decision-making processes. Kohlberg's (1969) theory of cognitive moral development sets out to capture and explain the process individuals undergo from childhood to adulthood during which their awareness and believes about what is right and wrong develops or, put differently, the ability ripens to engage on a higher level of moral reasoning. As the theory places its emphasis not on the final decision but on the reasoning process, the importance to ethical decision-making is self-explanatory. According to Kohlberg (1969), there are up to five stages an individual can get to. At the lowest levels (Stage 1 & 2), individuals focus on avoiding punishment and prioritize their self-interest. Once reaching a medium level, individuals are able to morally reason but on a more "conventional model", meaning that they are influenced by friends and family (Stage 3) or by the law (Stage 4). Only when reaching stage 5, humans are able to cognitively process ethical dilemmas through moral reasoning (Kish-Gephart, Harrison and Treviño, 2010). Treviño's (1992a) findings suggest that moral reasoning can be practiced. Lehnert, Park and Singh (2015) notice a trend going towards a significant positive relationship between ethical judgment, EDM, and cognitive moral development, although early studies from Ford and Richardson (1994) as well as Loe, Ferrell and Mansfield (2000) provide diverging results. It was O'Fallon and Butterfield (2005) who broke the lance in terms of research reporting that 15 from 23 studies returned with significant results, which can be used as an explanation for the effect cognitive moral reasoning can have on EDM, which was later backed by Shang, Chen and Chen (2008). Marquardt and Hoeger (2009) went a step further and provided support that unlike explicit moral attitude, implicit moral attitude does indeed affect the process of ethical decision-making as well as for values being long-term drivers.

Forsyth (1980) believed that the majority of people are guided be either idealism or relativism. On the one hand, there are idealists who place their emphasis on welfare of others and, on the other hand, there are relativists who are more concerned that moral principles are not universally determined but situationally. Put in a more practical way, followers of idealism believe that harm can always be avoided no matter what, while people high on relativism believe that every situation is different and must not be governed by a moral principle (Kish-Gephart, Harrison and Treviño, 2010). Past research has shown that idealists are more likely to criticize unethical decisions (Barnet, Bass and Brown, 1994; Forsyth, 1980). A similar discussion known as "agents versus stewards" has kept scholars busy in the academic field of family business, making it even more relevant for this paper. Kidwell, Kellermanns and Eddleston (2012) argued that the leaders of family enterprises have been acting as stewards with the clear intention of building a positive working environment consisting of trust, clarity and cohesiveness, which are all pivotal roles in ethical decision-making. As such it can be concluded that there could be a potential negative correlation between idealism and unethical decisions, while a positive relationship between relativism and unethical decisions also seems plausible.

Machiavellianism can be defined as being "synonymous" with amoral action, sharp dealing, hidden agendas, and unethical excess (Nelson and Gilbertson, 1991, p. 633), Kish-Gephart, Harrison and Treviño (2010) believe that "Machiavellianism" is a "clear moral component" that has direct connection needs to be linked to unethical decisions in a business environment and again shows a close connection to the agent versus steward discussion. Rotter (1966) said that locus of control "*…represents a single continuum that captures the beliefs of individuals about whether the outcome of their actions is contingent on what they do…*" (Kish-Gephart, Harrison and Treviño, 2010, p. 4). Treviño (1986) stated that people who link what happens to their own capabilities (internals) are more likely to engage in unethical behavior than their counterparts who link events to fate or luck (externals). Job satisfaction at first might not seem like an obvious choice when thematizing ethical decision-making but when taking a closer look, it is possible to identify a potential correlation between unethical behavior and dissatisfied individuals (Adam, 1965), which is supported by empirical data on job satisfaction and workplace deviance (Dalal, 2005; Judge, Scott and Illies (2006).

2.3.3. Demographic Characteristics

A series of studies identified in the framework of the literature review examine the impactof demographic characteristics on EDM. O'Fallon and Butterfield (2005) state that demographic characteristics such as age or gender have been studied intensively, yet leading to mixed results (Lehnert, Park and Singh, 2015). Gender is a heavily researched area which has received consistent attention through time, also including the effects on EDM (Ambrose and Schmienke, 1999), partly caused by Gilligan (1977) with his clear finding that left no room for misunderstanding that females are more ethical than their male counterparts. Later studies on the other hand found different results, some supported the already existing ones, they are, thus, contradictory (Lehnert, Park and Singh, 2015). It seems that the majority of studies hint in the direction that females act more ethical than males, yet from 49 studies, 23 studies did not find significant gender differences (O'Fallon and Butterfield, 2005). On the other hand, in Lehnert's *et al.,* (2015) review, 5 out of 24 studies, however, reported that males are more ethical than females (Marques and Azevedo-Pereira, 2009), with the majority of 19 studies also noting a more ethical attitude within the female individuals. Due to this inconstancy in findings, scholars started to turn their focus at the boundary conditions where gender influences ethical decision-making. As such it was found that it is not biological sex which changes ethical perception but "*…egalitarian gender role attitudes…*" (McCabe, Ingram and Dato-on, 2006, p. 103).

Generational characteristics, otherwise known as age differences, are often an underestimated part of the behavior of human beings, although rather more than less scholars try to predict a positive relationship between age and ethical judgment (Chiu, 2003; Peterson, Rhodes and Vaught, 2001; Vitell, Singh and Paolillo, 2003). Considering that age can be directly linked to Kohlberg's (1969) concept of cognitive moral development, it would be careless to assume it does not affect ethical decision-making. Yet summarizing reviews (Ford and Richardson, 1994; Loe, Ferrell and Mansfield, 2000; O'Fallon and Butterfield, 2005) and studies focusing on the effect of age on EDM, it can be said that there is no clear answer whether or not age really has a significant impact. Lehnert, Park and Singh (2015) reported that only 23 from 49 studies found a noteworthy relationship between both. Yet, even those 23 studies returning with significant findings indicated mixed results with 16 results coming back with a positive relationship, while the remaining seven returned a negative relationship. To date, research has been unable to clarify the causes for these inconsistencies.

When discussing the effect of education on ethical decision-making, Kohlberg's (1969) theory plays a an instrumental role again. Treviño's (1992a) findings that moral reasoning can be practiced and learned thus speak for the importance of a good and well-rounded education in and around the topic of ethics. On the other hand, recent ethical scandals (Enron, Wirecard, Financial Crisis etc.) have shown that people who were lucky enough to receive higher education initiated these scandals and not employees with lower education. Empirical research does not provide clear evidence for a positive relationship between higher education and ethical decision-making which led Pfeffer (2003) to question the relationship between education and ethical behavior. Yet, Treviño's finding (1992a) could be interpreted that education encourages people to consider alternative options (Nikoomaram *et al.*, 2013), hence making the level of education a critical part during a decision-making process.

2.3.4. Social Environment

Religion, similar to age is another topic relatively difficult to measure, due to the variety of different religions and with that the different believes about what is right or wrong (Ulker, 2018). But without doubt, history has shown more than once that religion can not only change a humans' beliefs but also how entire populations behave and act. In the name of God, many good things but also many bad things have happened (e.g., the crusades or many other wars (Marinucci, 2004; Ulker, 2018). Thus, the effect of religious believes should not be neglected. While the majority of the studies note that religiosity does not affect ethics as a whole (Ford and Richardson, 1994; Loe, Ferrell and Mansfield, 2000), O'Fallon and Butterfield (2005) found that religion takes a much bigger role in the ethical decision-making process than earlier work showed. Hence, it was decided to integrate religion in the framework. As predicted by an array of studies, Lehnert, Park and Singh (2015) who once more summarized all studies from their review and the ones before him (Ford and Richardson, 1994; Loe, Ferrell and Mansfield, 2000; McNichols and Zimmerer, 1985; O'Fallon and Butterfield, 2005) yielded mixed results.

Overall, they state that out of 24 findings, 14 returned with significant results of which only one reported that religion has a negative impact on ethical decision-making. Yet, Lehnert, Park and Singh (2015) highlight the importance of understanding values deriving from religion and spirituality in order to strive for a better EDM.

The influence of differences in cultural norms are often underestimated. Especially in the field of ethics, cultural differences are of great importance. The effect of culture on various topics such as ethical decision-making cannot be questioned, which is also backed by past research reporting significant results (Richardson, 1994; Loe, Ferrell and Mansfield, 2000). This is because what is seen as ethically right or wrong changes from culture to culture and with that everything that is "*…being both legal and morally acceptable to the larger community…*" (Jones, 1991, p. 367). Thus, cultural differences in the field of ethics have received wide attention from scholars. 9 out of 11 of the identified studies examining this showed significant differences (Ford and Richardson, 1994; Loe, Ferrell and Mansfield, 2000). Further research has also shown which cultures are more prone to ethical behavior, studies found a correlation between ethics and economic development, with more developed countries behaving more ethically. A similar correlation was also found between individualistic countries and collectivistic countries, with individualistic countries behaving more ethical, if the decision does good to the larger community (Ge and Thomas, 2008; Sims, 2009).

What is considered as right or wrong and therefore the heart of ethics has not only caught the attention of today's scholars. The roots of ethics go back to the Greek philosophers known as deontological, utilitarian, and value-based theories. All these intend to advance our understanding on what is ethically acceptable and are, therefore, an essential factor during a decision process. Fallon and Butterfield (2005) noted a consistent significant relationship between the EDM process and deontology (uses rules to distinguish between right and wrong). Lehnert, Park and Singh's (2015) study backs Fallon's and Butterfield's (2005) results. 44

findings on value orientation, where reported to be significant. Thus, it is possible to conclude that with a few exceptions a positive correlation between ethical values and ethical decision-making can be seen.

In early reviews around ethical decision-making, peer management did not play a role. Craft (2013) was the first author to introduce this topic, as he reported that friends and groups of friends have a large effect on someone's reasoning abilities and, consequently, also on their decision-making. Lehnert, Park and Singh (2015) note that no definite answer can be given, due to the mixed result of findings with some positive and some negative, but largely depending in the context of the study.

Although research around the effects of creativity and imagination of ethical decision-making is much scarcer than in other segments, Bierly, Kolodinsky and Charette (2009) believe that creative people are more likely not to follow certain rules then their counterparts. These authors see the positive relationship between creativity and relativism as the tipping balance. However, contrary to their thoughts and hypothesis, Bierly, Kolodinsky and Charette (2009, p. 110) found that "*…creative individuals indicate both harm avoidance ideals and pragmatic relativistic behavior, determining moral solutions not based on universal moral rules but rather on the specifics of each situation…*". Under Forsyth (1980, p. 176) these individuals fall under the category "*…situationists…*". Although more research is needed, this finding suggests that creativity must not be neglected, it might influence and individual during an ethical decision-making process.

In the same line, research focusing on legal prescriptions is very much limited and, in this case, comes from mainland China. Chow, Wu, and Chan (2009) attempted to examine the effects of environmental factors on ethical practices from management. Their results demonstrated that legal considerations do influence ethical behavior. Thus, it must not be separated but taken into consideration as a part of ethical decision-making.

Put succinctly, psychological and demographic characteristics, such as gender or age, and social environment in terms of religion, culture, and legal prescriptions have demonstrated to affect the EDM process of individuals. Nonetheless, there a further factors on organizational level with the capacity to shape the EDM of individuals.

2.3.5. Organizational Environment

Organizational factors are located at a different level of analysis. While so far, influences on the individual level have been discussed, organizational factors are located on the level of the organization. In an organizational environment, a plethora of variables can trigger ethical behavior in a positive or negative way, among others, rules, regulations, and implicit norms within the business environment including rewards and sanctions, ethical culture, codes of ethics, organizational culture, subjective norms, organizational size, competitiveness, leadership, and policies/procedures (Lehnert, Park and Singh, 2015, p. 203). Of course, the external environment and, therefore, variables which cannot be controlled by the individual such as subjective norms, industry type, or ownership also play an important role. Craft (2013) noted that there is a growing interest from scholars in the effects of organizational factors on EDM. Research around these topics has shown that EDM cannot just be manipulated through an ethics code or an organizational culture (Cole, 2009; McKinney *et al.,* 2010; Pfeifer, 2007). A variety of further factors such as size and managerial trustworthiness (Cianci and Kaplan, 2008; Pierce and Sweeney, 2010) moderate this influence. Lehnert, Park and Singh (2015) therefore state that more research is needed around organizational and environmental factors and their effect on EDM.

Rottig, Kaufteros and Umphress (2011) believe that an ethical infrastructure in any firm consists of four elements: formal communication, recurrent communication, formal surveillance, and formal sanctions. The effect these can have on awareness, judgment, intention, and behavior seems undoubtable. As such, the results of Rottig, Koufteros and

Umphress (2011) point to a strong positive effect. Thus, the organizational structure in form of an ethical infrastructure seems essential for positive ethical decision-making.

Epstein and Hanson (2021) have figured out that in fact the odd ownership structure at Volkswagen (VW) is one of the key elements to blame for the turbulences around the carmaker, which indicates the relevance of the role around the ethical behavior of firms. To get to the essence of the subject, Faller and zu Knyphausen-Aufseß (2018), conducted a literature review analyzing 146 publications, with special focus on family firms, which offer multiple different ownership structures and thus offer opportunities for further academic research. Empirical results (Fall and Knyphausen-Aufseß, 2018) show that public cooperation's are put under more pressure from external stakeholders to be more sociable and as such appear more sociably credible. Additionally, results also indicate that the topic is much more complex than a simple differentiation between public and private companies, which on the other hand shows the importance of the ownership structure on ethical decision-making (Faller and Knyphausen-Aufseß, 2018).

Past research divided ethical climate into three components: egoistic, benevolent, and principled ethical climate (Kish-Gephart, Harrison and Treviño, 2010), but the question remains of what can be understood under an ethical climate. Thus, ethical climate can be defined as: "*…a group of prescriptive climates reflecting the organizational procedures, policies, and practices with moral consequences…*" (Martin and Cullen, 2006, p. 177). Hence, depending on the climate the employees perceive, they are likely to behave accordingly (Victor and Cullen, 2006, p. 177). Thus, the climate lived by the top managers seems to be essential during an ethical decision-making process.

Looking at history, power has often led humans to behave unethically (e.g., WW2). In the past, ethical scandals have not always, but often, occurred out of the misbehavior of some individuals. Epstein and Hanson (2021, p. 31) define a bad apple as an individual who cheats or misbehaves in his role as employee or manager. Although it does not need a high tier manager to perform unethical decisions, there does seem to be a positive correlation between the misbehavior by powerful individuals and the overall extent of the scandal. Here, the individual characteristics link in very nicely displayed. For example, a person with a poor moral character and large amount of control will find it harder to resist the temptation to cheat and violate norms (Epstein and Hanson, 2021). Similar will a person with a high moral standard have its difficulties in industries where the norm allows unethical behavior such as in financial institutions.

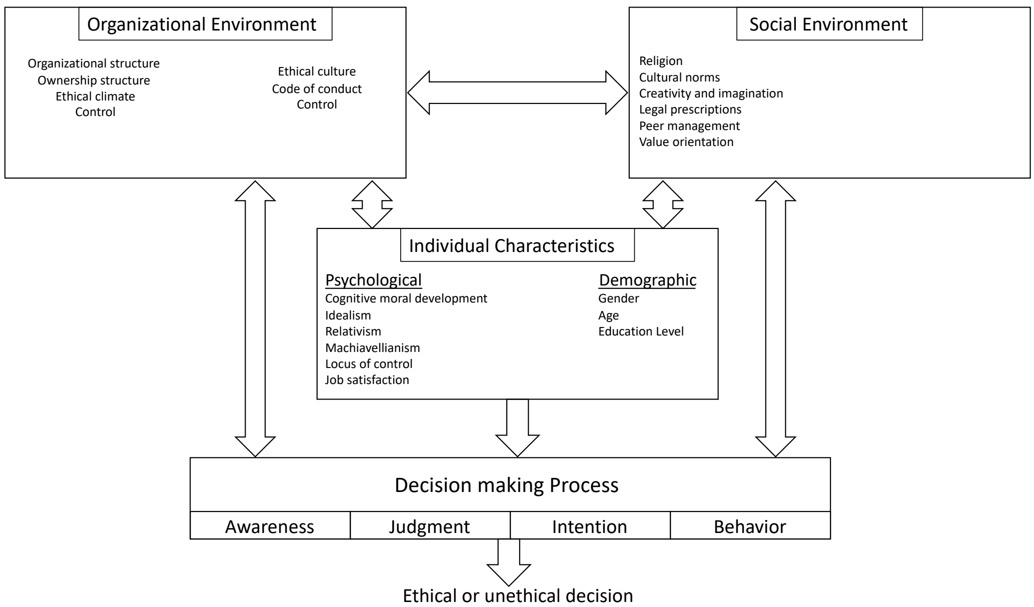
The reasoning behind involving ethical culture lies in Treviño's (1986) finding that most employees are subject to external influence. Thus, providing the right ethical culture would lead employees to adopt more ethical decisions. A similarity to ethical climate cannot be denied. Treviño, Butterfield and Mccabe (1998) differentiated the two by placing the emphasis for ethical culture on the formal and informal system to control behavior, while ethical climate is aimed at the organizational values. Using this differentiation, it becomes clear that an ethical culture within an organization can have a critical impact on ethical decision-making.

Treviño and Weaver (2003) were able to track codes of ethical conduct in companies back to 1913 when J.C Penny introduced rules for behavior. Today they are widely spread, especially in corporations, although some scholars question whether they actually bring the desired outcome (Helin and Sandstorm, 2007; McCabe, Treviño and Butterfield, 1996). Kish-Gephart, Harrison and Treviño (2010) report that several studies delivered a positive relationship between the existence of a code of conduct and ethical choices (i.e., Hegarty and Sims, 1979; Izraeli, 1988; McCabe, Treviño and Butterfield, 1996; Okpara, 2003; Peterson, 2002a; Treviño, Butterfield and Mccabe, 1998). This, thus, supports the idea that a formal code of conduct does have enough impact to be included.

2.3.6. Summary

Based on these insights, a framework was developed (Figure 1) to portray the three different components, which in turn directly influence the decision-making process and hence ethical decision-making. As aforementioned, during the decision-making process, individuals see themselves confronted with three factors: individual characteristics (who am I and who do I want to be) (Kish-Gephart, Harrison and Treviño, 2010; Lehnert, Park and Singh, 2015; McCabe, Ingram and Dato-on, 2006; O'Fallon and Butterfield, 2005), social environment (what is exemplified through family and friends) (Ford and Richardson, 1994; Loe, Ferrell and Mansfield, 2000; Marinucci, 2004; O'Fallon and Butterfield, 2005; Ulker, 2018), organizational environment (what am I told, what environment do I operate in) (Cianci and Kaplan, 2008; Cole, 2009; Craft, 2013; McKinney et al., 2010; Pfeifer, 2007; Pierce and Sweeney, 2010; Rottig, Kaufteros, and Umphress, 2011). These three elements, thus, shape the awareness, judgment, intention, and the behavior of a human and as such their decision in a positive or negative way.

Figure 1: Influences in Ethical Decision-Making.



Source: Own elaboration.

2.4. Development of Ethics

To contextualize the results obtained from the literature review, further light will be shed on ethics and its development. To do so, it is necessary to look back in history, to the emperors and kings, battles, and revolutions, but what really moved the world, is why people acted the way they did and why they acted so differently at different times. How did people think in earlier times and what motivated them to act in the way they did?

Although literature is scarce there are some articles which point out the origin and development of human morality (Jamieson, 2002a, b; Kitcher, 2011; Singer, 1981). From today's point of view, the motives of the acting persons in history are often at least not comprehensible, and therefore we often see them at least as selfish and reprehensible, in many cases even criminal. Yet these people have almost always believed they were doing the right thing, or the morally good thing, in serving their fatherland or the gods, social progress or the providence of history, or at least some noble purpose (Jamieson, 2002a, b; Kitcher, 2011; Singer, 1981).

Herrmann (2017) argues that given the complexity of the world it is impossible to create global moral standards as moral progress in one place can be moral regress in another. Thus, together with the conviction that the end justifies the means, terrible things can happen, while being convinced of doing the right thing. It is easy to attribute the evil in the world to the fact that the perpetrators created evil out of selfish motives, and that they were well aware that they intended evil. The Islamist suicide bombers, including those who deliberately committed mass murder with many thousand victims by steering large aircrafts into the World Trade Center towers, were not selfish, but believed they were doing the right thing, i.e. good, in the service of Allah (Hermann, 2017). These "high" aims sanctified the means in the eyes of the people concerned, and this is the cause of their “crimes”. Other examples discussed in philosophical literature is as “*...the softening in human cruelty...*” (Jamieson, 2002a, p. 21) are the abolition of slavery, the abolition of cruel punishment (Macklin 1977, p. 376), the animal rights movement (Jamieson, 2002a, p. 22), and the emancipation of women (Kitcher, 2011, p. 145-153).

Napoleon wanted to modernize Europe in an enlightenment sense and, apart from many positive things, such as the creation of a new judiciary to carry out his reform ideas, he accepted that to do so he had to wage wars in which the death tolls ascended to unprecedented numbers (Pantel, 2021). Yet even today, most French people view the figure of Napoleon almost exclusively in a positive light, which, among other things, can be illustrated by the French prime minister Macron honoring the 200^{th} anniversary of his death (Pantel, 2021).

The belief that high ends justify the necessary evil means is the cause of almost all of humanity's huge crimes. But as shown, what people regard as good or evil, however, has undergone extraordinary changes, both, in the course of time and within the respective cultural circles. The idea that good and evil are universally valid, fixed categories are widespread, but as outlined earlier, history has shown otherwise. The final question arising here is: what is good and evil?

For religious people, the concept of evil or bad is closely linked to the concept of sin, the deliberate violation of a recognizable commandment of God (Srnka, 2004). But is this a satisfactory answer to the question posed? Can we really know the commandments of God? Shakespeare has Hamlet say, "*...Nature knows no good and evil. Only our thinking makes it so...*". He says that ethical demands, which are to be valid everywhere and at all times, could not be conceived by fallible human beings, but could only come from God or the gods. He remarks, however, that the demands made by God or the gods differ greatly in different countries and are often even contradictory, which is leading us directly back to Hermann's (2017) point that it seems impossible to find a consistent moral code for everyone. Not only the ideas of how to sacrifice or how to serve the gods differ from country to country and even within the same religion, but also other rules about food and about marriage (different ideas about the permissibility of monogamy and polygamy as well as divorce and adultery) and many other things. Put in the words of Srnka (2004), different cultural backgrounds lead to different values and hence to different ethical motives, which illustrates the almost inseparable connection between both.

Hence, what is morally correct and morally reprehensible not only varies from country to country, but also very changeable within the same culture, time, and business environment. Moral is closely intertwined with ethics, though there both concepts exhibit slight differences. Moral refers to individuals' evaluations of what is right and wrong and their intentions, while ethics mandates what practical behaviors are right or wrong. Hermann (2017) therefore rightfully states that ethical practices are constituted by their “surroundings” (p. 45), with the term surrounding referring to the aspects discussed before. Past research generally confirms this believe that cultural differences affect not only the individual perception of ethical issues (Kavali, Tzokas and Saren 2001) but also ethical reasoning (McDonald, 2000; Thorne and Saunders, 2002).

Ethics or the philosophical studies go back to Aristotle and have kept since then some of the greatest minds busy. Some big names in the history of the planet (Socrates, Epictetus, Bentham, Mill, Kant) all had their say in what Kidder (2003, p. 63) defines as the “*…science of the ideal human character…*” or “*…science of moral duty…*” while Paul and Elder (2006) went for: “*…a set of concepts and principles that guide us…*” (p. 1).

Yet those definitions of ethics leave room for three questions.

- What is right or wrong?
- What makes an action right or wrong?
- How do we know what is right and wrong?

In order to understand and be able to answer these questions it is necessary to review the ethical theories which aim to respond exactly to those questions.

2.5. The Big Three

To further contextualize the gathered findings in the literature review, the focus will be laid on three particular theories. Today, three theories, known as the "Big 3", get the most attention in this regard. Without knowing, every human does follow one of these theories in their believe of what is right and wrong, which is developed by their personal traits. While virtue ethics, deontological ethics, and consequential ethics are all trying to provide a framework which should help support ethical decision-making, they all use a different way to adopt to the "*...most ethical decision...*". While the virtue ethics approach uses effort, the deontological approach uses the conduct, and the consequential approach uses the impact to determine right and wrong.

2.5.1. Consequentialism/ Utilitarianism (Mill)

Although other philosophers are considered as the father (Jeremy Bentham, 1780) and pioneers of utilitarianism (Adam Smith, 1759), it is John Stuarts Mill (1863) who is seen as the main exponent. Mill successfully criticized Bentham's quantitative approach using the "*...greatest pleasure for the greatest number...*" as a base line (Bentham, 1780). Unlike Bentham, Mill (1863) believed that it is not enough to measure pleasure only by the intensity and the duration but brings the nature of the pleasure into the equation, which he believes differs in quality. "*...It is better to be a human being dissatisfied than a pig satisfied; better to be Socrates dissatisfied than a fool satisfied. And if the fool, or the pig, is of a different opinion, it is only because they only know their own side of the question, the other party knows both sides...*" (Mill, 1863,1991, p. 140). For Mill, happiness is the greatest good. Thus, he divides pleasure into two categories: Higher and lower pleasure (Mill, 1863).

Utilitarians believe that the intrinsic good (pleasure) can be accumulated as it is possible to weigh up the consequences of an action. Thus, consequentialism is a powerful theory that resonates well with our moral intuitions (Velasquez, 1992, p. 62), which can be summarized as a theory aiming to maximize happiness by looking at the consequences of the action. Kaptein and Wempe (2002) use the car production as a practical example. At a higher cost, cars can be made safer. Hence, the extra cost needs to be weighed against the extra benefit of the saver car or simply put: safety or price.

2.5.2. Deontology (Kant, Rawls)

Deontologists believe that everyone has certain duties, which are by no means negotiable (Darwell, 2008). Hence, in deontological ethics, an action is morally good if it values the given duties and obligations, which do not depend on the consequence of the action (Darwell, 2008). Immanuel Kant developed a theory relying on pure reasoning, as he does not subject incidental actions, but certain types auf action affecting moral judgment (Kaptein and Wempe, 2002). Kant (1785) believed that humans are heteronomous, autonomous, and as such can be held responsible for their actions. Thus, he believes in evaluating the rules of an action (maxims), opposed to judging the action itself. Kant (1785) went even further as he stated that there is no action without a maxim. In order to determine whether or not a maxim has moral status Kant developed the “categorical imperative”, where he sets “categorical” against “hypothetical” and thus, specific conditions are tied up with validity when an imperative is hypothetical. Another formulation of the categorical imperative is: “*...Act as if the maxim of your action were to become by your will a universal law of nature…*” (Kant, 1785, p. 31). Put simply, Kant (1785) believes that the agent should examine his motives and ask whether they are suitable as motives for general legislation. Thus, what matters for Kant, is evaluating the action not through the consequences, but through intent. In theory this means that two people make same decision with one being “right” and the other being “wrong”.

A further philosopher widely known for his contributions on deontology was John Rawls. He developed the theory of justice through which he clearly distanced himself from the believe that people are motivated by what he called a “basic socio-political order” based on the value of equality (Rawl, 1971). In doing so, Rawl (1971) opposes utilitarianism, which is predominant especially in Anglo-American countries and which in principle allows individuals to be harmed for the greater common good of society.

