Strategic Orientation of Mexican Family-owned Businesses and Its Influence on Corporate Social Responsibility Practices

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Abstract. The aim of this article was to determine whether the strategic orientation of family-owned businesses influences Corporate Social Responsibility (CSR) practices. For this purpose, a questionnaire was administered to a sample of 245 family-owned businesses in the southern part of the southeastern Mexican state of Quintana Roo. Variables attributed to CSR measurements were environment, society, employees, and customers, as well as business-level strategies of prospector, analyzer, defender, and reactor as defined by Miles and Snow. Results showed that family-owned businesses with a strategic orientation as prospector and analyzer have higher development levels of CSR practices, reactor businesses demonstrated lower development levels of CSR practices. Prospector and analyzer businesses tend to be product developers and innovators in their respective markets.

Keywords: family-owned business, strategic orientation, CSR, micro-business, Mexico.
1. Introduction

In Mexico, regional development in the context of economic globalization and decentralization has been a priority. Therefore, in organizational analysis, the main research topics are focused on strategic planning and regional culture, considering both the internal environment and the dynamics of the local context. In this perspective, the study of Corporate Social Responsibility (CSR) has acquired great relevance (Montaño, 2007). The presence of family-owned businesses is widespread in the world economies. The research of the social dimension promotes understanding of the organizational dimension, in particular, of the family-owned business (Montaño, 2007). Nevertheless, there are certain divergences in their behavior, mainly due to the interaction of the family, in aspects such as in the business itself, ownership, and management (Jorissen, Laveren, Martens & Reheul, 2005; Chrisman, Chua & Sharma, 2005; Fitzgerald, Haynes, Schrank & Danes, 2010; Chrisman, Sharma, Steier & Chua, 2013; Esparza, García & Duréndez, 2016). Both internal and external particular characteristics generate different behaviors toward the development of CSR practices. Therefore, it is important to study these behaviors as there are very few studies about CSR practices in family-owned businesses (Niehm et al., 2008; Burton & Goldsby, 2009; Fitzgerald et al., 2010; Meyskens & Paul, 2010; Turki, 2012; Boubakary & Moskolaï, 2016; Hernández-Perlines et al., 2017; Preslmayer, Kuttner & Feldbauer-Durstmüller, 2018; Esparza, 2018). In addition to CSR, strategy contributes to the construction of this work. Under this perspective, it is recognized that the adjustment of the business to its environment is a complex and changing process (Miles & Snow, 1978; 2003). To improve this understanding, the authors propose a theoretical framework that relates the product-market strategy to the construction of mechanisms, structures, and processes that businesses attempt to achieve through these strategies. This typology considers four categories: i) prospectors, ii) analyzers, iii) defenders, and iv) reactors.

This research is based on the stakeholder theory. According to this view, it is not sufficient to focus exclusively on the needs of owners or shareholders of the businesses, but on a large variety of stakeholders or interest groups (Freeman, 1997). With respect to business strategy, it must be adapted according to the different types of stakeholders. Additionally, a sincere and transparent dialogue should be established among the different agents involved in order to achieve successful management.

All things considered, the following research question was formulated: Does the strategic orientation of the family-owned business influence the development of CSR practices? The main objective of this work was to determine whether the strategic orientation significantly influences the practice of CSR developed by family-owned businesses in the southern part of the southeastern Mexican state of Quintana Roo. To achieve this, the work is organized as follows: first, the theoretical background and previous empirical studies are presented. Second, the search methodology and the sample, as well as the measurement variables, are made clear. Third, the results of the analysis
are made available, and finally, conclusions, limitations, implications, and future lines of research close this article.

Conducting this research is important and can be justified in various forms. There are many unresolved theoretical and empirical issues relating to the strategic implications of CSR (McWilliams et al., 2006). First, there is scarce literature on strategic orientation and the development of CSR practices in Mexico, a country with an emerging economy. Thus, our results will be contrasted with those obtained through previous studies in other contexts. A second reason to pursue this work has to do with the importance of the social and economic interaction of family-owned businesses in terms of its environment (Chrisman, Sharma, Steier & Chua, 2013). Third, it is important to understand what type of strategic behavior was followed for business decisions, because business strategies surely exert influence on CSR and may modify the business environment.

2. Theoretical framework: literature review and hypothesis development

Family-owned businesses have different characteristics from non-family-owned businesses, which can be explained by their different strategic behavior (Daily & Dollinger, 1993; Esparza, García & Duréndez, 2009). The concept of family-owned business described by different authors concerns the participation of family member(s) in the ownership, control, or management of the business (Upton, Teal & Felan, 2001; Chrisman, Sharma, Steier & Chua, 2013).

Business strategies are the actions and decisions with which the company adapts and positions itself in its environment with the aim of achieving high levels of performance (Porter, 1996). However, taking into account that this adaptation is a complex and changing process, Miles and Snow (1978, 2003) propose a theoretical framework to facilitate its study denominated strategic orientation.

