Original Article

Socially responsible activities and the economic performance of family businesses

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ABSTRACT
Promoting the idea of socially responsible business is an undeniably important topic that resonates in both theory and practice. Its influence on business performance has been theoretically substantiated and has been confirmed in many empirical studies, though this has been based on research conducted in large companies. It is only recently that studies connecting the principles of CSR and the business activities of SMEs or family businesses that make up a decisive proportion of SMEs have appeared. This article is devoted to research into the implementation of the principles of CSR in family businesses and their economic performance. The research was conducted on the basis of data obtained both from a questionnaire survey among owners of family businesses and from accounting data. The attitudes of owners of family businesses towards activities typical of CSR were proven to be reflected in the economic results of the companies in a sample of Czech family MSMEs. Our research proved that family businesses that support work-life balance and good relations with employees achieve better performance, namely higher profitability and lower indebtedness. These results confirm the positive impact of CSR principles on long-term sustainability of family businesses and their importance to the country’s overall economy.

KEYWORDS
business performance; corporate social responsibility; Czech Republic; family business; micro-, small- and medium-sized enterprises

1. Introduction
One of the issues discussed is the relationship between CSR and corporate performance (e.g., Bahta et al., 2021; León-Gómez et al., 2022; Mahmood et al., 2021; Maury, 2022; Preston and O’Bannon, 1997; Surroca et al., 2010; Yáñez-Araque et al., 2021). Opinions in this regard have
changed from the initial belief that activities associated with CSR represent an “inappropriate use of a company’s resources that would result in the unjustifiable spending of money for the general social interest” (Friedman, 1970 in Latapí et al., 2019), to the belief that the use of CSR may lead to identifiable and measurable economic benefits for the company arising from the intensive engagement of interested parties, the acquisition of ethically sensitive consumers, acceptance by non-governmental organisations, etc. (Burke and Logsdon, 1996 in Latapí et al., 2019; MacGregor Pelikánová et al., 2021; Streimikiene and Ahmed, 2021). Freeman (1984) stated that the compatibility of the interests and goals of stakeholders is reflected in growth in the financial performance of companies (see Valls Martínez et al., 2022; Yáñez-Araque et al., 2021). From this point of view, CSR becomes a strategic necessity for every business (Porter and Kramer, 2011; Werther and Chandler, 2005).

The theoretical definition of the relationship between CSR and the economic performance of a company can be considered to have been well described (see quotation above), though exact measurement of the effect of CSR and corporate performance remains problematic. According to the cited authors, there is no direct and significant relationship between CSR and corporate economic performance because there are a great number of variables that moderate or mediate this relationship. It is obvious that the use of individual measures has its positive and negative aspects, and is primarily conditioned by the availability of the data.

Most of the studies presenting the relationship between economic performance and CSR are based on data on large companies (e.g., Čera et al., 2022; Maury, 2022) that process summary CSR reports (e.g., according to the Global Reporting Initiative Guide). This approach was also used by Yáñez-Araque et al. (2021), although they focused on research into the relationship between CSR and the economic performance of micro, small and medium-sized companies. They found that the implementation of CSR has a positive effect on the economic performance of micro, small and medium-sized enterprises (MSMEs), and that family businesses (FBs) have greater motivation to engage in CSR activities because these activities are reflected more positively in their economic results than in the case of non-family businesses. A similar view is also held by López-González et al. (2019), according to whom family businesses have a greater focus on CSR due to socioemotional endowments and in order to avoid any loss of reputation and image caused by non-responsible strategies.

Although research based on summary CSR indicators makes it possible to make comparisons between companies, it can lead to the omission of certain relationships that may not be directly identifiable (Surroca et al., 2010). This inspired us to focus attention on individual areas of CSR in micro, small and medium-sized family businesses. Questionnaire-based surveys and one-dimensional measures focusing on just a single dimension of CSR, such as environmental activities, philanthropic activities, are according to Galant and Cadez (2017) one of three possible techniques of measuring corporate CSR activities. We chose this method of measurement because it is less formal and allows us to capture differences in attitudes between family business owners more accurately than an approach based on score quantifying (Ubrežiová et al., 2015). In this way, we believe we can better measure the impact of sub-activities on business performance and better understand the reasons why family businesses differ from non-family businesses. On the other hand, the chosen approach allows only selected CSR activities to be examined; otherwise, it would be a very extensive questionnaire survey in which respondents would refuse to participate.
To measure economic performance of family businesses, we used profitability and indebtedness ratios, therefore our research was conducted on the basis of data obtained both through a questionnaire survey among owners of family businesses and as accounting data.

The objective of our research was to determine which of chosen CSR activities relations have an impact on the economic performance of family businesses. First, based on a literature review, we selected CSR activities typical of family businesses. For each selected CSR area, we formulated statements. We then tested owners’ attitudes towards these activities through a questionnaire survey. The responses we received were then analysed in relation to the performance of the companies. The relationship between CSR principles in FBs and their performance was analysed using the H-test. In addition, we focused on finding the relationships between FB owners’ attitudes towards the selected CSR activities in order to better understand the causes of differences in FB performance. To do this, we used methods based on the Chi-square test. Our aim was to contribute to a better understanding of family business owners’ attitudes towards CSR principles and whether these attitudes cause differences in firm performance. We find that there is a clear relationship between adopting CSR principles and financial performance. In the discussion, we used the results of the analysis of the attitudes of the owners of family businesses to justify the differences in the performance of family businesses.

