



# Family Enterprise & Sustainability

Discussion:  
Morten Bennesen,  
*Can Family Firms Be a Force  
for Good?*

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# Can family firms be a force for good?



Bennedsen:

It depends.

Family firms have the potential to be change makers through long-term business strategies, value-based leadership models, philanthropy, and impact investment. But there's often a lack of checks & balances, tendency toward global tax avoidance, and not all values are a force for good!

# CADBURY'S COCOA

“The Typical Cocoa of English  
manufacture. Absolutely pure.”  
*THE ANALYST.*

“The name Cadbury on  
any packet of Cocoa is a  
guarantee of purity.”  
*MEDICAL ANNUAL.*

**NO CHEMICALS USED**

(As in the so-called pure Foreign  
Cocoas).



*The Cargill*   
*Cocoa Promise*

# The “social good” & “sustainability”

- Social good

- In the world economy, family businesses are estimated to contribute more than half of GDP and 2/3 of employment.
- 42% say they engage in philanthropy.
- Is there a social good beyond this aspect of business that family enterprise could or should be creating?

- Many family enterprises are not prioritizing “sustainability”

- Sustainability of what? The business? The social foundation for humanity in the future within planetary boundaries?

Sustainability of the **business** is a top priority . . .

#### Figure 4: Long-term personal goals for the business

Q: How important to you are the following longer-term goals, i.e., over the next five years or longer?

##### The top long-term priorities for family businesses

Protect the business as the most important family asset



Ensure the business stays in the family



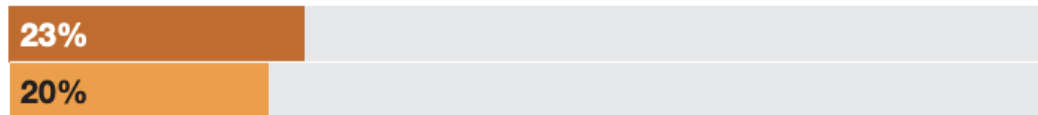
Create a legacy



Create dividends for family members



Create employment for other family members



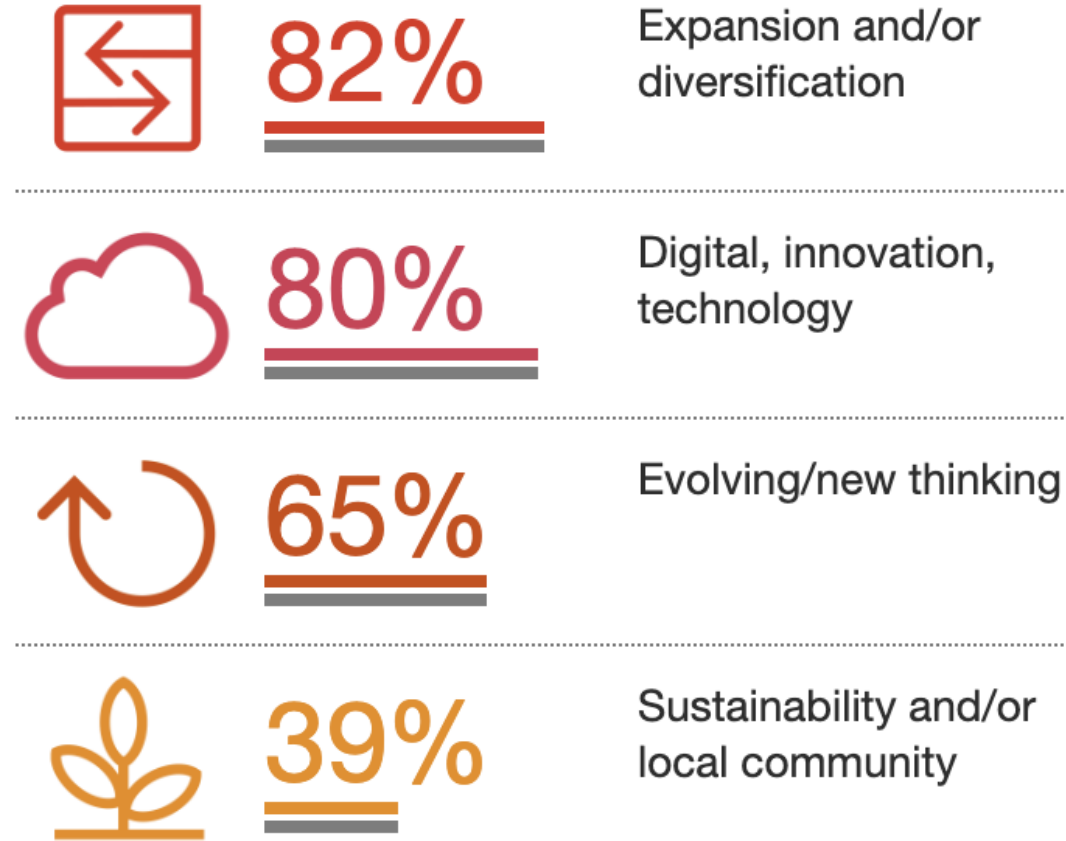
■ 2021 ■ 2018

**Note:** Base is all global respondents (2021: n=2,801; 2018: n=2,817–2,950).

**Source:** PwC Family Business Survey 2021

More general sustainability is much less of a priority for most . . .