2.1 Strategic orientation

The present proposal relates the product-market strategy with the construction of mechanisms, structures, and processes that pursue this type of strategy (Miles & Snow, 1978, 2003). The typology is composed of four strategic orientation categories: i) prospectors, ii) defenders, iii) analyzers, and iv) reactors. Each of these is associated with certain competitive traits and characteristics that provide evidence of the adaptation process of the business to its environment.

The prospector typifies entrepreneurial, dynamic, and innovative businesses that exploit the first-mover advantage. The defender involves the businesses concerned with maintaining their market stability and niches based on their products and costs, therefore conferring higher privilege on their internal efficiency. The analyzer represents an intermediate category, sharing elements of both prospector and defender. This type of
business aims at maintaining a certain stability of their products and, at the same time, seeks to capitalize on new market opportunities. Frequently, this type of company exploits the second-mover strategy. The reactor exhibits an irregular behavior and does not pursue any strategy in a congruent manner.

Studies of strategic orientation categories in family-owned businesses have explored different perspectives, such as contrasting differences with non-family businesses (Gudmundson, Hartman, & Tower, 1999; Esparza, García, & Duréndez, 2009); identifying management and performance (Aragón-Sánchez & Sánchez-Marín, 2005); the adoption of eCommerce (Wang & Ahmed, 2009), among others. Nevertheless, it has not been possible to identify research work in which strategic orientation and CSR are jointly assessed.

2.2. Corporate Social Responsibility

Corporate Social Responsibility was considered when it became a precursor to business as a constitutive element and a proactive role to the social structure of the development of the community. Barnard (1938) and Drucker (1954) became precursors of Corporate Social Responsibility (CSR) (Solís-González, 2008). This vision has been strengthened progressively and has evolved with respect to holding the business responsible for providing additional benefits in addition to the perceived economic ones (Bowen, 1953; McGuire, 1963; Davis, 1973; Judge & Douglas, 1999; Carrol, 1999; Garriga & Melé, 2004).

A review of the literature developed by Dahlsrud (2008) presents 37 different original CSR definitions. The analysis developed by the author allows the identification of recurrent themes during this period. The most frequently mentioned of these can be classified into five categories: stakeholder; social; economic; voluntary service, and environment. Under the same perspective, that is, the European Commission, CSR is defined as businesses that voluntarily integrate the social and environmental concerns as well as the interaction with interest groups with their operations in a way to maximize the creation of shared value and to prevent or mitigate their possible adverse impacts (2009). In Mexico, the definition of CSR supplied by the Mexican Center for Philanthropy (CEMEFI, its initials in Spanish) is as follows: “It is the Company’s conscious commitment that is consistent internally and externally with its objectives, and which considers the economic, social, and environmental expectations of all its participants demonstrating respect for people, ethical values, the community and the environment, thereby contributing to the construction of the common good” (Cajiga, 2013, p. 4).

Family-owned businesses manage their firm in different ways, and these forms of management are mainly determined by the interaction of the family in aspects such as the business, ownership, and management (Jorissen et al., 2005; Chrisman, Chua & Sharma, 2005; Fitzgerald et al., 2010; Chrisman, Sharma, Steier & Chua, 2013; Aoi, Asaba, Kubota & Takehara, 2015; Esparza et al., 2016). These characteristics indicate that this type of businesses also possesses different behaviors toward the development
of CSR practices (Martín & Aroca, 2016; Lamb, Butler & Roundy, 2017). These contrasting differences can be observed in the study of Dyer & Whetten (2006), in which the authors analyzed data from 261 businesses (202 non-family-owned businesses, 59 family-owned businesses) that appear in the S&P 500. Their results reveal that family-owned businesses are more responsible socially than non-family-owned ones. These results have been consistent in different developed countries (the majority European countries, as well as the United States) through the work developed by Graafland (2002), López-Iturriága, López-de-Foronda and Martín-Cruz (2009), Jo and Harjoto (2011), Campopiano, De Massis and Cassia (2012), or Martín and Aroca (2016). Under a similar perspective, Cabeza, Sacristán and Gómez (2014) note that, given the importance of social-emotional assets for family business owners, it is more likely that their businesses would participate in social compliance.

In the Netherlands, Goor-Balk and Masurel (2004), in their work developed with 42 Dutch family-owned businesses, found that the family nature of these companies favors the establishment of special relationships with workers as well as with customers and suppliers. For their part, López-Torres, Maldonado-Guzmán and Pinzón-Castro (2015) conducted a study with 297 Mexican family-owned businesses and acknowledged that these businesses performed major actions in CSR in three dimensions: social, environmental, and economic. In another perspective, a previous study suggests that first-generation Mexican family-owned business reports more CSR actions, and refers to stakeholders, citizenship, human rights, or codes of conduct more often than second-generation firms (Meyskens & Paul, 2010).

