Sustainability, longevity and transgenerational value in family firms. The case of Amarelli[1]

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Abstract

Purpose of the paper: *In family business research, sustainability has never received as much attention as large corporations despite the relevance of their global economic impact. Thus, the paper's aim is to investigate this issue by taking two key structures into consideration: longevity and trans-generational value.*

Methodology: *Drawing on systems theory, we developed an exploratory conceptual framework (Trans-generational Sustainability Model - TSM) for family firms. We argue that the three pillars for the creation of trans-generational value, representing a long-standing value for family businesses, are growth, family success and local embeddedness quality. An exploratory case study on a long-lived Italian family firm (Amarelli) belonging to the Henokiens association, has been conducted to investigate some of the hypotheses that have been developed in relation to this preliminary model.*

Findings: *In the case of Amarelli sustainability seems to be the result of the combination of a unique strategic orientation and distinctive competences. The presence of family members in management positions is a major concern for the "enlarged" family and high quality of local embeddedness which are likely to support the creation of trans-generational value.*

Practical implications: *The balance between the three components of family firms' sustainability may provide directions for entrepreneurs in their family firms management, particularly during the succession phase or other disruptive changes involving their businesses.*

Originality of paper: *This article provides a review of significant trends in the strategic management approach by studying family firms' sustainability. Its original contribution is twofold: firstly by its accumulating evidence that the creation of "enlarged" trans-generational value may determine family businesses' longevity and sustainability, and secondly, system theory seems as the leading theoretical perspective.*

Key words: family firms; sustainability; longevity; transgenerational value; local embeddedness

1. Introduction

In recent years, research debates in management have highlighted a demand for "sustainability" and "the need for corporations to pursue sustainability practices" (Linnenluecke and Griffiths, 2010). In the same years, increasing attention has also been given to studies on family businesses

[1] Although the work is the product of a common reflection, paragraphs 1, 2.1, 2.3, 4.1, and 4.3 are attributed to Salvatore De Falco and paragraphs 2, 2.2, 3, 4, 4.2, 4.4, and 5 are attributed to Agostino Vollero.

(Chrisman *et al.*, 2010) due to the general acknowledgement of their global economic impact (Sharma and Sharma, 2011). Nevertheless, the topic of sustainability has still not been fully addressed in family businesses research (Yu *et al.*, 2012).

To narrow this gap to some extent, in this paper sustainability has been conceptualized with reference to family firms and defined as trans-generational value creation, which we consider the most appropriate way to examine and represent it.

The paper is structured as follows. First, we present the main theoretical constructs of sustainability, longevity, transgenerational value and local embeddedness and discuss their foundations in the context of family businesses, drawing on systems theory. Second, we develop an exploratory model (Sustainable Transgenerational Model - STM) to analyse and understand the creation of sustainable value for family firms. In particular, we contend that the sustainability of family businesses is a function of three systems (family, businesses owned by the family and local community) and could be analysed as the intersection of the performance obtained in these three systems. The STM model thus contributes to better explain the particular circumstances in which long-standing family businesses operate.

Third, we present a case study of a long-standing Italian family firm (Amarelli) to explore some of the hypotheses that have been developed in relation to this preliminary model. We conclude by discussing limitations, directions for future research and managerial implications toward this specific area of study.

2. Theoretical background and hypotheses

The starting point of the conceptualization of sustainability for family businesses[2] must take into account the fact that families and the business are inextricably intertwined (leading to "family embeddedness") (Aldrich and Cliff, 2003). The ongoing interactions between individual family members and the business entity generate the systemic conditions influencing the performances of family businesses. The systems approach (von Bertalanffy, 1968; Golinelli, 2010), analyses organizations as symbiotic interacting systems capable of taking into account both ongoing firm-family adaptation and dealing with external demands (Lomi *et al.*, 1997).

Indeed, the strong emphasis on daily processes and the entrepreneur's lack of awareness in planning management transfer to successive generations might negatively influence the sustainability of a firm (Duh, 2012). Accordingly, sustainability is of the utmost significance for determining the adequate continuity and survival of both family and business systems.

[2] It is to be noted that the concept of sustainability that is used in this paper is far from the one adopted by the Brundtland Commission (in connection with sustainable development) and refers instead to family business, in other words the ability of a family firm to survive trans-generational changes in time.