## What are your key priorities over the next two years?

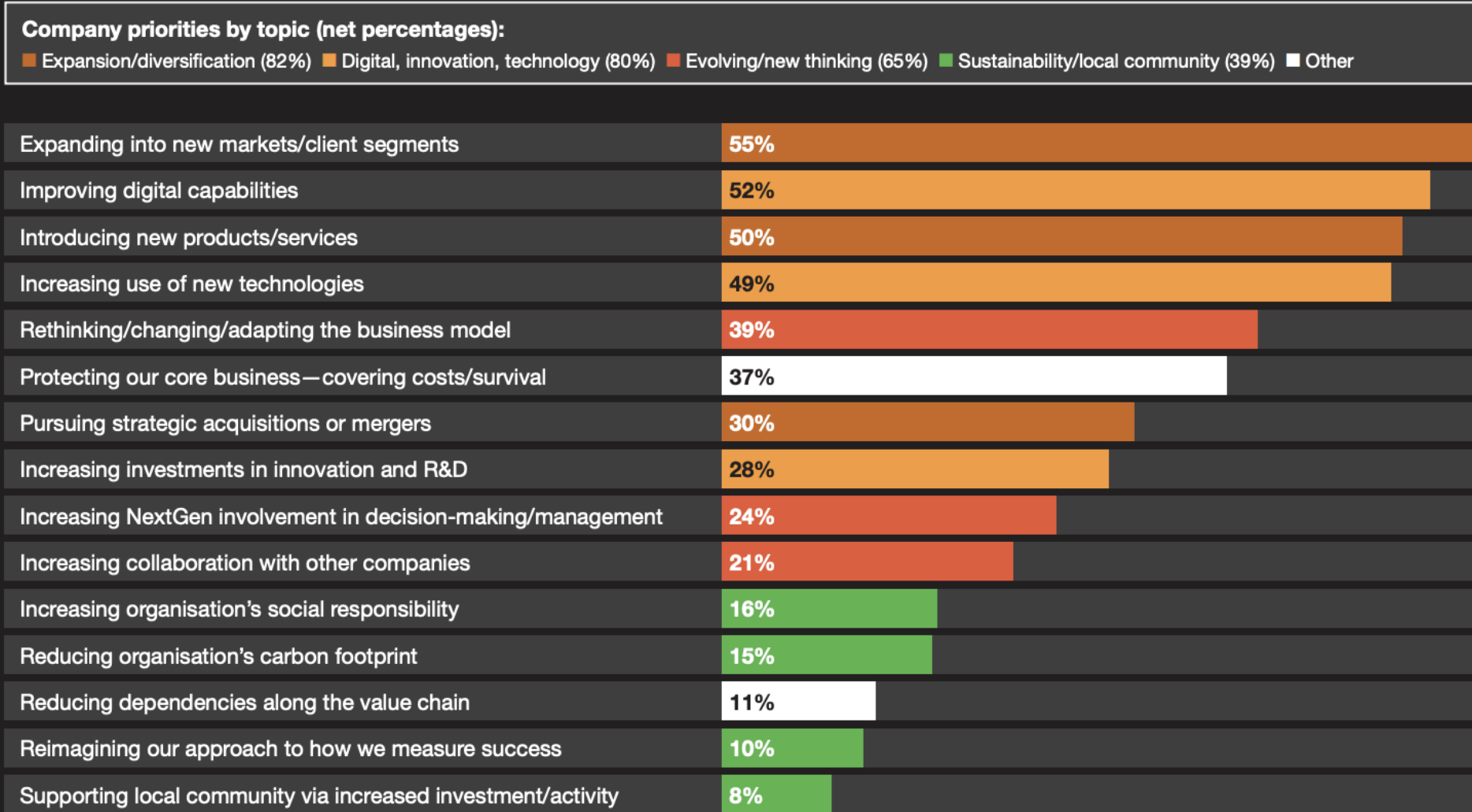


— Grey bars denote global average

Source: PWC Family Business Survey 2021

### Figure 3: Family businesses say that diversification and improving digital capabilities, not sustainability, are their top priorities

Q: Which, if any, of the following are the company's top five priorities for the next two years?



Note: Base is all global respondents (2021: n=2,801).

Source: PwC Family Business Survey 2021

Source: PwC Family Business Survey 2021

# Survey research on family enterprise doesn't scream "change makers" ...

Which of the statements below best describes the way you feel about the role of your family business today?



Delivering sustainable business practices

55%

We want to lead the way



36%

We are unlikely to lead, but we will play our part when required



Delivering benefits for the planet and human society

53%

We need to lead the way



30%

It is the role of the government to lead the way

Grey segments denote global average

Source: PWC Family Business Survey 2021



There's a real desire to lead on sustainability, but action has been slow

55%

say there is an opportunity for them to lead the way on sustainable business practices, but only 37%, on average, have a sustainability strategy in place.



# But there's huge potential for impact from family enterprise

- The largest 500 family businesses generate \$7.28 trillion (USD) in revenue and employ 24.1 million people
- More than 1/5 of the global shipping industry is run by family-owned businesses
- 36 families control companies that account for 55% of the global automotive industry
- Large family-owned businesses dominate retail clothing, engineering and construction . . .



And there's capacity  
to benefit future  
generations and the  
potential for long-  
term change . . .

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# Motivators in a changing world to care about sustainability beyond family business longevity

- Research suggests that regardless of industry, a better CSR performance by a family business has stronger effect on brand value than that of non-family business.
- ESG and sustainability are increasingly important factors in business partnerships and procurement decisions.
- ESG and sustainability is increasingly important to attract and retain employees and to connect with consumers.
- Lenders and insurers are increasingly incorporating ESG into their policies.
- ESG and sustainability-related regulation is increasingly relevant for public & private companies (e.g., Corporate Sustainability Reporting Directive, EU Taxonomy Regulation)
- ... *notice the connection between public & private company ecosystems*

# Key areas for focus

- Integrating ESG or sustainability into business model, operations, and governance – not just separate philanthropy (& especially not with aggressive tax avoidance).
- Authenticity of efforts – not viewed as ancillary but as fundamental to furthering the company's mission or purpose.
- Compliance in a changing world.
- Need for regulation and enforcement.