### 2.3 Stakeholders theory

According to a previously conducted literature review, we consider the stakeholder theory to be the adequate framework for the present research, as it supposes meeting the needs of different interest groups. These interest groups or stakeholders are defined as any group or individual that can affect or be affected by the fulfillment of the business objectives (Freeman, 1984, 1997). For the company, some of the most relevant stakeholders are workers, customers, suppliers, and community organizations (Freeman, 1984; Jamali, 2008). Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities to achieve the support of these different stakeholders. In the case of the family-owned business, the main interest group is the family or the family group itself. In this regard business management is expected to recognize the family and seek balanced relationships with its members when analyzing their demands and responding to their expectations (Soto, 2015) in terms of CSR practices.

### 2.4. Strategic orientation and CSR

Even though the work by Miles and Snow (1978, 2003) has been widely recognized and used in numerous studies on strategy, the relationship with CSR has been less studied.
One of the research studies that has been conducted is that by Galbreath (2010), who studied the practices of 271 businesses in relation to strategic orientation. The results positively related prospector and defender businesses with high levels of development in CSR practices, to a greater degree with analyzer businesses, while businesses with reactor orientation demonstrated a low level of CSR practices in comparison with the three remaining orientations.

Similarly, for Yuan, Yi, Tian and Yu (2018), prospector-type businesses with long-term orientation motivate managers to invest in long-term activities; thus, they develop CSR activities as part of their long-term value. From that perspective, prospector businesses tend to participate in more CSR activities and have a better development of CSR. For Flammer (2015), CSR business activities can be treated in a similar manner, that is, as activities of long-term investment that benefit the future sustainable development of the business.

Prospector businesses are those that have a higher probability of taking advantage of CSR, since their orientation toward innovation allows them not only to benefit more from CSR, but also to diminish uncertainty, risk, and the long-term horizon for these activities. Therefore, it is expected that prospector businesses tend to participate in major CSR activities and have better CSR development than defender businesses (Yuan, Yi, Tian & Yu, 2018).

Reactor businesses are generally characterized as not possessing a viable strategy (Anwar & Hasnu, 2016). This type of business only responds to competitive events when forced to do so and, when it does, it is in an inconsistent or unstable manner.

Also, it is noteworthy that another strategy pioneer Porter (1980) explained that all organizations have competitive strategies, some explicit and others implicit, and that these strategies must approach the environment in which the market is disputed. This author proposed the position approach to explain how organizations gain competitive advantage and outperform their rivals. These organizations can choose a cost leadership or a differentiation strategy; either approach can be employed for the entire market or can be integrated with an emphasis on a distinct segment (i.e., focus). Porter (1980) insisted that businesses must choose either cost leadership or differentiation due to the inherent trade-offs; combining the two leaves an organization “stuck in the middle” (p. 41).

Although this paper addresses the Miles and Snow strategic typology, there are several academicians who have attempted to integrate the two typologies previously mentioned (Hambrick, 1983; Segev, 1989; Köseoglu, Topaloglu, Parnell & Lester, 2013). Wright (1984) found similarities and differences between both typologies. Prospectors are presumed to align with the focus approach, while defenders align with cost leadership, at least to some extent. Reactors represent the “stuck-in-the-middle” position (Hambrick, 1983; Miller, 1986; Baird, Harrison & Reeve, 2007). Other authors reported that, in the case of low pro-activeness and high consistency, defenders employ cost leadership or cost-focus strategies; when there is high pro-activeness and high consistency, prospectors employ differentiation and differentiation-focus strategies (Segev,
1989). Köseoglu, Topaloglu, Parnell and Lester (2013) noted that defenders that also pursue a cost-leadership strategy tend to enjoy more success in terms of financial and non-financial performance. Prospectors that employ a focus strategy also tend to perform well.

Bearing all that in mind, and given that studies on the influence of strategic orientation of the development of CSR practices in family-owned businesses are very scarce, this work proposes the following hypotheses:

**H1:** Family-owned businesses with a prospector and analyzer strategic orientation demonstrate higher levels of development of CSR practices than businesses with a defender orientation.

**H2:** Family-owned businesses with reactor strategic orientation demonstrate lower levels in the development of CSR practices than businesses with a prospector, analyzer, or defender orientation.

3. Method

3.1. Sample selection

Data on the business population in the Mexican southeastern state of Quintana Roo was extracted from the 2014 economic Census of the National Institute of Statistics and Geography (INEGI, 2016). According to this information, there are 45,080 economic units (see Table 1).

<table>
<thead>
<tr>
<th>Size</th>
<th>Manufacturing</th>
<th>Commerce</th>
<th>Services</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>2 894</td>
<td>19 274</td>
<td>19 360</td>
<td>288</td>
<td>41 816</td>
</tr>
<tr>
<td>Small</td>
<td>122</td>
<td>869</td>
<td>1 569</td>
<td>161</td>
<td>2 721</td>
</tr>
<tr>
<td>Medium</td>
<td>23</td>
<td>252</td>
<td>195</td>
<td>73</td>
<td>543</td>
</tr>
<tr>
<td>Total</td>
<td>3 039</td>
<td>20 395</td>
<td>21 124</td>
<td>522</td>
<td>45 080</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors.