The research is based on family businesses in the Czech Republic, which are characterised by the fact that most businesses are in the hands of their founders and their management and ownership is gradually passed on to the next generation. Nevertheless, we believe that the results obtained can contribute to a general understanding of family-owned businesses.

2. Review of literature

Corporate social responsibility (CSR) can be defined as a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders and significantly affects the long-term survivability of a company and the society (Suryasaputra et al., 2011; Tajpour et al., 2023). A typical feature of CSR is recognition of the decisive role played by employees in the development of the company, which is reflected both in the creation of working conditions that support creativity and the performance of employees and in support for the social and family life of employees that affects their psychological well-being and satisfaction and stimulates their creativity. According to Galant and Cadez (2017), satisfied employees will be more motivated to perform effectively and thereby contribute to the development of the company providing them with employment. Care for employees is part of the “internal dimension” of CSR, which includes human resource management, health and safety at work, lifelong learning, and the overall position of employees in the company (the empowerment of employees), as well as other activities supporting the balance between work, family and leisure. The external dimension of CSR includes relationships with local communities, business partners, suppliers and consumers, human rights and global environmental issues. The essence of a family business is the transfer of family values to business, to corporate culture. The interaction between family and business gives rise to a unique organizational identity—the family business—which both represents a combination of the multiple roles of family members and also reflects the way in which the family understands business (e.g., Dawson and Mussolino, 2014; Habbershon and Williams,
The duality of roles, with the same person being a member of both the family and the business, makes family businesses different from ordinary businesses (Domańska and Zajkowski, 2022; Memili et al., 2015). A family business often bears the name of the family whose reputation the family wishes to maintain. Owners of family businesses regularly provide jobs in their place of residence and engage in community projects or support the maintenance of traditions, and these are also typical features of businesses that have implemented CSR principles. On the other hand, the family pays less attention to institutional norms and rules, for which reason family businesses are more willing to communicate information about CSR, while on the other hand being less compliant with CSR standards. A family or a family business has, therefore, a greater tendency to make use of informal communication.

The principal goal of the family is to satisfy the needs of family members, who are not just the owners, but also the employees of the family business. Family members are provided with job security as well as benefits and privileges that they would not receive if they were employed outside the family business (Civelek et al., 2021; Ključnikov et al., 2021; Ward, 1987 in Schulze et al., 2002). These benefits allow family members to balance gainful activity and care for the family better than they could in a classic employment relationship. Non-family employees are often considered members of the family in a family business (Berrone et al., 2012). In these businesses, employees typically have greater certainty of job stability than in non-family businesses. According to Christensen-Salem et al. (2021), employees of family businesses receive more workplace care, which creates the conditions for their greater satisfaction; employees can therefore make better use of their potential. This idea is supported by other researches—see, for example, that of Zaim et al. (2021). Although work and family roles compete for time, the informal culture of family businesses makes it possible to find a balance between work and family life (including caring for family members) and has a positive influence overall on the behaviour of employees. On the other hand, according to Vandekerkhof et al. (2015), family businesses employ fewer non-family managers in an effort to maintain control over the business by the family, which may cause losses in efficiency resulting from the ineffective selection of employees. However, with the growth of the company, innovation and internationalisation, there is a growing willingness to employ non-family members and to professionalise business processes.

Due to the connection of family and business, one of the goals of a family business is to build the reputation and identity of the business, its legitimacy, its integrity in the local community, etc., because the family business is perceived as a reflection of the family (Cennamo et al., 2012). The family tries to maintain the continuity of the family business across the generations and runs the business with the aim of passing it on to descendants (e.g., Berrone et al., 2012). According to Reck et al. (2022), it is primarily the identification with the perceived characteristics of the family business that enhances reputation. Venturelli et al. (2021) and Aguiler-Caracuel and Guerrero-Villegas (2018) believe that CSR is increasingly perceived as a positive driver of reputation and medium to long-term business retention. Empirical evidence shows that family businesses display a higher level of social responsibility, cohesion with the community and care for the positive image of the family and its reputation due to strong identification with the name of the business and as a result of the influence of the external environment, with public condemnation possibly having serious consequences for the business (Berrone et al., 2012). According to Dyer and Whetten (2006), family businesses are more socially responsible than non-family businesses due to the
family’s concerns about its image and reputation and its desire to protect the family wealth, for which reason the owners of family businesses often behave altruistically. On the other hand, Dick et al. (2021) concluded that founder-controlled family businesses exhibit lower CSR engagement for those activities that threaten family control. The functioning of family businesses is, however, also influenced by emotions that come into the decision-making process as a result of the connection between family and business. Conflicts may arise that will affect the functioning of the family business if there are problematic relationships within the family. It can, therefore, be assumed that family relationships may improve or weaken the performance of a business (Castillo and Wakefield, 2006).