2.5.3. Virtue Ethics

The theory of virtue ethics goes deeper into human traits, as it judges not what people do but who they are (Hursthouse, 1999). Alongside physical attributes, the human character is also formed by intangible ones, which will determine how humans deal with ethical decisions. Virtue ethics believes for a human to be happy the one necessary condition is the state of character theorists call “virtue” (Hursthouse, 1999). A person is “virtuous” when s/he acts according to virtues. Virtues are instilled through upbringing and education and are deepened through practice, but not through instructions. Aristotle and other ancient Greeks believed that by being honest a person develops a morally correct character (Koehn, 2020; Sison, Ferrero and Redin, 2020).

Concluding, it can be elucidated that there are three components affecting ethical decisions:

- The person performing the action
- The action itself
- The consequences of the action

Thus, utilitarianism focuses on (3), the consequences, deontology on (2), the action itself, while virtue ethics looks at (1), the person. The enlightenment was the first time that people thought very intensively about what ethical rules could guide people if there were no ultimate valid rules set by God. Two of the greatest thinkers of this time drew conclusions here, although they aimed in different directions. Kant (1785) formulated the categorical imperative that the agent should examine his motives and ask whether they are suitable as motives for general legislation.

He thus thinks along the lines of the ethics of the mind. Adam Smith (1976), of whom we all know the fundamental work on the Wealth of Nations, was a professor of moral philosophy in Edinburgh and arrived at his economic conclusions through ethical considerations. Smith (1976) demanded as a basic moral rule that one should examine whether the majority of fair-minded and reasonable people would judge a course of action to be good or bad in its results. It is therefore a matter of an ethic of responsibility. In this context, he speaks of the "invisible hand" that uses the instrument of competition to ensure that actions can serve the general good, even if their motivation is solely one's own business (Smith, 1976). Both, of course, by no means exclude the changeability of ethical ideas. What both Kant and Smith have in common is that they hardly dealt with the question of whether the end justifies the means. They also have in common that they presuppose the observance of laws as self-evident. Only the choice between two permissible courses of action is an ethical question (Fleischacker, 1991).

2.6. Ethical Decision-Making in Family Firms

An organizational concept which would allow for such research are family firms. From research we know that family and non-family firms differ in various elements of corporate culture such as decision-making (Carney, 2005), value profiles (Rau, Schneider-Siebke, Guenther, 2019), or risk-taking (Chrisman and Patel, 2012). Trust plays a pivotal role in some family firms (Steier and Muethel, 2014) as well as stewardship (Le Breton-Miller, Miller, and Lester, 2011). This allows for a different approach to ethical decision-making, than other organizational set ups.

Considering that in Germany alone 87% of businesses are owner managed and add a contribution of 55% of Germany's total GDP (Statista, 2020b), research argues that this combination of effectiveness and dominance comes through the union of ownership and control (Carney, 2005). Thus, the resulting effective control over a business, is defined as "*…the ability* *of the controlling owner to add, direct, or dispose of the assets of a business without having to rely on third parties such as investors, banks, or shareholders…*" (Carney, 2005, p. 254).

What constitutes a family firm in order to be able to define them has challenged scholars for a long time. The definition most commonly used is in terms of a majority participation in the ownership and family involvement in the board of directors or top management team through the presence of a family member in such bodies (e.g., Blodgett *et al.,* 2011; Dyer and Whetten 2006; Fassin, 2011). Handler (1989, p. 258) quickly realized that: "*…defining a family firm is the first and most obvious challenge…*". In the past, reviews compiled more than 50 definitions (Flören, 2002), going as far as "*…the family business definition dilemma…*" (Astrachan, Klein and Smyrnios, 2002, p. 45), because the number of different definitions did not allow for integration and or comparison of studies. While Colli, Pérez and Rose (2003, p. 359) define a family firm as an organization where "*…a family member is chief executive and there are at least two generations of family control…*", Miller and Le Breton-Miller (2003, p. 127) added to this definition that the intent to hand the firm down to the next generation needs to be given, too. Chrisman, Chua and Zahra (2003, p. 359) distanced themselves from Colli, Pérez and Rose (2003) with their believe that "*…At the most basic level, what differentiates a family business from other profit-seeking organizations is the family's important influence on the decision making and operations of the firm…*".

Because various authors have shown that the biggest differences in family firms arise through the unification of ownership and control (Chua, Chrisman and Sharma, 1999; Daily and Dollinger, 1992; Minichilli, Corbetta, and MacMillan, 2010; Speckbacher and Wentges, 2012; Tagiuri and Davis, 1996), in this paper the understanding of the concept family firm is in l.ine with the definition provided by Colli, Pérez and Rose (2003, p. 30), which describes it as a firm where a "*…family member is chief executive and there are at least two generations of family* *control…*" and the intent is given "*…to hand the firm to the next generation…*" (Miller and Le Breton-Miller, 2003, p. 127).

Part of the inconclusive results on whether family firms act more or less ethical might stem from the fact that different types of families take different ethical decisions. The heterogeneity of family firms that only recently has been discussed more intensively (Chrisman and Patel, 2012; Chua *et al.*, 2012) stems, among other reasons, from the heterogeneity of the influencing families (James, Jennings and Breitkreuz, 2012). These families take decisions based on the values that are embedded in the family's fabric, stemming from upbringing and education (Klein, 1991). "*…What they [the family] tell us is our first syntax, our first grammar…*" (Litz and Turner, 2013, p. 1). What is normatively appropriate and thus regarded as ethical is transmitted from one generation to the next through socialization and by role models (Bandura, 1986). Consequently, some family firms might adopt more ethical decisions than their non-family counterparts while others violate hyper norms and globally held standards. Carney (2005) highlights that in family firms many internal constraints are solved differently, simply because family CEOs are not willing to follow some of the standard HR practices or otherwise widely established governance rules. Thus, family business managers have the unique opportunity to transfer their believes, values, and vision onto their own business (Chua, Chrisman and Sharma, 1999).

Values can be defined as "*…transitive goals that vary in meaning and serve as guiding principles in the life of a person or group…*" (Schwartz and Rubel, 2005, p. 1005). Past research was able to identify six overarching values particular common in family firms (Rau, Schneider-Siebke and Günther, 2019): Responsibility, benevolence, perseverance, cohesion and solidarity, power and innovation, and embeddedness. These values indicate that family firms have a clear tendency towards non-economic values. Roland, Kellermann and Eddelston (2012) propose that this is a result of the firm's ethical climate, which in return allows for a better ethical decision-making. It seems logical that a family member leading the firm for more than 20 years leaves a different mark on the company than a CEO who on average stays 6-7 years in a non-family firm (Statista, 2020a). This close relationship of the longstanding family CEO and the employees leads to a different atmosphere or "ethical climate" as Kidwell, Kellermann and Eddelston (2012) describe it. Gordon and Nicholson (2008) define such climate as specific values and norms expressed and lived by a group.

Trust is not only an essential ingredient to remain competitive (Sundaramurthy, 2008), it is also the foundation upon which many family businesses are built. Trust is defined as "*…the willingness to rely on others…*" (Rousseau *et al.*, 1998). Steier (2001) states that trust can lead to a competitive advantage, as it does not only initiate higher motivation to work but also to better and more ethical behavior among employees. Early research from Janis (1982) has shown that trust is able to reduce anxiety, while increasing "groupthink". Kidwell, Kellermann and Eddelston (2012, p. 512) summarize past research (Johnson and Cullen 2009; Martin, Johnson and Cullen, 2009; Treviño, Weaver and Reynolds, 2006) by stating that a family firm leader's effort to increase trust, cohesion, and involvement in the business reflects attempts to establish a positive ethical climate in the family firm, which consists of the firm's ethical cultural norms and values and contributes to its normative control system. Bartels and colleagues (1998) as well as Victor and Cullen (1987) even take it a step further by stating that exactly those organizational norms and standards projected and spread by owner managers onto and within the firm make up the key elements of an ethical climate.

2.7. Are Family Firms Really More Ethical?

Having outlined the key organizational differences of family firms which could lead to different ethical dynamics within the organization, it is necessary to analyze whether academic work in the past is able to confirm if family firms are in fact more ethical. Early research has shown mixed results. For instance, Berrone *et al*., (2010) show that controlling families adopt environment-friendly strategies more frequently than nonfamily firms in polluting industries. Dyer and Whetten (2006) found no significant differences between family and nonfamily firms with regard to positive social initiatives, but discovered that family firms were more concerned with avoiding social concerns. Interestingly, Bingham *et al*., (2011) show exactly the opposite (Cruz *et al.,* 2014, p. 1296). Dyer and Whetten (2006) saw the answer to these mixed results in that the majority of the research was merely focused on the environment. Considering the topic of ethics is much deeper and bigger than just the environment, this implies that results could become much clearer if they were to focus on something else than the environment.

In order to gather a more meaningful insight, Vazquez (2018) reviewed 31 articles, and was able to highlight significant differences mainly deriving but also depending on three elements: involvement of the owning family, inclination to socioemotional wealth and typical social interactions. Thus, these mediators lead to a change in the moral development of the family members, which in turn leads to change in the ethical climate at the family firm, and therefore a change in the moral development, ethical behavior and ethical decision-making of all firm's employees. Nicholson (2013) notes that all these routes come together when one brings a family and therefore a natural organization together with an artificial organization, the business side (Sison and Fontrodona, 2012). Sorenson *et al.,* (2009, p. 242) define the transfer from the managing family to the ethical norms within the business as: "*…How family members relate to one another and to stakeholders inside and outside the firm…*". Cruz *et al.,* (2014) agree to some extent as they highlight in their findings that socioemotional wealth can also be a "double-edged sword" and can thus also lead to irresponsible behavior. They note that it is necessary to distinguish between an internal and external orientation as family firms want to protect their external reputation on the one side, but on the other side feel a deep sense of personal responsibility towards their employees (Le Breton-Miller and Miller, 2016). Cruz and colleagues (2014) summarized the topic with their findings that family firms are only prone to social practices if they put neither family control nor the employees at risk. Therefore, future research on family business and ethics need to ensure that those variables are taken into account in order to achieve accurate results.

2.8. Gap Spotting

Through this systematic literature review it was possible to identify research gaps of the current literature. Generally speaking, the topic of ethical decision-making in family firms is heavily under-researched, which hasn't gone unnoted. A very recent encouragement comes from Dieleman and Koning (2020, p. 685) who make a call to academics to investigate the effects an identity work perspective has on unethical behavior as well as the "*…relegation of values into shared values in more depth…*". Vazquez (2018) arguably points to the same or at least a similar direction with his appeal to have a closer look at the how family ethics are projected onto the business. Vazquez (2018) does not stop there; he continues by clearly stating that the whole research topic of the effects the family has on the dynamics of a firm is extremely promising. This notion is supported by Cui, Jo and Na (2018), who believe that the relationship of the family involvement and its effects on ethics need further research. Although having a different result in mind, Kidwell, Kellermanns and Eddelston (2012) support that view as they believe that a high level of family harmony could have deleterious effects on the decision-making and call for more research on that front. Their view is supported by a myriad of other researchers. Van Gils and colleagues (2014) touched upon the fact that family firms are heterogeneous, as discussed earlier, while encouraging more work trying to understand the heterogeneous characteristics within the different groups. As such it seems no surprise that Faller and zu Knyphausen-Aufseß (2018) acknowledge that more focus on the different shareholder groups is necessary. Vazquez (2018) expands the focus by replacing shareholder with stakeholders and trying to measure their effect on ethical decision-making.

Thus, Moore *et al*., (2019) state that it is necessary to fully understand how and to what extent ethical leaders can influence their antecedents. Reck, Fischer and Brettel (2021) very recently supported that by encouraging academics to further look into the dimensions of identification. Additionally, the same authors draw upon the ever-rising popularity of meaningful work, suggesting that meaningful tasks could have a significant impact on EDM, with family firm employees potentially showing more motivation (Reck, Fischer and Brettel, 2021). Kidwell, Kellermanns and Eddelston (2012) in comparison to the majority of the other authors look at what causes unethical decisions opposed to ethical ones. As such they identified incompetence as a potential cause of unethical behavior. Yet more research is needed in order to confirm these thoughts.

Lehnert and colleagues (2015) state that the relationship between interacting mediators (Figure 1) of ethical decision-making, identified earlier, needs more attention. Future research has to further look into combining all these factors together. While plenty of attention was given to the individual factors (i.e., Chen, 2020; Faller and zu Knyphausen-Aufseß, 2018), only little emphasis was placed on combing two characteristics such as individual characteristics and social environment (i.e., Kish-Gephart, Harrison and Treviño, 2010). Yet, no attention was given to combing the effects all three components of ethical decision-making. During the development of Figure 1, it was aimed to follow Lehnert, Park and Singh's (2015) call for more theoretical frameworks including key organizational influences.

Somewhat surprisingly the majority of studies on ethical decision-making were not based on samples of employees of organizations but on samples of business students. Although business students seem to be the closest alternative to real employees, I challenge the accuracy of the results with business students because it seems difficult to generalize student behavior to real life scenarios and therefore recommend further studies with employees instead of organizations. In my criticism of student samples, I am not alone. This is backed by the JIBS

Statement of Editorial Policy which states: "*...Empirical submissions utilizing undergraduate student samples are usually discouraged...*". A cause of this is the work from Gordon, Slade and Schmitt (1986), who found empirical evidence that results with student samples are significantly different to those with non-student samples. Peterson (2001) later added that pure student samples are more homogeneous, suggesting that students differ from the rest of the population at large (Carlson, 1971; Sears, 1986). Bello and colleagues (2009) noted that not all student samples should be dismissed but instead need where used a more explicit justification for their legitimacy. Lehnert, Park and Singh (2015) state that it is necessary to provide more thought regarding what makes up the sample. Cui *et al*., (2018) encourage using a sample of smaller privately held firms. They believe the results would mirror the effect of the CEO's family membership on ethical decision-making better.

3. The Motivation of Family Firms to Act Ethically towards a Sustainable Future

In 2020, the United Nations developed the 17 Sustainable Development Goals (SDGs) to achieve worldwide prosperity and peace currently and for the future (United Nations, 2023). These SDGs are based on the more general definition of sustainability from 1987, that sustainability is a development, that "*…meets the need of the present without compromising the ability of future generations to meet their own needs…*" (WCED 1987, p. 34). But not only institutional activities like that from the UN, but as well the pressure of customers, investors, clients, shareholders, employees push companies to address sustainability for (Zollo *et al.,* 2013) and ask for the "*…integration of social, economical, and ecological goals into commercial business activities…*" (Clauß, Kraus and Jones, 2022, p. 1). Although the social and ecological aspects of sustainability are somewhat intertwined, this paper focuses solely on the ecological aspect, because the interest in the global warming and climate protection has risen considerably, with no end in sight. Hence, it has taken precedence in the majority of Western companies (Baumgartner, 2014). As the result of this, the link between cooperative performance and ecological sustainability is now widely acknowledged not only among academics (Eweje, 2011; Schaltegger, Lüdeke-Freund and Hansen, 2016), but also among managers and business organizations (i.e. Eccles, Ioannou and Serafeim, 2014)**.**

Thus, the question arises, why do companies in general and family business specifically undertake sustainability measures, activities, and changes and how, so what might be the antecedents of sustainability in family firms – especially in the context of ethical decision making?

Family firms have shown to be extra cautious regarding change, investments, and often decision-making, because of their long-term orientation (Eddleston, Kellermanns and Zellweger, 2012). Owner-managers of family businesses can be held liable by customers and employees for the often generation long leadership of a family business, often with their whole wealth and property. Instead, in large corporations the average tenure of CEOs has decreased to 6-7 years while their compensation has skyrocketed (Miller and Le Breton-Miller, 2005; Freeland, 2012; Sutherland, 2022). Thus, their tenure is considerably shorter compared to family business owners and they will not be held liable with their personal wealth. Research confirms that unlike corporations, many family firms have CEO's whose loyalty is aligned to the long-term viability of the company (Gersick *et al.*, 1997), and thus their decisions might be affected by this overall goal.

The growing popularity of sustainability has left its marks among academics in the literature. Especially different sustainability strategies and practices have been frequently examined (Le Breton-Miller and Miller, 2016). Due to the extinct nature of family firms, which allows for different strategies and behavior (Carney, 2015; Eddleston, Kellermanns and Zellweger, 2012), there have been many comparisons (Berrone *et al.*, 2010; Delmas and Gergaud, 2014; Graafland, 2020; Memili *et al.*, 2018) of their sustainability to non-family firms (Miroshnychenko and De Massis, 2022). These have shown that owner managed families adopt environment friendly strategies more frequently than nonfamily firms (Berrone *et al.*, 2010). One possible explanation is that family and business logic overlap in the decision-making process of family enterprises (Greenwood *et al.*, 2011). Meaning, that individual motives or values of owners and family members might trickle influence the decisions the family business adopts.

However, research into the motivations influencing non-business-related decision-making within family firms is still limited, lacks transparency, and, especially concerning sustainability, is appropriately characterized as a theoretical enigma (Ernst *et al.*, 2022). Some first research in this area has demonstrated motives to be identity, image, and reputation (Dyer and Whetten, 2006; Gallo, 2004**;** Godfrey, 2005), others argued that self-interest is the only desire (Morck and Yeung, 2003) to be brought into the family business. Thus, one conclusion could be that there are many (individually) value driven decisions in family firms (Astrachan *et al*., 2020; Ruf *et al.*, 2021), but that there is still research necessary in this context. This lack of research becomes even bigger, regarding the motives to act sustainable. To date and to my knowledge, only one very recent cross-cultural study between Chile and India looked at what motivates ecological sustainability in family firms (Nikolakis, Olaru and Kallmuenzer, 2022). Although the results are somewhat difficult to transfer due to focusing on tourism and forest related firms in developing countries, this study did confirm that psychosocial and emotional motivations play a role in in supporting (trust, SEW, low conflict) but also restricting (individualism, money, conflict) environmental and social strategies. On top of this, the authors call for more work on this relationship taking a closer look and focus more on new geographies and industries. According to academics, the textile and food industries are particularly fascinating because of their historically unsustainable traits, especially when compared to other industries (Desore and Narula, 2018; Willet *et al*., 2019).

To better understand family businesses motivation behind sustainability decisions, I pose the following question: what really motivates family firms in the food and textile industry to act/not to act ecologically sustainable? Is it agency, is it public pressure, or is it just window-dressing? In the following paper, I will address this question with the help of the existing literature in the field of family firms and sustainability.

In order to be able to answer the questions, an inductive case-centered approach (Eisenhardt, 1989) is deemed as appropriate. The seven participating German family firms were treated as individual cases. To avoid information bias from the company side, individual interviews were conducted with the owner managers, their wives, next generation members (if applicable), executive board managers (if applicable), sustainability commissioners, and marketing or production managers, resulting in a total of 33 interviews.

Various incentives for embracing sustainability have been identified in research (Mir, 2008; Masurel, 2007; Benabou and Tirole, 2010), and these have been condensed into three primary drivers (Windolph Harms, and Schaltegger, 2014):

1) External Pressure
2) Consumer and investor behavior
3) Costs

Nevertheless, they continue to lack clarity and consistency, largely avoiding the examination of ethical or moral attitudes, as will be demonstrated in the subsequent theory and literature sections (Windolph, Harms and Schaltegger, 2014). With the help of the dyadic data offering a 360-degree insight, which was generated, it was possible to expand the existing literature by a) confirming some of the existing categories and describe them, respectively rename them more precisely and b) adding a new category of motivation.

The findings of this study contribute to the ongoing discussion of motivation to act sustainable in family firms in the following ways. First, the so far neglected individual motives are more precisely evaluated and thus could be described more specific in the way they trigger decisions in family firms.

Secondly, this paper contributes to the existing research by delivering four motivational categories family firms can fall in, with one to date unknown category called self-interest. This group of findings highlights an intriguing point: companies can perform exceptionally well in terms of sustainability even when their main driving force is solely focused on achieving long-term gains for the business. In other words, these businesses succeed in their sustainability efforts because they are motivated by the possibility of securing long-lasting advantages and success in the market, which suggests that a focus on their own longevity can have a significant positive impact on broader sustainability outcomes.

Third, this study finds a close relation between the business model and the sustainability performance output. While keeping in mind that the research around this topic is rather rare, this study shows the importance of business model and industry and, thus, opens the door to further academic work.

Finally, this study sheds valuable light on the responses and attitudes of two industries that are traditionally viewed as being highly unsustainable (Tilman *et al*., 2002; Tukker and Jansen, 2006; Desore and Narula, 2018; Willet *et al*., 2019), providing meaningful insights into their perspectives on the emerging sustainability trend. These often-hidden insights help us gain a better all-round understanding of how sectors with a history of poor sustainability are coping with and adjusting to the growing emphasis on sustainability.

The rest of the paper is organized as follows: At first, a brief overview of current literature on family business decision-making and behavior is presented before connecting it to sustainability, which is as well defined. Then, the methodology of the study is outlined, including theoretical sampling, data collecting, case construction, and data analysis. In a next step, the results of the analysis are presented and discussed. Finally, the findings are compared to current research and reflected, and limitations as well as contributions are explained, before concluding the paper.

3.1. Theory

3.1.1. A Value Approach

Significant research has demonstrated that many family firms strive for non-financial goals (Gómez-Mejía *et al*., 2007, 2018; Zellweger *et al.*, 2013; Cabrera-Suárez, Déniz-Déniz, and Martín-Santana, 2014). On the other hand, studies show, that family business are very heterogenous (Chua *et al.*, 2012), which leads to inconsistent results regarding their behavior in respect of sustainability. Thus, it is no surprise that Ernst *et al*. (2022) state that family firms can be agents of sustainable development without any financial expectations, while different research suggests that family firms try to avoid sustainability practices with no economic benefit due to their risk aversity (Faller and Knyphausen-Aufseß, 2018; Fama and Jensen, 1983).

Due to the unification of ownership and control, family firms are able to follow their own interests, which is often focusing on maintaining socioemotional wealth (Gómez-Mejía *et al.,* 2007), dynastic family control and enhancing the family's reputation (Deephouse and Jaskiewicz, 2013). The importance of the preservation of the family name and reputation (Zellweger *et al.*, 2012), which has frequently been built up over numerous generations (Dyer and Whetten, 2006, Lumpkin, Brigham and Moss, 2010), suggests that the values of the owning family members and managers play a substantial role in the reasoning process (Rau, Schneider-Siebke and Günther, 2019; Ruf *et al.*, 2021).

Therefore, this could lead to the heterogeneity of family businesses (Chua *et al.*, 2012). Although "*…the sources of the heterogeneous nature are not precisely specified…*" (Nason, Mazzelli, and Carney, 2018, p. 12), various scholars have tried to find the roots of heterogeneity. The main causes are believed to derive from different family interactions (Jaskiewicz, Coombs and Rau, 2015) and from the different value structures family firms have (Yuan and Wu, 2018). According to Rau, Schneider-Siebke and Günther (2019, p. 195) these value structures in a family firm derive from governance structures (Carney, 2005), resources and capabilities of the companies (Arregle *et al.*, 2007), and their goals (Chrisman *et al.*, 2012). Some authors even go a step further by stating that these value structures proactively help the development of a firm's culture (Astrachan, Klein and Smyrnios, 2002), which in return leads to a competitive advantage for family businesses (Habbershon *et al*., 2003). Other authors like Ruf *et al*. (2021) argue that the individual values of owners and managers affect the strategy of family firms and set the frame for organization, resource use etc.

Since the 1960s, and even more so in recent years, companies have been increasingly tasked with a growing array of responsibilities aimed at safeguarding and fostering the well-being of the societies within which they are situated (Frederick, 1960; Albuquerque, Koskinen and Zhang, 2019). This also entails numerous aspects towards a natural and “healthy” environment, social peace, or the preservation of the world for future generations (Schneider and Schmidpeter, 2012; Vives, 2006). However, how companies in general and family business in specific define and address this duty is up to the firm itself and, hence, the values of the owner-manager (Chrisman, Chua and Litz, 2004; Salvato and Moores, 2010).

Research has shown that ownership matters in sustainability strategies (Sirsly and Sur, 2013) because the managing family projects its values onto the firm (García-Álvarez and López-Sintas, 2001, Kraus *et al.*, 2011). Family firms show this through their “long term thinking” (Daily and Dollinger, 1993; Eddleston, Kellermanns and Zellweger, 2012; Dyer, 2018) or their high willingness to give back to the society (Campopiano, De Massis and Cassia, 2012). Hence, at least some family firms do have the characteristics needed to promote and engage in sustainability. The boundary conditions for family firms and families in business to engage or not to engage in sustainable behavior are in fact an interesting and relevant question.

This leads to another important characteristic of family firms, dealing to be a family as well as a business family and family business (Michael-Tsabari *et al.*, 2020). Family firms are especially apt to the competing prescriptions of the institution ‘family’ and the institution ‘market’, two of the five central institutions of Western societies (Friedland and Alford, 1991; Thornton, Ocasio and Lounsbury, 2012). As any other institution, these two institutions display specific logics defined as “*…the norms, values, and beliefs that structure the cognition of actors in organizations and provide a collective understanding of how strategic interests and decisions are formulated…*” (Thornton, 2002, p. 82), namely the ‘family logic’ and the ‘commercial logic’. While, for example, following the commercial logic, decisions on sustainability practices are taken based on sense, following the family logic they might be taken based on need. Support of an individual following commercial logic is based on benefit for the business; support of an individual following family logic is based on household membership (Schulze, Lubatkin and Dino, 2003; Thornton, Ocasio and Lounsbury, 2012). The different ways business families respond to the, at least partly, contradicting or competing beliefs and rules influence their judgment about what is right and wrong and, thus, their decisions towards sustainability. What is normatively appropriate is transmitted from one generation to the next through socialization and by role models (Bandura, 1986). Consequently, some family firms might take more ethical decisions towards sustainability while others violate hypernorms and globally held standards.

Every family business has to respond to prescriptions of different logics stemming from the different institutions a family business interacts with, especially the institution family and the institution market (Greenwood *et al.*, 2011; Kraatz and Block, 2008). These institutions and their coexisting and/or competing logics permanently require decision-making from the family members in the light of resulting institutional pressures (Greenwood *et al.*, 2011; Kraatz and Block, 2008). There is no sufficient explanation for why, under the same institutional pressures, some organizations incorporate sustainability in their activity while others only do the bare minimum, nor is it obvious why some settings develop or give in to institutional pressures for sustainability more quickly than others (Fransen, 2012; Jamali, 2010). According to research, value development occurs primarily through the family, but also through employees and other external factors (Ruf *et al.*, 2021).

Part of the inconclusive results on why family firms' decisions differ from each other might stem from the fact that different types of families adopt different decisions. One possibility is that over time, patterns within families develop on how to respond to institutional pressures, which are often unaware to the individual family member. These patterns become a central element of the family's identity, being central, enduring, and distinct (Albert and Whetten, 1985; Whetten, 2006) and, thus, help to identify different types of families (Jaskiewicz *et al.,* 2012). The more central decisions are for an individual, the more these decisions are guided by the self-identity, which is reported to be a "*…vital predictor of intensions and behavior…*" (Rise, Sheraan and Hukkelberg, 2010, p. 1100). Thus, when taking decisions in the light of pressures, identity can be an important source of resistance, in the sense that "*…individual's notion of who and what they are, …, can act back on the institutional notions of who or what any individual might or should be, thus affecting institutional structure…*" (Creed, DeJordy and Lok, 2010, p. 1356). Families respond differently to institutional complexities and pressures and, thus, affect the institutional structure in a different way.