To develop this exploratory and descriptive type of research, a cross-sectional analysis of a sample of 245 businesses was carried out. Based on the businesses’ stratification criteria\(^1\) established by the Federal Government of Mexico (DOF, 2009), the characteristics of the sample businesses under study are mainly micro-businesses (up to 10 workers).

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\(^1\) Law for Development and Competitiveness of Micro, Small, and Medium-sized Companies, article 3, section III.
The design of the sample was based on the principle of simple random sampling in finite populations. A level of significance of 95 percent and a maximal acceptable sample error of 6.2 percent is assumed. The sample needed to infer the behavior of the total population of micro-businesses is a sample of 245 family-owned business as presented in Table 2. A family-owned business is considered when the family owns the majority of the firm and is managed by members of this family.

### TABLE 2. Sample distribution

<table>
<thead>
<tr>
<th>Size</th>
<th>Family business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro business</td>
<td>245</td>
</tr>
<tr>
<td>Total</td>
<td>245</td>
</tr>
</tbody>
</table>

*Source: Prepared by the authors.*

Consistent with Hernández, Fernández and Baptista (2006), the technique used to gather data was a survey. The data-gathering instrument employed was a questionnaire aimed directly at the managers or/and owners of these businesses or companies. The design of the questionnaire was arrived at taking into consideration previous empirical studies in an attempt to reutilize defined variables to achieve the established objectives. The validity and reliability of the questionnaire scales were verified through validity of content, construct, and criteria, as well as the internal consistency of the items with the Cronbach (1951) α coefficient.

Data on the businesses were obtained from the National Statistics Directory of Economic Units (Directorio Estadístico Nacional de Unidades Económicas), and requests to contact interviewees were made via telephone calls and electronic mails, achieving a total of 272 appointments. In the end, we obtained 245 valid interviews, which is a response rate of 90 percent. The fieldwork was undertaken in the southern part of the Mexican southeastern Quintana Roo, in the municipalities of Othón P. Blanco, Bacalár, José María Morelos, and Felipe Carrillo Puerto, between February and June 2017.

The statistical analysis of the data was carried out employing the SPSS statistical software program. The methodology consisted of a descriptive statistical analysis, a univariate analysis by means of the ANOVA test with factor, factorial analysis, and reliability analyses of scales in terms of the CSR dimensions.

### 3.2. Measurement of variables

**Dependent variable**

*Corporate Social Responsibility.* This multidimensional variable was measured based on the previous work by Larrán et al. (2011), and later validated by Lechuga (2012); these authors established a range to measure the level of development of CSR practices in small and medium-scale businesses (SME) composed of four dimensions and the fol-
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Following 24 items: environment (9 items), employees (6 items), society (5 items), and customers (4 items). This measurement was previously used in various studies (Esparza, 2018; Herrera, Larrán, Martínez & Martínez-Martínez, 2014, 2016). To measure the level of development of the four CSR dimensions by the business during the last 2 years, a Likert-type scale ranging from 1 (low) to 5 (high) was used. To validate this

### TABLE 3. CSR Variable validation

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicate the degree of achievement in the following CSR practices in your business for the last two years: (1= low, 5 = high)</th>
<th>Scale Validation</th>
</tr>
</thead>
</table>
| Environment | • Minimizes environmental impact of its activities  
• Designs products and packaging that can be reused, repaired or recycled  
• Voluntarily exceeds the legal environmental regulations  
• Regularly conducts environmental audits  
• Reuses and recycles materials  
• Adopts design criteria of ecological products/services  
• Adopts programs for the use of alternative energies  
• Installs programs for the reduction of water consumption  
• Conducts investments to save energy | Cronbach α = 0.819  
Factorial: 1 factor  
Explained variance: 54.73 %  
Sig. Bartlett: 0.000  
KMO: 0.809 |
| Employees | • Takes into consideration employees’ interests in decision-making  
• Supports continued training of its employees  
• Helps employees to reconcile work and personal life  
• Acknowledges the importance of stable employment for employees and society  
• Develops periodic training programs  
• Periodically evaluates the work environment | Cronbach α = 0.820  
Factorial: 1 factor  
Explained variance: 55.95 %  
Sig. Bartlett: 0.000  
KMO: 0.833 |
| Society | • Incorporates the community interests in the business decisions  
• Supports sports or cultural activities in the community  
• Maintains clear relations with local politicians  
• Considers itself part of the community and takes interest in its development  
• Has support programs for disadvantaged /vulnerable groups | Cronbach α = 0.706  
Factorial: 1 factor  
Explained variance: 50.56 %  
Sig. Bartlett: 0.000  
KMO: 0.749 |
| Customers | • Fulfills quality and fair price commitments  
• Informs customers about the proper use of its products and advises them of possible risks  
• Takes actions to prevent customers complains  
• Gives answers to complaints | Cronbach α = 0.719  
Factorial: 1 factor  
Explained variance: 56.28 %  
Sig. Bartlett: 0.000  
KMO: 0.688 |

