**Philanthropy of Family Firms in Crisis Context**

**A Multiple Case Study**

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**ABSTRACT**

We try to understand how and why family firms act philanthropically to respond to sudden and urgent community needs. This is a pioneer research based on a qualitative abductive approach and a multiple case study design. Whereas literature on philanthropy is ample, very few empirical studies are conducted across limited disciplines of organizational behaviour. What we don’t know remains vast. The problem is twofold. First, until now scholars could not provide any common explanation for the rising phenomenon of family firms. So, a standard definition for “family firm philanthropy” is lacking (the WHAT). Second, there is a complex and challenging relationship between family firms and the ultimate target stakeholders (beneficiaries of their giving) which is ambiguous. To address these interrelated issues, we pose the question of *What does a crisis context change in the philanthropic practice of family firms?* And the sub-question *Why is the crisis context important in shaping the philanthropic strategies of family firms towards their target stakeholders?* The main finding is that the crisis context alters the normal philanthropic activities of family firms. It also allows for creating new forms of philanthropy depending on the firm’s financial soundness, the nature of the business, as well as the latter’s needs and trustworthiness.The main contribution to the literature on philanthropy is the ability to address the topic in previously untapped context and domain, being crisis and family business respectively. We mobilize the agency, practice and stakeholder theories to provide a solid theoretical foundation, which is still non-existent according to previous reviews. We contribute to both the literature of philanthropy and family business, through considering a novel approach represented by the stakeholder ecosystem approach. We conclude that a crisis imposes new dynamics of giving for family firms, including but not limited to traditional strategies such as monetary donations, yet it does not act as the ultimate driver of philanthropy.

**KEYWORDS**

Family Firm Philanthropy; Family Philanthropy; Stakeholders; Priority; Crisis

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**1 INTRODUCTION**

What is known is just the big picture of family business philanthropy (Guthier & Pache, 2015). Whereas, amid the diverse recurring crises that today’s world is witnessing, the call for action from the private sector is intensifying. Specifically, we observe the philanthropic role of family firms attaining more significance or recognition. Therefore, we study this rising phenomenon of philanthropy practiced by family firms while taking the country Lebanon (recently suffering from an exogenous situation caused by a financial crisis, the Pandemic Covid19, and a massive explosion of its capital Beirut port) as a vital empirical setting. The Lebanese family firms dominate the private sector, and they possess a legacy in philanthropy across generations. The Lebanese community is more and more relying on the philanthropic initiatives extended by the Lebanese Family firms to be able to survive. This is because other traditional actors in the field (mainly the state) is falling behind on their responsibilities to respond to human needs, especially with the on-going crises situations.

Following a thorough assessment of a fragmented literature on philanthropy and family business, it is interesting to add a pragmatic element to the research by addressing a timely and relevant topic. This research investigates a rarely addressed dilemma in the literature. The problem is twofold. First, until now definitional and construct clarity issues exist (Steiger et al., 2015) especially regarding the terms “family business” and “philanthropy”. A definition for “family business philanthropy” is lacking. Researchers argue that the one very basic and foundational problem is coming up with an exact definition to the term “family business” (Litz, 1995). Moreover, what literature presents on the term “philanthropy” (Vogel & Kurak, 2018) is still descriptions and observations. The paucity is also evident in the small number of empirical studies published around this topic; hence a desire to help further define the existing blurry notion of family firm philanthropy. Second, there is a complex and challenging relationship between family firms and the ultimate target stakeholders (beneficiaries of their giving) in times of crises. It is not known yet what causes what at the mid of several causal links. However, such relations impact or shape the way family firms decide or select certain philanthropic activities and set priorities. To address these interrelated issues, we pose the question of *What does a crisis context change in the philanthropic practice of family firms?* And the sub-question *Why is the crisis context important in shaping the philanthropic strategies of family firms towards their target stakeholders?*

We conduct qualitative research based on an abductive approach, and “a multiple case design that allows a replication logic” (Eisenhardt, 1989) or “embedded multiple cases” (Eisenhardt & Martin, 2010). The object of the study is a family firm. The sample is nine family firms carefully selected across the diverse social tissues. The empirical context is crisis in Lebanon. Data was first collected after one week from the blast through participant observation & field notes, then after six months of the blast (first round of interviews) and after one year from the blast (second round of interviews). The case studies presented reveal a unique time of change for family business. Same applies to the way stakeholders are prioritized by family firms in a crisis context.

This is a pressing topic because nowadays humanity is witnessing exogenous shocks in different countries across all continents. Some crises are similar while others are different, yet they all impact the field. So, there is a big opportunity to share lessons learnt across the global family business sector to proactively lead crises. This topic allows for future replications on different geographical or cultural contexts. It has strong managerial implications that could be well implemented in practice.

The main contribution is to the understanding and the practice of philanthropy. We observe the phenomenon within a new empirical context. We attempt at clarifying the complex relationships between family firms and their beneficiaries of giving or “target stakeholders”. Our findings provide a better understanding of philanthropy practiced by family firms. They also provide a basis for constructing a comprehensive and meaningful definition for family firm philanthropy.

**2 LITERATURE REVIEW**

2.1. State of the Art

Ample body of knowledge on philanthropy exists in the social sciences field (Wiepking and Bekkers, 2011). However, it mostly focuses on philanthropy practiced by individuals or households (Bekkers & Weipkings, 2011). Despite their importance, there are only a few studies focusing on “Family Business Philanthropy” (De Massis & Rondi, 2020). This is a surprising gap given the strategic and societal value of family firm’s philanthropy, which lies in the promotion of socio-economic development, indirect positive effects on business performance, redistribution of resources as well as improved family reputation (Ge & Micelotta, 2019; Leat, 2016). The phenomenon of family firm philanthropy cross-fertilizes the family firm logic with philanthropy logic, highlighting the heterogeneity of this construct (Drencheva and Au, 2021). The family logic “interacts with the market and ecological logics not only in conflicting but also in synergetic manners” (Drencheva and Au, 2021).

From the scarce literature, we see that studies were made primarily on corporate firms, leaving family businesses aside (Feliu & Botero, 2016). Breeze (2009) articulated that research generally focusing on corporate philanthropy alone or on family philanthropy alone is of limited use (Breeze, 2009). On the one hand, family firms represent 80% of global business structures (Gangé, Marwick et al., 2019). They play a major role in shaping world economies and contributing to the societies in which they operate. Further, among the many forms of organization, “family business has been receiving an increasing awareness and legitimacy as a field of study during the last 20 years” (Sirmon, 2014). Howorth et al. (2010), define a family firm as “the most fundamental and universal form of a business organization around the world”. It comes in diverse structures, across various industries and generations. Kassar et al. (2018) further describe them as those firms who are known to be philanthropic in nature and their philanthropic activities are on the rise (Ge & Micelotta, 2019). This is best exhibited when families leverage their human, social, and financial capital to ensure that their non-monetary goals are reached (Breeze, 2009). On the other hand, family philanthropy is considered as just a classic dream for many, whereby, relatives bring the best version of themselves into the work room and “express their opinions, make reasoned arguments, and find compromises, honour their parents, and provide extraordinary models for their children...” When these family ties strengthen, thanks to philanthropy, the community would perceive such family as one of high quality, not just well-off but also generous, and unified in accountabilities (Gersick and Breeze, 2009). Many scholars have highlighted philanthropy as a “glue” by playing a major role in bringing family members together especially the younger generation closer to the family business and to their family legacy (Oglesby, 2005). Vogel and Kurak (2018) stated that “family philanthropy is a vehicle for the incumbent generation to secure an enduring legacy for a more sustainable world.” In other words, philanthropy is often considered as a binding tool to keep families united across generations. Practicing philanthropy enables an inclusive environment to family members who are not employed in the family firm.

