

NEW IDEAS IN FAMILY FIRMS: AN ACADEMIC/PRACTITIONER CONFERENCE

2021: Are Family Enterprises Doing Good?

By [Camille Korschun](#)

CO-HOSTED BY COLUMBIA BUSINESS SCHOOL'S GLOBAL FAMILY ENTERPRISE PROGRAM AND INSEAD'S WENDEL INTERNATIONAL CENTRE FOR FAMILY ENTERPRISE

Introduction: The New Ideas in Family Firms Conference brings together the world's leading academic researchers and consulting practitioners to discuss what they can learn from each other and how to move theory and practice forward. The conference was founded by Columbia Business School's Global Family Enterprise Program and INSEAD's Wendel Centre for Family Enterprise in the spirit of collaboration – between institutions and across disciplines – in order to bridge theory and practice related to family firms.

The third annual New Ideas in Family Firms Conference was held (virtually) on May 7, 2021, and focused on various aspects of the often catch-all term “Environmental, Social and Governance (ESG)” as it relates to family firm research and advisory practices. Co-chairs **Patricia Angus**, Managing Director, Global Family Enterprise Program, Adjunct Professor of Business, Columbia Business School, **Morton Bennedsen**, Academic Director, Wendel International Centre for Family Enterprise, Co-Director of the Hoffmann Research Fund, INSEAD, and **Daniel Wolfenzon**, Stefan H. Robock Professor of Finance and Economics; Chair of Finance Division, welcomed scholars and advisors from around the world to this year's event. Academic researchers **Belen Villalonga**, Professor of Management and Organizations,

Yamaichi Faculty Fellow, New York University's Stern School of Business, presented current research on how listed family firms are faring when it comes to ESG. **Randall Morck**, Stephen A. Jarislowsky Distinguished Chair in Finance, University of Alberta School of Business, discussed his thoughts on the pitfalls of the ESG and attempts to measure business's ability to provide societal good. Practitioners **Josh Baron**, PhD, Adjunct Associate Professor, Columbia Business School, and Co-founder, Partner Banyan Global, **Sabine Rau**, Partner, Peter May Family Business Consulting, Visiting Professor Telfer School of Management, University of Ottawa and ESMT, European School of Management and Technology, **Guillermo Salazar**, Founder & Managing Director, Exaudi Family Business Consulting, and **Michelle Osry**, Partner, Family Enterprise Consulting Practice Leader, Deloitte Canada, discussed the latest trends in family

firm advisory work, including family firm responses to the Coronavirus pandemic. **Christine Blondel**, Founder, Family Governance, and Adjunct Professor, INSEAD, led the group in a thought-provoking discussion about ownership and responsibility, particularly the role of Boards and next generation family members on decision-making.

Professor Villalonga presented her working paper on family firms' ESG performance and how owners play a pivotal role in making businesses more sustainable, environmentally conscious and more socially responsible. She and her co-authors compared listed firms owned by families to those owned by other entities (including governments) along various ESG metrics. They found that family firms do not necessarily out-perform their non-family owned peers in ESG. Professor Villalonga explained the study's methodology and nuances, as well as the contributions and limitations of the research. The ensuing conversation underscored the value of discourse between academic researchers and practitioners and how they can inform each other's work. No doubt, the paper's findings led to a provocative and informative conversation that will continue into the future.

Michelle Osry moderated a panel of family enterprise advisors who discussed trends they have seen in working with their clients over the past year and in response to the Coronavirus pandemic. Sabine Rau commented on how next generation family members are looking for coaching and mentorship more than expert advice, a shift from the attitudes of their predecessors. She highlighted the role of the next generation in making change, as managers and owners. Josh Baron noted the impact of different modes of communication

throughout this year, with the proliferation of Zoom and more frequent family meetings precipitated by working through a prolonged crisis. This year, owners were acutely aware that their decisions have a broad impact on multiple stakeholders, and, subsequently, were more actively engaged in decision-making. Guillermo Salazar noticed that families (and advisors) increased time for reflection and long-term planning. Michelle added that she and her clients were able to experiment more during the past year. It was a time for activating and testing the governance structures put in place prior to (or during) the crisis. Overall, the panelists noticed that trends that were already happening accelerated over the past year and that family firms, as always, play an important role in their communities.

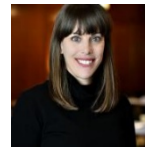
Professor Randall Morck presented his working paper on corporate social responsibility (CSR) and why the "new" prevailing wisdom that "business" has a responsibility beyond just shareholders might not serve society or firms (including family-owned companies) as well as one might hope. Professor Morck first gave an historical overview of economic theory as it relates to societal good, noting the successes and failures along the way, and urged the researchers and practitioners in the audience to look at the latest trends with healthy skepticism. Professor Morck challenged the group to think about how adherence to metrics and regulatory structures can sometimes be counterproductive.

Christine Blondel then asked the group to break into small discussion groups to reflect on questions concerning the influence of the Board and the next generation on family firm decision-making. The groups shared their thoughts based on their unique perspectives.

Culture can have an impact on how Boards and next generation family members have an impact. Others noted that purpose-driven organizations can be more effective than their competitors.

Morten Bennedsen gave final thoughts on the impact of family firms on society. The 2021 New Ideas in Family Firms Conference concluded with reflections from the group who shared words that expressed the day's takeaways, including “thought-provoking,” “chal-

lenging assumptions,” “invigorating” and “building bridges.” The next New Ideas in Family Firms Conference will be held in May 2022.



Camille Korschun is Senior Associate Director of the Columbia Business School Global Family Enterprise Program.

 **Columbia Business School**
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Columbia’s Global Family Enterprise Program (GFEP) is a global leader in research, teaching, and convening around all aspects of family enterprise- the heart of the world’s economy and society.



The Wendel International Centre for Family Enterprise (WICFE) is a leading international resource for family business.