Source: Prepared by the authors, based on Lechuga (2012).
measurement, the reliability of the scale was verified through the Cronbach (1951) $\alpha$ coefficient. By means of a factorial analysis, it was confirmed that these previously mentioned indicators can be synthesized into a single factor that is capable of adequately reflecting the level of development of these practices. In Table 3, the items of the survey are presented, as well as the statistical tests for scale validation.

**Independent variables**

*Strategy.* The business strategy was measured using Miles and Snow typology (1978, 2003), which classifies businesses depending on their type of product, service, or marketing innovation. Four types of businesses are distinguished: prospectors; analyzers; defenders; reactors; or without any clear strategy. This typology for strategic classification in family-owned business was first used by Daily and Dollinger (1992, 1993) and later by Parnell and Wright (1993) and Thomas and Ramaswamy (1996), and has been utilized in numerous research studies during recent years, including in the studies of Zahra (2005), Esparza, García and Duréndez (2009), Anwar and Hasnu (2016), Grimmer, Miles, Byrom, and Grimmer (2017), and Cassol, Lorandi, Carvalho, Cintra and Ribeiro (2019) to name a few. For the purposes of this study and in order to determine the strategy of the business, we applied the “paragraph approach”, previously employed in studies developed by Delery and Doty (1996) and Jennings, Rajaratnam and Lawrence (2003). This method consists of asking the interviewee to select, among the different proposals, the one which best fits their business.

*Control variables*

*Size of the business.* This variable shows the natural logarithm of the average number of business employees during the studied period. The number of employees has been extensively used as a size measurement in these types of research studies, such as Daily and Dollinger (1993) and Esparza, García and Duréndez (2016).

*Age.* This variable indicates the number of years of operation of the business. This variable has been used in similar studies (Esparza, García & Duréndez, 2016).

4. Analysis of results

This study focused on univariate descriptive statistics procedures for the data analysis and the attainment of results. The ANOVA (one-factor) statistical test was utilized to assess differences among the different study variables (Hair, Anderson, Tatham & Black, 2005).

In Table 4, we can observe CSR related to the Environment dimension, which is differentiated according to the strategic orientation of family businesses. The results show that, except for the practice of “reuse and recycle material”, which could not be corroborated, there are significant outcomes. It is also observed that family businesses with prospector and analyzer strategic orientation achieve more development of CSR practices, in contrast to those with defender and reactor orientations. Despite all of the
latter, an exception was observed for the following practice: “periodically performs environmental audits”, for which defender orientation surpasses the prospector orientation (3.11 and 2.81, respectively).

**TABLE 4. Strategic orientation and CSR environment**

<table>
<thead>
<tr>
<th>Environmental dimension</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimizes the environmental impact in its activities</td>
<td>2.69</td>
<td>2.69</td>
<td>2.42</td>
<td>1.23</td>
<td>**</td>
</tr>
<tr>
<td>Designs products and packaging that can be reused, repaired or recycled</td>
<td>2.98</td>
<td>2.60</td>
<td>2.58</td>
<td>1.46</td>
<td>***</td>
</tr>
<tr>
<td>Voluntarily exceeds the legal environmental regulations</td>
<td>2.26</td>
<td>2.50</td>
<td>1.96</td>
<td>1.31</td>
<td>***</td>
</tr>
<tr>
<td>Regularly conducts environmental audits</td>
<td>2.81</td>
<td>3.27</td>
<td>3.11</td>
<td>2.77</td>
<td>**</td>
</tr>
<tr>
<td>(Supports) Reusing and recycling of materials</td>
<td>2.51</td>
<td>2.85</td>
<td>2.27</td>
<td>1.54</td>
<td>NS</td>
</tr>
<tr>
<td>Adopts design criteria of ecological products/services</td>
<td>2.13</td>
<td>2.14</td>
<td>1.58</td>
<td>1.23</td>
<td>**</td>
</tr>
<tr>
<td>Adopts programs for the use of alternative energies</td>
<td>2.95</td>
<td>3.17</td>
<td>2.47</td>
<td>1.54</td>
<td>**</td>
</tr>
<tr>
<td>Installs programs for the reduction of water consumption</td>
<td>3.11</td>
<td>3.25</td>
<td>2.80</td>
<td>1.77</td>
<td>***</td>
</tr>
<tr>
<td>Conducts investments to save energy</td>
<td>2.69</td>
<td>2.69</td>
<td>2.42</td>
<td>1.23</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: A (Prospectors), B (Analyzers), C (Defenders), D (Reactors).
Test ANOVA (Likert scale of five points, from 1=low to 5= High); (*): p < 0.1; (**: p < 0.05; (**): p < 0.01; (NS) Statistically not significant.