Particularly on crises, there is little work done in this area. It is articulated thatfamily businesses with philanthropic values are more likely to sustain their giving, since they perceive it as a basic pillar shaping their relationship with the communities and cultural norms in which they operate (Gallo, 2000). This notion distinguishes a family firm from a normal corporate firm in the way they sustain their philanthropic capacities to respond to exogenous shocks. Therefore, family businesses are more prone to be engaged in many “extraordinarily difficult and complex concerns” (Patrizi et al., 2013); in volatile environments where a weak state coupled with strained social fabric prevails. Literature on crises is further elaborated on in the empirical context section of this paper.

*2.1.1. Culture, family business, and philanthropy*

A remarkable gap lies in the fact that philanthropy of family firms is never probed from a cultural perspective. Why culture is important and what it is meant by the term “culture” are questions directly intertwined with the general field of family business and philanthropy of family firms.

Adiguna (2015) articulates that values, norms, behaviors, and languages are considered as products of social interaction that people inherit, produce, and continuously repeat. Moreover, social scientists ascribe them under one umbrella term called culture (Adiguna, 2015). Digging deeper into the meaning of culture, we find diverse definitions in literature. For instance, Schein (1983) defines culture as “the pattern of basic assumption that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration”. A simpler definition is presented by Alvesson and Berg (1992) understanding culture as “a collection of shared norms, beliefs and value structures” or succinctly as ‘shared values’ and ‘joint conceptual frameworks”. In addition, the concept of “Meaning-making” is central for some scholars who are interested in the process in which culture is construed to be meaningful (or meaningless) within the organizational life. In this respect, family business acts as a strategic context whereby plenty about the social world can be learned through cultural studies. This is because they have a multiple generation nature which acts as a hallmark of the social world’s totality (Berger & Luckmann, 1967). Therefore, it is quite timely to have a close look on how culture-related studies have been performed in family business settings. In specific, the family firms’ culture that emphasizes business commitment is found to be “positively associated with strategic flexibility”. This is in turn described as the “ability to pursue new opportunities and respond to threats in the competitive environment—and the effect is amplified when **coupled with stewardship-oriented organizational culture**” (Adiguna, 2015). This is where philanthropy of family firms comes in. Harrow (2010) highlighted that research has limitedly drawn on the importance of distinguishing between the two different notions 1) global philanthropy (cross-border giving) and 2) the globalization of philanthropy (the process of spreading philanthropic institutions and practices globally). In the same manner, Campopiano et al (2016) suggested there is big research opportunity to understand how family firms react to cultural norms which could impact their tendency to behave proactively as philanthropic actors in their community. In countries where groups of people are associated with a specific religion or cult, most of the philanthropy in the country is rendered sectarian in nature. That’s why, it is common in such a setting to observe people donating to charities out of religious duty (Abu-Assi, 2015), cultural connections, or moral obligation.

*2.1.2. Socio-Emotional Wealth Goals*

According to Neihm et al (2008), among the features describing family firm philanthropy is the passion of its family owners, the firm’s localized nature, the stewardship model adopted, and the pursuit of non-monetary goals i.e., socio-emotional wealth. Recent literature also tackles the meaning of socio-emotional wealth goals of a family firm as it provides a comprehensive insight to provide a clearer definition of the construct. Socio-emotional wealth “refers to the affective endowments that the family receives from the business and that makes the family firm pursue family centred non-economic goals, labelled as socio-emotional goals” (Berrone et al., 2012; Gomez, Meja et al., 2007; Samara et al., 2018; Williams et al., 2018). This feature is further dissected into five scopes which are 1) safeguarding the family’s control and influence, 2) family members’ identification with the family firm, 3) binding social relations, 4) the emotional attachment to the firm and finally 5) the desire to refurbish family bonds via a dynastic succession plan. To better visualize what literature indicates about the interrelation of different variables or the under-researched motives (Gallo, 2004) behind practicing philanthropy in a family firm (values, culture, etc...), the below framework is constructed.

**Figure 1:** Interrelation of the construct with variables, as well as cross-fertilization between some variables.

*2.2.* Problem Identification

Although remarkable research was conducted on a broad array of aspects, what we do not know about family firm philanthropy is still missing” (Gauthier and Pache, 2015). The paucity of research in relation to family firm philanthropy is considered problematic by itself. A complex and unclarified relationship arises between what is described as family values, the private wealth of individual family members, the profitability of their businesses and the reputational success of both the business and the family name (Breeze, 2009).

Further, due to lack of academic engagement, family firm philanthropy faces definitional and construct clarity issues (Steiger et al., 2015). The identification, definition, and analyses of the two logics constituting the construct “family firm philanthropy” i.e., “family firm” and “philanthropy” remains controversial. Historically, Lansberg et al. (1988), Wortman (1994), and Upton and Heck (1997), advocated that “people seem to understand the concept of a family firm, yet when they try to articulate a precise definition, they quickly discover that it is a very complicated phenomenon.” Litz (1995) agrees that for most family business researchers, the one very basic and foundational problem is coming up with an exact definition to the term family business.” A firm would be categorized as family business based on the perception of its owners and/or managers” i.e., considering variables such as “ownership, management, involvement of the family in the business, continuity and combinations thereof” (Breeze, 2009). Newski and Romano (1998) defined a business in which “50% or more of the ownership is held by a single family; 50% or more of the ownership is held by multiple members of a number of families; a single-family group is effectively controlling the business; and a significant proportion of the senior management is drawn from the same family”. Conversely, some definitions abide by other set of criteria such as “how the CEO, its managers, or its owners view the business” (Kontinene and Ojala, 2012). Such definitions are criticized by being constructed based on inaccurate criteria and by not considering the behavioural aspects of family business at the core of their definition (Chua, Sharma et al. 1999). This is an evident paradox in the family business literature being: family and business (Fletcher, 2015). Conceptually, Fletcher (2015) introduces the notion of ‘collective mindfulness’ as a tool to understand how “families manage and negotiate synergies between family and firm dualities”.

Philanthropy, in turn, is best described as “love of humanity” - an act of generosity that entails the donation of time, money or expertise (Vogel and Kurak, 2018). It is also described as a “clustered concept capable of being multiply defined by multiple stakeholders, so that parallel understandings of its nature and purpose coexist in research” (Harrow, 2010). Again, these are only descriptions instead of clear definitions. The paradox also lies here in the complex integration between individual “rational decision making” and “relational altruistic thinking” (Kallmeunzer, 2021). A distinctive feature of family firms is the interactions between the individual, the firm and the family. These interactions coming from diverse forces result in, simultaneously, tensions and paradoxes which change over time (Kallmeunzer, 2021). Thus, it is difficult to manage such tensions in a ‘one size fits all’ solution (De Massis et al., 2015) On the one hand, it remains a paradox but on the other hand it creates a more complete picture of family firm management (Kallmeunzer, 2021).