More generally, the "dual system" (family vs. business) inevitably leads to a discrepancy in perceptions of business goals because of the confluence of different stakeholders playing different roles in the ownership and management of business as well as in family life (Tagiuri and Davis, 1992). For this reason, most objectives of family firms are noneconomic in nature, like in the case of socioemotional wealth (Gomez-Mejia *et al.*, 2007), longevity and survival through generations (Zellweger and Astrachan, 2008; Yu *et al.*, 2012).

Some recent studies sustain that the overlapping between the family and the business is not just a limit to their performances (Chrisman *et al.*, 2005; Villalonga and Amit, 2006) but can also have positive long-term effects (Miller and Le Breton-Miller, 2005; Corbetta and Salvato, 2012; Napolitano *et al.*, 2013). A family is meant to last over time, and it is likely to share these long-term objectives with the business, especially if family members are present in management positions (Antheaume *et al.*, 2013). In this perspective, "new" value is therefore constantly created while primarily keeping in mind future family generations, not only with the objective to preserve current wealth.

It may therefore be expected that:

Hypothesis 1 - In long-standing family firms, it is likely that the presence of family members in management positions is favoured by the willingness to create "new" value for future family generations.

2.1 Sustainability and longevity in family businesses

Sustainability has often been associated with the longevity of family firms, although there are only a few specific studies that combine the two (Antheaume *et al.*, 2013). Firms' longevity has been analysed under different perspectives, mainly to conceptually identify the key factors and common organizational features of long-standing firms. A strong identity, a tolerant management style and moderate aversion to risk-taking (conservative financing policy) have been identified as the most important characteristics explaining longevity (De Geus, 1999; Collins and Porras, 2004)[3]. The limit of such an approach seems to be almost exclusive focus on internal features. A more encompassing perspective is necessary to consider both the process within an organization and the forces that are present in its environment (Kwee *et al.*, 2008).

Investigating sustainability and corporate longevity together seems to entail a framework where different systems (both internal and external) are included. Recent studies, in fact, seem to suggest that longevity and sustainability should be addressed not only with reference to a single family business entity, but by keeping in mind all of the business activities that are linked to an enterprising family (Zellweger *et al.*, 2012), as family businesses - even smaller ones - are often involved in a range of business initiatives (Jennings *et al.*, 2011).

[3] In general, the topic of longevity remains under-researched, especially in the field of family businesses (Miller and Le Breton-Miller, 2005; Corbetta and Salvato, 2012) where empirical studies are scarse and partly conflicting in their results.

Moreover, a focus on both businesses and families seems appropriate because research on family firm survival has often neglected the overall portfolio of activities of business families (Zellweger *et al.*, 2012), thus failing to determine other appropriate forms of succession (Bennedsen *et al.*, 2006) and creation of transgenerational value.

2.2 The creation of transgenerational value

The focus on the potential creation of "transgenerational value", indeed, seems to be one the most important theoretical features that discriminate family from non-family firms (Chua *et al.*, 1999). Following Zellweger *et al.* (2012), the creation of transgenerational value in family firms should be considered as the combination of two main factors (see Figure 1):

- the set of available resources and distinctive capabilities resulting from systems' interactions (also referred to as the "familiness" of the firm - Habbershon and Williams, 1999; Habbershon *et al.*, 2003; Sirmon and Hitt, 2003; Zellweger *et al.*, 2012);
- the entrepreneurial (and family entrepreneurial) orientation, e.g. the processes, decision making styles, actions and practices that characterize the strategic orientation of the family system (Miller, 1983; Covin and Slevin, 1989; Lumpkin and Dess, 1996)[4].

These two elements, individually considered, "are necessary but not sufficient conditions for the long-term success of the family system. Without resources, entrepreneurial orientation lacks the means to be realized" (Habbershon *et al.*, 2010, p. 21). Vice versa, the lack of proper orientation makes resources and capabilities useless and unexploited. In other words, new streams of long-lasting economic and non-economic performance (entrepreneurial, financial and social performance) are attainable only through the integration of specific entrepreneurial mind-sets with family-driven capabilities (Zellweger *et al.*, 2012).