The influence of values on the behavior of individuals has long been confirmed from sociologists and psychologists (Kluckhohn, 1951; Rokeach, 1973; Williams, 1974). Further research went on and has shown that they also help in understanding individuals' well-being and behavior (Diener, 1984; Ryff, 1989). In fact, academics noted the strong influence a manager's values has on organizations (Porras and Collins, 1994; Schein, 1983). In particular in family firms (Beckhard and Dyer, 1983; Klein, 1991), a strong influence on the organizations core values could be witnessed (Anderson and Reeb, 2003; García-Álvarez *et al*., 2002; Rau, Schneider-Siebke and Günther, 2019; Ruf *et al*., 2021).

To understand the meaning of values and the importance of their effect on firm actions and behavior, in the following, the value categories will be discussed more in-depth: Schwartz (1994, p. 20) summarized that a value can have the following attributes: (1) belief (2) pertaining to desirable end states or modes of conduct, that (3) transcends specific situations, (4) guides selection or evaluation of behavior, people, and events, and (5) is ordered by importance relative to other values to form a system of value priorities. Thus, values can be defined as "*…enduring beliefs that a specific mode of conduct or end-state is personally or socially* *preferable to an opposite or converse mode of conduct or end-state…*" (Rokeach, 1973, p. 5). In family companies, value-based decision-making refers to the process of adopting business decisions that are compatible with the family's and the business's beliefs and aims. **(**Chua, Chrisman and de Massis, 2015 ; Fletcher, Melin and Gimeno, 2012; Gómez- Mejía *et al*., 2007**;** Pieper, 2010**)**. This strategy prioritizes the long-term well-being of the family and the enterprise over short-term financial gains (Daily and Dollinger, 1993; Eddleston, Kellermanns and Zellweger, 2012; Dyer, 2018). It requires considering how actions may impact a wide range of stakeholders, including employees, customers, suppliers, and the community, as well as the next generation of family members who will inherit the company (Yuan and Wu, 2018). By making decisions based on shared values, family businesses can build trust and loyalty among stakeholders, increase reputation, and establish a sustainable future for the organization. Recent research added that different value structures from the owning management are used as a means to justify behavior (Ruf *et al.*, 2021). Even though the relevance of values in family businesses has been recognized, there is little empirical research on how values are manifested, what values prevail in a family firm and how they influence behavior (Duh, Belak & Milfelner, 2010; Koiranen, 2002). But this value approach delivers a first theoretical starting point for the following analysis helping to answer the research questions.

3.1.2. Sustainability

Awareness for climate protection has increased dramatically. Unfortunately, how to deal with it is not as straightforward as one might envision (Walker and King, 2009). As a result, individuals are acting according to what they think is right and along their own values, leading some to engage in vandalism while others block roads, airports, or the development of critical infrastructure (Roll, 2022). Hence, the pressure has expanded on the economy leading many businesses into the process of becoming more sustainable. For certain businesses, their long-term success is contingent on their transformation from a corporation without a reputation for sustainability to a respected, sustainable one (Bansal and DesJardine, 2014; Schaltegger, Ludeke-Freund, and Hansen, 2012).

Recently, the United Nations (2023, parag. 1) agreed on a set of 17 Sustainable Development Goals (SDGs) designed to provide a "*...shared blueprint for peace and prosperity for people and the planet, now and into the future...*". These SDGs are an attempt to address our time's most pressing social, economic, and environmental challenges, such as reducing poverty and inequality, combating climate change, and ensuring long-term food and water security (United Nations, 2023).

Ecological sustainability can thus be measured through numerous ways such as the following:

- Ecological footprint: This metric calculates the amount of land and resources required to support a company's production and consumption of goods and services (Barrett and Scott, 2001).
- Carbon footprint: This metric calculates the total greenhouse gas emissions associated with a company's product and service production and distribution (Hertwich and Peters, 2009).
- Energy and water efficiency: The use of energy and water by a company can be measured using metrics such as energy intensity, water intensity, and the Energy Star rating (Sovacool and Mukherjee, 2011).
- Life Cycle Assessment (LCA): This method assesses a product's or service's environmental impact throughout its entire life cycle, from raw material extraction to disposal (Gauthier, 2005).
- Environmental Management Systems (EMS): The compliance of a company with internationally recognized environmental management standards, such as ISO 14001, can also be used to assess ecological sustainability (Ikram *et al*., 2019).

- Sustainability reporting: Companies may also provide stakeholders with sustainability reports that detail their environmental, social, and governance performance (Maclaren, 1996).

For some, complying with this means an open-heart surgery, creating an entirely new brand reputation along the values of modern society and, thus, a different long-term strategy (Schaltegger, Ludeke-Freund, and Hansen, 2012). To do so Miroshnychenko and De Massis (2022) state that sustainability measures are becoming increasingly important to reduce the effects of climate change (Bansal and DesJardine, 2014; European Environmental Agency, 2011; Filser *et al.*, 2019; UN-DESA, 2013). As former research shows, there are two possible strategies firms can follow: the evolutionary (step-by-step) or a revolutionary (one-leap) strategy (Ketola, 2010), to bring in sustainability into the business equation. Hart and Milstein (2003) distinguish between internal and external sustainability practices of companies. By preventing pollution through the optimization of processes, internal sustainability strategies do not only enhance sustainability but can also help businesses to reduce expenses. These could be recycling programs, reduce paper use, print on two sides, replace business trips by video calls, install energy saving light as well as motion sensors for lighting, use second hand office equipment and reducing heating to minimal amounts (Naidoo and Gasparatos, 2018). The focus of external techniques, on the other hand, is on the expectations of external stakeholders, such as the consumers, the suppliers, or investors – meaning, to make the own product or service more attractive by being more sustainable. External sustainability measures are thus often attached to costs. Some examples could be CO2 certificates, better labor standards, or biological ingredients (Naidoo and Gasparatos, 2018).

Previous research has also identified additional sustainability-oriented behaviors such as financial accounting (Malik *et al.*, 2021), business intelligence (Petrini and Pozzebon, 2009), reporting (Thijssens, Bollen and Hassink, 2016), and supply chain and delivery management

(Schaltegger and Burritt, 2014). This may be a double-edged sword, as a strong sustainability performance can enhance a company's reputation and legitimacy, but in return ties a firm's resources it could well need elsewhere. In recent times, oil and chemical companies have also initiated a trend of allocating extra resources to engage with environmentalists in an effort to improve their reputation as environmentally responsible entities, departing from the image of being polluters of the environment (Freeman and Velamuri, 2021). However, if this new extra engagement leads to higher profits remains unknown. This shows that there is no guarantee that a firm will walk away with any financial gains as the effect of a firm's ecological performance on a firm's financial performance is to date not answered, or ambiguous results have been shown up, often due to not very valid, solid, or comparable data (Alexander and Buchholz, 1978; Barnett, 2007; Becchetti *et al.,* 2008; McGuire *et al.,* 1988; Ullmann, 1985).

As a result of these ambiguous results and the lack of valid data, the motivation towards sustainable ecological behavior from firms is still described as a theoretical black box (Ernst *et al.,* 2022). So far, research distinguishes between normative reasoning which is to "*…act out of an ethical responsibility towards a company's social and natural environment…*" (Hahn and Scheermesser, 2006, p. 152) – which is more following the value approach, and instrumental motivation "*…[which] is – by definition – extrinsic motivation…*" (Hahn and Scheermesser, 2006.) The mounting pressure and consumer demands have driven firms to seek ways to turn their environmental objectives into profitable endeavors (Zollo *et al.*, 2013), highlighting the prominent role of instrumental motivation in this process. Some examples might be a marketing strategy (Kumar, Rahman and Kazmi, 2013), economic efficiency (Dyllick and Hockerts, 2002), social objectives (Hahn *et al*., 2018), first mover advantages (Lieberman and Montgomery, 1988), and numerous others (Aguinis and Glavas, 2012; Babiak and Trendafilova, 2011; Hafenbrädl and Waeger, 2017; Malovics, Csigene and Kraus, 2008; Schaltegger and Wagner, 2017).

Although there is multiple work suggesting that family firms achieve higher levels of corporate social responsibility than their non family counterparts (Block and Wagner, 2014; Dyer and Whetten, 2006; Gallo, 2004), some authors argue that family firms' engagement towards sustainability is solely for instrumental reasons, only ever focused on finding advantages for their owners (Abeysekera and Fernando, 2020; Cruz *et al.,* 2014; Kellermanns *et al.,* 2012; Zientara, 2017). However, family-owned businesses are slower to adopt environmental initiatives compared to non-family businesses and only reached parity in 2016 (Doluca, Wagner and Block, 2018). This again would suggest that family firms are rarely ecological first movers. Research argues that this late start was caused by the global uncertainty of the environmental behavior and natural risk aversion of family firms (e.g. Chrisman and Patel, 2012). The reduction of uncertainty facilitated a shift towards a long-term focus, which in turn facilitated the catch-up process, meaning that at first uncertainty avoidance is dominant to long term orientation and, hence, bringing the financial stability back into the equation and supporting the argument that family firms only follow for instrumental reasons. Nevertheless, academics have found family firms to be very proactive in social and environmental issues (Berrone *et al*., 2010, 2017). Especially in the USA there seems to be a strong relationship between family ownership and environmental actions (Block and Wagner, 2014). So far, academics have offered many contractionary findings (Broccardo, Truant and Zicari, 2019) in their attempt to find an answer to what at first sight might seem like an easy answer.

In essence, research has shown that a family firm's behavior distinguishes itself in goals, norms, and values (Lansberg, 1983; Ward, 1987). Especially, family values play a significant role in the extent of ecological sustainable behavior a family firm will encounter (Le Breton-Miller and Miller, 2016; Sirsly and Sur, 2013). Because family firms strive for non-financial goals it is seen as both a strength (Zellweger *et al.*, 2013) and a weakness (Bertrand and Schoar, 2006). Although this may be viewed by some as a general drawback when competing with non-family businesses that follow only commercial reasoning, it may allow for a unique ecological transformation approach. Considering the significance of a family firm's reputation (Deephouse and Jaskiewicz, 2013; Zellweger *et al*., 2012), which has often been formed over generations (Dyer and Whetten, 2006; Lumpkin, Brigham and Moss, 2010), family businesses should, in principle, be highly motivated towards sustainability practices. Put in the words of Warren Buffet: "*…It takes 20 years to build a reputation and five minutes to ruin it…*" (Berman, 2014, p. 1).

But is the good family name the only motivation in the fight against global warming or are there other motives which make family firms push for more sustainability? Previous studies have indicated that the motivation driving environmental actions among micro-entrepreneurs tends to stem more from external factors rather than internal inclinations (Masurel, 2007; Mir, 2008). Would that be true for family businesses as well? A further popular assumption is the differentiation between three different perspectives: profit-oriented, stakeholder demand, normative reasons (Benabou and Tirole, 2010) – does that hold true for family business? Another study provided three different motivations, namely: seeking corporate legitimacy, market success, and internal improvement (Windolph, Harms and Schaltegger, 2014). Again, does this also apply for family businesses?

Moreover, sustainable action can be found in different forms and strengths among companies: proactive pioneers, trend followers, and defensive market players (Bonini and Görner, 2011). The latter would bring sustainability as a strategy with it and, thus, possible first mover advantages. The first mover advantage is the notion that a company or individual who gets ahead of the competition and establishes themselves as the leader will benefit from greater market share and greater profits than competitors who follow (Lieberman and Montgomery, 1988). Many businesses recognize the importance of being the first mover and seek for ways to take advantage of their early position in the market, which could be a key driver in ecological development, too. This might make it not only interesting and fulfilling, but economically successful for family businesses to be among the first pioneer group to act sustainable, to become known as a pioneer, earn credibility, and in doing so new customers (Zellweger *et al.,* 2013). However, the situation for those who follow peer pressure or trends or who are late movers, doing only what is legally required and considered necessary, remains unclear.

All in all, research does not offer a clear answer but instead several assumptions of what really motivates family firms towards sustainability. These are hence rather contradicting (Broccardo, Truant and Zicari, 2019; Cruz *et al*., 2014; Kuttner and Feldbauer-Durstmüller, 2018; Le Breton-Miller and Miller, 2016). Expressed in simple terms: the motivation from family firms towards sustainability remains inconsistent and blurry and asks for more research. Hence, a deep case analysis with multiple large family firms is needed to shed further light on this topic, despite the possible difficulties in obtaining such confidential primary data from large family firms (Berrone *et al*., 2010).

3.2. Method

The aim of the study is to distinguish between different types of motivation which drive family firms towards an ecologically sustainable development. Thus, this paper illustrates the mechanisms of motivation which can have some impact on a firm's strategy and production process and, hence, its overall sustainability performance. In doing so, this paper tries to explain potential routes of sustainability performance gaps between different firms.

For this study, a qualitative and interpretative approach has been chosen because it allows to "*...provide unique, memorable, socially important and theoretically meaningful contributions…*" (Gephart, 2004, p. 462). This method allows to concentrate on organically occurring incidents in natural settings, collecting authentic experiences close to a given circumstance. Because the behavior and decision-making of family enterprises (*and the people* *involved*) is an unfathomable phenomenon, it provides the necessary instruments to capture underlying meanings and beliefs that individuals truly have towards the topic. Thus, the five analytic phases (Yin, 2015) were followed: Compiling, disassembling, reassembling, interpreting, and concluding. To achieve the best results, this study aims to research inductively and deductively respectively.

3.2.1. Theoretical Sampling, Data Collection and Case Development

To gain a deeper insight and understanding regarding the antecedents of the sustainability strategy, activities, and measures, it was deemed appropriate to look at different family businesses in a context where they play an important economic role and, simultaneously, sustainability issues are of high importance. At the same time, as in any qualitative approach, reducing the number of variables potentially interfering is helpful. Therefore, it was decided to concentrate on a single country, one that is known for its prevalence and relevance of family firms. According to O'Hara and Mandel (2002), Italy, Japan, France, and Germany are the countries known for innovative and globally successful family firms.

Sustainability reporting in Germany is quite high (Kolk, 2003), which implies a high public interest in the subject. Klein (2000) among others has expressed the significance of family companies to Germany's economy. Today's statistics demonstrate that family businesses make up a substantial portion of the overall business landscape, with estimates ranging from a minimum of 60% to a maximum of 90% of businesses being owned and operated by family members, depending on the definition used (Wolff *et al*., 2022). They account for 52 percent of the total German revenue and 58 percent of all employment (Rudnicka, 2022). Moreover, family businesses are deeply embedded in the economic system in all kind of industries and the situation is comparable to Switzerland, Austria, Italy and other countries. Thus, Germany was chosen as a representative country. In order to choose family businesses as in-depth case studies and to ensure a diverse range of firms operating in critical industries, where sustainability is a crucial issue (and sometimes difficult to access), the selection process was carried out in the following manner:

To assure the right degree of autonomy in decision-making (Carney, 2005), businesses were required to be owner-managed, meaning the majority of the shares or ownership is in the hand of one or more family members and at least one family member is in the top management position of the family business, following the criteria set by one of the most cited definitions of a family business (Chua, Chrisman and Sharma, 1999; Astrachan, Klein and Smyrnios, 2002). Additionally, to ensure that the selected businesses were true family-owned enterprises, a final criterion was applied: the business must have been in the family for more than one generation (Wolff *et al*., 2022). Moreover, the idea is to deal with businesses in relevant industries where the pressure of consumers might be even higher as a result of the increasing public demand for sustainability on enterprises operating in these sectors. Also, companies operating in industries in which the competition is pretty strong, so decisions have always to be made under cost aspects and other pressing issues (Desore and Narula, 2018).

Therefore, as discussed before, the choice is on family businesses in the textile or food industries. Finally, for this study it is of high interest to look at large family businesses, struggling with strong competitors and having market power, probably even having the ability to change market standards because of their size and impact (Van Reenen, 2018). Therefore, the decision was to go for family businesses with an annual revenue of more than a 150 million Euro. With an average turnover €1.6BN, the participating family firms can be seen as global players with some recognition in their field, giving the data some significance. More information on the companies can be found in table 4 (Appendix). In addition, to generate a broad spectrum of businesses, the attempt was to distribute the organizations throughout the various business models (premium, middle, low; high and low profit margins) to capture the different environments of manyfold aspects pushing or blocking sustainability measures.

Various family businesses that met the requirements were contacted, and finally, seven companies agreed to participate in the research, three belonging to the food industry, and four to the textile industry. To avoid information bias from the company side, that means, talking to only one representative, individual interviews were conducted with the owner managers, their wives, next generations (if applicable), executive board managers (if applicable), sustainability commissioners, and marketing or production managers. Finally, 33 interviews were conducted, recorded, transcribed, and then returned to the interviewee for final approval, which resulted in 927 pages of Times New Roman, 12, with a 1 ½ line spacing. In doing so, deep case insights could be generated or otherwise dyadic data was generated offering a 360-degree insight in every case, family business company, and business family. To undertake the interviews and to generate the most insightful data, the semi-structured approach (Appendix 2) was followed; thus, the interview guideline contained mainly open-ended questions to encourage more spontaneous responses throughout all interviews. As a result of this, the interview length ranged from a minimum of 40 mins to a maximum of three hours.

In order to gain the most insightful results, an interpretive stance was followed, which can be defined as an "*…an epistemological position that requires the social scientist to grasp the subjective meaning of social action…*" (Bryman, 2004, p. 540). Thus, it can be seen as "*…an approach that focuses on human beings and the way in which they interpret and ascribe meaning to their experience and world…*" (Daymon and Holloway, 2011, p. 366).

In addition to collecting primary data from each organization, also secondary data were gathered. Consideration was given to a comprehensive review of the company's website and publications through various media channels, such as articles, and documentaries. Because of signed confidently agreements, the list of these references can be requested from the author, after signing an NDA as well.

3.2.2. Data Analysis

The primary goal of qualitative research is to make sense of the data gathered while also producing meaningful theoretical contributions (Langley and Abdallah, 2011). To do so, iteratively, the data were evaluated to identify recurring patterns and themes. Thus, the overall analysis consisted of a number of independent steps, with an emphasis on identifying the features of a company's sustainability activities and behavior and the virtues of the actions that caused it or were potential antecedents.

Initially, each interview was analyzed separately, noting all keywords pertaining to the conduct of a company, the decision-making process, and sustainability activities, and measures in general. In the first step of analysis 1,800 keywords were noted throughout the 33 interviews. Keywords were noted as frequently mentioned words in the interviews and relevant to the topic such as values, consumers, decision criteria, sustainability, the future of the firm etc. In a second step it was possible to find 16 general topics (table 5 in the appendix), to which the keywords were assigned to. Further, to accomplish the study goals, the empirical data from the interviews was categorized into first-order themes. These served as a foundation for the development of second-order themes that were more abstract and conceptual in character (Strauss and Cobin, 1998). Starting at this point, I utilized the NVIVO software to collect and connect data from multiple sources (Richards and Richards, 1994). All interviews underwent open coding before transitioning to axial coding (Strauss and Corbin, 1998). With the help of axial coding, the research first looked at each case, and in a second step, made comparisons across cases. Through this phase, it was possible to reject the bulk of the categories because they lacked sufficient evidence to construct a case.

Relevant motivational theories (Herzberg, 1959; Maslow, 1943; McClelland, 1961; Vroom, 1964) were considered as part of the search criteria in the deductive approach to systematically go through and analyze the interviews. Although this study is somewhat intricate, as it examines the motivation of an institution as determined by its owners rather than just the individuals involved. Thus, the study aims at explaining company behavior via the analysis of individual statements from owners and employees. The analysis of individual statements has provided valuable insights into all of the companies' behavior and thus helped explain their actions, values, and goals in the following ways:

- Gathering and analyzing written and oral statements from company executives, employees, and stakeholders.
- To understand the company's culture and values, examine the language used, tone, and sentiment of the statements.
- Recognizing patterns and themes in the statements, such as repeated references to the company's mission, goals, and priorities.
- Comparing the statements to the company's actual actions and results to determine if the company's words and actions are in sync.
- Evaluating the statements' consistency and coherence over time to assess the company's stability and direction.
- Evaluating the statements' persuasiveness and influence, as well as the extent to which they shape public opinion and stakeholder perceptions.

3.3. Results

Companies are subject to a slew of responsibilities to protect and develop the society in which they operate (Schneider and Schmidpeter, 2012; Vives, 2006). This also applies to businesses which cover numerous elements of social responsibility such as a "healthy" environment, social peace, or the preservation of nature (Schneider and Schmidpeter, 2012; Vives, 2006). However, how family firms define those obligations can vary considerably due to the different value structures discussed earlier. As a result of those value structures, the motives towards sustainable action can be found in different forms and strengths among companies: proactive pioneers, trend followers, and defensive market players (Bonini and Görner, 2011). During the analysis, a frame started to form indicating different thinking and different output per company towards ecological sustainability, which also confirmed the acute urgency of this topic has risen to in the industries.

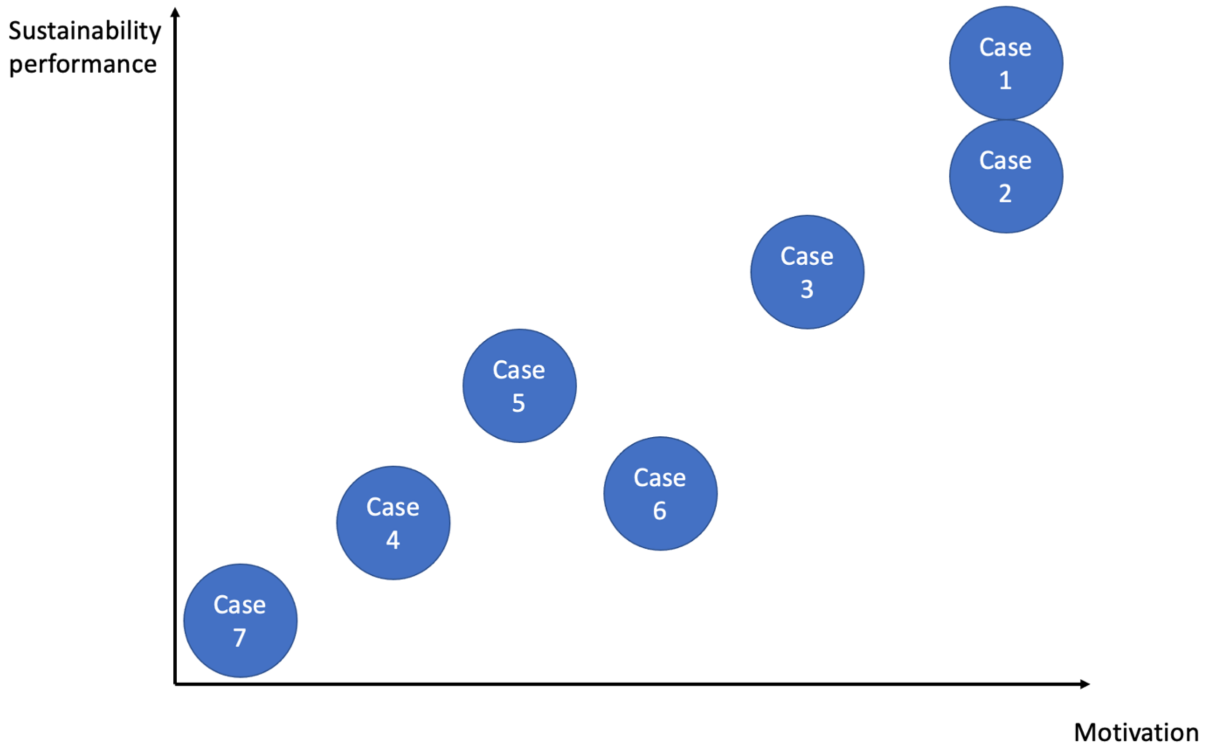
> *"…It's a huge, hot-air hurricane that's raging through the industry. Everyone has turned sustainable overnight. Our processes were previously focused on many things, but not on sustainability, and the processes did not change overnight. So, the purpose of fashion is simply not sustainable, but if I am not sustainable in the ecologically sustainable sense, then I will no longer be successful in business terms and this is a perversion of our business model…" (Case 4 Owner Manager; R233-263)*

Further, interview partners confirmed that the increasing demands are becoming more and more of a problem for firms.

> *"…Even today, we can only make the entire supply chain so sustainable to a limited extent…" (Case 5; Owner manager; R196-197)).*
>
> *"…And that's why I see the industry with difficulties because you can't tell someone, hey, you have to change your business model. Yes, I can do that, but in the end it's the numbers that count, not sustainability or ethics or anything else…" (Case 3; NextGen1; R473-477)*

Generally speaking, interviewees from each case seemed to share the same believes and viewpoints on sustainability, which allowed for a cross case analysis to finds commonalities. Thus, it is possible to create a motivation/performance matrix (Figure 1) with the participating companies. Interview quotes per case, which verify the information in table 1, are included in the appendix.

Figure 2: Motivation/Performance Matrix.



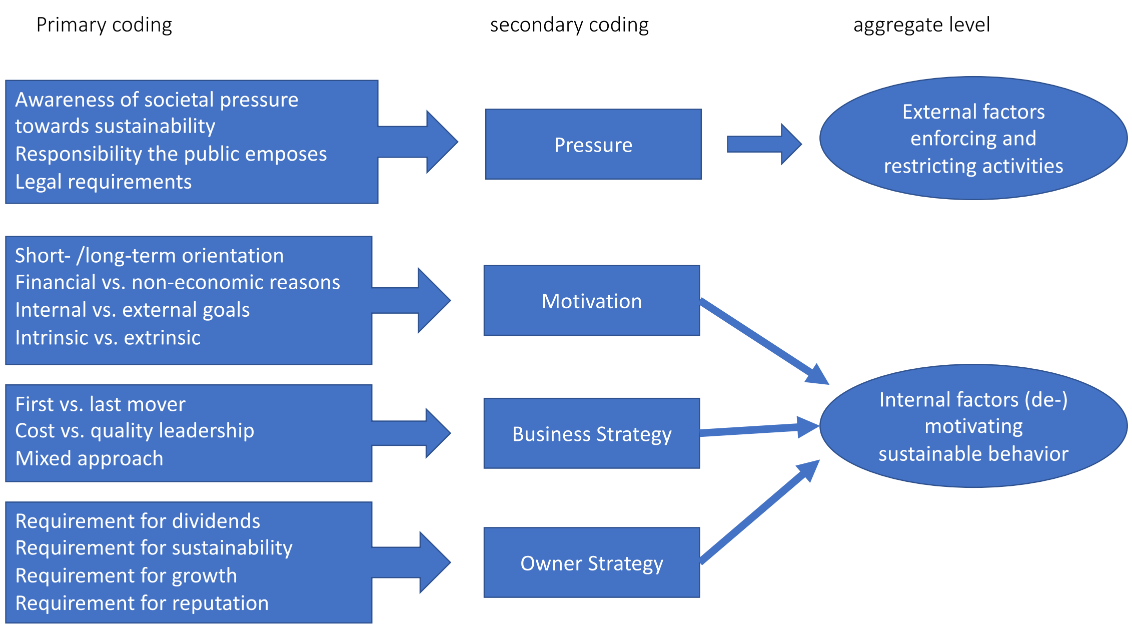
Source: Own elaboration.