For the scope of this paper, we adopt the following definitions on family business and philanthropy that we deem relevant:

*2.2.1. Adopted Definition for Family Business*

Family business can be defined as those firms who have higher altruistic organizational goals than regular business goals (Kallmeunzer, 2021). We adopt Kallmeunzer’s definition because it provides room for tensions between family philanthropy and business relationships. To begin with, there should be an alignment between the ownership and management to be able to define it as a family firm (Chua et al., 1999; Litz, 1995). Add to that, the superior altruistic or relational aspects of the firm. the voice of the founders, family members, CEOs, and/or top management are assumed to be sufficient to represent the culture of the entire organization. This definition is in line with the purpose of this study. It presents family businesses as that type of organization and field of study which extends our understanding of the wider social world beyond the realm of business (Adiguna, 2015)

*2.2.2. Adopted definition for Philanthropy*

Historically, the entry point to defining the term “Philanthropy” is by applying theoretical insights on the concept of philanthropy. Payton (1988) defines philanthropy as “voluntary action for the public good”. A broader definition is: “voluntary contributions (money, goods, time, expertise) given by individuals and organizations principally for the benefit of the public good”. We adopt such definitions as we are studying the philanthropy of family firms; such type of organizations is usually considered as private. In other words, the giving of the private to the public. Then, it is ultimately voluntary. Family firms are not obliged to make contributions to the public good which is naturally taken care of by the state or other non-for-profit organizations. “The cast of philanthropic actors features individuals (donating money or time or making bequests), foundations, philanthropic organizations, and businesses that engage in ‘corporate giving’” (Schuyt, 2010) in a voluntary manner.

**3 THEORETICAL FRAMEWORK**

Previous work on philanthropy have been built on several theoretical frameworks such as the stewardship theory, agency theory, neo-institutional theory, incentive systems theory (Wiepking and Bekkers, 2011) among others. However, a solid theoretical foundation is still lacking (Wiepking & Bekkers, 2011) Some prominent scholars among which are Feliu, Botero, Breeze, Neihm, and Campopiano widely adopted the stewardship theory in their studies to clearly explain the strategic, political, and reputation motives of philanthropy. For instance, Feliu and Botero (2016) stressed that “practicing philanthropy helps the family firm act as good steward in the community” in which it operates. They further articulate that stewardship predictions mostly depend on the degree of the family's involvement in the firm’s ownership and management, as well as, on social and reputational capital as accessible resources (Campopiano et al., 2014). The presence of family values in a business setting, the commitment to being good stewards are some features that appear to predispose family firms towards being philanthropic (Breeze, 2009). Family owners invest capital and efforts in their firms, seeking to build a good reputation and using philanthropy to appear as better stewards or mediators in their community (Neihm et al., 2008).

Among the features describing family firm philanthropy is the passion of its family owners, the firm’s localized nature, and the stewardship model adopted, in addition to the pursuit of non-monetary goals i.e., socio-emotional wealth (Neihm et al., 2008). Yet, these theories explain the existence of the non-profit sector only from a broad perspective. Le Roux & Feeney bundled these theories under two general categories being Economic and Non-Economic (Wiepking & Bekkers, 2011).

We challenge what existing theories could not establish by creating a more solid theoretical framework to better explain the phenomenon. We rely on three interrelated theories being the agency, practice, and stakeholder theories. We look at the practice theory begging from the fact that “philanthropy is considered as a… practice” (Perkman & Philips, 2022). “To enable the travel of practices in this way, actors edit practices to fit them into the new context; this involves removing context specific attributes, packaging them into rationalist models, and enfolding them into narratives” (Perkman & Philips, 2022). Moreover, it is articulated that “practices can range from ephemeral doings to stable long-term patterns of activity” (Bueger, Gadinger, 2014) So, we link the family firms’ philanthropic practices with the factors causing the change in such practices (Hess et al, 2018), in the change enabling context of a crisis. Indeed, a crisis context entails a shift in the normal circumstances.

On a conceptual level, most practice theorists agree to the idea that “change arises through agency” (Bueger, Gadinger, 2014). Therefore, it is also important to look at the agency theory as regards to change and practice. In their book on International Practice theory, Bueger and Gadinger refer extensively to previous literature on agency theory. They articulate that “The reconsideration of agency, change and transformation in the context of practice theories has led to new discussions on ontology driven by a common objective of transcending the dichotomy of agency and structure” (Bueger, Gadinger, 2014). It is as well important to rely on agency theory when tackling the family business research area. Agency theory remains essential and relevant in family business research. It helps in better comprehending certain behavioural aspects of actors in family firms (Kallmeunzer, 2021). It is also related to practice theory in the sense that practice theories are described with the idea that the world is not filled with facts and observations; instead, it is filled with agency. “When social order is realized through a continuous stream of practices, agency plays the role of the central motor of that steady current” (Bueger, Gadinger, 2014).

 Lastly, we rely on stakeholder theory as it explains the value created (Freudenreich et al. 2019) from those practices. Since the family firm does not exist in vacuum the relationship with its environment (internal and external communities i.e., target stakeholders) is worth emphasizing. “A turn to practices allows us to explore how different forms of power can be at work simultaneously” (Bueger, Gadinger, 2014). We mean by power relations in this case, those that exist among the family members themselves, the family and the business, the internal stakeholders, and the external stakeholders. To do that, we create a new model illustrating the power relations between the family firms and its target stakeholders (beneficiaries of giving). With this model, illustrated in the findings section, we aim to further clarify the traditional models through adding the element of “priority”. We suggest “a framework that considers individual, social, and material factors” (Hess et al., 2018) to refine this notion of practice in the concept of family firms’ philanthropy.

**4 METHODOLOGY**

4.1. Empirical Context

To answer the research question, a crisis context is selected characterized by a highly volatile environment with history of exogenous shocks spread across almost 50 years. The empirical setting is represented by the country “Lebanon” in the Middle East. “This is an attractive” context “for several reasons” (Martin & Eisenhardt, 2010). First, the geographical and cultural location of Lebanon being at the center of the Middle East where the notion of charity is considered a religious imperative and a moral obligation across the prevailing religions of Christianity, Islam, and Judaism (Feliu & Botero, 2016). It is the responsibility of those who are more fortunate to support those who are less fortunate or are going through a hard time (Garcia & Raposo, 2013). Historically, the motives were focused solely on basic physical and material needs (food, clothing, and shelter) which later evolved to a wider spectrum of long-term programs in several areas such as health care, environment, education, and arts – in times of prosperity. Second, Lebanon incorporates a rich and interesting medium to explore as regards to the family logic. “The family logic that embraces goals, norms, values, and practices related to family cohesion, continuity, and support, common in family-owned firms, so far has not been – widely- empirically explored” (Drencheva and Au, 2021). Also, the meaning of “community” differs among philanthropists in Lebanon reflecting the diverse geographical and cultural spectrum in the country. Third, with the recent multi-crises, philanthropists became again more concerned with the immediate response to the basic needs of people rather than spending time and money on their traditional programs. Lebanon continuously struggles with severe socio-economic problems presented by an explosion of public debt, decreasing GDP, high exchange rate volatility, as well as an influx of refugees (Beaujouan & Rasheed, 2020). The country was hit by a series of exogenous shocks in less than a year (starting by a severe financial/banks crisis in October 2019, the pandemic Covid19 in March 2020, and on the 4th of August 2020, a massive explosion at Beirut port which tore through the capital killing 200 people, injuring 5,000 and devastating the city’s infrastructure). The latter ignited protests across Lebanon as people took to the streets to call for change and the whole episode turned into a serious societal crisis. The Beirut port disaster as a revelator of a societal crisis in a country already ravaged by economic loss, entrenched failure of the public sector, and political leadership (Fakhoury, 2019). The “Lebanese family firm” played a surprising role in practicing the charitable giving in vital areas such as providing shelters and alternative housing, debris removal, cash assistance, nutrition & food security, emergency healthcare etc. almost replacing the role of the state in setting and implementing concrete crisis relief plans.