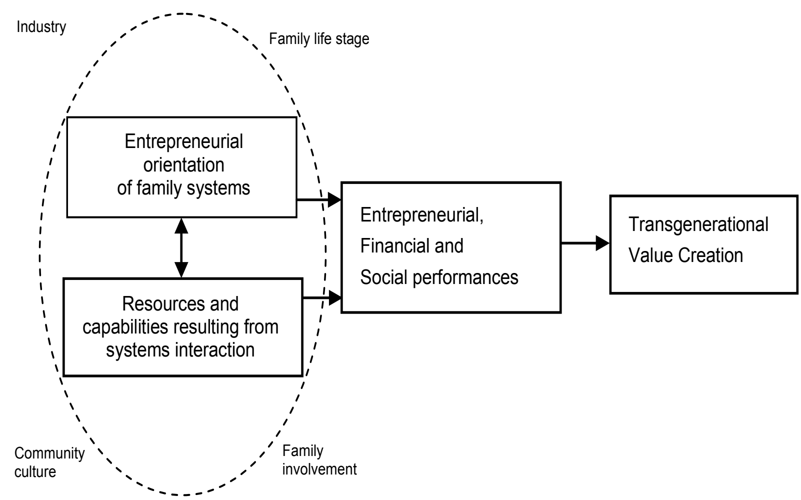
A stable commitment to follow a strategic orientation, ensured with an effective governance and management system, could help family firms endure for generations (Lumpkin *et al.*, 2010; Yu *et al.*, 2012). The focus on transgenerational value creation assumes a longitudinal perspective that suited sustainability issues that are basically long-term oriented.

We therefore sustain that:

Hypothesis 2 - Sustainability in long-standing family firms derives from the combination of a unique strategic posture and depends on available resources and distinctive capabilities resulting from the systems' interactions.

[4] Entrepreneurial orientation (EO) is a widely used construct in academic research that investigates the "strategic posture" of firms. The key dimensions of EO are innovativeness, pro-activeness and risk-taking (Miller, 1983; Covin and Slevin, 1989; Lumpkins and Dess, 1996). Family entrepreneurial orientation (FEO), instead, refers to the entrepreneurial mind-set of the family (Zellweger *et al.*, 2012).

Fig. 1: Creation of trans-generational value in the family system



Source: adapted from Zellweger *et al.* (2012).

2.3 Local embeddedness

The process of creation of transgenerational value (Habbershon *et al.*, 2010) presents different benefits, such as focus on the exploration of entrepreneurship by considering a dual system in which the family is a distinct stakeholder group that influences the logic which handles the decision making process at both systems levels (family and business) (Zellweger *et al.*, 2012). Despite these benefits, such a perspective seems to be restrictive to some extent, giving more importance to the structural aspects of organizations, families, and relegating environmental forces (or supra-systems) in a minor role on determining family firms' long-term success (Ginsberg and Abrahamson, 1991). The necessary dynamic search for harmony of family businesses both in their internal and external relationships (Baccarani and Giaretta, 2010) leads us to consider the creation of transgenerational value as a process that goes beyond the family and business activities that are controlled by it and is linked to the "anchorage role" in the territory on behalf of the organization (Esposito De Falco, 2012; Antheaume *et al.*, 2013).

This means that a third component, in addition to the two mentioned systems, seems decisive for sustainability in family firms: the local community in which the firm operates (Craig and Dibrell, 2006; Berrone *et al.*, 2010; Colli, 2012). In the same way, Allouche and Amann (2002) maintained that both internal and external stakeholders should be considered, by extension, "as members of the family", with a focus on stable and durable relationships. This "new" conceptualization of transgenerational value creation could therefore be considered as the ability of a family to preserve not only the cohesion of its members but rather *lato sensu* of its local community (Astrachan, 1988) here considered as an "enlarged family" (Colli, 2012).

It may therefore be expected that:

Hypothesis 3 - In long-standing family firms, the creation of transgenerational value is likely to relate to "enlarged" families (i.e. involving the non-family employees and local stakeholders with which the firm operates).

This argument is in line with several empirical results that show higher levels of corporate social responsibility and community citizenship in family businesses comparison with non-family businesses (Craig and Dibrell, 2006; Berrone *et al.*, 2010; 2012). It is also likely that the reciprocal bonds between family and community members drive firms to pursue the welfare of those who surround them without considering only transactional economic gains (Brickson, 2007). The embeddedness of family firms in their communities, e.g. the development and maintenance strong social bonds with local stakeholders, is also reinforced by the high value that is usually attributed to the sponsorship of associations, charities, special events and local sports teams in the territory (Berrone *et al.*, 2010; 2012). Thus, local embeddedness looks like a reasonable justification for strategic decisions, which may appear "paradoxical" from an economic point of view but is actually effective from a socio-economic perspective (Antheaume *et al.*, 2013).

