

Chapter 35

Entrepreneurial Orientation and Family Influence Factors for Sustainable Small Business: First Insights From the Leading Italian Craft Beer Producer

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ABSTRACT

This chapter addresses the issue of sustainability in small family firms, considering the relation between entrepreneurial orientation and family influence factors. The literature describes positive links between small firms and sustainability outlining their power in spreading good practices. Furthermore, the role of family is crucial to strengthen such intrinsic links. The aim of this study is to first demonstrate the influence that family factors play on entrepreneurial orientation and, second, highlight how factors and orientations shape small family firms' sustainable approach. The study employs a case-based method, illustrating a peculiar case: the leading Italian small family-owned craft beer producer Baladin. It provides fertile ground for the development of functioning as a learning process and being replicable in smaller firms. It also highlights the relevance of family culture even when an entrepreneur engages in a countertrend against his usual family path, by undermining the traditional family business but maintaining a local commitment to sustainable outcomes.

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INTRODUCTION

Small and medium enterprises (SMEs) can play a crucial role in the current social, environmental and economic scenario as responsible and socially engaged actors and can contribute to reshaping the course of events in a sustainable way (Jamali, Zanhour, & Keshishian, 2009; Jenkins, 2009). Given that the majority of small businesses are family owned and do not respond to stockholder logics (Panwar, Paul, Nybakk, Hansen, & Thompson, 2014) their social and environmental concerns might appear more genuine. This is because they are deeply rooted in the context—both geographical and societal—within which small family enterprises were born, grew and established relationships with their stakeholders based on the owners' and family's personal values (Fitzgerald, Haynes, Schrank, & Danes, 2010; Russo & Tencati, 2009; Spence & Rutherford, 2003). SMEs play a fundamental role in society and contribute significantly to its business economy. As the EU Commission (2016) underlines, they represent the heart of Europe's economy, as 99% of all businesses in the EU are small and medium sized (EU Commission, 2016). In Italy, SMEs generate 68% of the total value added, which is more than 10.6% the percentage in other EU countries. In addition, SMEs are responsible for almost 80% of employment (EU Commission, 2016). Over the last few years, the connection between economic growth and social matters has become more and more evident. Clearly, the sustainable impact that SMEs can achieve it is still circumscribed to their local territories and measured on their sizes; therefore, cooperation and sharing of best sustainable practices are needed between larger companies (that still contribute the most to both positive and negative impacts on the environment, for instance) and smaller enterprises (that are more flexible and peculiar in embarking sustainable matters).

The impact that small and medium family businesses can have on regional development and local growth through sustainability is relevant; these businesses have certain intrinsic characterizations that require further investigation (Basco, 2015). Firstly, the sustainable advantages resulting from the proximity within which small family businesses operate ensure stakeholder engagement and the quality of relationships (Besser, 2012; Jenkins, 2006, 2009). Secondly, the stronger links that these businesses have with the community and its values represent a catalyst for small family business owners to act ethically because they are directly accountable for their actions (Vives, 2006; Spence & Rutherford, 2003). Thirdly, the combination of the family's and owner's values can tilt the decision-making process in favor of sustainability and the engagement of competitors and other groups of stakeholders in carrying out sustainable activities for the benefit of the community (Perrini, 2006). There are many challenges associated with increasing sustainability in these businesses; however, most of the academic literature on sustainability and corporate social responsibility (CSR) is focused on larger companies, and therefore, there is a strong need for research on small family enterprises (Williams & Schaefer, 2013; Jamali et al., 2009). Studies in the literature debate about how bigger companies implement CSR and what the expected outcomes are, and in this way, they have contributed to the development of more innovative and integrated approaches to CSR. Similarly, arguing about how sustainability and CSR are forged and designed in small family businesses in a more informal way can provide fertile ground for the development of common frameworks that can be replicated in smaller family contexts.

To shed light on the approach to sustainability of small family firms, some researchers have studied the factors and the orientations forming their values and strategic decisions. In this regard, the literature has extensively debated the family influence factors (Frank, Lueger, Nosé, & Suchy, 2010), family involvement, and the impact of entrepreneurial orientations on business growth (Casillas, Moreno, & Barbero, 2010). Although the current management literature on entrepreneurial orientations is growing and ad-

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