The matrix gives a good first overview over the gathered data and information, while clearly indicating a mix of motives and actions. At first sight, the diagram points at a relationship between the level of motivation and sustainability performance. The higher the motivation (with case 6 being an exemption), the higher the sustainability performance. Thus, motivation matters. Overall, one could argue that there are three groups. Existing research acknowledges these as mentioned to be proactive pioneers, trend followers, and defensive market players (Bonini and Görner, 2011; Griffin, 2019).

However, if one takes a closer look at the follower groups, one can see that there is more to it than just early and late movers. The gap between the cases seems too big for the suggestion to fit accurately to the topic of ecological sustainability. Furthermore, the existing work does raise further questions about the factors deciding who becomes a pioneer and who a trend follower, for example. This might be due to a certain start date. Can only a limited number of firms become a proactive pioneer? Is a firm who outperforms another, because they approach it with more energy and interictally motivated, a trend follower only because it started a few months/years later? Where do you draw the line? Further, Figure 3 shows that a higher motivation does not necessarily lead to a higher ecological behavior, which is also not taken into consideration in the existing theory.

As aforementioned, open coding preceded axial coding (Strauss and Corbin, 1998). The primary codes were grouped into four secondary groups, namely three ‘internal’ factors, here motivation, business strategy, and owner strategy, and one external, namely pressure (see also figure 3).

Figure 3: Coding**.**



Source: Own elaboration.

3.3.1. External Factors

- **Pressure**

Sustainability has gained widespread popularity but it is not immune to skepticism and criticism. Some firms view sustainable behavior as a mere form of *“populism”* (Case 5) or *"market positioning,"* (Case 5) while others contend that *"appearance"* (Case 4) rather than sustainability per se will remain the primary decision criterion. In such cases, direct action towards sustainable behavior is likely to result from external pressure in various forms, such as societal pressure or legal requirements.

> *"…At one point we were the market leader, and as the market leader we have a certain responsibility that the public imposes on you. That's the way it is…" (Case 6 Owner Manager; R90-92).*
>
> *"…We all say, it is unreasonable what the policy there wants from us your sustainability work is always devalued, by the legislator says that is not enough, that is not enough. We need another law, we need another law, we need another law. And if it is not enough at the German level, then it will be at the European level. And if it is not enough at the European level, then it will come at the level of the United Nations. I'll tell you something now we're all just puking our guts out…" (Case 7; Sustainability Manager; R604-612).*
>
> *"…Even today, we can only make the entire supply chain so sustainable to a limited extent…" (Case 5; owner manager; R196-197).*

As seen in the respective quotes, family firms and their protagonists experience societal pressure towards acting sustainably. All respective cases range rather low on the motivation scale; thus, it seems that there is a relation between motivation to act sustainably (low) and experienced societal pressure to do so, despite their own motivation. The obtained results will demonstrate in the following that for those family firms in which motivation is relatively high, pressure is irrelevant to them.

3.3.2. Internal Factors

Internal factors play an important role in encouraging sustainable behavior within organizations. These elements can be divided into three categories: motivation, business strategy, and owner strategy. Employee and management motivation for sustainability practices can have a significant impact on the organization's adoption of sustainable behaviors. The organization's business strategy, such as incorporating sustainability into the core business model or setting sustainability goals, can also encourage sustainable practices. Finally, the owner's sustainability strategy, such as owner structure requirements can have a significant impact on the sustainable behavior of the organization. A combination of these internal factors can lead to the establishment of a sustainable culture within the firm.

- **Motivation**

The inclination toward short-term objectives, as opposed to long-term goals, is a pivotal factor influencing sustainability. Simultaneously, it is considered as one of the primary distinguishing features between family and non-family firms (Dyer, 2018). Short-term thinking can have serious long-term consequences for the environment and society.

> *"…We always just adapt according to the new laws and no more really. I believe that if it were not always about the last cent, we would be able to do more than the bare minimum currently, however, we just make our products authority-proof…" (Case 7; Safety Manager; R172-173; R496-498).*

> *"…The industry is currently under insane pressure to generate earnings, and as we know, pressure on earnings does not necessarily lead to accelerated sustainability. It is clear that the industry must become much more sustainable…" (Case 6; Next Gen; R51-54).*

A long-term perspective, on the other hand, encourages sustainable practices that consider the impact of current actions on future generations. Long-term thinking enables organizations to focus on long-term benefits while avoiding the negative consequences of unsustainable practices.

> *"…We managed to do it against great international competition, who often smiled at us because of our conviction and commitment towards organic farming, environmental protection, and sustainability. That was very exotic 50 years ago but we were convinced that it was the right way to go…" (Case 1; Senior Owner Manager; R23-28).*
>
> *"…We practically invented 'organic' which is why we have been involved with the idea of sustainability for decades. So, at a time when you were politically persecuted with such ideas we already did it. We always think further, hence we are climate neutral since 2011 and now climate positive. We take less from nature than what we give back…" (Case 1; Marketing Manager; R68-69).*

Another important factor influencing sustainability is the weighing of financial versus non-financial reasons. While financial incentives are frequently required to incentivize sustainable practices, focusing solely on financial gains may result in a disregard for social and environmental concerns.

> *"…We are always looking for every cent because we are simply obliged to do so again and again…" (Case 6; Sustainability Manager; R584-586).*
>
> *"…Economic sustainability is essential for me, because otherwise I simply can't keep it up. So, I have to think very carefully about what I touch at once without slipping into too high a cost burden, which the market almost never recognizes…" (Case 4; Owner Manager; R595-599).*

Non-economic factors such as ethical and moral concerns can also have an impact on sustainability practices. Some organizations prioritize ethical and moral considerations instead of financial profits. Additionally, the contrast between intrinsic and extrinsic motivation can have a notable impact. Intrinsic motivation, exemplified by a sense of environmental responsibility, has the potential to drive enduring and effective sustainable practices.

> *"…When I see what we have burdened ourselves with in order to become more sustainable and also to forego profit, one can only see pure conviction…" (Case 2; Production Manager; R386-388).*

> *"...Million-dollar investments for e.g. CO2 certificates are released without a long thought because they believe it is the right thing to do…" (Case 1; Marketing Manager; R110-112).*
>
> *"...I would like to hand over the world in a condition that is better for the next generation than the one I got it to, because our environment must also find itself in a condition that we are at least in the same level or a better level…" (Case 2; Owner Manager; R56-60).*

> *"...I believe that as entrepreneurs we also have a social obligation to offer people perspectives…" (Case 2; Owner Manager; R56-60).*

Furthermore, an organization's goals can have an impact on sustainability practices. The quotes below exemplify a blend of strong intrinsic motivation towards sustainability. However, unlike the previously mentioned quotes, this firm's actions are not primarily driven by ethics and morals but rather by self-interest. Consequently, this group exhibits a high level of sustainability performance. Setting internal objectives, such as decreasing carbon emissions or minimizing waste, can serve as effective catalysts for promoting sustainable practices within a company.

*“…We do everything out of self-interest. If no one addresses sustainability and I suddenly put my products in a box instead of nice packaging, then of course I am rightly criticized that it is not elegant enough and not beautiful enough…” (Case 3; Owner Manager; R475-
478).*

“…I am already a Swabian. And for me, sustainability means that it fits. So, I am egoist and I want to earn money, so I want to avoid senseless things. So sustainable means I save resources and money…” (Case 3; Owner Manager; R146-148).

External goals, on the other hand, are purely financial and survival-oriented and lack any ethical or moral components. Extrinsic drive, such as financial incentives, can provide short-term profits without considering the sustainability’s long-term effects. Organizations must analyze a wide range of issues that affect sustainability in order to effectively promote sustainable practices. For instance, following rules can encourage sustainable behavior, but it might not go further what is required of it in terms of encouraging sustainability.

“…If I am not sustainable in the ecologically sustainable sense, then I will no longer be successful in business terms…” (Case 4; Owner Manager; R279-280).

“…It’s a huge, hot-air hurricane that’s raging through the industry. Everyone has turned sustainable overnight. Our processes were previously focused on many things, but not on sustainability, and the processes did not change overnight. So, the purpose of fashion is simply not sustainable, but if I am not sustainable in the ecologically sustainable sense, then I will no longer be successful in business terms, and this is a perversion our business model…” (Case 4; Owner Manager; R233-263).

“…Everyone is talking about sustainability right now. It has just become a trend…” (Case 5; Next Gen; R111-112).

"...Sustainability means for me, if I do this, save money future-oriented..." (Case 3; Owner Manager; R211-212).

- **Business strategies**

In today's highly competitive business world, companies must employ effective strategies to stay ahead of their competitors. The first vs. last mover strategy, cost vs. quality leadership, and a mixed approach are three popular business strategies. The first vs. last mover strategy is concerned with the timing of starting with an uncertain project.

EXAMPLES FOR FIRST MOVER

"...We pay above tariff; others only pay the tariff. We have started the CO2 compensation when others have not even thought about it. We do this out of conviction and are thus one step ahead of the competition..." (Case 2; Owner Manager; R151-152).

"...We became sustainable not because I invented that. I noticed that everyone when I mentioned sustainability was fascinated. I have adapted to the change and so we have started 18 years ago..." (Case 3; Owner Manager; R113-116).

MORE OR LESS FIRST MOVER / OR STEP BY STEP

"...We have the topic of environmental on our agenda, and we are tackling it but at our pace..." (Case 5; Next Gen; R130-137).

STEP BY STEP

"...As a company, we must always make the claim that we also meet all legal requirements. That is the basis. Then we have to think about what we can do in addition..." (*Case 7; Owner Manager; R308-311*).

The cost vs. quality leadership strategy is concerned with deciding whether to prioritize cost efficiency or quality output. When considering sustainability, the cost vs. quality leadership strategy takes on added significance. The following quotes illustrate that the process of becoming more sustainable can be costly, prompting the adoption of a prominent strategy to distribute these expenses.

> *"...From the pain it is always easier to say, we want to reduce everything until the year 2040 is of course easier, but if you mean that seriously, then you should immediately notice that it hurts you..." (Case 2; Owner Manager; R45-47). PRESSURE*
>
> *"...Sustainable management is more expensive..." (Case 1; Senior Owner Manager; R126-127). PRESSURE OR COSTS...*

A focus on cost efficiency may lead to decisions that prioritize short-term gains over long-term sustainability.

> *"...We are always looking for every penny, because with our margin situation we are simply obliged to constantly stay on top of things..." (Case 6; Sustainability Manager; R584-586).*
>
> *"...We are not a support association. We have to be profitable in order to remain healthy..." (Case 2; Production Manager; R136-137).*
>
> *"...Business operations remain my top priority if I have to pick between going bankrupt and remaining solvent..." (Case 4; Owner Manager; R285-288).*
>
> *"...Economic sustainability is essential for me, because otherwise I simply can't keep it up. So, I have to think very carefully about what I touch at once without slipping into too high a cost burden, which the market almost never recognizes..." (Case 4; Owner Manager; R595-599).*

"…We cannot now make further cuts in quality and maintain the same prices. That is actually not even possible…" (Case 7; Owner Manager; R107-109).

On the other hand, a quality leadership strategy may prioritize sustainability by emphasizing the use of eco-friendly materials, efficient production processes, and a focus on sustainable outcome opposed to the costs which come with it. The quotes reveal a significant difference in the approach towards the entire issue when one approaches it intrinsically motivated.

"…Certificates are only the last step. First of all, it's about avoiding…" (Case 2; Owner Manager; R40-43).

"…We will not let anything influence our thinking…" (Case 1; Senior Owner Manager; R424-425).

The mixed approach, on the other hand, is a strategy that combines elements of both cost and quality leadership strategies to achieve a balance between sustainability and cost efficiency.

"…And it's also true that we just have to make a tradeoff between what sustainability means for consumers and what is sustainable. We can't do it, even if we would like to, completely decoupled from consumer reception…" (Case 5; CEO; R244-246).

"…If I am not sustainable in the ecologically sustainable sense, then I will no longer be successful in business terms…" (Case 4; Owner Manager; R279-280).

The business strategy plays a pivotal role in determining what lay room the family firms have to act sustainably. While for some, being sustainable or, as Case 1 states, 'organic', is an integral part of their strategy that defines a central part of their brand and constitutes a USP, as their customers value this type of differentiation, others see being sustainable rather from the cost perspective. For them, they do as much as they are obliged to but stay with their initial business strategy, namely cost leadership. These firms consider, thus, becoming sustainable is an additional threat which raises cost and goes counter their business strategy.

- **Owner Strategies**

Owner strategies are critical for determining a company's direction and success. Depending on the owner structure of a firm, these owner strategies can vary significantly from each other. The more owners a firm has, the less freedom does the individual owner as well the management team have to follow their values, because the requirements for safety, dividends and/or growth become a key topic within the owner group to be decided. Basically, the owner(s) have to decide whether they want to rather pursue an increase in stability, thus, raising the equity level by keeping profits in the company, or investing in growth, usually coming with an enhanced level of risk. They also have to decide whether they opt for a rather high level of dividends and by that forgoing increased growth and, thus, future opportunities. In the case of sustainability, all three potential routes have very special impact.

> *"…First of all, I'm lucky that I don't have as many shareholders, of course, hence also less return requirements…" (Case 2; Owner Manager; R521-524).*

> *"…With a few shareholders, everyone quickly has everything they need, and you can reduce yield distributions and spend them on sustainability. Unfortunately, that is not the case with us…" (Case 4; Owner Manager; R732-744).*

This implies that depending on the owner structure there is more or less room for sustainability cost burdens.

> *"…And every entrepreneur knows, in the end, a service must also cost something and sustainability costs, at least compared to the previous process…" (Case 4; Owner Manager; R257-260).*

> *"…Sustainable management is more expensive…" (Case 1; Senior Owner Manager; R126-127).*

> *"…And that's why I see the industry with difficulties because you can't tell someone, hey, you have to change your business model. Yes, I can do that, but in the end it's the numbers that count, not sustainability or ethics or anything else…" (Case 3; NextGen1; R473-477).*

As the different cases show, it is the owners who decide whether sustainability is important or not. At the end, it is a matter of priorities. When the first and foremost priority is to make as much profit as possible to distribute it to the owners to keep them quiet, sustainability, being costly, will not be of high priority. If, opposite to this identity, the owner is tied to being a first mover in being 'organic', sustainability comes rather naturally as a high priority, and they are prepared to forego dividends on the short end to position the family firm as a sustainable company.

So far, the quotations provide an initial indication of three distinct motivational patterns observed in this study concerning various types of motivation towards sustainable behavior:

1) High intense intrinsic motivation for the right cause. (Case 1& 2)

2) High intrinsic motivation for personal gain. (Case 3)

3) Extrinsic motivation for one's own survival or well-being. (Case 4,5,6 & 7)

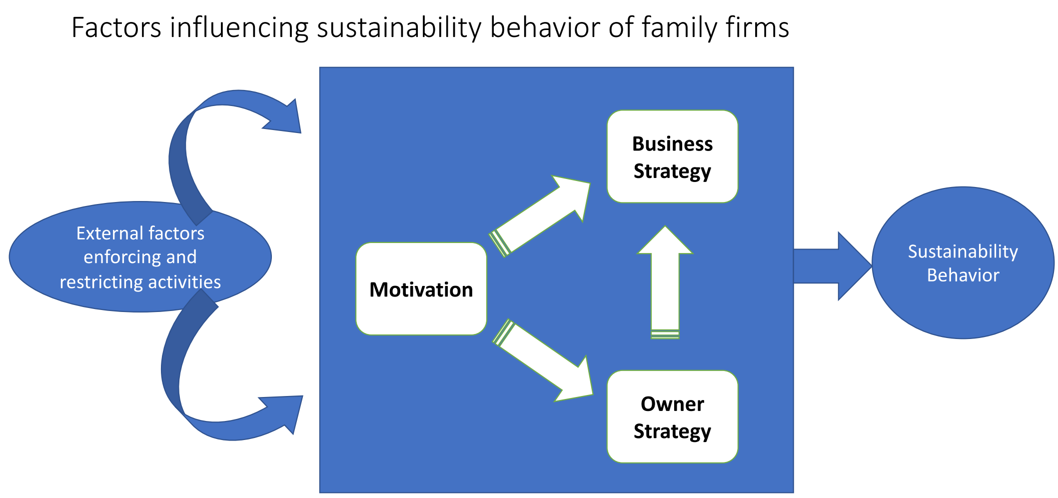
These identified patterns fill a research gap, as motivational patters were to date neglected (Windolph, Harms and Schaltegger, 2014)

3.3.3. How the Factors Interact

Having identified the three internal and the one external factor influencing the decision of whether and to what extent to act sustainably, the question remains how these factors are tied together. What can be derived from this analysis is that internal factors are at the heart of the decision while external factors force some of the family firms in our sample to adopt a minimum of sustainable behavior, although neither their motivation to do so is in place, nor does their owner strategy or their business strategy suggest to do so.

An array of external factors, which can either reinforce or restrict activities, serve as an external framework shaping and determining internal factors such as motivation. Looking at the internal factors, we can see that it is the overall motivation that triggers a sustainable behavior of family firms. More specifically, it is motivation what affects the business as well as the owner strategy. Ultimately, both, the owner strategy and the resulting business strategy are informed by the underlying motivation of the owners. And as the owners in family firms are much more influential than shareholders in corporations, one can distinguish here a crucial factor determining the differences between family and non-family firms when it comes to sustainable behavior, as displayed in figure 4. The business and owner strategy, on the other hand, are intertwined as well. This interplay between the three spheres determines the sustainability behavior of family firms.

Figure 4: Factors Influencing Sustainability Behavior of Family Firms.



Source: Own elaboration.

In summary, whether or not a family firm behaves sustainably is due to the motivation of the dominant coalition, whether this dominant coalition is comprised of only the owners, the owners and the owner-manager, or of the next generation as well. The owner strategy and its impact on business strategy as well as on sustainable behavior is informed by this motivation. External factors can force a family business to act sustainably even though neither the motivation nor the owner strategy suggests doing so. In the following, it will be dived deeper into these different types of motivation.

3.3.4. Motivations Group 1

Firms assigned to category one are recognized as trendsetters and are thus significantly ahead of other companies, including competitors. However, given implications of ecological sustainability and the uncertainty of its financial performance (Alexander and Buchholz, 1978; Barnett, 2007; Becchetti *et al.*, 2008; McGuire *et al.*, 1988; Ullmann, 1985), the motivation for starting a trend appears hazy. According to the interviews with two companies' representatives, their pursuit of ecological sustainability is motivated by pure conviction (Case, 1 & 2) because they believe it is the right thing to do. As a result, the term "convictionist" appears to be more appropriate for these companies, at least in terms of ecological sustainability, as both use it to explain their actions. These organizations can be distinguished from others by their disregard for losses in their quest to become more environmentally conscious.

> *"…We managed to do it against great international competition, who often smiled at us because of our commitment to organic farming, environmental protection, sustainability. That was very exotic 50 years ago, but we were convinced that it was the right way to go…" (Case 1; Senior Owner Manager; R23-27)*
>
> *"…Million-dollar investments, for e.g.: CO2 certificates, are released without a long thought, because they believe it is the right thing to do…" (Case 1; Marketing Manager; R110-112)*

Sustainability is approached in such a proactive and also intrinsically motivated way. I don't experience that so much in the industry. So I also have the feeling that we are a pioneer here and also set the impulses. (Case 2; Sustainability Manager)

Convictionist firms consistently outperform other firms in terms of ecological sustainability due to their natural pioneering role. They began the process early and were able to implement an evolutionary, step-by-step strategy (Ketola, 2010), which has propelled them well ahead of the general industry and competitors. However, it is unclear whether they will benefit economically in the long run due to inconsistencies in previous research on firm economic effects (Alexander and Buchholz, 1978; Barnett, 2007; Becchetti *et al.,* 2008; McGuire *et al.,* 1988; Ullmann, 1985). Surprisingly, only food production companies were able to secure a spot in this category, with no textile firms being included. Although there is no clear evidence to support this finding, it poses the question of why textile companies are not doing more to become more environmentally friendly, given their full awareness of the industry's ecological footprint. While fashion companies are known to use a defensive sustainability strategy to avoid losing sales and performance, the exact reason for textile companies' inaction is unknown.

"...In the subject of sustainability, the industry is catastrophic, and there's no need to sugarcoat it either..." (Case 3; NextGen1; R410-411).

3.3.5. Motivations Group 2

The study's second group of firms identified are those that act in their own self-interest and may be more risk-averse than the first group considered as pioneers. This group is intrinsically motivated toward ecological sustainability, albeit not necessarily because it is the right thing to do, but because it benefits them. These firms take a more cautious approach, taking care to ensure that their actions are in their best interests.

"...In principle I constantly recognize the change, that I constantly recognize that what I did yesterday is now becoming more difficult. And the one that jumps on first will have more costs at the moment, but will have more savings in the future, and of course, he will have the advantages..." (Case 3; Owner Manager; R104-108).

"...At night we bleach, during the day we color so they say we just have a balanced energy in the flow. For reasons of economy, of course we save more water and electricity, and then in the end of course then comes out a sustainable product..." (Case 3; NextGen1; R182-187).

"...The sustainability means for me as I can, if I do this, save money future-oriented..." (Case 3; Owner Manager; Owner Manager; R146-148).

They, like the first group, are able to follow an evolutionary, step-by-step strategy (Ketola, 2010) towards sustainability because they began early with the process. While some may question their motivations, it is critical to recognize that these businesses are still extremely environmentally sustainable. They seize every opportunity to avoid risk and capitalize on opportunities to save money in the long run through avoidance and optimization. They do not, however, consider cost-intensive sustainability practices such as CO_2 compensation.

These companies recognized that the sustainability trend offers them a unique opportunity to shine, and admitted taking advantage of it. Despite popular belief, this group of companies performs admirably on the social pillar and is widely recognized for it across the country. These businesses are also looking to generate innovation in order to reduce costs and/or generate greater long-term benefits for their development. As a result, they are able to save money, which is no secret to the better-performing firms in Groups 1 and 2.

This group of firms, however, does not fit into existing research because they are neither pioneers nor trend followers. According to research, their motivation for ecological sustainability is intrinsic, excluding them from the trend follower category (Bonini and Görner, 2011). They do not, however, act out of conviction for environmental sustainability. These companies are only willing to do what is economically viable. Their motivation comes from an egocentric place rather than an ethical one. They only act in their own self-interest, hence the name of this group. In some ways, this second group of firms are pioneers among trend followers because they have a unique market position that requires them to recognize and adapt to trends quickly in order to survive. Sustainability practices that provide no long-term benefit or return are thus quickly dismissed.

3.3.6. Motivations Group 3

The statement emphasizes the fact that when people are forced to do something due to social pressure and compulsion, their efforts are significantly lower than when they do something out of choice. This applies not only to individuals, but also to businesses, particularly premium brands with a broader scope of action, which are being forced to adopt an evolutionary strategy (Ketola, 2010) in response to rising consumer expectations for sustainability. These companies believe however, that consumers are *"...hypocritical and only want to justify their conscience..."* (Case 5), but they have no choice but to follow the growing trend of sustainability.

Firms with a broader scope of action have more options due to higher profitability, whereas those with lower profit margins and similar consumer expectations are more likely to pursue a step by step strategy (Ketola, 2010). These companies began decades after group one and may face difficulties in the future, if there is a link between the ecological and social pillars of sustainability and the economic pillar of sustainability.

The heads of family businesses and firms in this category are typically trend followers who are skeptical of sustainability. Some owners, for example, have described it as *"...populism..."*

and *"...market positioning...,"* (Case 5) while others believe that appearance, rather than sustainability, will continue to be the most important decision criterion (Case 4). Despite their skepticism, these companies feel compelled to participate due to the growing market importance of sustainability. They understand that if they do not join the current enthusiasm, they will be left behind and will most likely go out of business in the near future.

> *"...At some point we were the market leader and as the market leader we have a certain responsibility that the public imposes on them..." (Case 6; Owner Manager; R90-92).*

It is important to note that not all companies in this category are necessarily supporters of the sustainability trend, but they are also not eager to ignore it. Some of these firms find it more difficult than others to participate in the trend due to factors such as low profitability, ownership structure, or general pressure from the pandemic. The ability/motivation matrix in Figure 8 (appendix) highlights the challenges that these firms face.

3.3.7. Motivations Group 4

As identified in this study, the final group of companies is unmotivated to act sustainably in either an ecological or social sense, and they have no plans to change that soon. These businesses operate in a highly competitive market where customers' primary deciding factor is price. They have a customer base that is neither financially capable nor willing to recognize sustainability efforts, making it difficult for these businesses to implement sustainable practices without risking a drop in sales.

These companies are classified as "defensive market players," which means that their business models are economically viable but not environmentally. They understand becoming more sustainable than the bare minimum is a difficult task for their business model. Their typical customer spends less than €10 in their stores, and a small price increase of 10 to 20 cents is enough to turn them away. This severely limits their options and implies that these businesses can only meet the bare minimum of the law's requirements.

Regulatory pressure, according to research, leads to self-interested behavior (Grassland and Bovenberg, 2020). The sustainable behavior of these companies is heavily dependent on new regulations, leading the owners to believe that their businesses will never be fully sustainable, leaving them vulnerable to them. Because their business model does not allow them to implement highly sustainable standards, these companies are aware of their lack of sustainability and show no genuine willingness to change. In summary, the limited options available to these companies, combined with a lack of customer demand for sustainability, make it difficult for them to implement sustainable practices, leaving them vulnerable to regulatory changes and market pressures.

> *"…In the end, we just have to produce what the customer wants, or we are out of business…" (Case 3; Production Manager; R324-327).*
>
> *"…In the end, I am a market economist enough the consumer should decide…" (Case 4; Owner Manager; R257-260).*

This argument is for sure not wrong, also because producing something which is not wanted nor bought is not sustainable either. However, it is no secret that it is possible to exert some power of the consumer and by trying to intervene and change the buying criteria (Wang and Song, 2010). Some of the participating firms have already done so in the past despite the high risk coming with it.

> *"…I was the first who in principle has told the customer, 'We end the cooperation'…" (Case 3; Owner Manager; R66-73).*

> *"…Our biggest customer at the time said higher quality is ok, but at the old price. I called him and told him that we can no longer supply him if he is not willing to pay our prices…" (Case 1; Senior Owner Manager; R135-137).*

On the other side this is certainly not an option for all firms as it will only be successful if the firm follows a unique differentiation strategy from the rest of the market. Otherwise, the consumer will just end up at a competitor offering what he needs. The textile and food industry, in particular, is fiercely competitive and price-sensitive, which might be an explanation for the status quo.

Consequently, existing research has yet to furnish a systematic strategy that amalgamates the determinants of success for innovative and sustainable business strategies within the fashion sector (Todeschini *et al.,* 2017). As textile firms usually outsource production to low labor cost countries, they are now being caught up by their increasingly complex networks of suppliers.

3.4. Discussion

Previous research on the antecedents of sustainability behavior in family firms has shown mixed results. Some authors have concluded sustainability practices have an external root (Masurel, 2007; Mir, 2008), with firms seeking to gain corporate legitimacy, market success, or internal improvement (Windolph, Harms and Schaltegger, 2014). Others differentiated between normative (ethical responsibility) on an individual level and firm level and instrumental (commercialization- profit-oriented, stakeholder demand) motivation – on an individual and/or firm level (Benabou and Tirole, 2010).