*4.1.1. Defining a Crisis Context*

Literature on crisis does not provide a single comprehensive definition for a crisis context. Instead, it shows that a crisis context could be tackled from different lenses being social, economic, financial, or environmental; separately, or simultaneously. For instance, on social, Lalond (2010) defines a crisis as “a passage from a ‘normal’ situation to an ‘exceptional situation’. She articulates that from a social angle, a crisis presents a novel state in which actors are obliged to develop new strategies of mobilization of their knowledge and skills to practice their profession. From a financial or economic angle, literature presents the crises as “troublesome situation” or “alarming situation” (Rossi et al., 2016). In this case, the notion of crisis context is specifically attributed to the global financial crunch that occurred in 2008. In their book, Rossi and Malavasi described the situation as a “series of events” that lead to an overall collapse of the financial sector in Europe and the US. As for the environmental aspect, several recent articles were published on crisis in which this context was limited to the pandemic Covid 19 and its consequent deteriorating health situation (Eraso et al., 2020). A crisis context is also referred to as an “extreme situation” (Holenweger et al., 2017) which goes beyond what is described as a crisis situation. We adopt this definition as it strongly relates to the empirical setting of this study since Lebanon is a country currently suffering from multiple crises in a relatively short period of time instead of a sole crisis.

4.2. Data Collection

Given limited theory (Eisenhardt & Martin, 2010) about the role, drivers, and structures of family firm philanthropy, this study assumes a qualitative abductive research approach based on “a multiple case design that allows a replication logic” (Eisenhardt, 1989) or “embedded multiple cases” (Eisenhardt & Martin, 2010). Why a qualitative study? In broad terms, literature on family business reveals that this type of organization is under-researched from a qualitative methodological perspective. Prior systematic literature reviews indicate that most empirical studies on family firms are quantitative (De Massis, 2015). This under-utilization of qualitative methods is a surprising gap especially that the interest in conducting qualitative studies across other areas of organizational studies including the general management field is increasing. Needless to mention that family business research is profoundly embedded in business history, economic sociology, and social anthropology “where a wide range of research tools often associated with qualitative research (ex. ethnography, participant observation and family memoirs archives/photographs/diaries) have been employed” (Colli,2012; Stewart,2003,2014; De Massis, 2015). Scholars also agree that using qualitative methods is apt for studying “human behaviors, fine-grained processes and the complex and tacit processes that characterize family firms” (De Massis, 2015). Concepts of ‘collective mindfulness’ (Zellweger, 2014), as well as qualitative studies on the social relations or kinship patterns in groups, communities, and societies (Stewart, 2003) are encouraged when studying family firms. Lastly, qualitative inquiry is suitable for understanding contradictions, tensions, paradoxes, and dualities in family businesses. They seek to capture the “individualized, relational, processual and contextual nature of a phenomenon” (De Massis, 2015) - in this case the phenomenon of family firm philanthropy. A closer look to family business paradoxes and dualities, in the sense of qualitative methodologies, helps to demonstrate how various organizational processes are interconnected. It would also “enhance our conceptual and practical understanding of the deeper foundational issues characterizing family business life and experiences” (De Massis et al., 2015).

According to Eisenhardt, “sometimes the goal is to create a fundamentally new theory, while at other times the goal is to elaborate an existing theory. To better explain the rising role of family business philanthropy, a new theory is normally assumed to be developed. Hence, an inductive perspective. Yet, in this research there is a surprising element associated with the “entry point” manifested in the emergence of a new actor to the field. While some expected traditional players were almost entirely absent the moment the blast occurred, the proactivity and solidarity of Lebanese family firms in amplifying their philanthropic giving was phenomenal. Hence, an exploratory abductive approach.

*4.2.1. Sample Selection Criteria*

The object of the study acting as the focal point of the theory is a family firm. The theoretical domain would be all family firms in the world. The study domain would be all the family firms in Lebanon. The population is restricted to the family firms in Lebanon who have a common characteristic (a family firm with philanthropic nature). From this population, the sample represents nine family firms, carefully selected among the diverse social tissues to build a meaningful multiple-case study. Below table presents the criteria based on which the instances were selected.

Table 1: Criteria based on which the sample is selected

|  |  |
| --- | --- |
| **Selection Criterion** | **Description of Criterion** |
| *Their size (in terms of annual revenues)* | Medium ($2Million to $10 Million) to large (>= $10Million) local family business with their geographical or business operational reach |
| *Their reputation* | Known to be ethical in the market especially in the mid of crises situation |
| *Their Family Name* | Deeply rooted in their local society (village, region) or across Lebanon |
| *Degree of involvement of Family Members*  | Involved in the ownership or the leadership/management of the business |
| *Number of Employees\** | More than 20 employees per business case |
| *Religion*  | Stereotype (Lebanese social fabric is structured base on sectarianism in general) |

\* One case laid off several employees due to the crisis now they are only 5.

We consider those criteria as relevant because first, they enable us to draw an image of the field which is very much reflective to its reality. Second, ample literature discussed the importance of the interconnection between the family name and reputation in relation to family firm’s stewardship in the community. Literature also tackles the degree of involvement of family members in the firm in a very fundamental and definitional manner. Therefore, it is important to take such criteria into account in order to add rigor and legitimacy.

The adopted strategy is collecting data on the philanthropic practices of family firms, on site and at multiple occasions spread over two years-span; enabling a longitudinal perspective. According to Hak (2013), “a longitudinal study is a research strategy in which a change in the value of the independent variable and a later change in the value of the dependent variable are observed in a population.” Data is collected initially during the first week after the blast – on August 5 2020- (preliminary online survey and participant observation) in order to document the immediate reactions, then after six months of the blast – in January/February 2021 (first round of interviews) and after one year from the blast - from July 14 until October 2021 (second round of interviews) which set path to observing the evolution of events as compared to our initial observation. Semi-structured interviews are the main instrument used to illustrate the inductive side of the method. In addition, field notes were collected one year after the blast by spontaneously chatting with twenty businesses in the central damaged area. The analysis of these interviews follows the principles of grounded theory to ensure rigor in the qualitative analysis (Gioia et al., 2013). This methodology enables describing changes in the philanthropic practices of family firms at certain incidents in time. All data is transcribed via Transcribe.Wreally.com and coded initially via Nvivo then via Excel (using Sorting and V-Lookup) to better classify and analyze the collected data. This helps in detecting meaningful patterns that can enhance our theoretical understanding of the phenomenon. Further, the analysis will be built on interpretive thematic analysis (Delmestri & Greenwood, 2016) to identify patterns and commonalities, our epistemological stance.