*Source: Prepared by the authors.*

Family businesses with prospector orientation strategies are known for the development of the following practices: “installs programs for the reduction of water consumption” (3.11); “designs products and packaging that can be reused, repaired or recycled” (2.98), and “adopts programs for the use of alternative energies” (2.95). The analyzer orientation “regularly conducts environmental audits” (3.27), “installs programs for the reduction of water consumption” (3.25), and “adopts programs for the use of alternative energies” (3.17), while the prospector strategic orientation can be distinguished for concentrating greater development on CSR in the environmental dimension. For the defender orientation, we note that it “regularly conducts environmental audits” (3.11), “installs programs for the reduction of water consumption” (2.80), and “designs products and packaging that can be reused, repaired or recycled” (2.58). With regard to reactor orientation strategies, the practice that “installs programs for the reduction of water consumption” is highlighted (2.77). However, in this dimension, the less developed practices include “minimizes environmental impact in its activities”, “adopts design criteria of ecological products/services,” and “conducts investments to save energy” (1.23), which are all related to reactor orientation strategies.
CSR in the dimension of Employees is classified by the strategic orientation of the firms in Table 5. The results demonstrate that all of the CSR practices developed in this dimension had significant outcomes, except for the first practice, i.e., “takes into consideration employees’ interests in decision making”. It is also observed that family businesses with prospector and analyzer strategic orientation are those that develop greater CSR practices in this dimension, in contrast to the defender and reactor orientations.

**TABLE 5. Strategic orientation and CSR employees**

<table>
<thead>
<tr>
<th>Employees Dimension</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takes into consideration employees interests in</td>
<td>3.26</td>
<td>2.95</td>
<td>3.24</td>
<td>2.77</td>
<td>NS</td>
</tr>
<tr>
<td>decision-making</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supports continued training of its employees’</td>
<td>3.59</td>
<td>3.57</td>
<td>2.93</td>
<td>1.69</td>
<td>***</td>
</tr>
<tr>
<td>life</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helps employees to reconcile work and personal life</td>
<td>3.61</td>
<td>3.57</td>
<td>3.02</td>
<td>1.85</td>
<td>***</td>
</tr>
<tr>
<td>Acknowledges the importance of stable employment</td>
<td>3.88</td>
<td>3.74</td>
<td>3.51</td>
<td>2.23</td>
<td>***</td>
</tr>
<tr>
<td>for employees and the society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develops periodic training programs</td>
<td>2.66</td>
<td>3.17</td>
<td>2.31</td>
<td>1.15</td>
<td>***</td>
</tr>
<tr>
<td>Periodically evaluates the work environment</td>
<td>3.05</td>
<td>3.33</td>
<td>2.38</td>
<td>1.15</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: A (Prospectors), B (Analyzers), C (Defenders), D (Reactors).
Test ANOVA (Likert scale of five points, from 1=low to 5= High); (*): p < 0.1; (**) : p < 0.05; (***): p < 0.01; (NS) Statistically not significant.

**Source: Prepared by the authors.**

Family-owned businesses with prospector orientation strategies tend to develop more practices such as the following: “acknowledges the importance of stable employment for employees and society” (3.88); “helps employees to reconcile work and personal life” (3.61), and “supports continued training of its employees” (3.59). In the analyzer orientation, some practices are more prominent, e.g., “acknowledges the importance of stable employment for employees and society” (3.74); “supports continued training of its employees”, and “helps employees to reconcile work and personal life” (3.57 in both). The defender orientation highlights the development of the following: “acknowledges the importance of stable employment for employees and society” (3.51) and “considers employees’ interests when taking decisions” (3.24), but this is not significant, and “helps employees to reconcile work and personal life” (3.02). It is worth mentioning that for the prospector, analyzer, and defender orientations, each “acknowledges the importance of stable employment for employees and society” as the most developed practice. For the defender orientation, a greater development is shown in the practice that “takes into consideration employees’ interests in decision making” (2.77), but this is not significant, and “recognizes the importance of stable employment
for employees and society” (2.23). In this dimension, less developed practices include “develops periodic training programs” and “periodically evaluates the work environment” (1.15 in both), which are demonstrated among the reactor orientation strategies.

In Table 6, we can observe CSR in the Society dimension classified by the strategic orientation of the family-owned business. All practices of this dimension demonstrate relevant data. In this dimension, the four strategic orientations share a great development of two practices: “considers itself part of the community and takes interest in its development” and “maintains clear relations with local politicians”. However, the less developed practices in this dimension are as follows: “incorporates the community interests in the business decisions”, and “supports sports or cultural activities in the community” (1.38 in both), which can be found in the reactor strategic orientation.