In this perspective, family businesses may present a deep embeddedness with the local community in which they arose and grow. The family business draws its strength from the territory in which it operates and creates value (which is either tangible, in terms of employment, infrastructure, or intangible in the case of community services, consolidation and preservation of identity, etc.). Accordingly, family firms tend to develop isomorphic attitudes and behaviors because of both tangible and intangible specific, routines originating from their specific territory (Esposito De Falco, 2014).

In general, enlarged transgenerational value, and the resulting sustainable performance, goes beyond the intrinsically familiar dimension, as it should ensure development and prosperity to future generations of the local community. Briefly, the local community in which the firm operates constitutes the third system interpreting a sustainability issue for family businesses; moreover, the quality of local embeddedness seems to be functional to the creation of sustainable transgenerational value.

We therefore suggest that:

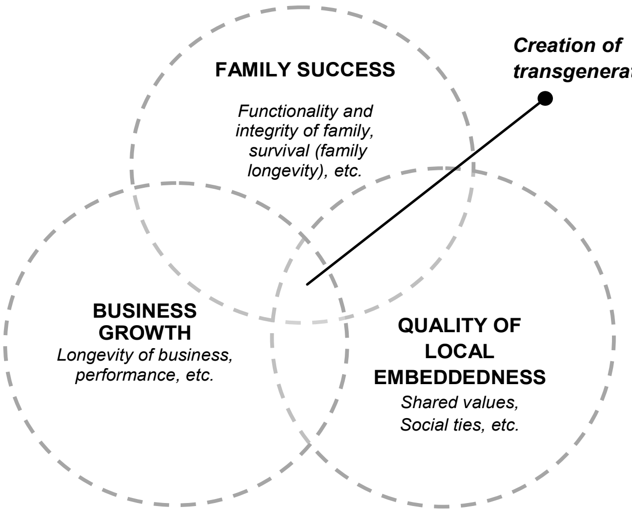
Hypothesis 4 - In long-standing family firms, the creation of transgenerational value is likely to be associated to the quality of local embeddedness.

In the following section, we will systematize the theoretical arguments above.

3. A conceptual model for sustainability in family businesses

The creation of transgenerational value, i.e. the sustainability of the family business, is therefore likely to be a combination of three systems' outcomes:
- Business growth, in terms of business longevity, the firm's performance, its ability to innovate, etc.;
- Family success, i.e. the family's cohesion and functionality, its survival as an enterprising family (family business' longevity), family wealth, etc.;
- Quality of local embeddedness (shared community values, social ties, etc.).

Fig. 2: Sustainability in family businesses (Transgenerational Sustainability Model)



Source: our elaboration

The Transgenerational Sustainability Model (TSM), shown above in Fig. 2, is based on the systems conceptualization of Stafford *et al.* (1999) that suggests that both family functionality and business success are important in determining the sustainability of family businesses. The reciprocity of influence between the performance of the two systems (family and business) explains its firm's longevity and sustainability (Stafford *et al.*, 1999; Olson *et al.*, 2003)[5]. In terms of business growth, for example, expected firm performances depend on the impact of family characteristics in corporate decision making (Villalonga and Amit, 2006), especially in the case of decisions related to CEO succession (Bennendsen *et al.*, 2006). On the other

[5] A systemic representation of the family business, using a Venn diagram with three circles, can be traced back to Tagiuri and Davis (1992) and has progressively been adopted in family business research by other scholars (e.g., Stafford *et al.*, 1999; Olson *et al.*, 2003), thus becoming an explicit or implicit reference frame. In this paper, we use the same visual representation in order to make it easier to understand sustainability for family firms, without replacing the original model of Tagiuri and Davis (1992) which maintains its validity for broader purposes.

hand, family functionality and integrity, as specific outcomes of the family system, should be interpreted, in a broader sense, as the preservation of socioemotional wealth (Gomez-Mejia *et al.*, 2011).