The research method considers the possible risks associated to the field accessibility. One important risk is the subjectivity in the choice of instances. However, this is mitigated by taking a rational stance while selecting the cases. I made sure that none of them had family or non-family members engaged in an unethical or fraudulent acts. The reputation criteria act as a filter of those businesses whose family name is engaged in fraudulent activities such as anti-money laundry or corruption. This also mitigates the subjectivity bias in the methodology. The country risk is another issue which is mitigated by the resilient Lebanese social structure, having survived many crises and instabilities, despite its different ethnicities, religions, and political attachments. Due to Covid19, I did not have the chance to conduct a sufficient physical field study. However, I conducted detailed interviews at distance through video conferencing platforms (Archibald, et al., 2019), as well as phone conversations. The average time per interview was one hour. The second round of interviews was conducted partly on site and partly at a distance (online). Interviews were conducted with several family members inter and across generations, as well as other stakeholders (mostly employees).

* + 1. *Data Sources*

Data was collected from three sources in Lebanon summarized in table No. 2 below. First, I leveraged my portfolio of corporate clients which I established a long-term relationship with as part of my previous professional career in corporate banking. I sent emails to all business owners who could be interested to participate in my research to explain my project and invite them to join this study. Then, I used the “LinkedIn” professional network - online platform – to reach out for Lebanese family business owners who are well known in practicing philanthropy for many years. Second, I used my own family connections to obtain some of family business owners. From the Muslim side, the IRADA businessmen network in Beirut and from the Christian side I managed to contact one family business owner who is also a founder of FBN Levant (part of the FBN International network). He referred me to another family business owner who was also interested to participate. This followed by several referrals to come up with a sample of nine Lebanese family firms interested in the study. I interviewed the owners of the firms in January 2021, after almost six months from the Beirut Port Blast Incident. Secondary sources and other sources of data included information on the selected sample of family firms (collected through their websites, social media publications, Kompass online business directory, and informal observations during the interviews). Since I was actually present in Beirut at the moment of the Port blast, on August 4, 2020, I was able to observe and carefully note various dynamics of philanthropy practiced by the diverse actors in the field, the moment the crisis happened and during its immediate aftermath (i.e., one week later, one month after, etc.). Moreover, I have collected photos of the damaged site in Beirut before restoration and after restoration (specifically after six months from the blast). The same was done in August 2021.

Table 2: Used Data Sources

|  |  |
| --- | --- |
| Data Source Name | Data Source Type |
| Previous Corporate Portfolio at Bankmed sal | Primary |
| LinkedIn Professional Network Online Platform | Primary  |
| Personal Family Connections  | Primary  |
| Family Business Owners Referrals | Primary  |
| Participant Observation (Field Notes) | Primary  |
| Websites of Family Businesses (Participants) | Secondary |
| Social Media Publications | Secondary  |
| Kompass Online Business Directory | Secondary |

* + 1. *Limitations to the Sample*
1. *Sample Composition*

The nine cases were selected based on their size, reputation, and family name. As regards to the size, I have omitted the small family enterprises (<$2Million in terms of annual revenues) though numerous, as they mostly do not have the financial capacity to give back. Philanthropy at this level would be evident at the individual or personal level (mainly the founder) and at a very small scale. Therefore, including them would violate what literature informs about the description of philanthropy as a pay back from the wealthy (individuals, families, businesses, etc.) to the public. Another limitation is that there are other firms who are active in philanthropy but were not selected because they are not very well known in the field. More importantly, I have not included any family firm which is known to abuse its philanthropic giving by serving hidden agendas of fraud and corruption. Given a multiple case study, it is sufficient to have a feel of what these cases tell about the philanthropic practice of family firms in the never changing crisis context in Lebanon.

1. *Variance between the number of participants interviewed per case:*

The number of interviewed participants is not homogenous across the nine cases. One case is limited only to the owner while in another case the number of participants increased to five participants. This is justified by some cases in which family members (whether involved or not involved in the business) were not interested to participate, unlike the family owner himself. One business owner referred me to two of his sisters out of which only one was interested to participate in the study. This is because she is engaged in community work and philanthropy. Contrarily, another business owner wanted to motivate his employees (especially in the tough situation prevailing in the country). He proposed to invite some of his employees besides non-involved family members. Thus, increasing the variation in the sample.

* 1. *Data Analyses*
		1. *First Round of Interviews*

Data gathered comprises of responses to semi-structured interviews conducted on a sample of nine family-owned businesses, with a known track record in philanthropy or charity in Lebanon. The sectors selected are quite diverse ranging from automobile, shipment and logistics, home appliances, glass, paint, and technology among others. “This combination of multiple industry segments” (Eisenhardt & Martin, 2010) is anticipated to enhance the “robustness and generalizability of the results” (Eisenhardt & Martin, 2010). The interviewees (mainly the business owners with highest share or highest involvement in the decision-making process) accepted to participate willingly in this study. Below table represents a cross-case comparison among the nine focal firms (Eisenhardt & Martin, 2010) based on descriptions of the scope/focus of philanthropy (local community vs social cohesion), type of philanthropists (operators or donators), long term vs short term philanthropic activity, and structuring of philanthropy (vehicle).

Table 3: Cross Case Comparison/Description of the nine cases of Lebanese family firms practicing philanthropy



* + 1. *Second Round of Interviews*

Table 4: Cross Case Comparison of nine participant cases with expanded number of interviews



After conducting the second round of interviews, data collected was analyzed through a three-stage coding process to be able to create meaningful abstract dimensions. Out of around 1,500 flashes coded, we initially came up with 450 first order codes highlighting the important verbatim/stories told by all participants. Then we bundled them across 60 second order codes based on trends and common opinions, responses (Annex 1)

**5 FINDINGS**

Six interconnected findings are extracted from the field study. We describe the novelty of this study in the following sub-sections:

* 1. ***Crisis context alters the normal philanthropic practice of family firms***

Before the recent exogenous situation of the country, the family firms used to perform philanthropic activities with a specified goal and time span. The activities are mostly focused on health and education. Some family firms prefer long term philanthropic programs while others practice their philanthropy on a case by case or project basis. Others use a mixed approach. What we found is that this traditional norm is disrupted by a crisis context. During and after the multiple crisis, we find that those firms face new challenges in organizing their philanthropy. They needed to change their philanthropic assessment to accommodate for situational urgency. Some informants indicate that they are **often unable to set a clear, long term, and systematic strategy to practice philanthropy in crisis as compared to specialized or traditional actors like NGOs.** Some firms **would organize their giving as if it is a business marketing tool**. According to Breeze (2009), philanthropic activities could be driven by either having a sound marketing strategy to enhance market share and improve customer experience or by peer pressure through maintaining a competitive edge. This is a critical point, however, as it could be viewed as if they are abusing the situation of the crisis to promote the family business’s name. We also find that family firms face serious resiliency issues. Some informants even considered that they are in a stance where resilience is no longer enough. Moving beyond resilience to resistance in crisis context is important and it comes with a set of challenges. Most of the informants had to **prioritize** their philanthropic initiatives by **putting the basic needs first**. We find that, the Lebanese family firms stress on the amplified humanitarian needs for philanthropy associated to the Beirut Port Blast. For instance, some cases focused on helping children and supporting their emotional health post trauma. Other cases focused on helping in the rapid renovation of the damaged historical buildings and restoration of houses so that people can go back safely to their homes (in the same shape that they left before the blast). They mobilized their business resources for this reason. Other cases were more concerned about extending immediate help in the distribution of food and medications, removing the debris and glass from the streets around the damaged area. Therefore, we can emphasize the “urgent need for helping” notion as core motive to extend philanthropy to stakeholders. This “urgent need for helping” value is taken into consideration when family firms want to prioritize their stakeholders and their giving activities. This value varies among actors within the family firm and particularly within the family. Kallmeunzer (2021) indicates that “the aspiration of family welfare might cause generous behaviour by family owning managers towards family members. As a result, family members affected by this generosity might exploit that attitude, especially when their personal interests are not congruent with the family’s, creating costs due to moral hazard” Moreover, it appears to be particularly hard when conducting studies on family firms to measure individual preferences that are piloted by relational and altruistic motivations. This means that the “need of helping” concept is indeed not viewed at the same intensity among internal stakeholders especially between family members.