Therefore, the research question of this study was to find and distinguish between the different motivations towards sustainable behavior from large family firms in the textile and food industry. In doing so, this study follows the call for a more detailed work, refraining general answers and delivering new, deeper insights (Le Breton-Miller and Miller, 2016). This research has been more on an organizational level and not so much on an individual level and, thus, has overseen probably important motivations at different levels. As a first result, this study confirms that the motivation behind sustainability practices in family firms is much more complicated than existing literature currently states.

This research places its attention on the previously overlooked moral aspects within the sustainability strategies developed (Windolph, Harms and Schaltegger, 2014). It highlights the significance of ethical considerations rather than solely concentrating on the outcomes, thereby providing a comprehensive addition to the existing literature. Consequently, this study provides the support or explanation for prior theories and approaches. For instance, it highlights the significant role that normative and instrumental factors appear to play (Windolph, Harms and Schaltegger, 2014). Further, it confirms the existence of proactive pioneers, trend followers, and defensive market players (Bonini and Görner, 2011; Griffin, 2019).

The study shows that various motivational factors influence how firms behave in terms of sustainability. Others are primarily compelled by external pressures, whereas proactive pioneers are motivated by internal factors (Windolph, Harms and Schaltegger, 2014). This distinction has important political ramifications because it suggests that it is insufficient to rely solely on (family) businesses to adopt sustainable practices based on intrinsic motivation. While some businesses may opt for sustainability on their own, others need external pressure to drive change.

In summary, this research contributes to the existing knowledge by identifying four key motivational drivers: conviction, self-interest, pressure, and compulsion (Windolph, Harms and Schaltegger, 2014). It also reaffirms that ecological sustainability may not be a priority for some firms. This study also illuminates a previously understudied relationship between a firm's strategic orientation (proactive pioneer, trend follower, or defensive market player) and its underlying motivation.

Proactive pioneers are driven primarily by a strong conviction to carry out what they feel is right. They are renowned for their extraordinary sustainability practices. These businesses have been pioneers in sustainability and serve as examples to others.

> *"...I would rather see us as pioneers, because we have simply been involved in this for a very, very long time. As pioneers of organic farming already started in the 50s…" (Case 1; Senior Owner)*

The second group, which is frequently labeled as trend followers, is primarily motivated by a desire to ensure the long-term success and prosperity of their own businesses. Self-interest, a factor that has received little focus in previous research, serves as the foundation of their intrinsic motivation. This self-interest is not just the pursuit of immediate benefits; rather, it is a strategic recognition that adhering to sustainability trends can improve their long-term competitive position and financial well-being. Although this motivation may seem self-centered, it actually highlights how adaptable and strategically astute these companies are in using sustainability as a tool for their own gain. This strategy, which is driven by intrinsic self-interest and is centered on long-term sustainability, represents a unique and under-researched aspect of sustainable business behavior.

> *"...I am egoist, I want to earn money! We do everything in self-interest. We became sustainable not because I invented that…" (Case 3; Owner Manager; R369-372).*

According to extensive discussion by Windolph, Harms and Schaltegger (2014), the third group is driven by pressures from the outside world, such as shifting consumer behavior. Unwilling changes occur in these businesses as a result of government regulations and changing consumer interests.

The study also identifies a fourth group that lacks an innate desire to be sustainable. Primarily due to consumer resistance or their inability to absorb additional costs, these businesses show little interest in sustainability. They therefore only comply with the law's requirements and nothing further.

> *"...So, we only ever do what is necessary, when it is necessary. It's just not wanted currently..." (Case 7; Safety Manager; R239-241).*

In conclusion, this study makes important advances in the literature on family businesses and sustainability. It accomplishes this by outlining four distinct motivational theories that serve as the moral pillars for more comprehensive business strategies. These findings go beyond the usual investigation of sustainability motivations and shed light on the frequently overlooked aspect of ethics in business practices. Beyond sustainability to include broader ethical dimensions within a firm's practices, the insights gained from this study can be applied to a wider range of topics where moral reasoning towards nonprofit activities plays a crucial role. The relevance and importance of this research in the context of modern business ethics and strategy are highlighted by its broader applicability.

The identification of a previously unstudied motivational group centered on self-interest is noteworthy. This group is a new and possibly significant player in the sustainability landscape, driven primarily by their own long-term benefit. Despite the fact that their motivation may at first seem self-centered, it highlights a strategic appreciation of how sustainability can be used to strengthen competitive advantage and long-term financial viability.

Beyond sustainability to include broader ethical dimensions within a firm's practices, the insights gained from this study can be applied to a wider range of topics where moral reasoning towards nonprofit activities plays a crucial role.

3.5. Limitations and Future Research

Although this study is based on interpretive research based on multiple in-depth interviews and some observations, it does not come without limitations, which generously invite for future research. Firstly, the companies participating were, despite being global brands, solely headquartered from Germany. Keeping in mind that Germany is a country were sustainability plays an important role (Kolk, 2003), there might be difficulties transferring the findings to other countries especially to those with a different culture or context, or less industrially developed ones. In those countries the situation for companies might be different, or the thinking of a need to act sustainably may be different, or the possibility to act sustainably may not be given due to costs or missing resources. Also, the financial possibilities might be different or a subsidiary setting of political support. Moreover, in countries with less or even more social pressure, the findings could be totally different in regards of strategy and sustainability measures. This leaves the assumption that less public pressure and compulsion could lead to less sustainability practices for family firms not acting out of conviction, or in case of more pressure to more sustainability behavior and action. Thus, future research should explore different environments and contexts with qualitative or quantitative studies.

Secondly, this study is focusing on family firms operating in the most polluted industries (Desore and Narula, 2018; Thiry, 2011) – textile and food. Due to their nature, which is somewhat no fault of their own, these firms were always prone to face more difficulties in their transformation. Thus, the possibility exists that firms operating in other industries or business models differ in their attitude towards sustainability, due to resources, environment, and opportunities, or needs, etc. (Miralles-Quiros *et al.*, 2017; Villalonga, 2004). Thus, more research should be undertaken with a focus on different industries and their specific needs or challenges.

At last, the participating family firms were without exception large well-known consumer brands. This implies that they are more in the media spotlight, for example. Therefore, they operate with different conditions than a smaller hidden champion firm selling B2B, for instance. Existing research has already touched upon differences between B2B and B2C when it comes to environmental sustainability (Haddock-Fraser and Tourelle, 2010). This leads again to the need of undertaking context specific research on a qualitative level or comparing quantitative research controlling for the business model, size and media coverage, or consumer awareness (Johnson, Redlbacher and Schaltegger, 2018).

As with this present research paper, opportunities accompany every question that remains unresolved to relate to the results presented here. Most importantly, the study offers significant evidence that the business model, the popularity or media coverage and the industry a family firm operates plays a crucial role in the overall sustainability output recorded. Given that abandoning a business model entails a very high risk that most companies will be hesitant to take, it is more than vital to have a better and deeper understanding of the actual function the business model plays, regardless of being a family business or a non-family firm.

The three fundamental pillars of sustainability are economic, environmental, and social (Purvis, Mao and Robinson, 2019). This study focused on the environmental aspects, thus, there might be still many gaps to be covered regarding the relationship the social performance of a firm has on the economic and environmental one. To fully comprehend these incredibly complex issues, further thorough research is required, which would have significant implications, either on a qualitative or quantitative level.

These limitations of my study offer an excellent opportunity for future research. As such the study can be extended by testing the here developed and proposed model with family firms operating in different countries from developed and developing countries or from different cultural contexts. Also, the size and if the companies might be more BtoB could make a difference. Further, it would be interesting to know whether the findings are also applicable to other industries. Especially the textile industry is not blotted with glory throughout this research. It could be interesting to provide some insight on why especially this industry is unwilling to participate on a sufficiently large scale to compensate at least some of their pollution output.

Finally, the here proposed model not only provides a suitable lens through which to view sustainability behavior, but also encouragement to non-financial goals in general. Thus, it should be proposed applying and testing the relevance of the here developed model to other related research fields.

3.6. Conclusion

Finally, the purpose of this study was to identify and differentiate between the true motivations for ecological sustainability among global players in the textile and food industries. Considering the size, reputation, and market power of the participating firms the results provide some new and so far, unseen information. The study discovered that the motivation for sustainability practices in family businesses is far more complicated than the existing literature suggests. According to the study, four different motivational concepts are used by family businesses: conviction, self-interest, pressure, and compulsion.

The relevance and importance of this research, in the context of modern business ethics and strategy, are highlighted by its broader applicability. This study offers researchers a new viewpoint on the motivations influencing sustainability practices in family businesses. By introducing the idea of self-interest as a primary motivator and highlighting the moral aspects of motivation, it adds to the academic literature. The dynamics of ethics, self-interest, and sustainability across a range of industries and organizational contexts can now be studied in new ways.

For practitioners, particularly those in family businesses, this research offers valuable insights into understanding and harnessing different motivational concepts for sustainable business strategies. It recognizes that not all firms are motivated by ethical considerations alone and that self-interest can also drive sustainability efforts. This awareness can inform strategic decision-making and help firms align their sustainability practices with their intrinsic motivations and long-term self-interest.

This research can help policymakers by highlighting the variety of motivational factors present in the business world. It emphasizes how crucial it is for moral judgment and self-interest to influence sustainability outcomes. Understanding these drivers can help policymakers to create rules and regulations that effectively encourage sustainable behavior, whether by appealing to moral standards or by tying sustainability to long-term financial gains.

This study essentially provides a thorough understanding of the drivers of sustainable behaviors in family businesses, which has implications for advancing the theoretical understanding as well as practical approaches in the pursuit of sustainable and moral business practices.

4. The Effect of the Business Model on Sustainability

4.1. Introduction

The recognition of the need for climate protection is increasing daily. Along with it, the urgency to combat it grows, at least in the Western world. Nevertheless, the solution to this problem is yet to be determined (Dwivedi, *et.al.,* 2022; Walker and King, 2009). Some people resort to defacing famous art paintings, while others participate in street protests or adopt a vegetarian diet. Thus, individual efforts to address global warming, to deal with it and find (individual or personal) solutions are ongoing. In response to these social movements, more companies have begun to invest in finding ways to reduce their carbon footprint and minimize the negative impact on the environment (Saqib *et al.*, 2023). Sustainability is commonly defined as development that "*…meets the needs of the present without compromising the ability of future generations to meet their own needs…*" (World Commission on Environment and Development (WCED, 1987, p. 34). In practice, sustainability focuses on the "*…integration of social, economic, and ecological goals into commercial business activities…*" (Clauß, Kraus and Jones, 2022, p. 1).

Management research placed some emphasis on the way business decisions affect society at large (Pfeffer, 2010; Treviño, 1986). Common sustainability issues, like growing inequality or exploitation, for example, (Piketty and Saez, 2014) are an undesirable feature to be attributed to a company. Especially family firms, which place high focus on the preservation of the family name (Deephouse and Jaskiewicz, 2013), and their commonly mentioned social commitments have found themselves in a real conundrum. Typical challenges aside ecological sustainability, such as inequality and exploitation, (Piketty and Saez, 2014) are unfavorable attributes that no company wants to be associated with. Certain family businesses have already had the firsthand experience of facing public condemnation, giving them a direct understanding of the consequences (Dyer and Whetten, 2006). Thus, it is gathering momentum to push sustainability measures (Pichlak and Szromek, 2021) and make ethical decisions.

At the end of the day, one of a firm's primary objectives will have an economic background, to survive, stay in the market, and pay wages (Taouab and Issor, 2019). In general, this might be necessary if it also wants to perform ecological and socially (Parnell, 2008). If one takes a closer look at what lies in-between the finances and the extra commitments of firms, one will quickly see the business model as a catalyst to positive or negative social commitments – especially regarding the (ecological) sustainability of firms (Seelos and Mair, 2005; Yunus, Moingeon, and Lehmann-Ortega, 2010). In order to be a sustainable company to the fullest, it requires more than just the right attitude and a good sustainability strategy (Danciu, 2013). A business model, can be economically sustainable but not ecologically sustainable. Consequently, some managers are grappling with an economic-ecological dilemma because their firm's business model is not structured to be environmentally or socially friendly. Meanwhile, others are in a fortunate position of managing a firm whose business model has always been economically sustainable or can accommodate necessary changes for sustainability, even if it means sacrificing profit or growth temporarily. To have the right business model therefore seems incremental to the course (Schaltegger, Lüdeke-Freund and Hansen, 2012). Business models can be defined as the architecture of how organizations create, deliver, and capture value and they shape effective strategies for expected performance (Teece, 2018). In other words, it is the financial architecture of a firm (Beattie and Smith, 2013; Magretta, 2002; Teece, 2010; Zott and Amit, 2010).

Based on research findings, it's understood that especially family-owned enterprises pursue objectives beyond financial considerations, leading them to make distinct strategic choices (Carney, 2005; Dyer, 2018; Kellermanns and Zellweger, 2012). This is demonstrated by the increased focus on the socio-emotional wealth (SEW) approach, on attempting to analyze and explain these aspects. Thus, in family firms, this theoretical approach lays the focus on analyzing the important role SEW can play in shaping their goals, strategies, and decision-making processes. It refers to family members' emotional and psychological attachment to their family firm, as well as the sense of belonging, purpose, and pride that it provides (Berrone, Cruz and Gómez-Mejía, 2012). This leads to different business behavior, which could also be found in specific business models, as highlighted by research (Berrone *et al.*, 2010; Berrone, Cruz and Gómez-Mejía, 2012). As some studies have shown, due to SEW, family firms often do not decide for the higher profit making strategy but are more likely than non-family firms to opt for environmentally friendly strategies (Berrone *et al.*, 2010). Nonetheless, whether they are willing to innovate or radically change their business model remains unknown and must be treated with caution as their risk aversity would suggest otherwise (Faller and Knyphausen-Aufseß, 2018; Fama and Jensen, 1983). Moreover, it seems of high interest to understand how firms change or adopt a business model and in what time frame.

Research has shown that there is not yet enough knowledge about how family businesses carry out a re-orientation of the business model and why. While the sustainability and business model (SBM) literature grows very slowly (De Giacomo and Belischwitz, 2020), there is, to the best of the researcher's knowledge, little to no academic work linking SBM and family firms. On the contrary, academics have noted that there is a lack of understanding of sustainable business models and how sustainable development is implemented in organizations (Stubbs and Cocklin, 2008, p. 103). Research similarly notes that that corporate sustainability and business model overlaps need to be addressed (Geissdoerfer, Vladimirova and Evans, 2018; Lüdeke-Freund, 2010). Furthermore, knowledge is missing about whether this is particularly challenging in certain industries such as textile and food or not (Kazancoglu *et al.,* 2020). Due to their inherent unsustainable nature (Desore and Narula, 2018), this may be particularly intriguing to examine. The textile sector contributes far more to environmental contamination than other industries, which results in a plethora of ecological issues, such as water pollution, chemical usage, waste management of fast fashion, among numerous others (Desore and Narula, 2018). The textile production is estimated to be responsible for more than 35% of the chemicals released into the environment (Thiry, 2011). Therefore, academics have noted that the fashion industry is, in many respects, the perfect sector to investigate the connections between business models and sustainability (Pedersen, Gwozdz and Hvass, 2018).

To investigate this phenomenon, a qualitative analysis (deductive and inductive) was deemed to offer the right tools to generate deep and novel insights, and answer the following questions: (1) Whether and to what extent the business model plays a role in the sustainability performance of family firms?

(2) Is the sustainability trend and global warming enough for family firms to consider a business model transformation because of sustainability itself?

3) Is the amount or the maximum sustainability output somewhat determined by the business model?

4) Does the heterogeneity of business models in industries or family firms have an impact on sustainability output and activity?

These queries will be addressed in the subsequent paper based on previously published research in the area of family businesses, sustainability, and business model transformation. The theory of socioemotional wealth (SEW) has been highlighted as a larger influence for business model innovation of family firms (Weimann, Gerken and Hülsbeck, 2020) and is thus used as a primary lens of a theoretical framework. Moreover, an inductive case-centered approach (Eisenhardt, 1989) is assessed as appropriate to respond to the formulated questions. The seven participating German family businesses are global players and were handled separately. Individual interviews with the owner manager, their wives, members of the next generation (if applicable), executive board managers (if applicable), sustainability commissioners, and marketing or production managers were conducted in order to avoid information bias from the company side, totaling 33 semi structured interviews.

The scholarly literature has begun to consider business models within the realm of environmental sustainability (Boons and Lüdeke-Freund, 2013; Schaltegger, Lüdeke-Freund and Hansen, 2012). In family firms, the unification of ownership and control opens a new set of possibilities and decisions (Chrisman, Chua and Litz, 2004; Salvato and Moores, 2010). Thus, the contribution of this paper lies in its expansion of the existing body of research of family firms, sustainability, and business model. Further, a new research field is opened by combining all three aspects.

Thus, the findings of my research make a significant impact to theory and practice in the following ways: First, the benefits that a firm's business model offers in the journey towards establishing itself as a sustainable and ethical company are elucidated. Second, the fact that every business model has inbound limitations of how sustainable it can become is described and explained. Therefore, the findings might be an eye opener for the wide public and hopefully climate activist to better understand restrictions resulting from actual set-ups. They also might function as a trigger to better understand why the business model is constituted in that way and how it could be changed to be less rigid.

The remainder of the paper is structured as follows: A state-of-the art overview of the most recent research on family business behavior, especially in the context of business models and sustainability, lays ground to better understand how the three areas are intertwined. Based on this, the research questions are generated more precisely and in a next step, the methodology to gain data and insights to answers those questions is explained. In regard to the qualitative empirical approach chosen, the case selection and theoretical sampling are described, the data collection explained, followed by a thorough data analysis. Based on this data, the results are generated – based on category building, observing connections, and developing models and propositions. Last but not least, it follows the wrap-up of this manuscript and the discussion of the outcomes by putting them in the context of the ongoing research discussion, showing the contributions as well as the limitations and delivering an outlook for future research in line of these new and innovative insights.

4.2. Theory

Organizations are "*...open systems operating under conditions of substantial turbulence, risk and uncertainty and seeking to balance stability and coherence with flexibility and change in pursuit of higher levels of efficacy and organizational sustainability...*" (Carayannis, Sindakis and Walter, 2015, p. 86). This leads to the fact that organizations have to constantly adapt actively or reactively to the developments of the environment in order to be able to endure on the market (Schmitt and Klarner, 2015). As such (ecological) sustainability has moved in the focus of the Western world and firms are trying to integrate it (Schmitt and Klarner, 2015).

4.2.1. Family Businesses/Firms

Through the unification of ownership and control, decision-making in family firms differs from non-family firms, as family firms can follow the interests of the owner manager (Carney, 2005; Dyer, 2018; Kellermanns and Zellweger, 2012). As in family firms, the decision makers invest their own and their family's money, they often are cautious, thus, taking care of down-turn risk (Chrisman and Patel, 2012) and use resources sparingly, showing parsimony as a distinguishing characteristic (Carney, 2005). Furthermore, family firms display personalism and particularism, especially where the owner is managing the firm (Carney, 2005). Personalism, which places a strong emphasis on relationships and emotions, and particularism, which bases decisions on specific situations, are both present in family businesses and can boost loyalty and commitment. However, if these factors are not properly managed, they may give rise to problems like nepotism and favoritism, which could have an adverse effect on transparency and compromise long-term sustainability (Chrisman, Steier and Chua, 2006; Rau, Werner and Schell, 2019). The heterogeneity of family firms that has been discussed more intensively (Chrisman and Patel, 2012; Chua *et al.*, 2012; Daspit *et al.*, 2021) stems, among other reasons, from the heterogeneity of the influencing families (Wright *et al.*, 2014). These families take decisions based on the values that are embedded in the family's fabric, stemming from upbringing and education (Klein, 1991; Rau, Schneider-Siebke and Günther, 2019). These peculiarities result in very specific and heterogenous businesses.

4.2.2 Business Model

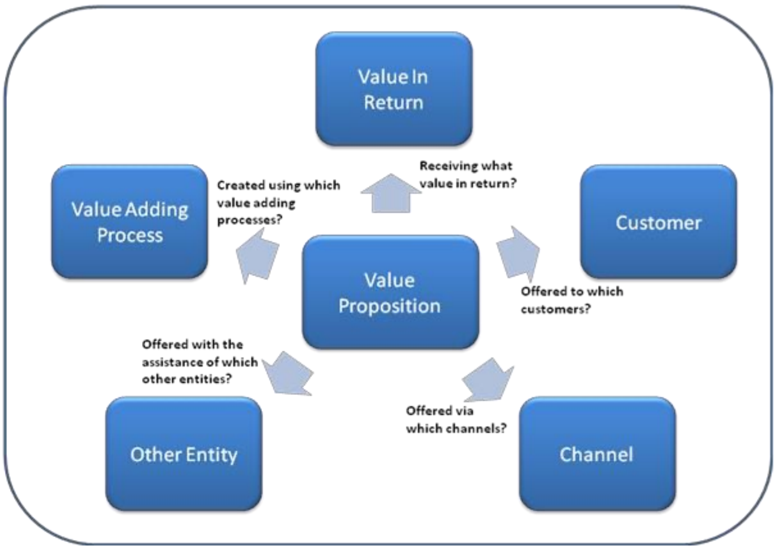
For many years, businesses have failed to prioritize sustainability issues and their significant societal and environmental impacts (Kirkwood and Walton, 2014). However, firms are coming under more and more pressure to change their business models in order to align them with their sustainability goals (Nosratabadi *et al.*, 2019). This imperative emphasizes the need for business models to successfully incorporate sustainability considerations into their operations, as the business model acts as the blueprint for a company's value proposition, value creation and delivery, and value capture (Geissdoerfer, Vladimirova and Evans, 2018, p. 402), having a significant impact on how sustainable the company as a whole acts.

To better understand the impact of the business model in making (family) businesses more sustainable, some general information on business models are given: "*…A business model describes an architecture for how a firm creates and delivers value to customers and the mechanisms employed to capture a share of that value. It's a matched set of elements encompassing the flows of costs, revenues, and profits…*" (Teece, 2018, p. 40). Instead, sustainability refers to the incorporation of social, environmental, and economic factors into a company's operations and decision-making processes (Clauß, Kraus and Jones, 2022).

Recognizing a particular market and comprehending its preferences and tendencies are central components of the business model. In-depth market segmentation and analysis are required to identify consumer groups that fit with the company's products. This process increases sales and profits by effectively addressing customer concerns, improving pricing strategies, and streamlining distribution techniques. A successful business model unifies these factors and puts the fundamentals of a circular economy into practice by paving the way for revenue generation and long-term profitability (Lüdeke-Freund, Gold and Bocken, 2019; Planing, 2015).

More precisely, the subsequent figure 5 provides an overview of the basic elements of a business model in order to facilitate the understanding of its functioning and also to illuminate the difficulties it may entail to change a business model to enhance its sustainability.

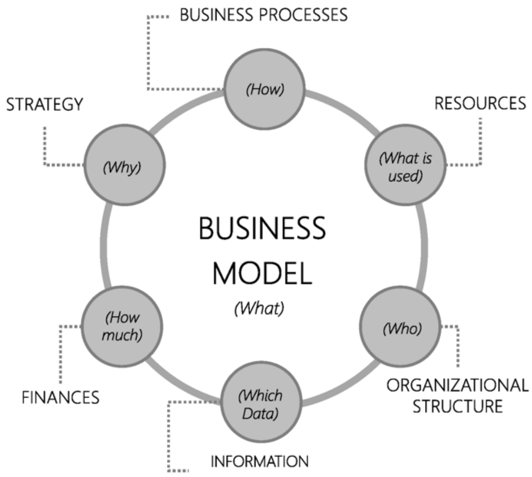
Figure 5: Overview of the Classic Elements of a Business Model.



Source: Lambert (2012).

A business model, regarded as the essence of the functioning of a firm, is also crucial in the modelling of a company and its relationship to other enterprise domains as the subsequent figure 6 illustrates.

Figure 6: Business Model and its Relationship to Enterprise Domains.



Source: Romero, Lara and Villalobos (2021).

A company may decide to concentrate on serving a specific customer segment with a unique value proposition, using a specific set of key activities and key resources, in order to generate revenue through a specific channel (Osterwalder and Pigneur, 2010). Patagonia, Inc. is a good example of this in the context of sustainability. The outdoor clothing company has developed a unique value proposition centered on premium green products made for consumers who care about the environment (Rattalino, 2018). The main initiatives of Patagonia, Inc. include active participation in environmental campaigns, transparent supply chain management, and sustainable sourcing of materials. The company not only appeals to a particular customer segment through the alignment of their business model with sustainability principles, but also grows brand loyalty and becomes profitable (Rattalino, 2018). A well-designed business model therefore can provide a competitive advantage and contribute to long-term sustainability, whereas a strong market position can assist a company in generating revenue, building brand equity, and maintaining a positive reputation and public image (Lüdeke-Freund, 2010). Companies that focus on sustainability and consider the environmental and societal impact of their operations are more likely to achieve long-term success and sustainability (Schönborn *et al*., 2019; Werbach, 2011).

Internationalization and the drive towards sustainability have added complexity to the global competition among firms, causing conventional business models to struggle to find suitable solutions (Schaltegger, Lüdeke-Freund and Hansen, 2016). Due to macro-environmental and market context factors this can vary a lot across different industries (Prasanna *et al.*, 2019). Scholars are particularly skeptical of the traditional textile business model due to its negative environmental impacts (Pal and Gander, 2018). They claim that the fashion industry is unsustainable as it imposes negative externalities on humans and the planet (Ciasullo, Cardinali and Cosimato, 2018). Additionally, food production and distribution exert one of the largest environmental footprints of all human activities on earth, and they are a key factor in the changes in the environment occurring worldwide (Tilman *et al*., 2002; Tukker and Jansen, 2006; Willet *et al*., 2019). Therefore, delving deeper into an in-depth examination of these two aspects is imbued with considerable intrigue.

However, if a firm does have a sustainable business model it does provide a competitive edge to organizations by enabling conventional business models to achieve both sustainability goals and maintain efficiency and profitability (Lüdeke-Freund, 2010). The founder of the Boston Consulting Group argued that without a competitive advantage there is no real reason for being in business (Henderson, 1983). Therefore, the question has to be raised under what circumstances (ecological) sustainability becomes a competitive advantage in a business model for companies in general and family business in particular.

In order to achieve this competitive advantage, many firms would have to transition or adapt from their old business model to a new one (Schallmo, 2013). Such a transition or adaptation has gained popularity in order to integrate sustainability into organizations (Jolink and Niesten, 2015; Schaltegger, Lüdeke-Freund and Hansen, 2012). The majority of traditional business models, which are also common in family businesses due to their longevity, are based on the linear model of consumption, which includes resource extraction, production, and disposal

(Marrucci, Daddi and Iraldo, 2019). This leads to the depletion of resources and the generation of waste.

Business model innovation for sustainability aims to shift the emphasis away from this linear model towards a more circular model based on the principles of reduce, reuse, and recycle (Pieroni, McAloone and Pigosso, 2019). This path is leading firms away from a long-practiced profit maximization strategy and towards a multi goal strategy. To innovate or change the business model in theory sounds particularly easy, in practice though it is particularly complex and risky, because more business model innovations fail than succeed (Christensen, Bartman and Bever, 2016). Changing only one part of the value chain can quickly result in a totally different market position, with the need of new customers and or a new strategy. For example, Product-service systems are one way for businesses to achieve a more circular business model (PSS) (Reim, Parida and Örtqvist, 2015). PSS entails the delivery of services rather than the sale of goods. Closed-loop supply chains are another way for businesses to achieve a more sustainable business model (Winkler, 2011). This entails reintegrating waste and byproducts into the manufacturing process, reducing the need for raw materials and waste generation.