The generation of profit is just as important to a family business as it is to any other business, because it creates the right conditions for the development of the business and its continued existence. The level of this profit may be influenced by other goals pursued by the business, such as the employment of family members or service to the community, for which reason it is essential to strike a balance between financial and non-financial goals. An exclusive focus on either financial or non-financial goals generally leads to the failure of the business (Kammerlander et al., 2015). The great majority of empirical studies have shown that family businesses are characterised by better performance than non-family businesses (e.g., Botero et al., 2015; Erbetta et al., 2013). Performance has mainly been measured by profitability indicators.

Not even family firms can be considered homogeneous, however, either in terms of their performance or in terms of their management style and strategic goals. It is clear that not all characteristics typical of family businesses are compatible with CSR. According to Yáñez-Araque et al. (2021), “the results show that CSR positively affects the economic performance of MSMEs and that the typology of the business (family businesses compared to non-family businesses) has a moderating effect. CSR has a greater effect on economic performance in family firms and obtains greater explained variance than in non-family firms.”

We focused in our research on selected areas of CSR and their relationship to business performance in an attempt to shed light on their role in the management of companies. We analysed the influence of relationships within the family, the reputation of the company (family), work-life balance and employee loyalty on company performance. The performance of enterprises was measured by the indicator profitability of assets (operating profit to total assets), which is a widespread indicator of performance, and the indicator total indebtedness (total liabilities to total assets, TLTA). We used this indicator because, according to Machek and Hnilica (2014), the level of indebtedness differs in family and non-family businesses and family businesses in Central European countries have a rather conservative financial structure.

We used responses to a questionnaire survey to verify the influence of CSR activities on the economic performance of family businesses. In this survey, owners of family businesses expressed their opinion on various statements. Based on a literature review (Chaudhary et al., 2021; Helmle et al.; 2014, Isa and Idrayati, 2023), the relationship between the following statements and selected financial indicators was analysed:

- S1 (Work-life balance): Family business provides opportunities for reconciling gainful activity and care for the family more readily than a traditional employment relationship.
• S2 (Family conflicts): Family business leads to more frequent disagreements within the family.

• S3 (Loyal employees): Loyal and innovative employees work at the company.

• S4 (Family satisfaction): Family business leads to greater satisfaction at work and in the family.

• S5 (Family cohesion): Family business makes the family stronger.

• S6 (Family qualifications): Family business enables better development and improvement of the qualifications of members of the family.

• S7 (Children’s future): Family business makes it possible to secure children for the future.

• S8 (Reputation in the business sector): Family business is associated with the better reputation of the family in the business sector.

• S9 (Community reputation): Family business leads to greater cohesion in the local community.

• S10 (Social reputation): Family business is associated with the high social reputation (recognition) of family members.

The designations S1–S10 were used during the evaluation of the relationships between the respondents’ answers and financial indicators, while the index of the indicator (i.e., $S_{1\text{ROA}}, S_{1\text{TLTA}}$) was added for the purposes of differentiation.

3. Methodology

Our research focused on family businesses operating in the Czech Republic. We considered a family business to be one in which at least two members of the same family work, with the family in question retaining ownership and managerial control of the business. The given definition is based on definitions used in the research (e.g., Diéguez-Soto et al., 2015) and is also in line with the Czech definition of a family business (Ministry of Industry and Trade, 2022).

Owners of family businesses were, following their agreement, sent a questionnaire that aimed to obtain information about ownership relationships, management methods and the attitudes of owners. Data collection began in August 2019 and ended at the beginning of 2021. The resulting number of completed questionnaires is 233 and the return rate amounts to 9%. Questionnaires (21) in which respondents indicated that they do not consider their business to be a family business (even though they stated that they met the definition of a family business) and questionnaires from respondents who were found during data review not to have a majority share in the business were discarded. The total number of questionnaires that are further analysed is 212. The questionnaire was part of a project focusing on the specifics of determining the value of family businesses and did not, therefore, focus directly on CSR. Some of the questions included in the questionnaire are, however, devoted to this issue. The respondents’ answers were supplemented with accounting data for the years 2016–2018.

The Kruskal-Wallis test (H-test), which makes it possible to identify relationships between
variables regardless of the distribution of the data, was used to analyse the data (e.g., Ongaki, 2019; Rabušić et al., 2019; Ubrežiová et al., 2015). This test allows us to see whether the performance of family businesses, as measured by ROA (return on assets) and TATL (total assets to total liabilities), varies according to the respondent’s answers to the statements (S1–S10). The test represents a non-parametric alternative to a one-way ANOVA test. We used this test because the accounting data do not have a normal distribution. The advantage of the Kruskal-Wallis test is that it can be used with smaller numbers of respondents, and it is a distribution-free test. If the analysis shows that an owner’s statement has a statistically significant relationship with ROA or TATL (H0 is rejected), then pairwise comparisons were used to identify differences in the owners’ responses, with the results providing more details on how significant differences were determined. The most beneficial statements are those that show significant differences between respondents’ attitudes towards specific statements (S1–S10), i.e., yes/no. The responses obtained allow us to test whether differences in owners’ attitudes towards CSR activities are associated with differences in business performance. In addition to examining associations between qualitative and quantitative data, we also looked at associations between attitudes. This allows us to better understand the observed differences in performance and to capture other CSR policies adopted by these companies that were not found to be directly related to performance.