Family firms in Lebanon were at the center of the current difficult situation caused by the recent multiple crises in the country. In this aspect, the crisis context imposes different dynamics that act as a revelator for some priorities in the giving of family firms.For instance, a **change in the financial soundness** of a family firm due to the crisis impacts its ability to practice philanthropy. The below table presents excerpts of verbatim of the informants in relation to the exogenous shock of the Beirut Port Blast:

Table 5: Sample Verbatim on the factors caused by crisis context

|  |  |  |
| --- | --- | --- |
| **Nature of Family Business** | **Informant** | **Verbatim** |
| Real Estate | Founder | *We are being very selective* |
| Automobile (Tires) | Founder | *How and How much, it depends on the situation of each business and the external country conditions* |
| Paint | General Manager | *We are managing the cash that we have* |
| Sea Freight | HR Director | *Focus of giving depends on how affluent the company is, the more affluent it is the more people can take advantage. Bottom line is money* |

Some firms **gave priority to their business survival** over any philanthropic practice, especially if the firm’s physical assets were partially or fully destroyed. In some cases, the family firms experienced severe damage in their physical assets since their offices were inside the port area or very close. Although those firms are normally renowned for their philanthropic practice, they had to minimize their giving. **Still, they did not stop it completely**. Whereas other informants were able to **amplify** their giving. Therefore**, it cannot be assumed that all cases were affected the same** **way**. Some factors such as the nature of the family business (services or product oriented), the financial planning solidity, or the geographical location of the firm (being far from the damaged area) play a major role in creating the dynamics imposed by a crisis context. Digging deeper into each case, we relate to what literature indicates about the existence of certain behavioural perspectives in family business research suggesting that “the relationships of family business owners and managers with a high- versus low-knowledge of the sector of (philanthropy) can shape the way they engage in it (De Massis et al., 2015).

***5.2 Emerging forms of philanthropy due to crisis***

Before embarking on this study, we expected that philanthropic family firms would either halt or continue assuming their traditional role of practicing philanthropy the way they already know or are used to. What we found is quite different from what we expected. Interestingly, we find new forms of philanthropic practices emerging which are specific to the crisis context. Examples of the new forms of philanthropy are **socio-emotional philanthropy**, **time philanthropy**, and **network philanthropy**.

*Meeting with group of business leaders to find solutions to the problems in a country which is completely collapsing with no leadership* - Informant 1 (Automobile firm)

*In times of crisis, it’s a deep topic and we can discuss a lot but this type of energy and philanthropic view is what I think of in a big crisis, the “socio emotional energy” –* Informant 2 (Automobile firm)

In other words, facing a crisis could create new forms of giving and alters others. In kind and emotional support donations are more evident in a crisis context. Prioritizing monetary giving over other forms is strongly debatable among informants. Therefore, we reiterate that a crisis imposes different dynamics through new ways or practices, yet it remains an indirect trigger on family firm philanthropy.

Another shift in the dynamics is related to the type of giving extended. For instance, people in a crisis need more emotional support. This creates new trends in giving tailored to this need which is in this case linked to the survival element. Most family firms were supporting in kind as well as psychological donations (ex. Employee motivation, post trauma psychotherapy and coaching, etc..) rather than monetary donations. Several Informants across the cases agree that in normal times *we usually donate money to individuals or NGOs*. This is how they understand the notion of philanthropy. In a crisis, however, such types of donations are no longer suffisant. One informant stressed that *we need to motivate our employees more (priority element), we need to keep them busy to shift their focus from what is going on around.* In crisis, time philanthropy is created and given more weight as compared to other initiatives. It also acts as a revelatory for new philanthropic initiatives such as nation-building and fighting against corruption. Another interesting phenomenon lies in the fact that the nature and meaning of culture or society also changes or takes different shapes. The concept of having circles of priorities discussed later in this section explains the change in dynamics of the philanthropic practice of a family firm in relation to the external societal conditions.

***5.3. Identifying the role of family firms as social actors***

Prior studies point to three allocation mechanisms being, the Government, the market and philanthropy for achieving goals tailored for the common good. None of those three mechanisms could function on its own and result in social viability. There should be kind of interaction among them whereby the government guarantees a strong foundation while the market and the philanthropic sector allow for dynamics and “pluriformity” (Shuyt, 2010). Further, international research is performed to map the third sector worldwide. It found that “for much of our recent history, social and political discourse has been dominated by a ‘‘two-sector model’’ that acknowledges the existence of only two social spheres outside the family unit – the market and the state, or business and government’ (Salamon et al., 2004: 4). What about the family unit? What is the role of the family firm as a third sector? We find that family firms can act as agile actors in the philanthropic field among other actors (the government, the market, etc.) Their agility is clearly observed in the Lebanese crisis context because of the absence of an important social actor at that moment such as the government. Lebanese family firms challenged their current difficult situations by their persistence of giving. Most informants stressed the degree of their philanthropic practices remained ongoing during and in the after math of the recent multiple crises. Only few cases experienced some drawbacks, but they did not stop their giving habit. This is in line with the way family firms are generally labelled as social actors because of their “family” nature. Thus, we find family firms positioned in the eyes of their stakeholder ecosystem as agile actors of philanthropy in a crisis context. This is also in line with the literature which addresses those “contradictions, paradoxes, conflicts, mindfulness and the complexities that are central to the accountabilities of social actors who manage the obligations that come with being a member of a family and a business” (De Massis et al., 2015)

***5.4. Relationship between family firm and stakeholders***

Individuals, families, and organizations interact in several ways with peers, competitors, customers, regulators, and other stakeholders. And when put together, they are perceived as an industry. Such industries can vary in terms of their political, economic, socio-cultural, and technological circumstances (Dess, Ireland, & Hitt, 1990). “In turn, these sectoral differences are likely to shape the determinants, processes and relationships of family business behaviour towards its stakeholders” (De Massis et al., 2015).

Apart from being agile social actors in crisis times, we find a significant relationship between a family firm and its stakeholders which shapes the way those firms extend their philanthropic initiatives to their target beneficiaries of giving. In fact, family firms identify target stakeholders primarily based on their needs and **trustworthiness.** Putting trust at the core of the interaction of family firms and its stakeholders is a notion agreed upon most of the informants. Below table presents some key verbatim on the element of trust.