Aside from these specific examples, businesses can achieve a more sustainable business model by implementing sustainable practices and technologies (Placet, Anderson and Fowler, 2005). This includes implementing sustainable procurement policies, using energy-efficient technologies, and reducing waste through recycling and composting programs (Rosen and Kishawy, 2012). That means, there are differences between implementing sustainability in the overall and whole production and service process, the whole value chain (Rosen and Kishawy, 2012), or performing minor changes only on some parts of the business towards sustainability, like energy saving or reducing CO2 (Rosen and Kishawy, 2012). Thus, the kind of changing a business model offers a broad range of possibilities, and ways to do it. It is important to note, however, that regardless of the type of business model innovation for sustainability purposes is not without challenges (Christensen, Bartman and Bever, 2016; Geissdoerfer, Vladimirova and Evans, 2018). Adopting a more sustainable business model may necessitate significant investment in new technologies and processes, which can be expensive for businesses and means that resources are tied to the course (Geissdoerfer, Vladimirova and Evans, 2018).

However, bridging the gap between sustainable business model innovation challenges and their potential benefits is just one aspect of the complexity. The inadequate knowledge regarding how an organization's ecological performance affects its financial performance, however, complicates the decision for many firms. With cases being argued for a negative (Alexander and Buchholz, 1978; Becchetti *et al.*, 2008), neutral (Ullmann, 1985) and positive (Barnett, 2007; McGuire *et al.*, 1988) relationship, firms are being left with uncertainty in a substantial question. Thus, the overall question how sustainability activities of companies affect (financial) performance remains a question mark (Lassala, Apetrei and Sapena, 2017). Companies may struggle to strike the right balance between financial performance and sustainability, and they may face opposition from customers or investors who are not fully convinced of the benefits of sustainable business models (Peloza *et al.*, 2012).

4.2.2. Literature Summary

In conclusion, the body of research supports the idea that a company's business model affects its sustainability performance. As evidenced, this presumption is unequivocally corroborated by an abundance of scholarly publications, robustly underscoring the vital significance of a meticulously crafted and versatile business model in ensuring a company's enduring sustainability. Simultaneously, it sheds light on the existing gap in comprehending this subject matter (Geissdoerfer, Vladimirova and Evans, 2018; Lüdeke-Freund, 2010; Stubbs and Cocklin, 2008). The reviewed literature has emphasized the importance of integrating the concepts of corporate social responsibility and environmental stewardship into a business model that is sustainable in terms of the environment, society, and the economy (Clauß, Kraus and Jones, 2022). Additionally, the literature has emphasized the significance of creativity and adaptability in order to meet shifting societal expectations as well as market dynamics (Mitchell and Coles, 2003). Despite not fully understanding this correlation, the extensive body of literature supports a connection between a company's sustainability performance and its business model. Instead, it emphasizes the significance for companies to adopt and constantly improve their business models in order to prioritize sustainability and succeed in the complex and quickly evolving business environment of today (Pieroni, McAloone and Pigosso, 2019; Reim, Parida and Örtqvist, 2015).

4.3. Method

The aim of this study is to determine the role the business model plays in the sustainability performance of family firms in Germany. Hence, this paper illustrates the natural advantages and limitations a business model entails and how far family firms are willing to go in order to become a more ecologically sustainable company.

An interpretive, qualitative technique is used for this study because it allows for the "*...provision of distinctive, memorable, socially significant, and theoretically valuable contributions...*" (Gephart, 2004, p 462). Using this research strategy, it is possible to concentrate on spontaneous events in turbulent environments while collecting real-world data relevant to a specific scenario. This gives the required tools to capture the underlying ideas and attitudes that people genuinely have towards the subject. The behavior and decision-making in family enterprises and those involved are complex and mysterious, providing the tools to uncover the deeper meanings and beliefs held by individuals regarding the topic (Rovelli *et al.*, 2022) To achieve a thorough understanding, the five analytic phases outlined by Yin (2015) were followed: compilation, disassembly, reassembly, interpretation, and conclusion. This study aims to use a combination of inductive and deductive research methods to obtain the most accurate results.

4.3.1. Theoretical Sampling, Data Collection and Case Development

It is essential to look at family businesses in a context where they have significant economic clout and where sustainability has become a key issue in order to gain a deeper understanding of the factors influencing their sustainability strategies, operations, and assessments. Family businesses can be found in Italy, Japan, France, and Germany, underscoring their global presence, according to insights from O'Hara and Mandel (2002). Kolk (2003) noted that Germany stands out due to its widespread adoption of sustainability reporting, indicating a strong public interest in this topic. Given that they make up the vast majority of businesses across the global economic landscape (Kolk, 2003), the fundamental role played by family businesses in the global economy cannot be overstated.

The importance of family-run businesses to the German economic system has been highlighted by extensive research (Klein, 2000). German businesses are currently 90% family-owned and -operated, which accounts for significant contributions of 52% of total revenue and 58% of total employment (Rudnicka, 2022). Similar to the prevalent situations in Switzerland and Austria, this trend is resonant with other nations where family businesses are intricately woven into the economic fabric across a variety of industries. As a result, Germany was chosen as the study's representative context, because it serves as a microcosm of the larger global landscape of family enterprises and sustainability dynamics. The following criteria were taken into account during the selection process:

- To ensure a sufficient level of autonomy in decision-making, businesses were required to be owner-managed, which means that the majority of the shares or ownership is held by one or more family members and that a family member is in a top management position in the family business, in line with one of the most widely cited definitions of family businesses (Chua, Chrisman and Sharma, 1999; Astrachan, Klein and Smyrnios, 2002).

- To ensure that these businesses are truly family-owned, a final criterion was applied: the family business must have been in the family for more than one generation (Wolff *et al.*, 2022).

This study's main goal is to conduct a thorough analysis of family-run businesses that operate in important industries where sustainability is crucial. This goal is accomplished through adherence to predetermined selection criteria, with the intention of thoroughly understanding the opportunities and challenges that these companies face in relation to sustainability endeavors.

Additionally, this study will look at family-owned businesses operating in crucial sectors with strong consumer pressure to adopt sustainable practices. This pressure is a result of increased consumer demand and fierce market competition. Due to their competitiveness and the growing demand for sustainability integration, the textile and food industries were specifically chosen.

In addition, it was crucial to concentrate on sizable family-owned businesses with the potential to alter market norms and exercise significant market influence (Van Reenen, 2018). These participating family businesses have an average annual turnover of €1.6 billion, making them global leaders in their respective industries and providing this study with priceless insights. Table 4 in the appendix contains additional information about these businesses.

The study sought to include a wide range of business models with various profit margins in premium, middle, and low-end markets. This tactical choice guarantees a thorough representation of various business environments and enables an investigation of a wide range of elements that might either encourage or hinder the adoption of sustainability initiatives in family businesses.

Seven businesses were engaged for participation in the research—three from the food industry and four from the textile sector—after companies that met the criteria were contacted. Key stakeholders from each organization were interviewed in-depth, including the owner-managers, their spouses, members of the next generation (if applicable), representatives of the executive board (if applicable), sustainability commissioners, and marketing or production managers. This strategy, which involved 33 interviews in total, produced complex insights into each case and provided a full 360-degree viewpoint. Open-ended questions were used in the semi-structured format of the interviews to promote uninhibited, unrehearsed responses. The lengths of the interviews ranged from 40 minutes to three hours, encompassing 927 pages, using Times New Roman 12 and 1,5 line spacing.

The most insightful results came from adopting an interpretive strategy, which was in line with an epistemological position aimed at understanding the subjective meanings woven into social actions (Bryman, 2004, p. 540). This method emphasizes how people interpret their experiences and assign meaning to their surroundings (Daymon and Holloway, 2011).

In addition to collecting primary data through interviews, the research methodology included a review of secondary data sources. The websites of the companies were meticulously examined as part of this secondary review, as were any pertinent articles or documentaries from other media sources. This exhaustive review added to our knowledge of the family businesses under consideration. The list of these references can be requested separately from the author, as they are subject to confidentiality agreements. The research thoroughly outlined the models, sustainability strategies, and operational paradigms of the family businesses by integrating both primary and secondary data.

4.3.2. Coding and Analysis

The main difficulty in qualitative research is to derive meaning from the data that has been gathered and to use this to produce theoretical contributions that are both pertinent and meaningful (Langley and Abdallah, 2011). Iterative evaluation and analysis of the data was used to accomplish this, which involved carefully going over the data several times to find recurring themes and patterns. Understanding the key elements of each company's sustainability initiatives and locating the underlying causes and contributing factors were the main goals of this analysis.

A concerted effort was made to identify potential precursors that might have influenced these companies' decisions through a careful analysis of their behavior, operational actions, market positioning, and interactions with customers. The desire to understand the function of business models, the activities and strategic components embedded within them, and their temporal evolution served as the primary impetus for this thorough investigative approach.

This thorough methodology aimed to delve into the more subdued yet significant drivers that may have played a crucial role in their decision-making processes, going beyond the obvious motivations driving them towards sustainability. The investigation concentrated on how the sustainability goals of these family businesses were integrated into their business models.

The study aimed to identify patterns of change by tracking the introduction of activities and strategic components within the business model over time. It looked into whether these businesses completely altered their business models or just made some minor adjustments.

In order to do this, the data were systematically assessed and analyzed in a number of steps to find recurrent themes and patterns. The first step involved going through each interview transcript and making a list of all the words that referring to the business' operations, decision-making procedures, market implication, business models and sustainability initiatives. The 33 interviews resulted in the identification of 1800 keywords. (see Appendix). These keywords were further divided into 16 broad themes in the phase that followed, which was accomplished by thoroughly examining the underlying subjects connected to each keyword. Notably, the business model was directly or indirectly related to six of the 16 frequently cited themes.

The interview data underwent a subsequent categorization into first-order themes, forming the initial level of analysis, in order to satisfy the study's objectives. The development of second-order themes, which included more abstract and conceptual dimensions, was then supported by these first-order themes (Strauss and Corbin, 1998). This hierarchical structure allowed for a deeper exploration of the connections and complexities that underlie the 16 general topics that were identified, illuminating how they relate to both the smaller and larger contexts of the study.

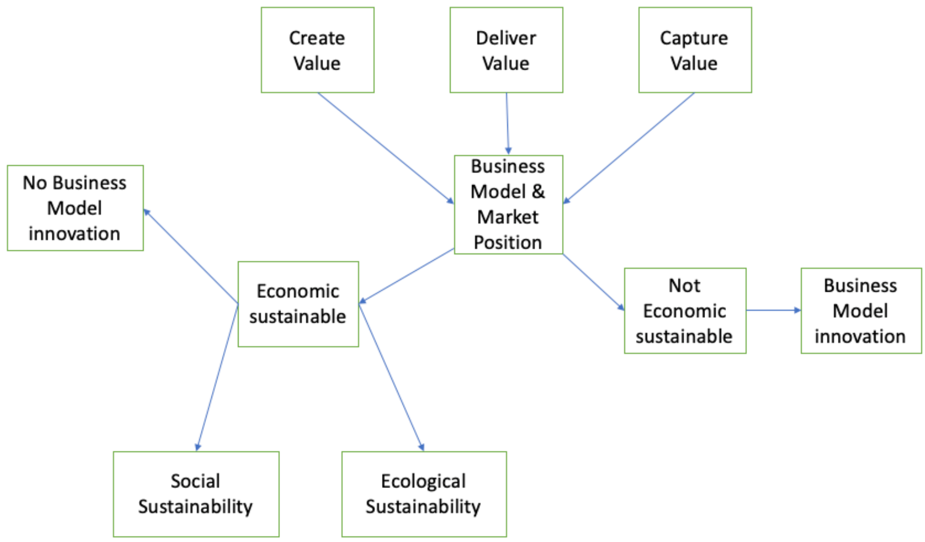
The next step in the analysis process involved utilizing the NVIVO software to organize and link data from the various sources. This was done with the intention of facilitating the identification of patterns and themes in the data (Richards and Richards, 1994). All interviews were initially interpreted using open coding, which involved picking out keywords and organizing them into pertinent topics, before using this software (Strauss and Corbin, 1998). After that, the analysis changed to axial coding, where the emphasis was on thoroughly analyzing and contrasting each individual case. During this stage, each category's evidence was evaluated, and any that lacked enough support to make a strong case were rejected (Strauss and Corbin, 1998). The most significant themes and patterns in the data could then be found and used to support the study's findings through this process.

4.4. Results

The analysis of each company as a separate entity enabled the creation of Figure 8 and Figure 9 in the appendix. Both figures were the result of the total in depth analysis of all the information gathered from the participating companies such as interviews, website, sustainability reports, documentaries, and non-recorded conversations, which were happening around the interviews. On the one side, Figure 8 (own elaboration) shows the perceived motivation and performance of every case. Figure 9 (own elaboration), on the other hand, shows the perceived performance/ability matrix. Upon comparing these two figures, it becomes clearly visible that some firms have a lower level of motivation but are capable of higher performance, while others have a higher level of motivation but are seemingly limited in their ability to perform better. This observation suggests that there must be an additional factor impacting the relationship between performance and ability, beyond the influence of motivation. From the literature review we know that business models are frameworks for creating, delivering, and capturing value within a firm (Teece, 2018) and is thus, a company's architectural blueprint. To gain a more comprehensive understanding of the other factors influencing the relationship between performance and ability, the aforementioned process must be examined through the lens of ecological sustainability. Analyzing the business model through this lens will provide insights into the impact of environmental considerations on a firm's ability and performance, and may reveal additional factors that influence the relationship between these two variables.

Upon in depth analysis of all interviews and a cross case comparison, a pattern started to show, represented in Figure 7 (own elaboration). Throughout this chapter the way to Figure 7 will be explained, by deep diving into every aspect of the model. It illustrates and describes the impact the business model has on the sustainability performance and the resulting opportunities and challenges of a firm. As the analysis of the data has shown, Figure 7 also gives an answer to potential business model innovations for environmental reasons. It provides a graphical representation of the circumstances in which businesses incorporate environmental sustainability in their operations and business strategy. Thus, it facilitates a better understanding of the relationship between the business model, ecological sustainability, and business model innovation by visually presenting the analysis if the interviews.

Figure 7: The Relationship Between the Business Model and Sustainability Performance.



Source: Own elaboration.

Create Value

The product, particularly the raw materials used in the production of the final product or service, is critical in discussions about sustainability. According to Teece (2018), these raw materials are critical to the process of creating value. The quotes below show that especially in industries such as fashion and food, where the implementation of sustainable practices such as organic labeling, animal welfare standards, and fair labor practices often comes at a higher cost that the producer cannot fully absorb.

> *"…Organic cotton is on average about 30 to 40 percent more expensive than conventional cotton. And that's where you have to start with a sharp pencil and then ask to what extent do I pass that on in the sales price and to what extent do I swallow it…"? (Case 7; Sustainability Manager; R175-178).*

Thus, it is possible to claim that creating value while becoming more sustainable is becoming increasingly challenging, due to higher costs in the production process. These additional costs emphasize the product's importance in discussions of sustainability, as well as the need to consider the entire value chain when exploring ways to create and deliver more sustainable products.

> *"…The pressure from the market for sustainable products is increasing enormously, so we are working intensively on converting our products. Everyone is now talking about, for example, organic cotton. There is not enough on the market…" (Case 5; Next Gen; 202-205).*

> *"…In the end, we have to produce what the customer wants, and in the sports sector today, the customer simply wants a textile with a function…" (Case 3; Production Manager; R324-327).*

> *"…That's really difficult in our price segment, and a big challenge to become more sustainable and staying affordable for our customers. We can't make any further cuts in quality now and keep the same prices. That's not really possible…" (Case 7; Owner Manager; R101-109).*

The quotes above show and hint at variety of topics around the creation of a sustainable product. On the one side, it is possible to witness that the consumer actually plays a pivot role, which, considering the fact that he has to pay for it, seems logical. On the other side, one can see that there seems to be a split in the way sustainability is perceived and wanted, which is going to become relevant in capturing value. However, this subcategory of business models can be concluded by stating that the product and its creation has not only a significant impact on the sustainability performance of a firm, but also on the business model.

Delivering Value

At the core of each company stands the customer willing to pay for the created value delivered. So, customers have great power over firms and markets.

> *"…In the end, I am a market economist enough and the consumer should decide. And every entrepreneur knows, a service must also cost something and sustainability does cost, at least compared to the previous procedure…" (Case 4; Owner Manager; R257-260).*

> *"…It definitely has to come from the consumer area that then the producer realizes hey ok now I have to offer something else…" (Case 3; NextGen1; R463-464).*

The issue which arises here is that the consumer's buying decisions pro or contra a product are not based on sustainability reasons, but on price and look in the fashion industry and on price in the food industry. This is confirmed by both industry and scholars (Carrigan and Attalla, 2001; Arora and Manchanda, 2022).

> *"…I think there are consumers who are sustainably oriented. But I believe that the majority at the moment, have other criteria…" (Case 2; Owner Manager, R414-416).*

> *"…Every third click is on sustainable products. At the end of the day most consumer only want to justify to their conscience but are not willing to pay for it…" (Case 5; CEO; R53-63).*

> *"…In fashion the primary decision criteria whether to buy or not will always be look and not sustainability. No one is willing to look bad for environmental reasons and that will most likely not change either…" (Case 4; Owner Manager; R334-339).*

Hence, firms are in a difficult situation as seemingly the customer wants something different, derives value from the look and not from sustainability and only a small margin of consumers are willing to pay a higher price. To deliver a sustainable product no one is willing to buy is not sustainable either. Thus, the customer plays a significant role in the sustainability performance of firms. However, he/she is often branded with false believes not making the situation easier. The subsequent quote shows that the consumers knowledge about what is good or bad for the environment is built on ideology, making it a lot more difficult for firms to find the right balance between what the consumer wants, what the consumer is willing to pay for, other external pressures from media or politicians and what is actually beneficial for the environment.

> *"…The reputation of plastic is significantly worse than the reality. If I were to switch to paper tomorrow, that's what my consumer would like to see. But I know that it is the worse solution for the environment…" (Case 2; Owner Manager; R280-282; Motivation).*

Capturing Value

Finally, the goal of a company's business model is to capture the value created and delivered through sales, resulting in profits. Profit margins are an important part of a company's business model because they determine its ability to survive and invest in areas like ethics and sustainability. A company will not have the resources to invest in measures that promote ethical and sustainable practices if it does not have a profitable business model. Profit margins, in this sense, play a critical role in shaping a company's priorities and decision-making, and must be considered in the context of sustainability and ethical concerns. The quotes below underline that there is seemingly a significant gap regarding capturing value. These quotes illustrate the challenges it may imply for companies to capture value from more sustainable products as it may imply to assume additional expenses, a luxury not all firms are in the position to afford.

"...I am sure that if we find a material that meets the technical requirements, the quality requirements and so on, and is more sustainable, that we would bear additional costs…" (Case 2)

"...As long as possible, we will try not to make the products more expensive and bear the costs ourselves. A luxurious position to be in…" (Case 5; CEO; 397-399).

The quotes above show that some firms do not have to worry about the financial aspect of sustainability because they are seemingly in a luxurious position with high profitability enabling them to carry the majority of upcoming financial burden themselves. On the other side of the spectrum are firms who are seemingly in a less lucky position with low profit margins. Low profit margins and earning pressures forces these firms to unload the majority of the additional costs onto the consumer, who is, as demonstrated before, not necessarily willing to pay for it.

"…Our success has always been based on efficiency. We constantly look for every penny because we have no choice given our margin situation. It is no secret that the industry is generally experiencing severe earnings pressure, which does not serve as a catalyst for sustainability. It is obvious that the industry needs to become significantly more sustainable…" (Case 6; Sustainability Manager; R109-112).

"…Currently the consumer has to pay for sustainability…" (Case 6; Owner Manager; R343).

"…Given that our average value is less than two euros, becoming more sustainable is with our margin situation obviously challenging…" (Case 7; Owner Manager; R101-104).

Finally, it is clear that profit margins play a significant role in shaping a firm's business model and priorities. Profitability is critical for a company's survival and ability to invest in environmentally friendly and ethical practices. The business model, which includes the product, value creation, and profit generation, determines each firm's unique response to sustainability-related trends and regulations. Understanding how these elements interact is critical for understanding the impact of sustainability on business and a firms' ability to adopt more sustainable practices.

Business Model

The business model is viewed as a comprehensive conceptual tool that articulates the business rationale by embodying the fundamental nature of business operations that create, deliver, and capture value (Bocken *et al.*, 2016; Osterwalder and Pigneur 2010; Teece, 2018; Wirtz *et al.*, 2016). As a result, businesses will respond differently to emerging trends, regulations, and sustainability demands (Bonini and Görner, 2011; Griffin, 2019). The firms with high high-end market business models may feel validated in their decisions and approach, if they prioritize sustainability and align with related values, making it slightly easier to adapt to this change of wind.

> *"…In situations like now in 2023 with the supply chain law, we see a disgrace for us entrepreneurs. It's a shame that it has to come that we have to prove that we have no child labor and so on. It's a shame that it has to come, because it should be common sense…" (Case 3; NextGen1; R547-559).*

> *"…We have nothing against others following the sustainability trend we have set many years ago. We were always convinced that it is the right path…" (Case 1; Senior Owner Manager; R246-248).*

Companies with business models that are not well-suited for sustainability, on the other hand, may have a more difficult time navigating these challenges. Sustainability and align with related values, making it slightly easier to adapt to this change. In the face of these challenges, business models in the low-end market may feel overlooked and neglected, by consumers and new regulations. These markets' varying responses reflect the variety of business models and the various ways in which companies respond to changing market conditions and societal demands. These companies may struggle to adapt to new trends and regulations, and incorporating sustainability into their operations and strategy may be more difficult. Their business model's limitations may put them at a disadvantage when compared to firms with models that are better suited to sustainable practices, which is also what their testimonies indicate. Especially the first quote exemplifies to what extent companies may feel pressured by the legislative framework and illuminates that not all companies may be capable to adopt more sustainable practice at the same path.

> *"...Legislator saying all this is not enough, all this is not enough. We need another law, we need another law, we need another law. And if it is not enough at the German level, then it will be at the European level. And if it's not enough at the European level, then it will be at the United Nations level. We just want to throw up…" (Case 7; Sustainability Manager; R604-612).*

> *"…There is a real problem looming, especially since for me the "Mittelstands" discrimination is taking place again…" (Case 4; Owner Manager; R608-6094).*

As a result of this, it can be concluded that for the sake of sustainability there are two types of business models:

A) Significant profitability, capable of absorbing rising sustainability expenses

B) Inadequate profitability, lacking the capacity to cover sustainability expenses and requiring the transfer of costs to consumers.

Group A: High end brands which can avoid price wars and have no way out at the low end, making the environment especially price sensitive and competitive. The subsequent testimonies illustrate to what extent these companies aremore capable to implement sustainable practices and avoid their inherent challenges due to their privileged market position.

> *"…We brought a new better product of higher quality to the market. Our largest customer at the time said that he was not willing to pay our new price. As a result, we no longer supplied him…" (Case 1; Senior Owner Manager; R234-240).*
>
> *"...And our next step is now, of course, to go one step further again. That's why our campaign and the idea of Beyond Organic. So we think our organic always further and there are then things like climate is positive and since 2011 climate neutral in all productions…" (Case 1; Owner Manager 1; R117-121).).*
>
> *"...From the pain it is always easier to say, we want to reduce everything until the year 2040 is of course easier, but if you mean that seriously, then you should immediately notice that it hurts you…" (Case 2; Owner Manager; R45-47).*
>
> *"…The customer wanted to push down the price and solve his problems with price pressure. Then I said, not with me we no longer supply you. I was the first person to tell the customer, in principle, "'We're ending the cooperation' ..." (Case 3; Owner manager; R45-47).*

All these family firms are in the position to even reject customers' inquiries, if they are not in line with their strategy. Obviously, they are not threatened by losing at least some of their customers due to rising prices caused by sustainability related changes of their offers. This freedom is based on their market position in a premium sector, on the one hand, and on the customer loyalty they have built previously on the other hand.

Group B: Simply because the primary objective of a business model will always be to be economically sustainable in the long run, family firms act and behave accordingly. Hence, it is possible to state that, especially in the markets with low profit margins, where firms have smaller room to maneuver, ecological and social development can at the final stage within this group only happen when pushed through legal obligations forcing the entire competitive environment to act.

> *"...Economic sustainability is essential for me, because otherwise I simply can't keep it up. So, I have to think very carefully about what I touch at once..." (Case 4; Owner Manager; R595-599).*

> *"...We are still a company that does business, we are not a promotional association. We have to do business in order to stay healthy..." (Case 2; Production Manager; R136-137).*

> *"...If we want change, we need legal permission, so I'm not angry about a green minister. Then everyone is obligated to act..." (Case 6; Owner Manager; R244-247).*

When firms are in a situation where competition is tight and margins are small, only if sustainability is forced upon all firms in the market through regulations, they are able to incorporate them in their pricing strategies. Thus, while group A firms voluntarily incorporate sustainable practices, group B firms need to be pushed.

Not Economic Sustainable

In a dire situation, if management perceives the existing business model as lacking long-term profitability, owner-managers might opt for innovation and adjustments without hesitating. This strategic move aims to safeguard their family's influence, authority, and financial assets. This stance aligns with certain aspects of the prevailing literature. It underscores the significance of profitability and the financial aspect of sustainability, as these factors mold a company's preferences and choices. Additionally, it underscores the role of owner-managers in steering their firms towards future trajectories. In this context, the pressure to remain profitable may drive owner-managers to prioritize short-term financial gains over long-term viability, even if it means sacrificing the business's long-term viability. This emphasizes the importance of striking a balance between profitability and sustainability, as well as considering the impact of business decisions on both the bottom line and the larger environment.

In this specific instance, the two quotations illustrate distinct stages. On the one hand, Case 4 represents an early phase where they are beginning to recognize that their business model might not ensure long-term economic sustainability. Consequently, they are already contemplating the potential implications. Conversely, Case 6 presents a more advanced stage, as they have already embarked on a journey of business model innovation. Evidently, they appear to have harbored concerns about relying solely on their traditional approach.

> *"…That's why I said at the very beginning whether I would still be doing this core business in this form in ten years' time. I don't know…" (Case 4; Owner Manager; R640-642).*

> *"…We have to change massively. My son is driving this massively, not to be a meat company but a food manufacturer…" (Case 6; Owner Manager; R47).*

> *"…And every entrepreneur knows, in the end, a service must also cost something and sustainability costs, at least compared to the previous process…" (Case 4; Owner Manager; R257-260).*

> *"…Sustainable management is more expensive…" (Case 1; Senior Owner Manager; R126-127).*

Economic Sustainable Business Model

On the other hand, if a business model is financially viable, family businesses may be hesitant to change it. The risk of abandoning a successful model and entering an uncertain state may appear to be too great to be taken seriously and matches a family firms' risk aversity, as indicated in the existing literature. Profitability and stability may be prioritized over the potential benefits of incorporating sustainable practices into their business model in this case. This emphasizes the need for a better understanding of the trade-off between profitability and sustainability, as well as the difficulties that family businesses face in balancing these priorities. It also emphasizes the importance of considering the long-term consequences of business decisions and the need to adopt a more sustainable and forward-thinking business approach.