Extending the model to a third component, i.e. success in creating adequate links with local stakeholders, the main assumption becomes that sustainability is generated from the intersection of enduring results in three interacting networks. In the TSM, the sustainability of family businesses would therefore result from the strategic ability to develop and simultaneously activate and maintain satisfactory relationships in these three systems over time. Sustainability, intended as an "enlarged" transgenerational value, results from the confluence of business growth, family success, and appropriate responses to the local community's demands. Sustainability requires the ability of family members to cooperate in order to respond to environmental disruptions and to ensure both business and family success (Stafford *et al.*, 1999; Allouche and Amann, 2002), as well as the necessary conditions of consonance with local stakeholders (Golinelli, 2010) that assure quality in the contextualization of a firm[6].

Transgenerational value therefore becomes the result of both the entrepreneurial ability of the family to transfer value to future generations of the family (Habbershon *et al.*, 2010; Zellweger *et al.*, 2012) and the ability to ensure the balancing of three systems' objectives, i.e. family functionality, the growth of the business and positive impact on local communities, e.g. the ability of the organization to preserve the wealth of the territory in which the family firm was founded and grew. Reciprocal links with different constituencies in the territory (Miller *et al.*, 2009; Berrone *et al.*, 2012) are one of the characteristic aspects of the sustainability of family firms compared to non-family businesses. Local stakeholders and partners, such as time-honored vendors and suppliers (Uhlaner, 2006) are often considered family members with whom they share a sense of belonging, values and identity aspects, promoting a sense of continuity and commitment to the business (Miller and Le Breton-Miller, 2005; Berrone *et al.*, 2012). For this reason, the building of strong ties is likely to result in cross-sector partnerships and collaborative decision-making processes (Boehm, 2005). In addition, family firms aim to consolidate the standing of their family in the territory in which they operate by sharing some benefits with local communities.

Furthermore, the TSM model perspective is justified, as it appears very difficult to separate the value created inside the family business from that generated outside of its boundaries (Colli, 2012).

The notion of sustainability as the creation of transgenerational value can accordingly contribute to resolving the divergence in the goals of family firm stakeholders in achieving sustainable outcomes. Balancing divergent objectives and opposing forces (e.g., the need for innovation in the business system versus the innate desire for continuity in the family) may help in exploiting potential synergies and overcoming "management

[6] The Consonance in Viable Systems Approach represents the compatibility - the progressive alignment - between systemic actors (Golinelli, 2010; Esposito De Falco and Gatti, 2012).

paradoxes" emerging from the overlap of conflicting systems (Nordqvist and Melin, 2010; Zellweger *et al.*, 2012).

4. The Amarelli case

In order to investigate our initial hypotheses which have been developed in relation to the TSM framework, we chose to conduct a single case study of a long-standing family firm (Amarelli). This firm is a member of the Henokiens, an association involving bicentenary family businesses that reflect the variables involved in our model in a satisfactory way[7]. The members of this association are in fact characterized by good financial health, permanence of ownership and geographical stability. Thus, the present case study will constitute a first critical test for our research hypotheses. A case study research strategy could be particularly significant for family businesses research due to their systemic nature (De Massis and Kotlar, 2014).

In the TSM model, long-lived family firms represent a particular situation in which there is coincidence between firm longevity and the longevity of the enterprising family (survival)[8]. In this sense, the creation of trans-generational value can be easily identified by the results achieved in three different systems by the core company.

The choice of a long-lasting family business is also justified by the fact that these types of family entrepreneurs are usually able to make their decisions in a systemic manner, considering different interconnected entities in a long-term perspective (Antheaume *et al.*, 2013).

The study follows a qualitative approach and uses multiple sources of evidence in order to ensure its construct validity (Yin, 1994).

Primary evidence was obtained from two meetings with the president of Amarelli (Mrs. Pina Mengano Amarelli), who is considered a key management informant, and from direct observation (visits to Amarelli's showroom in Naples). We also kept in touch with other family members in order to collect corporate material. We used documentary sources that were provided by the firm (internal documents, press reviews, corporate publications and historical archive documents) as secondary evidence.

Compared to other research strategies, the use of a qualitative interview supporting the case study methodology allows us to gain a deeper understanding of the situation and relate our findings to other contexts (Eisenhardt and Graebner, 2007). In preparation for the interview, a loosely

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7 Membership to the Henokiens Association is based on company longevity (the minimum period of existence is 200 years) and permanence (the family must be the owner or majority shareholder of the company and one member of the founding family must still manage the company or be a member of the board). Furthermore, the company must be in good financial health and up-to-date. Its name derives from the biblical patriarch Enoch (Hénoch in French). Founded in 1981 by the then-chairman of Marie Brizard, the association started with 30 members across Europe and Japan [3] and now counts 44.