### TABLE 6. Strategic orientation and CSR society

<table>
<thead>
<tr>
<th>Societal dimension</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporates the community interests in the business decisions</td>
<td>2.39</td>
<td>2.02</td>
<td>1.89</td>
<td>1.38</td>
<td>**</td>
</tr>
<tr>
<td>Supports sports or cultural activities in the community</td>
<td>2.69</td>
<td>2.85</td>
<td>2.42</td>
<td>1.38</td>
<td>***</td>
</tr>
<tr>
<td>Maintains clear relations with local politicians</td>
<td>3.08</td>
<td>3.17</td>
<td>2.64</td>
<td>1.54</td>
<td>***</td>
</tr>
<tr>
<td>Considers itself part of the community and takes interest in its development</td>
<td>3.55</td>
<td>3.45</td>
<td>3.09</td>
<td>2.38</td>
<td>**</td>
</tr>
<tr>
<td>Has support programs for disadvantaged/vulnerable groups</td>
<td>2.46</td>
<td>2.75</td>
<td>1.67</td>
<td>1.46</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: A (Prospectors), B (Analyzers), C (Defenders), D (Reactors).
Test ANOVA (Likert scale of five points, from 1=low to 5=High); (*)& p < 0.1; (**) p < 0.05; (***) p < 0.01; (NS) Statistically not significant.

Source: Prepared by the authors.

Table 7 shows CSR distribution by the strategic orientation of the business in which it can be observed. Here we can identify the formation of two groups by their stability in behavior: one gathers the prospector and the analyzer orientations, and the second, the defender and the reactor orientations. With regard to the first group, “takes actions to prevent customers’ complaints” and “gives answers to complaints” are exhibited as the most developed practices. For the second group, the practice “complies with its commitments about quality and fair price” is relevant, but not significant. However, the practice “takes actions to prevent customers’ complaints” revealed significant data. The reactor strategic orientation concentrates the less developed practices of the whole dimension as follows: “informs customers about the proper use of its products and advises them of possible risks” and “gives answers to complaints” (2.54 in both), with these being significant.
### Table 7. Strategic orientation and CSR customers

<table>
<thead>
<tr>
<th>Customers dimension</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fulfills quality and fair price commitments</td>
<td>4.11</td>
<td>4.24</td>
<td>4.31</td>
<td>4.15</td>
<td>NS</td>
</tr>
<tr>
<td>Informs customers about the proper use of its products and advises them of possible risks</td>
<td>3.86</td>
<td>3.88</td>
<td>3.60</td>
<td>2.54</td>
<td>***</td>
</tr>
<tr>
<td>Takes actions to prevent customers’ complains</td>
<td>4.18</td>
<td>4.40</td>
<td>4.07</td>
<td>2.77</td>
<td>***</td>
</tr>
<tr>
<td>Gives answers to complaints</td>
<td>4.13</td>
<td>4.28</td>
<td>3.89</td>
<td>2.54</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: A (Prospectors), B (Analyzers), C (Defenders), D (Reactors).

Test ANOVA (Likert scale of five points, from 1=low to 5= High); (*): p < 0.1; (**) : p < 0.05; (***) : p < 0.01; (NS) Statistically not significant.

Source: Prepared by the authors.

Table 8 depicts the analysis of the results of the four CSR dimensions (the average of each dimension is presented) arranged by the strategic orientations of family-owned businesses. The data show significant results. The analyzer strategy orientation is prominent for its greater development of CSR practices in each of the studied dimensions. The reactor and defender strategy orientations are those that developed less CSR practices in all of its dimensions. The results show how relevant it is for all of the strategic orientations to have greater development in CSR practices for the customer dimension.

Finally, and as can be observed in the results, we have corroborated what was found in other investigations (Galbreath, 2010; Flammer, 2015; Yuan, Yi, Tian & Yu, 2018), in which businesses with prospector strategic orientation reveal greater levels of development of CSR practices. Similarly, in previous studies, the reactor strategic orientation was related with the lowest levels of development of these practices (Galbreath, 2010; Anwar & Hasnu 2016). Consequently, the formulated hypotheses $H_1$ and $H_2$ have been successfully confirmed.

### Table 8. Strategic orientation, CSR and control variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>2.73</td>
<td>2.82</td>
<td>2.45</td>
<td>1.64</td>
<td>***</td>
</tr>
<tr>
<td>Employees</td>
<td>3.34</td>
<td>3.39</td>
<td>2.90</td>
<td>1.81</td>
<td>***</td>
</tr>
<tr>
<td>Society</td>
<td>2.84</td>
<td>2.85</td>
<td>2.34</td>
<td>1.63</td>
<td>***</td>
</tr>
<tr>
<td>Customers</td>
<td>4.07</td>
<td>4.20</td>
<td>3.97</td>
<td>3.00</td>
<td>***</td>
</tr>
<tr>
<td>Size (log number of employees)</td>
<td>1.1967</td>
<td>1.3009</td>
<td>.7446</td>
<td>.4970</td>
<td>***</td>
</tr>
<tr>
<td>Age (operating years of the business)</td>
<td>13.85</td>
<td>18.29</td>
<td>13.07</td>
<td>5.31</td>
<td>***</td>
</tr>
</tbody>
</table>

Note: A (Prospectors), B (Analyzers), C (Defenders), D (Reactors).