Once more, this discovery was observed throughout both groups A and B, underscoring the robustness of the finding.

Group A:

> *"…We have looked into using more ecological ingredients but we realized that we would end up in a totally different competitive environment in terms of price meaning we would have to reposition ourselves. We approach sustainability in such a proactive and also intrinsically motivated way, which I don't see that much in the industry, but that's a natural limitation we cannot really overcome…" (Case 2; Sustainability Manager; R196-206).*

Group B:

> *"…We asked ourselves if such a discounter business model fits our long-term demands that we as a family, as shareholders have because it will never really be sustainable, which makes us vulnerable…" (Case 7; Owner Manager; R543-548).*

As a result, businesses will only invest in the ecological and social aspects of sustainability after ensuring their long-term economic performance. However, their ability to do so remains constrained by their business model, which includes the likes of customers, products, and profit margins. As a result, organizations' sustainability performance is classified into various categories based on the value they create, deliver, and capture (Teece, 2018). This demonstrates the intricate interplay of economic, social, and environmental factors in shaping a company's approach to sustainability and ability to implement sustainable practices. It also emphasizes the importance of a more holistic and integrated approach to sustainability, taking into account the interdependence of these factors and their impact on a company's long-term viability.

> *"...I am selfish, I want to earn money. We have become sustainable, not because I invented it, but because I realized that my customers like it. I have adapted to the change…" (Case 3; Owner Manager; R113-116).*

> *"...But it's not about maximizing profit, it's about optimizing profit. In the end, that means clearly, we have to earn money, but profit will never triumph over sustainability, ethics and long-term success…" (Case 1, Owner Manager 1; R149-152).*

> *"...Succeeding in a honest way is the only way to succeed in the long run…" (Case 1; Senior Owner Manager; R163-164).*

To put it simply, the following statement accurately captures the essence of the matter:

> *"…You can tell someone, hey, you have to change your business model. I can do that, but in the end it's the numbers that count, not sustainability or ethics or anything else…" (Case 3; NextGen1; R473-477).*

4.5. Discussion

Undoubtedly, companies wield a substantial influence on both the economy and society as a whole (Idowu and Papasolomou, 2007). There cannot be sustainable development without corporate sustainable development (Bansal, 2002; Van der Waal and Thijssens, 2020). As a result, corporate management is a critical player in influencing the future growth of businesses, as well as the economy and society (Schaltegger, Lüdeke-Freund and Hansen, 2012). Because businesses are formed and operated for economic reasons, corporate sustainability initiatives are so forced to take into account both economic and social and environmental performance (Parnell, 2008; Mio, Panfilo and Blundo, 2020). Previous studies indicate that in order to reach the ecological pillar, firms must innovate their business models (Schaltegger, Lüdeke-Freund and Hansen, 2012). However, such a transition cannot be confined to, say, a technology breakthrough, but must address the entire "architecture" of a corporation (Teece, 2010). As a result, they involve a substantially higher risk because many business model innovations fail (Christensen, Bartman and Bever, 2016).

Previous research on business models and business model innovation for sustainability has rather focused on the innovation part opposed to the outcome and reasoning behind such a decision (Geissdoerfer, Vladimirova and Evans, 2018). This highlights a knowledge gap regarding how family businesses approach sustainability and the factors that influence their decision-making in this area. More research is needed to better understand the motivations, constraints, and barriers that family businesses face when considering ecological sustainable business models, as well as the conditions that are most likely to drive their adoption of these models (Lüdeke-Freund, 2010). The study's conclusions offer a solid foundation for developing strategies and laws that support family businesses in integrating sustainability into their operations. By integrating sustainable practices into business models, these insights can have a positive impact on the environment. The data clearly shows when innovative business models and sustainability practices are likely to be adopted. The study also emphasizes the importance of having an economically viable business model for undertaking additional sustainability initiatives.

The findings blatantly reveal that there is more to a company's sustainability performance than an owner manager's willingness and motivation. The results show that the business model is at the center of attention, but if one were to narrow it down, one would end up with the product and the customer who has to pay for it. Hence, specific companies face heightened difficulties compared to their competition when it comes to identifying new and different ways for value creation. The efficacy of long-term strategic change plans hinges on factors such as the inherent business model and the magnitude of the envisioned transformation. However, even the most environmentally and socially conscious company will fail if no one is willing to pay for the product or service. Going bankrupt and sacking the entire staff is also not a reasonable solution in the fight for a more sustainable tomorrow. Alternatively, enterprises could elaborate innovation strategies in the mid- and long-term in order to find new different productions ways and resources and, in doing so, reducing the production costs of more sustainable produce. Nonetheless, as stressed, this could only be feasible in the mid- or long run. This means that the consumer has a lot of unintentional power Over this topic. This is especially difficult because the consumer has frequently been referred to as "hypocritical" and "bigoted" (multiple cases).

This study emphasizes the fact that some business models may be viable in economic terms but not in social or environmental ones. Previously, this was not regarded as a major issue in Germany; however, with growing concerns about the impact of business activities on the environment and society, it is becoming increasingly important to address these shortcomings. The research validates the significance of businesses harmonizing their economic objectives with their social and environmental obligations (Mio, Panfilo and Blundo, 2020). However, for some this is much easier than for others as business models in the past, were built on many things but not ecological sustainability. The findings confirm (Schaltegger, Lüdeke-Freund and Hansen, 2012) that the only way for those companies to become environmentally sustainable is through business model innovation.

The study here contributes to the existing body of work by demonstrating that family businesses in general are not willing to undergo business model innovation solely for sustainability. This is unless there is a perceived threat to the economic sustainability of their current business model in the long run. If their current business model is profitable and financially sustainable, they are unlikely to change it, even if it is not environmentally or socially sustainable. Risk aversion of owner-managers (Chrisman and Patel, 2012) might be one of the reasons for it, as owner managers are concerned with maintaining the family's control, power, and wealth.

On the other hand, owner-managers might be prepared to innovate and change the current business model in order to safeguard their interests if it is determined that it is not economically viable over the long term. The business model, nevertheless, still places restrictions on their capacity to make investments in sustainability.

To demonstrate how business models impact a firm's sustainability performance, as well as its willingness to engage in business model innovation, this study follows the call to explore the intersection between business models and corporate sustainability (Lüdeke-Freund, 2010). Although it may not come as a surprise that business models play a significant role in determining a firm's sustainability practices, this research provides evidence to support this claim. The findings of this study equally indicate that consumers and their purchasing behavior are key drivers of decisions related to sustainability. It is the responsibility of managers to respond to market changes. However, if the market is not financially rewarding for sustainable practices, managers may not be motivated to implement such measures. However, it is critical to note that the role of consumers and market demands is only one aspect of the business model. The business model also encompasses the firm's products, customer base, and profit margins, and each of these factors plays a role in determining a firm's sustainability performance.

Despite putting a strong emphasis on social sustainability, this particular company chose not to pursue business model innovation, which emphasizes how risk-averse owner managers are and the difficulties they encounter when trying to make significant changes to their business models. They are a leader in the field of corporate social sustainability, as evidenced by their proactive approach to CO_2 compensation. However, they are still unwilling to assume the risk business model innovation involves. Family businesses frequently exhibit this aversion to taking chances, which is a sign of the increasing difficulties that organizations encounter when implementing substantial changes to their operations. The inability to innovate and the preference for immediate profit over long-term sustainability is a problem that affects more than just this one company and is representative of a larger trend.

This study confirms previous findings (Schaltegger, Lüdeke-Freund and Hansen, 2012) that, in theory, some businesses must undergo major changes in order to become more environmentally sustainable. However, in practice, family-owned businesses are particularly cautious about making such changes unless their long-term financial stability is in danger. Currently, this is not the case for many such businesses, but that may change based on consumer behavior and the international reach of the firm. Firms with operations in a variety of international markets may have different sustainability strategies than those present in only one or two markets. This is because acceptance of sustainability and willingness to pay for it can vary greatly across borders and cultures. This could mean that firms operating in multiple markets would be particularly resistant to changing their business model towards more integrated ecological sustainability. The results of this situation suggest that the proposed model's success might not be universally applicable and might depend on particular geographic or market contexts. A potential downside of this scenario is a higher susceptibility to failure in areas where the model might not align perfectly. On the other hand, businesses that operate in sectors where sustainability has a sizable influence are better positioned to enjoy sustained success over the long term. It is crucial to remember that there is still a small amount of risk present, even in these ideal circumstances.

In light of these findings, this study offers useful analysis and suggestions that can be put into practice for a variety of stakeholders. It also highlights an important point: it is important to delay making snap decisions about a company's sustainability performance by attributing it to its leadership's lack of an ethical or moral compass. Instead, this might be a result of the inherent constraints in their chosen business model. Therefore, it is essential to investigate the specifics of the difficulties a company faces, taking into account the unique circumstances that surround its operations, before forming opinions or rendering judgments.

Second, this study underscores the critical role of consumers in driving the transition to a more environmentally friendly future. Demand for eco-friendly products is not the only factor driving companies to adopt sustainable practices, but it is a key driver. So, it is up to consumers to make conscious choices and support companies that prioritize sustainability. Until the market demand for sustainable products becomes sufficiently significant, companies will continue to prioritize financial profitability over environmental and social responsibility.

4.6. Limitations and Future Research

Although it is grounded in interpretive research conducted through in-depth interviews, the study of how business models and sustainability interact has some limitations. However, these limitations open the door for future research to deepen our understanding of the subject.

First off, the study's participant pool is limited to transnational businesses with operations in a variety of countries, which calls for products that are sensitive to various cultural contexts. This diversity necessitates a delicate balance between sustainability priorities and business models. As a result, given the potential amplification of sustainability's significance within such models, close examination of businesses that are solely active in one or a small number of markets is necessary.

The second limitation of the study is that it only looks at fast-moving consumer goods in the context of the food and fashion industries. According to Desore, Narula and Thiry (2018) and Thiry (2011), these industries have a significant ecological impact, which is exacerbated by quick changes in consumer preferences. Unlike more durable goods, this dynamic can produce distinctive purchasing dynamics that affect sustainability-focused decisions. Future research should extrapolate the relationship between business models and sustainability to different industries in order to shed light on broader perspectives.

Thirdly, because the study's focus is only on German family businesses, the conclusions may not be relevant to families living in other countries with different laws and perspectives on sustainability. Future research should concentrate on family businesses operating across international boundaries and spanning a variety of legal frameworks and cultural perspectives in order to unravel the complex relationships between business models and sustainability.

The study's scope includes multinational behemoths with sales exceeding €150 million, which limits the applicability of its findings to smaller, less well-known businesses. These smaller organizations might follow different paths in their efforts to promote sustainability, possibly incorporating environmentally friendly products alongside current lines to mitigate risks. Therefore, a thorough examination of these dynamics in small businesses, encompassing actions and choices, is still an open field for investigation.

Put succinctly, the limitations inherent to this study, rather than posing impediments, beckon the horizon of future inquiry to illuminate the interstice between business models and corporate social responsibility. Ascending this learning curve, future endeavors should cast their investigative gaze upon myriad sectors, small-scale enterprises, and familial establishments across diverse international landscapes.

4.7. Conclusion

Generally speaking, there is a complex relationship between business models and sustainability that merits further investigation. Particularly in the case of family-owned businesses, complex scenarios are shaped by financial factors, consumer demographics, industry dynamics, and owner aspirations, ethical goals and strategic decision making. These components interact with both their short-term and long-term strategies. However, despite the potential need for some businesses to implement significant changes to their business model in order to integrate ecological practices, there seems to be a reluctance to make such radical changes unless the long-term financial stability is at risk. On the other hand, businesses frequently stick closely to the boundaries of their existing business models. It is necessary to contextualize these business models within multifaceted frameworks as a result. This effort includes recognizing that some businesses already have sustainable business models, while others have the potential to integrate sustainability. Beyond that, some business models might serve as barriers to the achievement of sustainability goals. This study sought to investigate the relationship between business models and sustainability in German family-owned firms with over €100 million in annual revenue that operate in the fashion and food industries. The findings obtained through in-depth interviews indicate that consumer behavior has a significant impact on the path to a more sustainable future. Businesses will continue to produce unsustainable products as long as consumers continue to buy them, even if doing so makes them unsustainable.

The study does, however, also point out the limitations of its results. For instance, the participating companies were all global brands with operations across several nations. This might not accurately represent the experiences of smaller companies with operations in just one market. Furthermore, because the study only examined family-owned businesses in Germany, it may not accurately represent the experiences of businesses owned by families in other nations with diverse legal systems and sustainability ideologies.

Despite these drawbacks, the study offers insightful information about the connection between business models and sustainability. The study's conclusions highlight the significance of consumer behavior in determining the course of sustainability. They encourage us to examine a firm's business environment more closely before criticizing specific people or groups. Future studies should concentrate on investigating the business models of other sectors, niche businesses, and family businesses in various nations with various legal systems and cultural perspectives on sustainability.

5. Summary of Findings and Concluding Remarks

Climate change is one of humanity's most pressing challenges, and the need for action to protect our planet is becoming more challenging (European Environmental Agency, 2011; Filser *et al.*, 2019; UN-DESA, 2013). As a result, in recent years, there has been a growing awareness of the importance of ecological sustainability (Bansal and DesJardine, 2014; European Environmental Agency, 2011; Miroshnychenko and De Massis, 2022). Despite this growing awareness, the issue of how to effectively address climate change remains largely unclear (Walker and King, 2009). To address this issue, businesses and organizations must take a proactive approach to managing their operations in an ethical and sustainable manner (Geissdoerfer, Vladimirova and Evans, 2018). Businesses can help to reduce their environmental impact and work towards a more sustainable future by incorporating ethical and sustainable practices into their management strategies (Placet, Anderson and Fowler, 2005; Zollo *et al.*, 2013). This is critical not only for the health of the planet, but also for the long-term success and viability of businesses. Finally, by prioritizing ethics and environmental sustainability in management, businesses can contribute to a better future for all.

In order to shed light into some of the recently raised questions, three consecutive studies have been planned and executed. First, a literature review in order to obtain a base knowledge about the current status of academic work, while successfully identifying research gaps in the triangle relationship between ethical decision-making, sustainability, and family firms. Further, it was identified that almost all studies in ethical decision-making were conducted with students and not employees or owners or managers. Therefore, in the second step, in depth interviews with family firms known as global players in their field have been utilized as the primary data source in a qualitative study design, with a sample formed by owners, family members, etc. The study's goal was to look into the values that guide (ethical) decision-making and behavior in family businesses when it comes to environmental sustainability. The main reason for incorporating sustainability principles into this dissertation is to overcome the difficulty of measuring ethical decision-making. Measuring ethical behavior is a difficult task, which has led to sustainability emerging as a key focus area for evaluating firms' commitment to ethical practices. It is reasonable to assume that companies that prioritize sustainability are more likely to uphold ethical standards than those that do not prioritize sustainability. As a result, sustainability has evolved as a critical indicator of a company's ethical behavior, serving as a means of measuring and evaluating businesses' ethical practices (Torelli, 2021). Consequently, several significant business and management topics have been covered in this dissertation.

The second study utilized the gathered data from the interviews to identify and categorize the real forces behind ecological sustainability (as ethical decisions) among well-known multinational corporations (family business) operating in the food and textile industries. Given the significant size, stature, and market sway of the participating family businesses, the findings offer novel and unexplored perspectives on the topic. While earlier research (Bonini and Görner, 2011; Griffin, 2019) explored the categorization of companies as proactive pioneers, trend followers, or defensive market players regarding their approach to ecological sustainability, this study adds a new perspective to the well-established idea. Through this study, it was identified that there is a group that cannot be easily categorized as either proactive pioneers or trend followers. This group is intrinsically motivated towards ecological sustainability, which sets them apart from trend followers, as research has shown (Bonini and Görner, 2011). They differ from the pro-active pioneers in that they also do not act with a strong conviction for ecological sustainability. This discovery emphasizes the complexity of business motivations and actions or ethical decision making related to ecological sustainability and the demand for nuanced methods to comprehend these dynamics.

In the second study, preliminary findings suggested that that while some businesses exhibit higher levels of motivation to act sustainable, they are constrained in their ability to perform, whereas other businesses show lower levels of motivation but have the capacity to perform at a higher level. This observation suggests the existence of a non-motivational external factor that affects the relationship between performance and aptitude. Based on these findings, the third study concentrated on the business model as a key element in determining how successful a firm is in terms of sustainability. Because the impact of a company's architectural blueprint may be considered conventional knowledge, the conditions that led to firms' willingness to undergo a sustainable business model transformation were investigated. According to the study's findings, family firms may be reluctant to change a financially viable business model because of the perceived danger of departing a successful model and entering an uncertain situation. As a result, the potential benefits of implementing sustainable practices into their business model do not take precedence over profitability and stability. If the current business model is regarded as unsustainable in the long run however, owner-managers may be more ready to innovate and adapt in order to protect their family's authority, power, and money. This emphasizes the importance of profitability in determining firm priorities and (even ethical) decision-making, as well as the duty of owner-managers in steering their company's future. Therefore, the results indicate that firms have a natural limitation to sustainability unless long term profitability is in danger.

This dissertation offers important insights into the dynamics of interconnected systems inside family businesses, examining how they interact, influence one another, and impact the performance. It emphasizes the need of analyzing sustainability performance using a holistic approach that takes into account both internal and external influences. External factors provide a framework for internal factors, either reinforcing or restricting them to implement sustainable practice. These external factors influence the overall of motivation of family firms to embark on a more sustainable path, which, in turn, affects the business and owner strategy. The interplay between the three mentioned internal factor is what forms and influences the sustainability behavior of family firms.

This study also calls into question the concept that a company's poor sustainability performance cannot be attributable entirely to a lack of ethics or morality among its leaders. Instead, it acknowledges the external environment's constraints, e.g., the limitations imposed by a firm's business model, and how these constraints can affect the adoption of sustainable behaviors. By investigating these complex dynamics, this study intends to provide practical ideas to help family businesses navigate these and achieve more sustainable outcomes.

5.1. Theoretical Implementations

This dissertation seeks to fill several research gaps in order to contribute to a better understanding of family businesses and their behavior. To begin, it responds to scholars' calls to address the high criticism of student samples in previous research, such as Peterson (2001), Carlson (1971), Sears (1986), and Moore *et al.* (2019), by employing a smaller sample of privately held firms (Cui *et al.*, 2018). This approach provides a more accurate representation of family businesses, which are frequently privately held.

Second, the dissertation addresses the question raised by Kellermanns and Eddelston (2012) about what causes unethical decisions in family businesses. The study looks into the factors that influence the ethical decision-making process in family businesses, such as family dynamics, family values and external influences.

Third, as Lüdeke-Freund (2010) points out, the dissertation addresses the overlap between corporate sustainability and business models. The study looks into the relationship between corporate sustainability practices and family business models. According to the findings, family businesses are more likely to adopt sustainable practices if they are aligned with their business models.

Finally, the dissertation addresses the unanswered question of how and to what extent family businesses reorient their business models, and why they do so. The study looks into the factors that motivate family businesses to reorient their business models, as well as the strategies they use to make these changes. The findings suggest that when faced with long-term economic problems in their current model, family businesses are more likely to reorient their business model.

Overall, this dissertation adds to existing research on family businesses by filling several gaps in knowledge and providing new insights into their behavior. The study provides a more accurate representation of family firms by using a smaller sample of privately held firms, while also shedding light on the factors that influence their ethical decision-making and sustainability practices.

5.2. Practical Implications

These findings have significant implications for family businesses and their stakeholders, because they provide valuable insights into how these businesses can navigate the challenges they face in today's business environment. Thus, even though this dissertation had a theoretical focus, its practical implications are numerous and can benefit family businesses in a variety of ways. Understanding the unique challenges that family businesses face in maintaining ethical standards allows them to implement best practices for ethical decision-making and avoid negative consequences such as reputational harm and legal penalties. Furthermore, family businesses can improve their competitiveness and reputation by implementing sustainable practices that are consistent with their business models. The study provides valuable insights into the factors that drive family firms to reorient their business models, which may help family firms adapt to changing market conditions and remain competitive.

Overall, this dissertation provides useful insights into the behavior of family businesses and the unique challenges they face. Family businesses can make informed decisions about their governance structures, sustainability practices, and business model reorientation if they understand these challenges. From this dissertation it can also be derived that if family firms are sufficiently motivated to make their business more sustainable, but restricted by their business models and unable to assume the increment of costs, they can opt for redesigning their strategies, making investments on a mid- and long-term and restructure their supply chains and resources in order to adopt the envisioned changes.

5.3. Limitations and Future Research

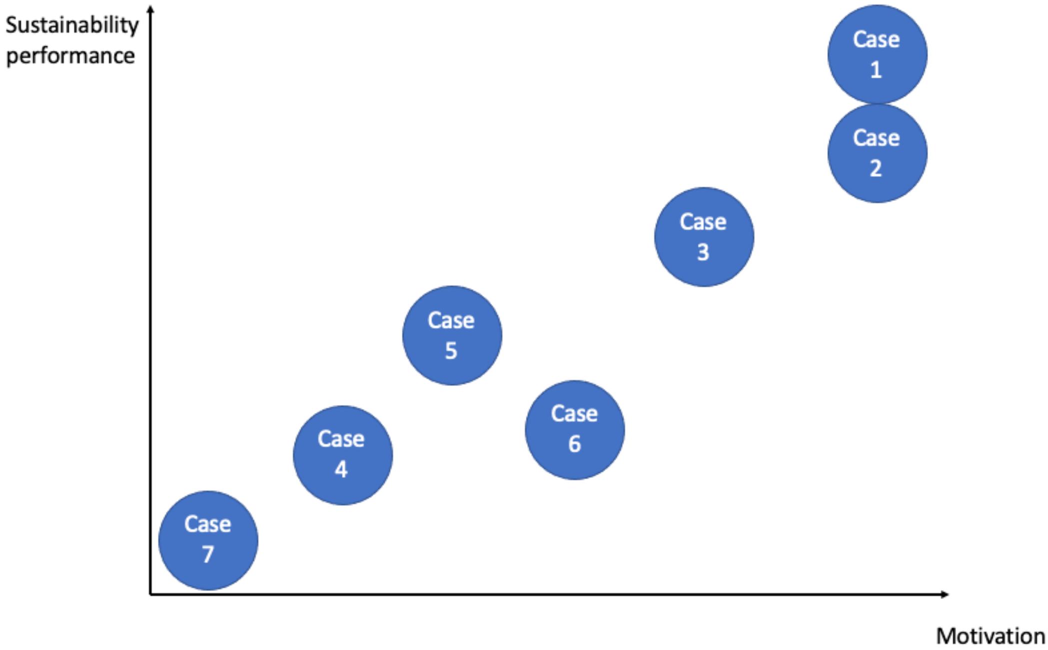
The in-depth interview-based study on the relationship between business models and sustainability has some limitations that must be considered. The study's sample only included multinational corporations that are forced to cater to various markets and cultural norms. This makes balancing their business model with various sustainability priorities difficult. Furthermore, the study only looked at fast-moving consumer goods in the food and fashion industries, as well as German family businesses, which may not be representative of other industries or countries. Furthermore, the study excluded smaller businesses, which may approach sustainability differently.

Despite these constraints, the study's limitations provide an opportunity for additional research to broaden our understanding of the topic. Future research should, for example, investigate sustainability and business models in various industries, small businesses, and family businesses in various countries. Furthermore, the study only looked at environmental sustainability; social and economic sustainability should be investigated as well. Finally, this dissertation encourages researchers to apply the proposed model in other contexts to better understand the relationship between business models and sustainability.

Besides the enumerated limitations, the present study also contributes to the existing research by providing a holistic framework about the nature of ethical decision-making processes, presenting the plethora of nuances and factors influencing whether a company opts for sustainability as part of ethical decision-making. This contribution is pivotal considering the consequences of climate change are becoming increasingly perceivable and, consequently, sustainability and ethical requirements towards companies are augmenting. Therefore, understanding these decision-making processes from all angles is critical for companies to remain sustainable. Against this background, a major contribution of this study is having demonstrated that profitability is a key axiom determining a company's (ethical) behavior and that certain companies have intrinsic limitations when deciding whether to implement sustainability in whatever format. Hence, this study also demonstrated that a firm's poor sustainability behavior cannot be explained completely by an unethical or amoral behavior of its leaders.

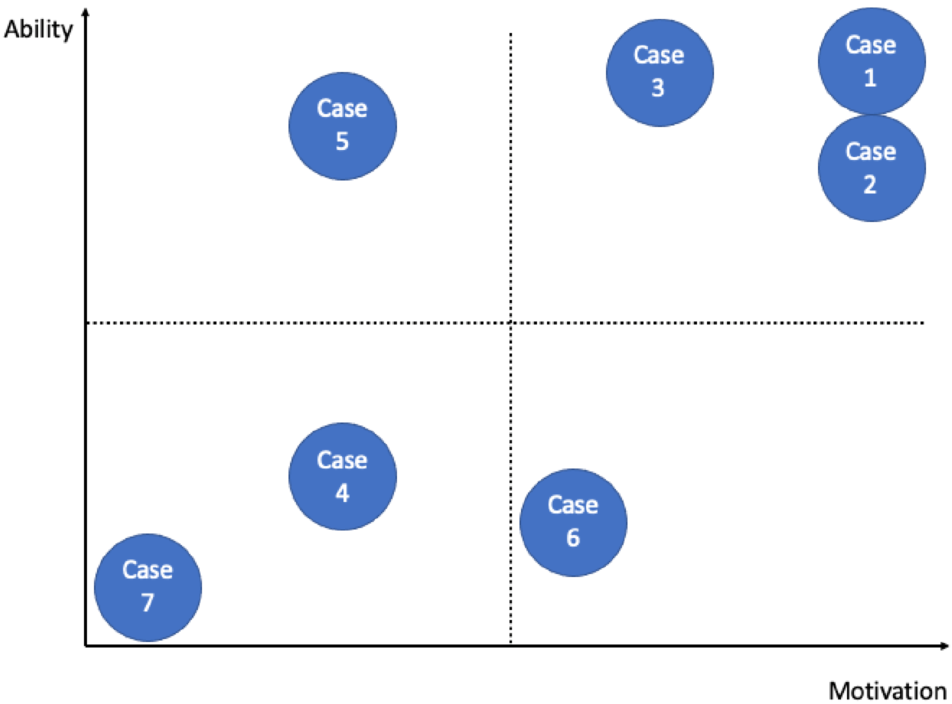
6. Appendix: Figures, Graphs and Tables

Figure 8: Motivation/Performance Matrix.



Source: Own elaboration.

Figure 9: Ability/Performance Graph.



Source: Own Elaboration.

Table 4: Information on Participating Cases.

Source: Own elaboration.