8 From the point of view of business history, Colli (2012) noted that survival indicates the continuity of control taken by the family over time, while longevity is measured in terms of the amount of time in which the firm is in existence without considering changes in its ownership structure.

structured interview guide was drawn up to allow the respondent to provide answers in their own words and have a great deal of freedom (Bewley, 2002). The face-to-face meetings were conducted in April-May 2014; the main interview took 2 hours and 10 minutes and was fully transcribed.

The data was analysed following an interpretative approach in line with Patton (2002), and therefore aggregating the answers to the five hypotheses, that were previously identified in the "theoretical background" section.

Therefore, the analysis of the case study was carried out by building an explanation of it according to theoretical hypotheses. The comparisons between the predicted and the actual patterns did not follow any quantitative criteria and any possible bias is due to the fact that it was necessary for researchers to use their discretion when interpreting the interview (Trochim, 1989).

Founded in 1731, Amarelli is a liquorice factory based in Rossano (Cosenza) in southern Italy. The family tree can be dated before the year 1000 in Calabria and has been active with the commercialization of licorice roots since 1500. In 2013, the firm had 35 full-time employees and generated a total turnover of about 4 million € and 30% of profits derived from sales in international markets (Europe, Russia, USA, Canada and Japan)[9]. The current production is diversified in different sectors: confectionery (pure liquorice and sweets, which constitute about 60% of total turnover), pharmaceutical (mainly pure liquorice - sticks, powder, etc. - and the co-branded Marvis toothpaste, 30% of turnover) and other food products (spirits, chocolate, pasta, etc. - 10% of turnover). In 1987, the firm was awarded with a gold medal from the Italian Chemical Company for combining modern technology with traditional craftsmanship.

4.1 Presence of family members in management positions and transgenerational value

The first element that the meetings with Pina Amarelli have highlighted is the strong involvement of the various members of the family in the management of the company and the sharing of its responsibilities.

Since 2003, Fortunato Amarelli (11th generation) is the CEO of the firm, and other family members (formally or informally) help Fortunato in its management, e.g., Margherita Amarelli in marketing and legal activities in Italy and Great Britain, Pina in corporate strategies and public relations, etc.

There is an informal family council (Mrs. Amarelli defined it as "an ongoing open forum for strategic decisions") that meets each month (sometimes with the support of digital technology, such as teleconference) and at the annual meeting. In some cases, the family council takes a more restricted form, involving only three members of the family (Fortunato,

[9] Amarelli has an agreement with Eataly (the high-end Italian mall chain operating in the food and wine compartment) to distribute their products in the locations of New York and Tokyo.

Pina and Margherita Amarelli), while in other cases, it is also extended to the members representing the two branches of the Amarelli family (e.g., Marco Amarelli) or family members with no formal roles in the firm (e.g., Pina's husband, Franco Amarelli, and their son, Giuseppe). The idea is that the company is the heritage of the whole family (beyond the individual company's shares) to be passed on to future generations; therefore, each member must give its personal contribution based on its skills and abilities. The involvement of multiple generations is generally considered important in family business research, as "the organization has greater input and a variety of individual perspectives - both valuable assets for entrepreneurial ideas" (Kellermanns *et al.*, 2008, p. 5).

This does not exclude a managerial contribution from the outside, as Pina said: "At a certain point, external assistance is needed in terms of management. But if you have internal resources, it is appropriate to invest in their education and managerial skills development": to underline this, she mentions Fortunato's studies after his degree in Law at the University of Siena: a PhD at the Bocconi School of Management (SDA) and his specialization at the Family Business Center of Loyola University in Chicago.

The first hypothesis seems to be verified, as the presence of family members in top managerial positions is strongly influenced by the aspiration of constantly creating "new" value for future generations. Investments in the development of managerial skills within the family seems to be a constant in the history of the Amarelli family and is motivated by the fact that the values associated with the company - determination, passion and cohesion - coincide with those of the family and are best kept alive by family members. During the interviews, looking at Pina Amarelli's young granddaughter (7 years old), who was already interested in coloring the boxes of licorice, it is not so difficult to demonstrate this desire to pass these values on to future generations.