Table 6: Verbatim on “Trust” element in the relationships between the family firm and its target stakeholders

|  |  |  |
| --- | --- | --- |
| **Nature of Family Business** | **Informant** | **Verbatim** |
| Electronics & Home Appliances | Operations Manager (family member) | *For medical aid, I usually call the doctor to make sure that they are really in need; when economic situation gets bad people tend to be fraudulent sometimes to manipulate others who can help* |
| Glass Manufacturing & Installation | Assistant General Manager (family member) | *Mainly organizations that we trust* |
| Glass Manufacturing & Installation | Founder | *After the blast and the damage that happened, I saw many unethical (behaviors) and (people) abusing the situation, I did not like to be engaged in (such deals) because it is money oriented and greed.* |
| Automobile | Owner | *Depends on which family business it is definitely very large institutions that are very well trusted, very large (scale) NGOs, small (scale) NGOs, and families that are well trusted; not giving up the fight against corruption*  |
| Automobile (Tires) | Assistant to the General Manager | *The owners prefer that these funds go through people that they know i.e. their employees, the owners are more comfortable to donate this way.* |
| Telecom/Security/Automation & renewable Energy | Chairman | *Trust in the family name (word of mouth); Calling other family businesses and friends who we consider trustworthy to help us* |
| Telecom/Security/Automation & Renewable Energy | Operations Manager (family member) | *I see the relationship why family businesses are more trustworthy because of their philanthropic nature; Of course there are a lot of corruption everywhere* |

The relationship between the family firm and its stakeholders undergoes certain changes because of the crisis context. This is due to several factors. In some of the cases, the crisis acts as a revelator for philanthropy among some of the internal stakeholders. It highlights the strong personal initiatives of these stakeholders such as the founder, an active family member, or certain employee, playing a major role in altering the decision-making process of giving. De Massis (2015) postulates that how social actors within family firms identify decisions and actions, set organizational goals and delegate tasks remains ambiguous. “We know very little about how decisions are made, or behaviours are manifested in family firms because the processes by which family firms execute their strategies and produce their distinctiveness remain understudied” (De Massis, 2015). In our study, however, we find that centralizing the philanthropic decision making at the founder’s level reveals strong stance towards certain stakeholders over others. This plays a major role in deciding which stakeholders are more eligible or in need of philanthropy than other stakeholders of the family firm.

Stakeholders also interact differently or in unexpected ways towards their providers of philanthropy (family firms). This is mainly because of the difficult situation in which they are living. This is explained by the change in the level of appreciation that stakeholders possess to the family firm when enduring a crisis context. Some stakeholders appreciate more any kind of giving they receive from the family firm while others show less appreciation. In other words, not as initially expected, the relationship is not only one-way. Contrarily, it is a bilateral philanthropic relationship in which stakeholders are also paying back to their provider of giving (the family firm). Below are some testimonies of informants across the cases who supported this notion of bilateral or multilateral giving back:

*Its not only us who is giving, our stakeholders (community, partner, employees) are giving back to us also. We felt this enormously after the blast: everything we have done for our community previously we saw it coming back to us. Our physical offices were damaged, so they were reconnecting everything together again –* Informant 1 (Shipment firm)

*I had this year, an old woman (at the vocational center), who kept the words of my parents (the founders) that she should continue her education... (and she did that after becoming a grandmother and speaks highly of the vocational center and the founders)* – Informant 2 (Audit Firm)

*You see, how proud you feel when you rescue someone in order for him to (in turn) rescue other people around him –* Informant 3 *(Telecom Firm)*

*Calling other family businesses who we consider trustworthy and friends to help us (and they did give us some fresh funds to stand on our feet) -* Informant 3 (Telecom Firm)

This two-ways and probably multilateral giving strengthens the relationship between family firms and certain stakeholders. It could also affect the prioritizing decision making process (for example prioritizing the inner or closer circle of stakeholders such as employees over other beneficiaries). This leads us to the 5th finding detailed below.

***5.5. Prioritizing stakeholders as regards to their eligibility of giving by family firms***

We find that family firms restructure their giving in a crisis context based on prioritizing their stakeholders. Among the nine cases, not all family firms prioritize stakeholders in the same way. We also find, in general, the family firms serve their stakeholders of philanthropy starting from the closest or inner circle then to the larger outer community circle. In some cases, external stakeholders are prioritized over internal stakeholders. On the contrary, some family firms prefer to give priority to internal stakeholders primarily employees then family members in the financial giving in this context. Therefore, stakeholders are mainly served based on growing circles of priorities which are set differently from one family firm to another.

5.5.1 Establishing the “*Stakeholder Priority Model”*

Crisis causes new interactions between a family firm and its target stakeholders (beneficiaries of giving). Those interactions are changing the traditional relational patterns with the stakeholders. This finding entails the necessity to construct a model that explains the prioritization of stakeholders according to every family firm. This new dynamic imposed by crisis allows families to refine their philanthropic strategy according to the different notions of community. Most informants talked about prioritizing their giving based on their perception of community or social connection circles.

Constructing such a model brings a new contribution to what has been previously said in literature about the categorization of stakeholders. We show that stakeholders are categorized as growing circles of priorities rather than being identified as only primary and secondary stakeholders (based on traditional models such as “onion model” or “hubs and spoke model”). Essentially, we find that particular to a crisis context, most family firms concentrate mainly on the closest circle to the business. Therefore, in crisis, there is only one category of stakeholders (i.e., secondary stakeholders do not exist) focused upon. Firms think that they need to focus all their resources on the well-being of their employees (which was mainly attributed to as their inner circle). Interestingly, the role of values is always evident in the selection process of stakeholders. Some informants consented that “*we will stop our external giving now and focusing solely on our employees as we believe that charity starts at home”* Remarkably, the reason behind this focus on the closest circle is related to the empathetic feeling which is accelerated by the existence of a crisis rather than the lack of finances of the family firm in most cases.

**Figure 3:** Stakeholder Priority Model – Growing Circles of Giving

The meaning of the inner circle also differs among informants whereby on one hand it is comprised of the employees only or close family members. On the other hand, it comprises of both employees as well as close family members. This depends on how family firms value each of their inner stakeholders and the nature of this relationship (mostly the value of belonging in relationship with the family perse and the family firm).

***6. Scattered perceptions on the meaning of community***

Since family firms are known to play a strategic role with their social, political, and cultural significance in the wider social world (more than a mere economic motive) Adiguna (2015), their philanthropic practice is also linked to this wider social world or in other words their community. So, what is the community according to each family firm?

Interestingly, we find that the meaning of community is not homogenous across the nine cases we studied. Every informant has a different perception on the notion of community based on his experience and relation with his surrounding, as well as his upbringing. Below are few excerpts of the verbatim collected on this notion.