Measures based on the Chi-square $\chi^2$ test (test of independence) were used to analyse qualitative responses from 212 respondents with the aim of determining associations between variables (Kar and Ahmed, 2021; Rabušić et al., 2019). The chosen level of significance is again 10%. If the analysis shows that a pair of variables are dependent on one another, it is further investigated as to how this dependence manifests itself with the use of adjusted residuals that can be tested for statistical significance. Cramer’s V coefficient was used to determine the strength of the relationship between variables. The nature of these relationships between the answers to individual questions or statements in the questionnaire was evaluated using Pearson’s adjusted residuals. If the absolute value of this residual is greater than 2.00 (i.e., less than −2 or more than 2), we can conclude that the difference between the observed and expected frequencies is statistically significant. Relationships between variables were also evaluated using Fisher’s exact test, which can be used if more than 20% of the expected frequencies in the data were less than 5 (a condition for the use of the Chi-square test). The relative frequencies of selected variables are also annotated in the text to supplement the description of relationships.

SPSS Statistics 28.0.0., JASP 0.14.1.0 and STATISTICA 12 software were used to evaluate the data.

4. Findings

The research focused on evaluating the impact of CSR activities on ROA and the Debt ratio. The results of statistical tests and the evaluation of hypotheses H1ROA to H10ROA relating to statements S1 to S10 (H1 refers to statement S1, etc.) are presented in Table 1.

The first part of Table 1 (Test summary) answers which statements are related to ROA. We are primarily interested in those results where this relationship is found (H is not supported). We used a statistical test to prove that the profitability of assets is different when the owners of family businesses have differing opinions on the influence of their business on the work-life balance of the
## Table 1. Results of Kruskal-Wallis test and post-analyses and median values—ROA

<table>
<thead>
<tr>
<th>H</th>
<th>Test statistic</th>
<th>Asymp. Sig.</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>9.812</td>
<td>0.007***</td>
<td>Not supported</td>
</tr>
<tr>
<td>H2</td>
<td>6.584</td>
<td>0.037**</td>
<td>Not supported</td>
</tr>
<tr>
<td>H3</td>
<td>6.809</td>
<td>0.033**</td>
<td>Not supported</td>
</tr>
<tr>
<td>H4</td>
<td>4.039</td>
<td>0.133</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>3.873</td>
<td>0.144</td>
<td>Supported</td>
</tr>
<tr>
<td>H6</td>
<td>6.327</td>
<td>0.042**</td>
<td>Not supported</td>
</tr>
<tr>
<td>H7</td>
<td>4.834</td>
<td>0.089*</td>
<td>Not supported</td>
</tr>
<tr>
<td>H8</td>
<td>1.356</td>
<td>0.508</td>
<td>Supported</td>
</tr>
<tr>
<td>H9</td>
<td>0.315</td>
<td>0.854</td>
<td>Supported</td>
</tr>
<tr>
<td>H10</td>
<td>2.583</td>
<td>0.275</td>
<td>Supported</td>
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</tbody>
</table>

### Pairwise comparisons

<table>
<thead>
<tr>
<th>H</th>
<th>Answer options</th>
<th>Test statistics</th>
<th>Std. error</th>
<th>Std. test statistic</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>no-neutral</td>
<td>−44.118</td>
<td>25.493</td>
<td>−1.731</td>
<td>0.084*</td>
</tr>
<tr>
<td></td>
<td>no-yes</td>
<td>−53.753</td>
<td>17.161</td>
<td>−3.132</td>
<td>0.002**</td>
</tr>
<tr>
<td></td>
<td>yes-neutral</td>
<td>−9.635</td>
<td>21.471</td>
<td>−0.449</td>
<td>0.654</td>
</tr>
<tr>
<td>H2</td>
<td>no-neutral</td>
<td>29.726</td>
<td>13.579</td>
<td>2.189</td>
<td>0.029**</td>
</tr>
<tr>
<td></td>
<td>no-yes</td>
<td>46.949</td>
<td>22.053</td>
<td>2.053</td>
<td>0.040**</td>
</tr>
<tr>
<td></td>
<td>yes-neutral</td>
<td>−17.222</td>
<td>21.858</td>
<td>−0.788</td>
<td>0.431</td>
</tr>
<tr>
<td>H3</td>
<td>no-neutral</td>
<td>−52.091</td>
<td>33.446</td>
<td>−1.557</td>
<td>0.119</td>
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<td></td>
<td>no-yes</td>
<td>−71.200</td>
<td>28.498</td>
<td>−2.498</td>
<td>0.012**</td>
</tr>
<tr>
<td></td>
<td>yes-neutral</td>
<td>−19.108</td>
<td>20.000</td>
<td>−0.955</td>
<td>0.339</td>
</tr>
<tr>
<td>H6</td>
<td>no-neutral</td>
<td>−16.693</td>
<td>26.324</td>
<td>−0.634</td>
<td>0.526</td>
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<td>no-yes</td>
<td>−46.098</td>
<td>22.362</td>
<td>−2.061</td>
<td>0.039**</td>
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<td>−29.406</td>
<td>17.232</td>
<td>−1.706</td>
<td>0.088*</td>
</tr>
<tr>
<td>H7</td>
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<td>32.344</td>
<td>−0.009</td>
<td>0.993</td>
</tr>
<tr>
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<td>no-yes</td>
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<td>27.973</td>
<td>−1.290</td>
<td>0.197</td>
</tr>
<tr>
<td></td>
<td>yes-neutral</td>
<td>−35.800</td>
<td>18.949</td>
<td>−1.889</td>
<td>0.059*</td>
</tr>
</tbody>
</table>