4.2 Sustainability as a combination of a unique strategic posture and distinctive resources

The history of Amarelli starts from the uniqueness of the "raw material" on which the business activity is founded, i.e. the licorice roots that grow wild on the coast of Calabria and have a unique flavor compared to other types of licorice, being 30-40 times sweeter than that growing in other areas of the world (Sodano, 2011). The localization of Amarelli in Rossano is, in fact, connected to the expressed will of the family, which is closely linked to its territory representing from the very beginning, the ideal "pool of resources" for its future entrepreneurial activity. The founder's initial intuition was helped by a wide availability of raw material in the surrounding countryside, but also by his ability to play out the entrepreneurial mission in an outright distinctive way than his competitors.

A historical example is particularly relevant for the point. At the end of the '30s, the high quality licorice from Calabria became a valuable commodity for American businesses as the only sweetener allowed in the pharmaceutical industry. The U.S. confectionery giant, Mac Forber, therefore decided to settle in Corigliano Calabro and purchase large quantities of raw material, even paying three to four times the previous market prices. Most of the liquorice factories surrendered to this "crazy" rise in prices and decided to close their processing activities and dedicate themselves to other activities. The only family that chose to resist was the Amarelli one who, at the beginning of the war (and after the subsequent departure of the Americans), were one of the only manufacturers of licorice in the area.

This strategic path, however, isn't only characterized by the family's strong tie with tradition but also by its propensity to innovate (Esposito De Falco and Schiavone, 2014), almost instinctive in some way, and its capability to revive the business at critical moments: "Ancestral know-how and the understanding of our specific business allow us to discriminate between good ideas that are worth developing and those which have no chance of success even if they seemed to be attractive", affirmed Pina Amarelli.

The careful selection of raw materials, the craftsmanship combined with the latest technologies, the constant attention to the quality of the finished product, "soft" innovations relating to the brand and communication (e.g., stylish boxes of metal with ancient images drawn from the family archives of XVIIII century) are the roots that underpin the sustainability of Amarelli. Innovation is not only generated by guidance from the various leaders of the Amarelli family, but it is also based on a continuous exchange of knowledge with research institutes, universities, associations (Chirico, 2007), which make it possible to expand the ability of product innovation.

4.3 Transgenerational value and the "enlarged" family

Not only family members, but also employees have handed down the specific culture of Amarelli from father to son. Non-family employees seem to live with passion their belonging to the "enlarged family" and have seen their role and professional engagement efforts always recognized and exalted by Amarelli's family (Piancastelli, 2004). The firm - Pina Amarelli said - is rooted in specific values: "In an industry you can as much have machinery, equipment and technology as you want. But human capital always remains the most important thing".

The concept of "enlarged family" thus includes employees first of all, and at its top, the figure of the "maestro liquiriziaio" who is the ultimate "guardian" of the company's know-how and guarantees the continuity of its business activities. In addition, it is useful to note that the licorice factory ("concio" in Italian) of the Amarelli family is not only a place of work but also a place of real life: at Amarelli's concio, as narrated by workers for generations, non-family employees ate, got married and had children. The creation of transgenerational value is likely to be linked with selected non-family members that have given their steady contribution to decision-making and innovation processes, as is clear from the words of Raffaele, responsible for maintenance until a few years ago: "Licorice is our factory, we really feel it to be ours. When we were children we used to stay together along with Don Franco (Pina Amarelli's husband), I still remember the rides and games [...] my greatest satisfaction is to have been able to invent unique, useful machines for the factory. And I told my son: if you want to go to the North [of Italy] that is okay, because there you can learn what working hard means, but then come back, because Amarelli is your home" (Piancastelli, 2004).

Respect and care for non-family members constitute values that remain over time and between generations. Not surprisingly, at the end of the meetings with Pina Amarelli, we also discovered that the wife of an employee of the firm handcrafted natural fiber baskets containing the products in the showroom in Naples.

4.4 Transgenerational value and the quality of local embeddedness

Upon deeper observation, the enlarged family seems to extend beyond organizational boundaries, involving a hardworking local community that keeps ancient traditions alive thanks to the inventiveness of a family. From the interview and from secondary sources, it emerges that the Amarelli family is a point of reference for Rossano: even the location of Contrada Amarelli (the Amarelli estate), is visible as you enter the small town, which makes us understand the importance and the authority that this family receives from the local community. Since the High Middle Ages, Amarelli's family was one of the most important ones of Calabria and it has always played a leading role in historical events over time (in fact, documents in historical archives prove that one of its members participated in the Crusades).

