

# **Organizational Authenticity in Family Firms: The Alignment of Exposed Values and Realized Practices**

## **ABSTRACT**

Looking at the future while constantly protecting the own roots and traditions is critical for family firms. Within this strong tension between preservation and adaptation, I identified the concept of organizational authenticity and its evolution over time as extraordinarily important for family firms. The main purpose of this study is to reconceptualize organizational authenticity and theorize the process through which it unfolds in the family business setting, unpacking how organizational authenticity is generated, preserved and transferred across generations. I use an inductive, case-study analysis within a specific field, the wine industry, with a sample composed by six long established family firms located in Valpolicella, a viticultural zone in the province of Verona. Through my research, I expect to develop a process model, aimed to unpack the different patterns of authenticity generation, maintenance and transfer.

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*“Be yourself, everyone else is taken.” Oscar Wilde*

The provocative aphorism from Oscar Wilde intentionally states the importance for human beings of being ‘true to themselves’, a mantra which directly refers to the concept of authenticity. Since the late twentieth century, intellectuals, philosophers (Heidegger, 1962; Satre, 1943) and social critics (Trilling, 1972) have been debating on the desire to be authentic as the defining characteristic of the human experience and authentic living as the most fulfilling and satisfying life possible (Cable, Gino & Staats, 2013). In management literature, researchers conceptualized organizational authenticity focusing on the alignment of the internal meanings and external expressions, defining it as the “consistency between a firm’s exposed values and its realized practices” (Cording et al., 2014:39). Despite this recent advancement, management research has still to embrace the processual perspective of the concept as well as to explore its role as a strategic lever that firms can act upon. To contribute in filling this research gap, I pose the following research question: *How does organizational authenticity evolve over family firms’ generations?*

A qualitative research design results particularly appropriate for the research purpose given the scarcity of extant theory, thus I adopt inductive inquiry building on six long established family firms within the Valpolicella wine district, a vinicultural zone in the northeast of Italy. The study provides additional knowledge both to family business and authenticity literatures, linking them through the reconceptualization of organizational authenticity and the theorization of the process through which it extends to the family business field, exploring how organizational authenticity is generated, preserved and transferred across generation.

## **THEORETICAL BACKGROUND**

### **Organizational authenticity**

As companies are responding to the increasing pressure of appearing transparent and authentic (Harrison & Corley, 2011), the concept of organizational authenticity starts gaining importance within the business literature. In the past decades, most of the studies on organizational authenticity have been concentrated on the external perception and attribution of authenticity, ranging from corporate social responsibility programs (Beckman, Colwell & Cunningham, 2009; Mazutis & Slawinski, 2015; Skilton & Purdy, 2017), production processes (Carroll & Swaminathan, 2000; Voronov, De Clercq & Hinings, 2013), ownership structure (Frake, 2015; Lehman, Kovács & Carroll, 2014), advertising campaigns (Morean, 2005) and product names (Verhaal, Khessina & Dobrev, 2015). When the audience perspective is taken into account, organizations are referred to as “moral” (Frake, 2015) and “sincere” (Cuypers & Haji, 2007). Differently, focusing on organizational internal perspective led researchers to define organizational authenticity as alignment of internal meanings and external expressions. For example, Cording et al. (2014) argued that a lack of organizational authenticity, as a misalignment between what the firm is doing and what is telling its stakeholders, influences employees productivity and long-term merger performance. Despite these recent advancements, a considerable lack of knowledge still exists regarding the conceptualization of organizational authenticity as consistency between values and practices. As a matter of fact, the types of strategies adopted by organizations in managing internal and external perspectives have still not been unfolded, leaving rooms for the explorations of how companies manage this relationship. Furthermore, the processual nature of the concept is almost completely neglected by previous literature, opening opportunities for investigating the evolution of organizational authenticity over the time. As a result, much of the potential power of the concept has yet to be tapped (Liedtka, 2008).