### Group median values

<table>
<thead>
<tr>
<th>Variable</th>
<th>Answer options</th>
<th>Yes</th>
<th>Neutral</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>median</td>
<td>0.063</td>
<td>0.053</td>
<td>0.026</td>
</tr>
<tr>
<td>H2</td>
<td>median</td>
<td>0.037</td>
<td>0.070</td>
<td>0.067</td>
</tr>
<tr>
<td>H3</td>
<td>median</td>
<td>0.058</td>
<td>0.027</td>
<td>−0.013</td>
</tr>
<tr>
<td>H6</td>
<td>median</td>
<td>0.060</td>
<td>0.044</td>
<td>0.035</td>
</tr>
<tr>
<td>H7</td>
<td>median</td>
<td>0.058</td>
<td>0.045</td>
<td>0.026</td>
</tr>
</tbody>
</table>

N = 469, df = 2, *α = 0.1, **α = 0.05, ***α = 0.01

Test summary: H0 = the distributions from which the selections come are the same. Pairwise comparisons: H0 = there is no difference across groups.

Source: Authors.
family ($H1_{ROA}$: not supported, $p = 0.007$), the presence of family conflicts ($H2_{ROA}$: not supported, $p = 0.037$), the employment of loyal employees ($H3_{ROA}$: not supported, $p = 0.033$), increase in the qualifications of family members ($H6_{ROA}$: not supported, $p = 0.042$) and securing their children for the future ($H7_{ROA}$: not supported, $p = 0.089$).

These findings clearly confirm that the implementation of CSR principles has an effect on differences in the performance of family businesses. The second part of Table 1 (Pairwise comparisons) gives the answer to which answers led to differences in performance. We are most interested in the differences in ROA between yes/no answers. Businesses whose owners support a work-life balance (WLB) and employ loyal employees (LE) achieve higher performance than those whose owners do not hold this view. A family usually treats its employees as additional members of the family (Berrone et al., 2012) and they are therefore provided with benefits that they would not receive at other non-family businesses. Loyal and innovative employees contribute towards differences in the performance of family businesses. The occurrence of conflicts in the family has the opposite effect. We presume that owners who stated that the family business causes discord in the family have a “distorted” emotional attachment to the business that was also reflected in a decline in business performance.

When analysing the relationship between total indebtedness and the attitudes of the owners towards the statements formulated, a statistically significant relationship was found only between FC & TLTA ($H2_{TLTA}$: not supported, $p = 0.002$). When owners are of the opinion that family business leads to the emergence of conflicts between members of the family, then these are businesses that are more indebted. Other findings emerged from evaluation based on pairwise comparisons: If a family business enables better reconciliation of work and family life and securing children for the future, then these are businesses with less debt. Moreover, if we take the value of the median into consideration, it can be deduced that companies that employ loyal employees tend to be less indebted. As in the case of ROA, debt was not shown to be correlated with the family’s reputation in the business sphere, the community, or society.

5. Discussion

We demonstrated on a sample of Czech family owned MSMEs that the actions of the family are reflected in the economic results of the company. The answers given by our respondents showed that higher profitability and lower indebtedness of family businesses are associated with WLB support, good relations between family members (the family business does not lead to disagreements), good relations with employees (loyal employees) and securing children for the future.

An effort to gain a more profound understanding of the attitudes of family owners and their influence on business performance led us to investigate attitudes to work-life balance, the occurrence of family conflicts, and the employment of loyal employees in relation to other answers given by the respondents. The results are given in Tables 2 and 3. Some analyses were omitted in view of the small number of negative answers, particularly in the case of the variables children’s future and loyal employees.

An initial glance at the results indicates that a good balance between work and leisure time in the family is reflected not only in family relationships, but also in the reputation of the family in society.
Table 2. Work-life balance, family conflicts and loyal employees: The strength of statistically significant relationships