*Our community means wherever the group has a reach so if we have offices in Turkey, then Turkey is part of our community. We try to help also in Turkey so we partner with a few NGOs there and the same goes for Irak –* Informant 1 (Sea Freight Firm)

*Nothing has to do with religion, nothing to do with geography, its about Lebanon* – Informant 2 (Automobile Firm)

*If you can continue (giving), you should give all sects. For example, the aid that we are distributing in the south… the 1,700 portions that we are distributing, the rules are that (our volunteers) enter the villages in a chronological order, without any difference if it was a Druze village, or Sunni village, or Shii’a village. –* Informant 3 (Real Estate Firm)

*Sometimes if the local community of the family firm needs more of the philanthropy of this firm then this philanthropy should be targeted (solely) to the local community. I don’t go and look for people outside my district and try to help them, there are people in my district who need help – Informant 4 (Audit Firm)*

*Its like small circles growing and growing to larger circles* – Informant 6 (Audit firm)

*I’m thinking, now, primarily, survival of my immediate community (employees)* – Informant 7 (Sea Freight firm)

*We can shift our business to Dubai because there is more work opportunity there, but we will never leave Lebanon and our community, so you start with your location first* - Informant 8 (Telecom firm)

*In our family we are very diversified in terms of religion and family roots, when we want to help our local community, it is little bit bigger than that, we may help out in Palestenian refuggees, in the camps, also we extend our help to churches and mosques. Local is a little bit bigger for us. It is the diverse social fabric -* Informant 9 (Sea Freight)

*It should be a balance of the internal community and the city or the country where we are. We start first with the team and then we extend our philanthropic giving to the outer community. this happens like without even planning it. We know about the people we live with in the house before we know about our neighbors and what is happening in their house – Informant 10 (Home Appliances Firm)*

Most of the informants give more value to collective philanthropy than self-interest. Basically, collective philanthropy is considered as having a domino effect which allows for a wider community benefit. In turn, this would lead to closing the circle of giving i.e., reaching ultimate social welfare. In this empirical setting, family firms are strongly not in favor for discrimination in giving across the diverse community structures when it comes to responding to an exogenous event or crisis. This is a strong indication of the emphasized societal connection that family firms have towards their outer communities. There is **consensus over the non-discrimination between the diverse cultural backgrounds, age groups, or gender in crisis. Whereas, in normal times, their philanthropic programs could be discriminating or focused on a specific social group. Lastly**, almost all informants identified the social context structure in Lebanon as based on a sectarianism culture. Thus, there philanthropic practice is always bound by this social structure.

**6 DISCUSSIONS**

We base our findings on two foundational review papers of the literature on philanthropy and family business. The first paper presents a comprehensive literature review conducted by Bekkers and Wiepking on charitable giving, paper titled “A Literature Review of Empirical Studies of Philanthropy: Eight Mechanisms That Drive Charitable Giving” published in 2011. The second paper by Gils, Dibrell, Neubaum, and Craig titled “Social Issues in the Family Enterprise” published in 2014 presents a systematic literature review on social issues within family enterprises. We also relied on several foundational papers to review other relevant bodies of literature mainly on crises and on culture.

*6.1. Contributions and Managerial Implications*

* + 1. *Contributions*

By introducing the crisis context, we initially assumed that a crisis causes family firms to practice philanthropy or amplify their philanthropy behaviour. What we found is in fact not in line with what was assumed at the beginning of the research. The context of crisis imposes new or different dynamics from the traditional philanthropic practice of family firms. It does not cause or act as a primary trigger for such practices. It could, however, **play a role in the revelation of some shared values (denoted by family values) such as the need for helping and the element of Trust.** This study confirms the importance of this value of “helping” that was presented in the literature. It also confirms that the “need” should be there for family firms to extend their giving. “Charitable giving is studied as an example of helping behaviour in the social psychological literature” (Bekkers & Weipkings, 2011) In fact, it shows that family firms give more weight on the basic needs and prioritize them before shaping their philanthropic initiatives. This also helps family firms prioritize their stakeholders based on the shift in the needs in times of crisis.

We also contribute **by constructing a new definition for the term family firm philanthropy in an attempt to bridge between the two bodies of literature (philanthropy and family business).** By thinking out of the box when it comes to defining philanthropy or charitable giving, we observe that existing definitions are lacking. Upon their extensive literature review Bekker and Weipkings defined charitable giving as *the donation of money to an organization that benefits others beyond one’s own family*. Thus, non-monetary donations (in kind or socio-emotional support) are not considered while their role in crisis is more evident than monetary donations. The same applies for the relationship between the family firm and its target stakeholders. That is why we attempt to create a more comprehensive definition of the construct of family firm philanthropy as follows:

**<< Family Firm Philanthropy** - an act of giving by family firms of, in cash or in-kind benefits, to priority stakeholders in a particular social context >>

* + 1. *Managerial Implications*

Family firms keep on practicing their philanthropy even in a crisis context and by adjusting their strategies via prioritizing stakeholders to accommodate for the changes imposed. Having a bilateral or sometimes multilateral relations helps firms identify more clearly their philanthropic behaviour towards stakeholders. Further, this notion of practice is refined when it comes to identifying the importance of family firm philanthropy as a change actor filling any gap in the field caused by an exogenous situation. It allows family firms to consider new ways of giving such as time, networking, and socio-emotional support which are more effective and relevant to enhance the overall wellbeing of the firm as well as its stakeholders in times of crisis. Thus, ensuring continuity of the firm and sustainability of its social and operational environment. Shuyt (2015) argues that public administrators will eventually have to rise to the challenging task of creating a legal, economic, and cultural framework that will stimulate and enhance philanthropy. We add a novelty in this regard manifested by: So does family firms!

**7 LIMITATIONS AND FUTURE RESEARCH**

To have a comprehensive understanding of how philanthropy works in family firms, a combination of both, academic and practitioner research, must be steered (Feliu and Botero, 2016). This paper is a milestone in this direction. Yet, it is not enough. Family Firms’ philanthropy is a very recent topic and there is a big opportunity to expand the volume of literature (published papers in the field of philanthropy in family businesses) and contribute to the emerging stream of research (Drencheva and Au, 2021). Prominent scholars in this field, such as Campopiano et al., (2014), cited that even the studies that focus on the general subject of corporate philanthropy in the current management literature are rare.

The small data sample extracted given the small geographical area and the many conservative family business owners in Lebanon (who prefer not to disclose what they are doing in terms of giving) is a door opener to future research in broader empirical settings.

The fact that there is no clear definition of philanthropy in the literature is a strategic point and crucial trigger to conduct future research, raise questions, and collect findings (Feliu and Botero, 2016) to come up with standard definition for family firms’ philanthropy. The definition in this paper could be further developed into a standard definition.

Further research linking practice and theory is necessary to better understand the role of philanthropy in family firms when responding to exogenous shocks given the recurrent global societal issues. So, it is interesting to replicate this paper by studying the philanthropy of family firms in a different empirical setting (different country or different type of crisis) and challenge or validate the outcomes.

An additional paper could be written on the role of values and foundations in the philanthropic practice of family firms.

**8 CONCLUSION**

Crises do not directly impact the philanthropic behaviour of family firms. Families who are used to do philanthropy would continue doing so regardless of the context. The degree of practice could change but not the existence of this practice. The crisis context could change their philanthropic direction because of interrupting the business operations. Nevertheless, it paves the way for new forms of giving which are divergent from the traditional forms of giving. The crisis context also imposes different dynamics between actors in the field*.*

This research contributes both to the understanding of philanthropic practice by adding to the literatures of both philanthropy and family business. Challenging the traditional or usual relationship with their stakeholders is also very interesting to observe. The research is based on a qualitative abductive approach where data is gathered over two years in a highly volatile environment crisis context. It is based on semi-structured interviews across nine cases of family firms carefully selected across the diverse social fabric. This research is based on academic rigorous coding process using Excel sorting and V-Lookup (initially Nvivo). Given the surprising element to the research (manifested by the phenomenal role of family firms observed amid the exogenous situation of the Beirut Port Blast). This research is very abductive and can be further developed.

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**10 ANNEXES**

10.1 Partial Verbatim from the first round of interviews

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*10.2 First to Second Order Coding – Sample out of 60 codes*



*10.3 Second to Third Order Coding*

*10.3.1. On the meaning of Philanthropy*



*10.3.2. On Stakeholders*