### **Organizational Authenticity: An Ideal Construct to Be Investigated in Family Firms**

Organizational authenticity appears to be particularly relevant to family firms, whose extraordinary longevity and long-term orientation (Miller & Le Breton-Miller, 2005) can

result in a special capability to create links between their past, present, and future (e.g., De Massis et al., 2016; Zellweger, Nason, & Nordqvist, 2012). Unfortunately, research in family business field has leaved the concept of organizational authenticity completely underexplored, underlining a lack of studies about how and why organizational authenticity is generated, maintained and transfer in family business. In order to fill this gap, this study starts by re-defining organizational authenticity in the context of family business as *the firm unbroken consistency between exposed values and realized practices*. The introduction of the words ‘unbroken’ within the definition wants to highlight the temporal dimension of the concept and the strong link with the family ties, both extremely relevant meanings for family businesses. Given the outstanding importance of values for family firms, the second part of the definition includes the idea that a firm is authentic when it takes actions based on the values it espouses (Paine, 1994). For family firms, where family history pervades business practices, producing and reinforcing shared values, norms, and beliefs over time and creating a close link between the present and the past (Zellweger et al., 2012), being able to translate values into practices result to be of extraordinary importance. Therefore, the objective of this study is to highlight the specific role of organizational authenticity as a potential opportunity for family businesses to solve the tension between preservation and adaptation (De Massis et al., 2016), as well as the dynamic behind the concept of organizational authenticity, where a continuous re-alignment between values and practices is needed.

## **METHODOLOGY**

Coherently with the exploratory nature of this study and given the focus on “how” question (Yin, 1994), a qualitative research design result to be particularly appropriate for the research purpose of exploring the relationship between the process of creating, maintaining and transferring organizational authenticity. The research question is investigated in the specific research setting of the Valpolicella red wine district, a vinicultural region located in North East Italy, which provides a particularly suitable setting for the strong family involvement

and authenticity of its firms. First, this region consists of firms with high level of family involvement and strong family culture (Miller & Le Breton Miller, 2005). Second, all the firms in the selected district are characterized by a strong attachment to the territory and an enduring commitment to quality that are considered as signals of authenticity (Beverland, Lindgreen & Vink, 2008) and deeply concerned in keeping consistency between exposed values and realized practices (Cording et al., 2014) over time as a way to create links between their past, present, and future (e.g., De Massis et al., 2016; Zellweger et al., 2012). Given the topic of this study, a purposeful case selection has been conducted with the goal of choosing the specific study units that will yield the most relevant and plentiful data. In order to identify the cases, a first round of interviews has been conducted with field experts, who naturally raised the criteria for selecting the cases throughout the conversations. As a result, six family firms emerged as suitable for the purpose of this study. Data collection, which is still ongoing, began in October 2018. As a first step, I conducted 20 preliminary interviews with field experts. Additionally, I have been collecting data from multiple generations of family members in the businesses and I plan to obtain more than 50 interviews with family owners and managers in order to grasp the nuances of authenticity in each of the 6 selected cases. Moreover, I have been gathering participants observations during specific relevant events and multiple occasions, including visual and audio cues. Finally, I am collecting substantial secondary data in order to add reliability and develop a historical perspective. Following recommendations for inductive research, I have started analyzing the data by first delving into each individual case and then comparing across cases to construct a conceptual framework (Eisenhardt, 1989a).

## **SUMMARY OF RESULTS**

As the preliminary findings show, all the six firms investigated went through the necessity to undertake strategic decisions requiring an evolution of the organizational values and practices. However, data suggest that, despite sharing common features, cases differ in their

link between values and practices. Some firms rigidly protect old values while adjusting them to internal and external practices, others reevaluate old values in light of changes in practices or keep adding new values together with new internal and external practices. Therefore, generational members personally experienced the process of “organizational authenticity regeneration” during which, using meanings as traditions, attachment to the territory, iconic identity and brand recognition, they strategically linked old and new values to internal and external practices, creating different patterns of consistency to allow the new generation of organizational authenticity.

### **THEORETICAL CONTRIBUTIONS AND IMPLICATION FOR PRACTICE**

Through this research, I expect to extend and enrich the authenticity literature by revealing different types of organizational authenticity, identifying specific patterns through which organizations can be authentic and the unveil multilevel complexity characterizing the phenomenon. Overall, bridging the authenticity and family business literature, this study casts new light on organizational authenticity as a strategic lever that family firms can act upon to achieve consistency between their value system and realized practices – which is at the core of the strategic management of the family enterprises (De Massis et al., 2012)

The findings of my exploratory study intend also to carry relevant implications for practitioners, offering insights to family firm actors about how to manage the tension between preservation of the past and adaptation to the future, enabling both old generations to protect their own roots and traditions as well as new generation leaders to consistently introduce new organizational values. Furthermore, this study will help consultants understand the great importance of family firm authenticity and to acknowledge it when suggesting directions for organizational change. My findings will hopefully support policy makers in the development of policy initiatives aimed to create and maintain organizational authenticity in the most ubiquitous form of business organization worldwide and stimulate them to consider it as a strategic leverage for societal development and heritage protection.

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