<table>
<thead>
<tr>
<th></th>
<th>Chi-square</th>
<th>df</th>
<th>Asymp. Sig.</th>
<th>Cramer’s V</th>
<th>F. exact test</th>
<th>Exact Sig.</th>
</tr>
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<tr>
<td><strong>WLB</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family conflicts</td>
<td>9.836</td>
<td>4</td>
<td>0.043**</td>
<td>0.152</td>
<td>8.577</td>
<td>0.064*</td>
</tr>
<tr>
<td>Family cohesion</td>
<td>11.602</td>
<td>4</td>
<td>0.021**</td>
<td>0.165</td>
<td>11.306</td>
<td>0.020**</td>
</tr>
<tr>
<td>Reputuation in business sector</td>
<td>14.610</td>
<td>4</td>
<td>0.006***</td>
<td>0.186</td>
<td>13.207</td>
<td>0.007***</td>
</tr>
<tr>
<td><strong>FC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of family members</td>
<td>6.139</td>
<td>2</td>
<td>0.046**</td>
<td>0.170</td>
<td>6.107</td>
<td>0.050**</td>
</tr>
<tr>
<td>Family cohesion</td>
<td>44.814</td>
<td>4</td>
<td>&lt;0.001***</td>
<td>0.325</td>
<td>43.454</td>
<td>&lt;0.001***</td>
</tr>
<tr>
<td>Reputuation in business sector</td>
<td>10.639</td>
<td>4</td>
<td>0.031**</td>
<td>0.158</td>
<td>10.882</td>
<td>0.024**</td>
</tr>
<tr>
<td>Family satisfaction</td>
<td>22.956</td>
<td>4</td>
<td>&lt;0.001***</td>
<td>0.233</td>
<td>22.410</td>
<td>&lt;0.001***</td>
</tr>
<tr>
<td><strong>LE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family conflicts</td>
<td>8.761</td>
<td>4</td>
<td>0.067*</td>
<td>0.144</td>
<td>8.773</td>
<td>0.053*</td>
</tr>
<tr>
<td>Family cohesion</td>
<td>11.600</td>
<td>4</td>
<td>0.021**</td>
<td>0.165</td>
<td>10.357</td>
<td>0.025**</td>
</tr>
<tr>
<td>Family qualifications</td>
<td>13.427</td>
<td>4</td>
<td>0.009***</td>
<td>0.178</td>
<td>12.530</td>
<td>0.008***</td>
</tr>
</tbody>
</table>

*22.2% have expected count <5, **33.3% have expected count <5, ***44.4% have expected count <5
*α = 0.1, **α = 0.05, ***α = 0.01
Source: Authors.

Table 3. WLB and FC—Relationship to other variables: Nature of relationship

<table>
<thead>
<tr>
<th></th>
<th>F. conflicts</th>
<th>F. cohesion</th>
<th>Reputation in business sector</th>
<th>S. reputation</th>
<th>Child future</th>
<th>F. qualification</th>
<th>F. satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WLB</strong></td>
<td>- o + - o +</td>
<td>- o + - o +</td>
<td>- o + - o + - o + - o +</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No (-)</td>
<td>0.6 -1.7 0.5</td>
<td>0.2 0.7 -0.7</td>
<td>2.0 -0.4 -0.7</td>
<td>4.5 -2.0 -1.6</td>
<td>5.0 -0.3 -2.7</td>
<td>3.7 1.2 -3.6</td>
<td>5.3 0.0 -3.6</td>
</tr>
<tr>
<td>Neutral (o)</td>
<td>-1.6 2.8 -0.2</td>
<td>0.5 2.9 -2.9</td>
<td>-1.6 3.2 -2.2</td>
<td>0.4 1.4 -1.6</td>
<td>-1.3 3.0 -1.8</td>
<td>-1.2 4.6 -3.0</td>
<td>-0.9 4.5 -3.4</td>
</tr>
<tr>
<td>Yes (+)</td>
<td>0.7 -0.6 -0.3</td>
<td>-0.5 -2.6</td>
<td>2.7 -0.5 -1.9</td>
<td>2.2 -4.0 0.6</td>
<td>2.5 -3.2 -1.9</td>
<td>3.5 -2.2 -4.3</td>
<td>5.1 -3.3 -3.9</td>
</tr>
<tr>
<td><strong>FC</strong></td>
<td>&gt;2 ≤2 &gt;2 ≤2</td>
<td>&gt;2 ≤2 &gt;2 ≤2</td>
<td>&gt;2 ≤2 &gt;2 ≤2</td>
<td>&gt;2 ≤2 &gt;2 ≤2</td>
<td>&gt;2 ≤2 &gt;2 ≤2</td>
<td>&gt;2 ≤2 &gt;2 ≤2</td>
<td>&gt;2 ≤2 &gt;2 ≤2</td>
</tr>
<tr>
<td>No (-)</td>
<td>-1.7 1.7 -4.4</td>
<td>-2.7 5.5</td>
<td>-0.5 -2.3</td>
<td>2.6 -2.8</td>
<td>-1.3 1.4</td>
<td>-0.3 0.7</td>
<td>2.3 -2.4</td>
</tr>
<tr>
<td>Neutral (o)</td>
<td>-1.1 1.1 -1.8</td>
<td>1.7 0.0</td>
<td>0.6 2.6</td>
<td>-2.8</td>
<td>-1.3 1.4</td>
<td>-0.3 0.7</td>
<td>2.3 -2.4</td>
</tr>
<tr>
<td>Yes (+)</td>
<td>2.4 -2.4 5.5</td>
<td>1.7 -5.7</td>
<td>0.1 0.7</td>
<td>-0.8</td>
<td>3.0 2.4</td>
<td>-4.2 -0.6</td>
<td>0.9 -0.4</td>
</tr>
</tbody>
</table>

abs. value ≥3.29, then p < 0.001; abs. v. ≥2.58, then p = 0.001 to 0.01; abs. v. ≥1.96, then p < 0.05
Source: Authors.