Test ANOVA (Likert scale of five points, from 1=low to 5= High); (*): p < 0.1; (**) : p < 0.05; (***) : p < 0.01; (NS) Statistically not significant.

Source: Prepared by the authors.
With respect to the control variables (size and age), businesses with prospector and analyzer strategic orientations are largest in size in the number of employees and are the oldest in terms of years operating in their respective markets.

Based on our research results, the commitment and dedication of the owner family with the firm is to ensure the survival of the business for the new generations. Therefore, it will continue to realize greater CSR development practices in accordance with the established strategies set by the family-owned business.

5. Discussion

In family-owned businesses, the family itself is an important factor that contributes to a healthy relationship with employees, customers, and suppliers. In addition, the family-owned business cares more about business development. The results obtained initially confirm the findings of Uhlaner, Goor-Balk and Masurel (2004) and Graafland (2002). Likewise, family-owned businesses are more committed to their local community and have a close relationship with local authorities. This provides them with a greater certainty and opportunity to remain in their respective markets. This aspect is consistent with findings shared by Niehm, Swinney and Miller (2008), Cabeza, Sacristán and Gómez (2014), and López-Torres et al. (2015).

Due to their systemic composition, family-owned businesses are actively prone to interaction with management (in different ways) in terms of CSR practices (Graafland, 2002; Dyer & Whetten, 2006; López-Iturriaga et al., 2009; Jo & Harjoto, 2011; Camopiano, De Massis & Cassia, 2012; Cabeza et al., 2014; Martín & Aroca, 2016).

In relationship with the environment, employees, and society, family-owned businesses tend to conduct periodic environmental audits (3.27) more readily, recognize the importance of a stable job for its employees (3.88), view themselves as part of the community, its development and its customers (3.55), and take measures to prevent claims (4.4). This set of characteristics accounts for the consideration given to the environment and the different stakeholders involved and how it may influence businesses’ decisions which contribute to their permanent competitive presence in the market. This is important due to the concern of the family about business continuity for future generations.

In comparison with the defender and reactor family-owned businesses, the prospector and analyzer types are more aware of how the parties involved can influence their business; thus, they respond more actively to the demands of the stakeholders by developing greater CSR practices. Accordingly, these businesses are more likely and capable to develop CSR practices as part of their process of value creation.

Therefore, this study assumes that the choice of business strategy could be the starting point to identify major opportunities for CSR because it aligns with the competitiveness of the business. In addition, the study furnishes an additional perspective for investors by examining the present and future development of family-owned businesses in terms of CSR development.
6. Conclusions

Based on the strategic typology established by Miles and Snow (1978, 2003), the strategic orientation of the family-owned business and its influence on the development of CSR practices were examined. Taking the obtained results into consideration, the research question was answered, and the research objectives fulfilled.

Family-owned businesses with prospector and analyzer strategic orientations are those that exhibited greater development of CSR practices. On the other hand, businesses with a defender strategic orientation, and especially those with reactor orientation, are those that revealed least development of CSR practices. In addition, it could be demonstrated that prospector and analyzer businesses in this region comprise the largest and oldest in their market.

This research attempts to contribute to already existing literature in different ways. First, the previous strategic orientation of studies on CSR in family-owned businesses have been included. Second, this study suggests that differences in the strategic orientation of family-owned businesses significantly influence the development of CSR practices.

Practical and social implications are suggested throughout this research work. Stockholders and managers need to be aware that the selection of the strategy of the family-owned business in its initial phase can directly affect not only business performance but, more importantly, its influence on the development of CSR practices and other important areas as well.

Local government needs to establish public policies aimed at the development of greater CSR activities with the aim of creating competitive advantages for managers and owners, in order for them to understand the importance of implementing CSR activities according to its strategic orientation. Universities also need to update programs on these important topics.

This work has some limitations the resolution of which constitutes the priority lines for future research. The first limitation is that this is a study that refers to a certain moment in time and to a geographical zone. Therefore, it would be important to add data from other years to assess the evolution of these strategic behaviors and their influence on CSR development. Furthermore, this study could be extended to other types of businesses, and geographical comparisons could be made, particularly in emerging economies. In addition, it would be interesting to include the performance of family-owned businesses in terms of the gender of the manager/owner, as well as intercultural characteristics. Finally, it would be interesting to conduct a deep analysis within the Mexican business context, using structural equation modeling (SEM) or partial least-squares structural equation modeling (PLS-SEM) to enhance the generation of business knowledge.
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