Case	Industry	Size	Employees	Customers	Generation	Target Segment	International	Total Interviews	Rows(Arial,12)	Pages(Arial,12)
1	Food	650 M	4000	B2C	4th	Premium	Yes	5	2330	48
2	Food	350 M	600	B2C	2nd	Everyone	Yes	4	1749	36
3	Textile	150 M	1100	B2B &B2C	3rd --> 4th	Premium	Yes	5	3389	68
4	Textile	1200 M	310	B&C	3rd	Everyone	Yes	3	1630	33
5	Textile	230 M	3400	B&C	4th-->5th	Premium	Yes	7	4864	97
6	Food	7000 M	16100	B2B &B2C	2nd-->3rd	Low, Middle	Yes	4	1379	28
7	Textile	2300 M	31000	B&C	5th	Discounter	Yes	5	2741	55

7. Additional Quotes to Underline Findings

Case 1
the points that have always moved us and that were important to us. That's where we want to stay forever. That is the quality. That is, of course, very strong. Sustainability, innovations for products. (Owner Manager 1, R14-17; Motivation).
I would rather see us as pioneers, because we have simply been involved in this for a very, very long time. As pioneers of organic farming already started in the 50s. So that we always wanted to play this role, was clearly visionary, how much more on the subject and is now. Organic makes everyone. Owner Manager 1, R114-121; Motivation).
And our next step is now, of course, to go one step further again. That's why our campaign and the idea of Beyond Organic. So, we think our organic always further and there are then things like climate is positive and since 2011 climate neutral in all productions (Owner Manager 1, R117-121; Motivation).
But it's not about maximizing profit, it's about optimizing profit. In the end, that means clearly, we have to earn money, but profit will never triumph over sustainability, ethics and long-term success. If sustainability and the long term fall by the wayside, then something is wrong (Owner Manager 1, R149-152; Business Model).
In the end, that means clearly, We have to make all the money, but profit will never triumph over sustainability and the long term (Owner Manager 1, R154-155; Business Model).
At the moment, unfortunately, we are still generating the majority of our certificates through purchased certificates from projects that we know and are involved in, but here, too, the goal is to generate at least 50 percent of the certificates from our own projects by

25. Because that, I believe, is also ultimately decisive for credibility (Owner Manager 1, R175-179; Motivation).
First and foremost, your own conviction. I have already struggled when we started again with plastic, but realized that marketing and sales need it (Owner Manager 1,R354-355; Motivation).
thank goodness we have already dealt with this in good time and are probably also ahead of the competition when it comes to these new packaging materials. So I would see that as a positive effect, because the others have to go in the direction where we have been going for some time. That means that the others will also have to bear the costs at some point (Owner Manager 1, R377-382; Business Model).
But it is I think for many end users today the convenience thought is still the main thought. I think that the end consumers look heavily at what's inside. the end consumer is becoming more sensitive today, also when it comes to packaging and environmental protection. But his core focus is the product itself (Owner Manager 2, R141-144).
So if you can no longer work in a businesslike way, then sooner or later you won't be able to work at all. And then it's not sustainable either. In this respect, it has to go hand in hand so that it can work in the long term (Owner Manager 2, R274-77, Business Model).
That the way you treat employees shapes that they want to have a fair interaction, that they value each other, that you value your environment, value nature, that they are not at the keyword exploitation, but are moving towards sustainability. All of this, I would say, has a massive impact on us (Owner Manager 2, R306-310; Motivation).
We managed to do it against great international competition, who often smiled at us because of our commitment to organic farming, environmental protection, sustainability.

That was very exotic 50 years ago, but we were convinced that it was the right way to go. (Senior Owner Manager, R23-27; Motivation).
We have done it before. And the others follow suit, but the original is always better than the copy. (Senior Owner Manager, R33-34; Motivation).
Sustainability thoughts have been pursued for decades. So in a time in which one was politically persecuted with such ideas and it was so, we have already done that (Senior Owner Manager, R115-117; Motivation).
Can happen, but we will not let anything influence our thinking. (Senior Owner Manager, R424-425; Motivation).
and now we have managed to make the glasses even climate positive. We take less from nature, what we give back, which is something positive (*Marketing Manager R68-69, Motivation)*.
With entrepreneurs at the top who have vision (*Marketing Manager, R106-107; Motivation)*.
Million-dollar investments, for e.g.: CO2 certificates, are released without a long thought, because they believe it is the right thing to do (*Marketing Manager R110-112; Motivation & Business Model)*.

Case 2
Certificates are only the last step. First of all, it's about avoiding. We have also deliberately started projects. Was completely avoid the topic. It reduces that we have used new products and technologies to reduce it significantly. And then comes the step that you compensate with certificates (Owner manager, R40-43; strategy)
From the pain it is always easier to say, we want to reduce everything until the year 2040 is of course easier, but if you mean that seriously, then you should immediately notice that it hurts you (Owner manager, R45-47).
We pay above tariff, others only pay the tariff. We have started CO2 compensation, others have not even thought about it. we are one step ahead of the competition (Owner manager, R151-152; motivation).
The first step, the simplest sustainability is, of course, where you save resources and thus also costs (Owner manager, R171-172; strategy)
However, there are many more measures that we can still take, but which are simply no longer economically viable. In this respect, it is more of a process. That's why I say that what makes economic sense for the company will be done immediately. Everything else that makes less economic sense is simply a matter of conviction. And you implement things over a period of years. And that makes it a longer process, of course (Owner manager, R182-187; strategy).
I would like to hand over the world in a condition that is better for the next generation than the one I got it to, because our environment must also find itself in a condition that we are at least in the same level or a better level, because otherwise we will have problems for future generations sustainably ourselves (Owner manager, R56-60; Motivation)

And I think that with my father it was the case that profitability was not the main focus, but that the product was the main focus, and our product naturally lives from ingredients that come from nature (Owner manager, R106-109; Motivation).
Faith has certainly shaped our lives as well. Thus, a certain value system and value framework is certainly set. So, a little bit certainly has an influence (Owner manager, R123-125, Motivation).
Thirty years ago, people didn't care at all about what was going on in the background. There wasn't any transparency at all about entrepreneurship, about how to treat employees, about the importance of doing things besides the traditional sale of the product. But that's very different today. And because of that, so to speak, the culture that we have becomes, suddenly becomes much more relevant. And with that, I would say we are further ahead than our competitors (Owner manager, R155.160; Motivation).
Sustainability is for me the social component has the ecological component. It's not just reduced to CO2, but that is of course a main criterion for the investments with us at the moment (Owner manager, R211-213; Motivation)
I have I believe that as entrepreneurs we also have a social obligation to offer people perspectives, to also offer our employees the opportunity to deal with the issue instead of only being confronted with the issue through peace and hearing (Owner manager, R247-251; Motivation).
And it's like that, of course, the reputation of plastic is significantly worse than the reality. If I switched to paper tomorrow, that would be what my consumer would like to see. But I know that it is the worse solution for the environment (Owner manager, R280-282; Motivation).

I think there are two dimensions to this, one dimension is we just want to find the most environmentally friendly solution in packaging. And the second is that I also have a consumer to whom this topic is relevant (Owner manager, R391.393; Strategy).
I think there are consumers who are sustainably oriented. And I believe that the majority at the moment also have other criteria (Owner manager, R414-416).
I think that the basic idea that supply chain law is right, that we just have to check that we don't have a clear conscience to say we're all behaving unreasonably. But at the same time, any people at the end of the chain are exploited or under extreme conditions have to mine any things (Owner manager, R439-442; Motivation)
Yes, I think I'm lucky first of all that of course I don't have that many shareholders, so with 90 percent of my co-partners only with 10 percent. That means of course I also have less return, requirement or distribution requirements with my co-partner or potential co-partner. And that helps. (Owner manager, R521-524; Ownership)
It's a combination of an awareness of tradition, where you come from, and a sense of groundedness, but also an openness to new ways of doing things.
that is approached in such a proactive and also intrinsically motivated way. I don't experience that so much in the industry. So I also have the feeling that we are a pioneer here and also set the impulses (Sustainability Manager,R40-43; Motivation).
the management is aware that this is the only way we can secure our future viability (Sustainability Manager, R47-48).
we have made our product range climate-neutral. Now we are going one step further and saying We want to try to convert as many products as possible to vegan recipes (Sustainability Manager, R48-52; Motivation).

Bringing together all three dimensions, economic, environmental and social, and keeping them in balance, with a view to the next generation (Sustainability Manager, R71-73; Strategy).
Where do we have the greatest impact on nature or people and where do we then want to have a positive influence? It is important for society or for our stakeholders. We looked at that and that guides our decisions (Sustainability Manager, R155-158; Decision making).
the founder, who brought this in, who also created and helped shape this culture. He founded the first works council in the 1960s, when it was not yet mandatory by law (Sustainability Manager, R168-172; Values).
And in 2014, I would say, we really have complete focus on it. Not just through me, who does this 100 percent in her job, but through the sustainability team that exists (Sustainability Manager, R.251-253; Motivation)
And with the stretch film that wrap the pallets and we only by the amount incredibly reduced more than halved. And we can also let put in the in the packaging in the film. A positive example, even if the end consumer does not see it that way, but there you can see that we also deal with the topic holistically (349-353; Motivation).
We are looking at that and I am sure that if we find a material that meets the technical requirements, the quality requirements, that requirement and so on and is more sustainable, that we would then still bear additional cost (Sustainability Manager, R485-487; Business Model).
I believe that we are or were among the first to start with the topic of sustainability, to convene a sustainable team. And I think the most important thing is that we have also

internalized this for ourselves, so that it is also noticed everywhere, including in production (Production Manager; R44-47; Motivation).
So it can't be at any cost to say that the investment I'm making, because in the end no one is helped if the company is then led to the point where productivity is halved and we then have to lay off employees. That is also not sustainable either (Production Manager; R106-109; Strategy).
We are still a company, which is doing business, we are not a development association. So, we are not a development association. We have to do business in order to stay healthy (Production Manager; R136-137; Business Model).
has already managed the company in a sustainable economically social way. Yes, and I would say that one is also the reason why someone like me goes from an apprenticeship to the executive board (Production Manager; R283-287; Values)
But you are picked up very quickly, if you see, if the head lives that. Yes, and if the leader lives the life, if a family, the life. Now we sit here, talk about topic family business, when the family lives sustainability and lets feel that and goes on and the direct employees can then transfer the wide. I believe that a culture is then created and the culture that we have here as a company is a culture of sustainability (Production Manager; R322-328; Motivation).
When I see what we have burdened ourselves with in order to become more sustainable and also to forego profit out of conviction to the topic, then we are in the right, to get a marketing effect as well Production Manager; R386-388; Motivation; Business Model).

Case 3
wants to press the price and solve its problems with the price pressure. Then I said, we no longer supply them. And by that, that I was the first who in principle has told the customer We end the cooperation (Owner manager; R66-73; Business Model).
the arrogance to say, I don't supply him. There was no such thing, we supply everyone. And I have also survived from this by never saying only this and only this and only this. And that is my task, that in principle I constantly recognize the change, that I constantly recognize that what I did yesterday is now becoming more difficult (Owner manager; R104-108; Motivation; Strategy).
And the one that jumps on first will have more costs at the moment, but will have more savings in the future, of course, he will have the advantages (Owner manager; R111-113; Strategy).
That's how we became sustainable, because I didn't invent that. I noticed that everyone, when I say sustainable was like great, really good. I have adapted to the change and so we have started 18 years ago (Owner manager; R113-116; Motivation).
So that means I always have to go one step ahead, but not because I failed. Eyes open, ears open. And if something comes along, then I have to say, if others are doing it that are top, then in industries that are leading, then I have to try to do that as well (Owner manager; R137-141; Motivation; Strategy).
I am already a Swabian. And for me, sustainability means that it fits. Yes, for the Swabian, it saves money. So sustainable means I save resources and money (Owner manager; R146-148; Motivation).

The sustainability means for me as I can, if I do this, save money future-oriented (Owner manager; R211-212; Motivation).
I was brought up to treat my employees, who help me every day, with a certain decency, of course, and not to exploit them or anything like that, but the simplest and easiest thing to do. The better I treat my employees, the nicer I am to them, the more likely they are to work for free (Owner manager; R343-346; Values).
That's why I've always guaranteed jobs for my employees and everything was a matter of course for me, because I said that if they worked for me for 20 years or 30 years and worked for me at a time when I was desperately looking for workers and they could theoretically go to the 25 other companies as well, yes, but they remained loyal to me, then I can't be the first to put them out of work in an economic crisis, because I said, "That's not possible (Owner manager; R356-363; Values).
I am egoist, I want to earn money and I earn the most money. Or at all that I earn money is a prerequisite that we have a togetherness and not a just community and this and that (Owner manager; R369-372; Motivation)
And for us it's not negative or anything now, it's more of a positive story that finally the others also have to do something that they didn't know before and we did voluntarily (Owner manager; R463-465; Business Model).
But because we do everything in self-interest. Because I said, if every gift, package and all sorts and that makes and no one addresses sustainability and I suddenly put it in a box, then of course I am rightly criticized that it is not elegant enough and not beautiful enough (Owner manager; R475-478; Motivation).

any business is easy to run if you keep your eyes open, ears perked up, what the change is, go with it. And whenever something is new, you have to be there at the beginning (Owner manager; R737;739; Strategy).
that we are optimizing production so well, always optimizing. Not that it is not optimal, but that we become more efficient, more rational, (NextGen1;R112-115; Strategy).
With us seen once employee management, I say a very clear Nachhaltigskeitsaspekte that we say long-term jobs, the whole values of my, which my father the years always coins, that is certainly part of it (NextGen1; R139-143; Values).
Sustainable can cost money in the short term. Is, but must save money in the long term (Owner manager; R249-250; Motivation).
Example At night we bleach, during the day we color so they say we just have a balanced energy in the flow. That's clear, we go along with that. For reasons of economy, of course. Certainly, because we are Swabians, so to speak to the free money, the more water and electricity we need yes, but it is a topic to sustainability and then in the end of course then comes out a sustainable product (NextGen1;R182-187;Strategy).
sustainability in the industry is catastrophic, in the subject of sustainability, so there is no need to gloss over either (NextGen1; R410-411; Industry).
It definitely has to come from the consumer area that then the producer realizes hey ok no I am I have to make my quality high. But I also think a producer must then also give the offer (NextGen1; R463-464; Motivation).
And that's why I see the industry as very difficult, because you can't tell someone, hey, you have to change your business model. I can do that, but in the end it's the numbers that count, not sustainability or ethics or anything else (NextGen1; R473-477; Business Model).

We ourselves as a producer in Germany feel insanely disadvantaged. But we are happy to put up with that, because just things like now in 2023 it's our turn to come up with the supply chain law, we see a disgrace for us entrepreneurs ourselves. It's a shame that it has to come that we have to prove that we ourselves have no child labor and no, that we have working conditions. So, I mean yes, it's a shame that it has to come, but it's absolutely right (NextGen1; R547-559; Values)
So with us really nothing is thrown away, even the fabric scraps, if they make perhaps also times a guided tour, still with us you can see that we also times the fabric scraps are recycled (NextGen2; R143-146; Motivation).
It's simply the values that people associate with the company. And because we have always consistently conveyed the same values over the last few years, many people naturally come. It's known for sustainability, it's known for having a secure job and so on, and it's known for being Made in Germany (NextGen2; R218-223; Values).
Sustainability has actually always been a part of it, because we simply said that by producing in Germany, we had to use certain resources sparingly anyway, because it is simply more expensive. We have certain environmental requirements that other companies have not yet had abroad and also always know (NextGen2; R231-235; Business Model).
packaging, where we have actually tried to reduce it for the most part. We have also, for example, in the stores. Is also that plastic bags are banned, which we also, where we have actually always, we have then simply introduced a few years ago that one consciously asks the customer Would you like a bag? (NextGen2; R460-464; Strategy).
I keep saying it will be harder to grow organic cotton or to meet the high demand for organic cotton on the world market (Wife, R103-105; Industry).

efficiency, is sustainability (Wife, R391-392; Motivation).
I always say that with a polyester shirt that is highly functional, you just have, the customer must already be aware that he basically produces residual waste hazardous waste (Wife, R517-521; Production).
It's so energetically intensive, it's not sustainable. So I would really say that if the federal government wants to do something good, it should ban fast fashion (Wife, R563-564; Industry).

Case 4
The company must remain sustainable in its own efforts over the long term (Owner Manager; R.112; Motivation).
That simple is yes clear is a trendy topic center, just an industry that has the intellectual challenge. This is a trend that we cannot ignore. Otherwise, it's one of the trends that will change society and our industry (Owner Manager; R114-116; Motivation).
So the purpose of fashion is just not sustainable and that is a perversion in the business purpose, so to speak. If you say, we are now going to pay sustainable attention to this and that and that, actually the easiest thing would be to stop your business operations and no longer make fashion (Owner Manager; R121-125; Business Model).
it's a huge, hot-air hurricane that's raging through the industry. Everybody's overnight. So I'm seeing that in other industries as well, but ours is particularly nasty, like overnight. Folks, everybody is green now and has that in their DNA, it says on the home page (Owner Manager; R233-263; Business Model).

And anyone who has always done it without intellectually reflecting that our industry just can't have that in the DNA, for various reasons and often denying in terms of nasty greenwashing that even if you accept that as given, our processes so far have been geared to many things, but not sustainability and the processes also did not change overnight (Owner Manager; R237-241; Motivation).
Child labor has long been passé. It's all nonsense, but our processes were geared toward other things. Now the industry is re-sorting because it's a trend with the consumer. Laws all over the place. I don't think it's very, very sustainable at the moment (Owner Manager; R245-248; Motivation)
In the end, I am a market economist enough the consumer should decide. And every entrepreneur knows, in the end, a service must also cost something and cost sustainability, at least compared to the previous process (Owner Manager; R257-260; Motivation).
If I am not sustainable in the ecologically sustainable sense, then I will no longer be successful in business terms (Owner Manager; R279-280; Motivation).
The primary buy decision criteria in fashion will always be look. No one is willing to look ugly for sustainable reasons. That will most likely not change either (Owner Manager; R336-339; Consumer).
Economic sustainability is essential for me, because otherwise I simply can't keep it up. So I have to think very carefully about what I touch at once without slipping into too high a cost burden, which the market almost never recognizes (Owner Manager; R595-599; Business Model; Motivation).
it threatened a real problem, especially since for me again the middle class discrimination takes place (Owner Manager; R608-609; Business model)

because for me this is also such a zeitgeisty number, where many CEOs proclaim many things that they themselves do not have to include (Owner Manager; R705-707; Sustainbillity)
We had until the year 2000 a sustainability report, now if you want to execute me. We had one of my first acts in office was that I abolished then our sustainability report, when I was chief in 2000 or not first our sustainability report, which already existed then, because I said, costs me too much money now, I need the energy somewhere else. Nobody was interested (Owner Manager; R511-516; Motivation).

Case 5
Once the subject of quality. What tell us DNA is our values. For us, this is also connected with sustainability. Then we have the topic of environmental protection and social responsibility, and we are tackling these three issues. We deal in different places (Next Gen; R22-24; Motivation).
we think that sustainable is a big word, which is misused. And we can't do that. We are not in 100 percent sustainable in everything we do. And we wouldn't promise that. That means we want to be honest and we want to be more transparent about the topic in general (Next Gen; R139-143; Business Model).
the new generation, they simply grow differently and have different expectations of companies, brands and so on. And that is becoming increasingly clear (Next Gen; R254-256; Consumer).
I cannot necessarily say one hundred percent that our two owners are now the ECO people, that they are now the people who really live this complete ecological mentality and then

also really live it and have then also passed it on to us in this way (Next Gen; R332-336; Motivation).
My father, for example, is very, very critical on the subject of sustainability, very, very critical. This has to do with the fact that he gets a lot of information about the global picture of the topic of sustainability with his positions outside the company, so to speak. That is not making things easier (Next Gen; R368-371; Motivation).
I'd say we're having a bit more trouble there, because we still have a lot to do in this area. We do not yet see ourselves in such a good position yet (Next Gen; R522-524; Sustainability).
Costs continue to be important. So, for example, the whole topic of cotton has just become much more expensive. Everything that is sustainable yarns and so on is more expensive than before. Either you go with it or you don't go with it. That is simply a decision (Next Gen; R284-288; Business Model).
We are also a fashion company and we also have to follow fashion (Next Gen; R544-547; Business Model).
I believe very strongly that quality, and not just product quality in the broadest sense of the word, is the decisive competitive advantage in the long term. That is why quality must have a higher priority than sustainability in the individual case. Even today, we can only make the entire supply chain so sustainable to a limited extent (Owner Manager; R185-188; Business Model)
at the moment there is only one thing here is ecology green deal. that's also then this populism (Owner Manager; R211-213; Motivation).
But plastic is bad as a general rule. The statement is not true either (Owner Manager; R751-752; Consumer).

I have discussed with the owner on this topic because I am a big critic in this extreme positioning that have discovered the topic of sustainability for themselves as a marketing positioning. I think this is a fundamental mistake (CEO; R104-106; Motivation).
At the end of the days where every consumer just wants to justify to his conscience, say I click on a sustainable product, then I buy that and then for me it's also good. Now I may be more or less willing to pay more or less for it. Usually pay the same anyway, but at the end of the day and the conscience. That is my assessment (CEO; R110-114; Motivation)
In reality, you want us to save the planet so they can continue to operate that way. The whole youth or young people area I do not buy this green soul yet (CEO; R162-164; Motivation).
I'm not driven out of bed or to bed by daily environmental concerns. I accept that we have to change our way of life in one place or another, but I don't go along with every nonsense either (CEO; R173-174; Motivation).
And it's also true that we just have to make a tradeoff between what sustainability means for consumers and what is sustainable. We can't do it, even if we would like to, completely decoupled from consumer reception (CEO; R244-246; Strategy).
the topic of sustainability is a hype for us and if we as a brand cannot fulfill this trend, we will suffer in the long run (CEO; R391-394; Motivation).

Case 6
We will have to change massively from being a meat company to being a food manufacturer (Owner Manager; R47; Motivation).

massive changes in production CO2 savings, save protein, reduce nitrate inputs, change housing and (Owner Manager; R49-50; Strategy).
At some point we were the market leader and as the market leader we have a certain responsibility that the public imposes on them. That is so (Owner Manager; R90-92; Motivation)
We have some solar fields in our agricultural area in Brandenburg. Yes, so actually, how much solar energy do we gain there and what is the benefit? However, then with the public funding pots and so on so what (Owner Manager; R 150-152; Strategy; Motivation).
I am not at all angry about the fact that we have a green minister, because now we have to change over. We also have to say that, if you will. With stable stables want to rebuild or change them, we need the license so everyone has to do it (Owner Manager; R244-247; Business Model).
Sometimes we are more cold-blooded in business, then make the experience that it is better to be the sincerity (Owner Manager; R353-354; Values)
In terms of business management, you can't do something like that. But that meets in the modern thoughts to have Pape. Costs 40% more the markup pays the consumer (Owner Manager; R330-343; Business Model).
the industry is under insane earnings pressure right now, and as you know, for certainly earnings pressure, not necessarily to accelerate sustainability. That the industry needs to become much more sustainable is clear (Next Gen; R51-54; Business Model).
But I believe that for the individual companies in the industry, sustainability does not yet play such an important role, because the cost pressure is there. Of course, there are the big companies, the large corporations, that have to write sustainability, that write it (Next Gen; R.55-58; Business Model).

If you take animal welfare as an example, animal welfare is certainly something that costs a lot of money. That is, it comes significantly less pigs in the barn must feed it differently and the ratio of three is about free feed announced German origin. That all that is significantly more expensive (Next Gen; R129-132; Business Model).
Otherwise, Corona has led to the fact that just yet again the drive for plastic packaging just comes, because of the fact that people just have the feeling that they have a clean product. So there was the role backwards again, the one that the packaging (Next Gen; R267-269; Consumer).
We are anyway by the fact that we are extremely weak margins, contribute relatively little value added to it is main part influence, feed cost, animal husbandry cost, breeding cost and so on (Sustainability Manager; R103-107; Business Model).
Our success is always based on efficiency, and this is naturally intrinsically sustainable, because it means we have to pay extreme attention to energy consumption, extreme attention to water consumption. Economy of scale extremely (Sustainability Manager; R109-112; Business Model).
We are dependent on customers buying our products. We are in a competitive market where customers dictate the specifications down to the last detail (Sustainability Manager; R201-203; Business Model).
We have to really put these sustainability issues at the center of what we do. So that's our license to operate (Sustainability Manager; R373; Motivation).
So we are under constant pressure, both in terms of legislation and in terms of control and monitoring (Sustainability Manager; R373-375; Motivation).
We are always looking for every penny, because with our margin situation we are simply obliged to constantly stay on top of things (Sustainability Manager; R584-586; Business Model).

Case 7
Sustainability is more likely to happen in the more upscale segments, in the better-educated customer groups, than classically in the customer groups that a business model like ours appeals to. There, it's really a matter of I have so many euros a month that I can spend on clothing, and I can't afford more than that (Owner Manager; R87-91; Business Model).
Can we still manage to offer more sustainable, not really ultimately sustainable, but more sustainable products to the consumer, without now changing in price from what the customer can afford? If we look at the fact that our average value is less than 2 euros, then of course 10 percent 20 cents makes a noticeable difference (Owner Manager; R101-104; Business Model; Consumer).
we cannot now make further cuts in quality and maintain the same prices. That is actually not even possible (Owner Manager; R107-109; Strategy; Business Model).
We will never be properly sustainable (Owner Manager; R162-166; Motivation).
as a company, we must always make the claim that we also meet all legal requirements. That is the basis. Then we have to think about what we can do in addition (Owner Manager; R308-311; Motivation).
The basic understanding is still that sustainability costs money. That means that if you want to be more sustainable, you have to accept that you will earn less (Owner Manager; R325-328; Motivation).
for me is important, because the safety of the products to manufacture and that the customer still gets a safe product for the small price (Safety Manager; R52-55; Motivation .
Creating sustainability where it is really possible is of course really difficult in our price segment (Safety Manager; R76-77; Business Model)

We really do make the everything authorities safe. But the product must first and foremost be safe and of course, it has to work (Safety Manager; R172-173; Motivation).
So we only ever do what is necessary, when it is necessary. We have it all in the drawer. My team has always worked out everything. it's just not wanted. Just currently (Safety Manager; R239-241; Motivation)
But for me, the current goal is always to achieve it. Of course, I must not produce any costs for purchasing as a result. I can suggest something if we can manage it that way. Yes, mostly it is whether the substitution of materials but expensive. So, speak always the more environmentally friendly substance. The better substance is usually expensive (Safety Manager; R290-294; Motivation; Strategy).
I think if it was always about the last penny, at least at first glance Bottom line, we would then even save (Safety Manager; R496-498; Motivation).
Unfortunately, we are in the focus, because there is just the general suspicion with the NGOs. Cheap means bad (Sustainability Manager; R133-134; Business Model)
Organic cotton is on average about 30 to 40 percent more expensive than conventional cotton. And that's where you have to start with the sharp pencil and then ask to what extent can I pass that on in the sales price and to what extent I swallow it, of course (Sustainability Manager; R175-178; Business Model).
If we say from now on living wages must be paid in all factories of ours, then we come to the limit, then we can no longer do it, because we can no longer pass that on in the existing price structure (Sustainability Manager; R560-564; Business Model).
we all say, it is unreasonable, what the policy there wants from us your sustainability work is always devalued, by the legislator says that is not enough, that is not enough. We need another law, we need another law, we need another law. And if it is not enough at the German level, then it will be at the European level. And if it is not enough at the European

level, then it will come at the level of the United Nations. I'll tell you something now We're all just puking our guts out (Sustainability Manager; R604-612; Motivation).
And that has nothing to do with saying we don't want to do it. But that misses the business truth and reality (Sustainability Manager; R611-612; Business Model).
And that's where the issue of sustainability and profit maximization diverge. In other words, economic and ecological actions diverge (Sustainability Manager; R564-565; Sustainability).

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