As work and family roles compete for time, there may be challenges in finding a balance between the two roles. This implies the interdependence of all work and family roles (Rocereto et al., 2011). Pollák et al. (2021) believes that due to the specific nature of family businesses, the approach to building reputation is also different. One of the key elements of family businesses is that they are seen as part of a society with an accessible image, and contributing to the local economy (Motoc, 2019). According to our research, the strongest relationships, however, are those between the variables that explain the functioning of the family. This means WLB in relation to the following variables: family satisfaction (Cramer’s V = 0.310), family qualifications (Cramer’s V = 0.310) and securing children for the future (Cramer’s V = 0.284). Cramer’s V values indicate a moderate (rather
weak) relationship between the responses. At the same time, the fact that the relationship between WLB and the variables *family qualifications* and *securing children* is burdened by lower frequencies of negative answers to both these statements must also be taken into consideration. WLB has thus become a critical indicator of individual, family and child well-being (Cullinane et al., 2014; Fung et al., 2021). A culture that supports the demands of the family should be created (Wayne and Casper, 2016). Table 2 also shows the values of Fisher’s exact test, which is a suitable alternative in case of lower frequencies of negative answers; the result confirms a statistically significant relationship between these variables. In the next stage, we then determined the respondents’ answers in which mutual relations between the variables occur (see Table 3). Results are also presented for less frequently represented variables, as we consider it beneficial to point out the possible differences that arise from these relationships.

If the family business provides an opportunity for better reconciling gainful activity and care for the family than a traditional employment relationship (WLB), then the family business leads to (Table 3):

- greater satisfaction at work and in the family (*family satisfaction*);
- strengthening the family (*family cohesion*), as confirmed by previous studies. According to Calabrò et al. (2017), the entrepreneurial family identity strengthens the family and the business through support, cohesion and unity. Tajpour et al. (2022) also note the influence of social capital on family business development.
- the greater reputation of the family in the business sphere (*reputation in the business sphere*). This finding is supported by previous research. For example, Isa and Indrayati (2023) found that work-life balance had a positive and significant effect on employee performance and work-family conflict showed a negative and significant effect on employee performance.
- high social reputation (*social reputation*). Similarly, Chaudhary et al. (2021) found that trust and reputation are crucial for building relationships with stakeholders and achieving economic and non-economic goals.
- an increase in the qualifications of members of the family (*family qualifications*). According Randerson and Radu-Lefebvre (2021) education, qualification management mechanisms can shape the individual roles of family members and can have an impact on the family, business and ownership system.
- securing children for the future (*children’s future*). Similarly, Cannella et al. (2015) found that achieving the goals of family businesses involves family owners taking care of the new generation.

If the family business does not lead to conflict within the family (FC), then it leads to (Table 3):

- greater satisfaction at work and in the family (*family satisfaction*);
- strengthening the family (*family cohesion*);
- employee satisfaction (*loyal employees, LE*);
- the greater reputation of the family in the business sphere (*reputation in the business sphere*).
It can be confirmed from the answers of the respondents and the relationships between the variables that the WLB of the family is associated both with higher satisfaction, better family cohesion and security for children in the future, as well as with the good reputation of the family (company) in the business sphere and in society in general. These conclusions are supported by previous research. For example, in a study of the next generation in FBs, Toska et al. (2022) found that when successors had been oriented from childhood to develop an entrepreneurial mindset after entering the family firm, they generated innovation, and significant innovation supports firm performance.

60% of the owners agreed with the statement that an FB leads to a stronger family. These were often owners who have already discussed the question of succession in the company and are preparing their successors to take over the company. Only 17% of respondents gave the opposite answer, i.e., they disagreed with the influence of an FB on family consolidation (the remainder gave the response Do not know). The majority of owners of family businesses also agree that an FB leads to better satisfaction at work and in the family (63%), enables better development and growth of the qualifications of family members (72%), and also secures children for the future (81%). Our findings are consistent with Botero et al. (2021) that the influence of families and their members’ relationships on strengthening the family business is substantial. The family business is strong based on the heterogeneity of family members.

The research also demonstrated that it is not unusual in a family business for employees to have the opportunity to take their children to work. It is common for the owner’s children to be present in the business from childhood. Almost a third of family businesses also organise events for families with children. On the one hand, such behaviour allows the family to better harmonise its personal and working life, while on the other it leads to personal and working lives being closely interconnected, and this may lead to conflicts arising within the family that are then transferred to the business and are reflected in its performance. The link between family and entrepreneurial dynamics in family firms is mainly in the issues of succession and the emphasis on firm preservation and the entry of children into the family firm (Humphrey et al., 2021; Suddaby and Jaskiewicz, 2020).

The analysis of the incidence of conflict shows that the family business does not contribute to family satisfaction and cohesion if there are disagreements between family members working in the family business. Similarly, Yezza et al. (2021) stated that professional and family conflicts, disagreements and misunderstandings can lead to excessive tensions between the parties involved. The relationship between the reputation of the family business and disagreements within the family has not been established. It is interesting to note that, according to family business owners, disagreements within the family are not reflected in the perception of the business by the outside world. This may be because respondents believe that these disagreements are not visible to outsiders.