Nevertheless, the company's success in creating strong ties with local stakeholders is also due to its ability to remain independent - except in some specific moments of the history of the firm - from the (influence of) politics of the area, while remaining close to the "social fabric" of the territory. "It is certainly important to respect [local] institutions, with which I mean all the official organizations with which a company like ours has to work, without ever becoming their servants!", Pina Amarelli claimed.

The quality of local embeddedness does not seem to be represented only by strong ties with local stakeholders but also by the company's ability to provide "values as a common heritage" to the local community. An example of such attention is the creation of the corporate museum (opened in 2001 after over 15 years of gathering historical pieces), which reports about 40,000 visits a year, making it the most visited corporate museum in Italy after the Ferrari one (Sodano, 2011). The Amarelli family demonstrated great commitment in planning the "Giorgio Amarelli" Licorice Museum with the intent of presenting the story of a unique product closely that is linked to the territory, while showing the tools used for the processing of licorice from the XVIII century to today[10]. It is very noteworthy to find that one of the main rationale behind the creation of the museum was to display a place of tradition and a business model for local schools' students.

[10] In the corporate museum there is also a historical archive, which is unique among all business archives, containing 9 scrolls (1445-1724), 355 archive units (121 envelopes, 39 volumes and 195 registers) dating from 1445 to 1986. By decree of the Italian Ministry of Cultural Heritage and Activities (20 December 2012), the Amarelli Archive has been declared of "particularly important historical interest". A stamp was also printed by Poste Italiane to celebrate the museum.

Its entrepreneurial function, on the other hand, is also an expression of territorial humus, that is the institutional frame which outlines the "genetic code" of the entrepreneur, as well as that of the company as a whole (Esposito De Falco, 2012). There are many examples of family firms that were benefited by "dragging" and redeveloping the local area from virtuous economic and social perspective. One of these is Crespi, a Lombard historical family of cotton manufacturers that has supported the improvement of local hospital facilities and routes communications, as well as the creation of venues for the population (Giaretta, 2004, p. 63). The presence of these recurrent elements reveal the potential of family firms that offer services to the community, thus aiming at raising the quality of life of both the family members and the local community (Baccarani and Giaretta, 2010).

In this sense, the territory, or rather the quality of embeddedness of the firm within it, is likely to be a major explanatory factor of the sustainability of this family business. On the other hand, a "territory-product" relationship is able to determine typical characteristics (uniqueness of offer), make the local production more competitive and create strong social bonds that are essential for the well-being of the local community.

5. Limitations and conclusions

In this paper, we tried to extend the existing theoretical debate on family firms by linking transgenerational value creation with sustainability in long-standing firms. In our exploratory model, the family firm that seeks adequate levels of profitability constantly develops its business in accordance with the well-being of its own family in the future and in harmony with the surrounding community and environment, thus pursuing sustainable conditions. The evidence gathered from the Amarelli case study seems to be in line with recent findings in family business research, which have concluded that family members' commitment and the values that are embedded in the family culture are important drivers of entrepreneurial growth (Corbetta and Salvato, 2012). Moreover, especially in long-standing firms, sustainability can be considered the successful balance between business growth (market niche strategy, employees as extended family, innovation), family control over the evolution of the firm and "anchorage" to the territory (Colli, 2012; Rossato, 2013; Antheaume *et al.*, 2013).

However, there are several caveats that should be considered in our research findings and implications. The limitations of our study concern both the circumstances and specific type of the analyzed firm. Several avenues for further research therefore exist. An additional step will be to investigate deeper into the three elements underpinning sustainability in our model, i.e. success as the degree of cohesiveness of the family; the degree of continuity in business growth; the family's degree of adaptability to the local community. We are carrying out a research on a sample of long-standing firms in order to study how these three outcomes relate to sustainability.

Furthermore, it shows off how a family firm can be sustainable. For example, the maintenance of the ability to create value throughout the generations is of primary interest for research in this field of study because an exclusive focus on the creation of wealth in accounting terms is clearly neither the only nor the primary objective of family firms (Gomez-Mejia *et al.*, 2011; Berrone *et al.*, 2012; Yu *et al.*, 2012).

Finally, the systems perspective adopted in this paper seems to be the most suitable option to represent a conceptual complex set of both economic and non-economic goals in which the latter may emerge, in some cases, as a means of achieving a broader sustainable development.

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