Half of the respondents (53%) said that a family business is not associated with more frequent disagreements within the family. The fact that an FB leads to disagreements was stated by 1/3 of respondents, with the rest having no clear opinion. Family conflict is more likely to occur when three or more family members are involved in the business, i.e., when the business is no longer run by a single founder or spouse, but by other family members. The emergence of conflicts within the
family has a negative impact on family cohesion and therefore on satisfaction in both personal and professional life. This is linked to the fact that the number of respondents who believe that a family business leads to disagreements within the family also increases when several generations of the family are involved in running the business (42% of respondents). This rises to 78% of respondents in multi-generational businesses. A larger number of respondents tend to believe that a family business leads to more frequent disagreements within the family if the business has not been handed down in its entirety. The heterogeneity of the family members involved in the business is reflected in the functioning and relationships of each of them and in the business as a whole (Radu-Lefebvre and Randerson, 2020).

In addition to internal factors, the impact of the family business on the family’s position in society was also assessed. 54% of respondents see a link between the FB and a high level of business reputation, and 49% also associate the FB with a high level of social reputation. The second most common response to these questions was “don’t know”, with only 9% and 18% of respondents respectively disagreeing with these statements. According to Chaudhary et al. (2021), family businesses have traditionally been recognised for their credibility and reputation. Trust and reputation are critical to developing stakeholder relationships and achieving economic and non-economic goals.

6. Conclusion

Family businesses are very close to CSR due to the link between ownership and management (e.g., Diaz-Moriana et al., 2019). In order to sustain a family business in the long term, one of the main goals of its owners (the owning family) is to implement policies that contribute to this. The link between ownership and management allows family businesses to focus not only on financial goals but also on social goals, i.e., to implement CSR principles informally and seamlessly.

The satisfaction of its employees, who are both family members and non-family employees, is important to the long-term sustainability of a family business and, therefore, to the creation of value for society as well. This generally accepted characteristic of family businesses was also confirmed by our research: the satisfaction of employees, including family members, has an impact on their performance. The work-life balance of members of the family is associated with higher satisfaction, better family cohesion and securing children for the future, as well as with the good reputation of the family (company) in the business sphere and in society in general. These businesses achieve greater profitability and are less indebted. The results are therefore consistent with the assumption that the alignment of stakeholders’ interests and goals is reflected in the growth of the financial performance of companies.

Family business can also lead to disagreements within the family, which can spill over into the business. From the analysis of the responses of family business owners, it appears that the occurrence of disagreements within the family indicates that the family is not cohesive and satisfied. Conflicts are more likely to occur in a family if there are more than two members of the family involved in the business and if the succession of the business has not been completed. The percentage of respondents who agree that family business leads to more frequent disagreements in the family increases in the case of incomplete handover of the business. However, this is not the case when the ownership of the business is transferred first. Family problems are transferred to the
business to the extent that they negatively affect its profitability (measured by ROA).

The presented conclusions are derived from research conducted in the form of a questionnaire survey among owners of Czech family MSMEs, i.e., among businesses that do not normally compile CSR reports. We have, for this reason, focused on just part of the CSR concept on the assumption that an emphasis is placed on social responsibility by family businesses in order to maintain their long-term sustainability. This leads their owners to implement typical features of CSR such as engagement in community projects and maintaining traditions. We also began from the assumption (which was confirmed) that a functioning family has positive effects on the financial performance of a company. Our results thereby confirm that if the family is satisfied, this affects the company’s reputation and the family’s motivation to build a successful business.

We have shown that business performance, as measured by return on assets, varies according to the attitude of the owner towards the implementation of CSR principles in the business. Companies whose owners support work-life balance and employ loyal employees perform better than those whose owners do not. On the other hand, the presence of family conflicts has the opposite effect on business performance.

We are aware of the fact that the findings presented cannot be considered generally valid, given the number of companies included in the analysis and the short period of existence of family businesses in the Czech Republic. This fact is supported by the fact that a large proportion of the owners of FBs who participated in the survey are satisfied with their business. This leads to a high frequency of positive answers to the survey questions. Our future aim is to increase the number of respondents in order to test the validity of the findings over a longer time horizon. However, it is very difficult to get family business owners to cooperate, both because of the time involved and because of the private information and attitudes they provide. Another problem is that family businesses do not have publicly available accounting data, which limits the size of the research sample. Indeed, respondents are reluctant to provide this information, even for research purposes.

Our research took the form of a questionnaire survey and does not assess all the activities that fall under CSR. We focused only on researching the impact of family relations, WLB and employee loyalty on business performance. However, the impact of employee loyalty could not be assessed due to the low variability of responses. This again supports our idea to repeat the research in the future with a larger and more diverse sample.

We believe that our research can help to understand the behaviour of FBs in countries where the market economy has lasted for a similarly short period of time as in the Czech Republic and thus support their development. With the new findings, it can inspire further research into the factors that influence family business performance in other countries.

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Conflict of interest

The authors declare no conflict of interest.

References


