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SOCIAL INNOVATIONS IN FAMILY BUSINESSES: FOUNDER-LED VS. NEXT-GENERATION LEADERSHIP

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Purpose: Social innovations are important tools for alleviating social problems and fostering societal development. Their presence in the business sector is highly desirable, making it crucial to identify potential factors that support their creation. We find that family businesses can provide a favorable environment for social innovations. The purpose of this article is to present the importance and role of first-generation family business founders with management functions in the creation and implementation of social innovation.
Design/methodology/approach: In order to determine who contributes more to social innovations in family businesses—founders or successors—we conducted a survey on a sample of 485 family businesses. We utilized the Mann-Whitney U test to identify any significant differences in the implementation of social innovations between firms managed solely by founders and those led by successors. We utilized a validated scale to assess engagement in social innovations.
Findings: Our analysis demonstrates that the presence of the founder on the management board is a significant factor differentiating both the perceived importance and practical implementation of social innovations in family businesses.
Research limitations/implications: It should be underscored that we did not examine the dynamics within the management board (such as potential conflicts, succession plans, gender structure, and so on). Taking into consideration these potential factors might shed additional light on the barriers to implementing social innovations in family businesses.
Practical/social implications: In our research, we present various forms of social innovation implementation. Practitioners can find potential examples of simple solutions to make their businesses more socially oriented and enhance their reputation, which is particularly important for family businesses.
Originality/value: This study contributes to the understanding of social innovation in family businesses by exploring the role of founders and successors in driving socially oriented initiatives. Its value lies in providing empirical evidence on the differences in social innovation engagement between generations, offering practical insights for family business practitioners and policymakers.
Keywords: family businesses, social innovations, succession, founder-led businesses.
Category of the paper: Research paper.

Introduction

The importance of family businesses in the development of social innovation can be considered at many levels through: 1) the conditions affecting the conduct of innovative activities, 2) the process of creating and implementing social innovation, 3) studying the effects of innovation, 4) identifying the factors determining the development of social innovation. In the business sector, social innovation includes: the creation of new products, services and processes that should respond to social, economic and environmental challenges and needs, as well as generate revenues. At the same time, social innovation should create new business values, which should not only be equated with revenue growth, but also with positive social change. Such an approach requires the creation of business models that are dedicated to social expectations and challenges, respond to the socio-economic problems of the modern world. Factors influencing the innovative nature of family firms are their social capital relating to the firm and the family, a source of competitive advantage (Herrero, Hughes, 2019; Arregle et al., 2007). It is shaped by a specific ownership structure, with family members' involvement in management functions, a corporate governance structure, a family-based organisational culture, as well as built-up multi-generational internal relationships and links between family members, a shared vision and goals, norms and responsibilities, and a sense of identity (Pearson et al., 2008; Hoffman et al., 2006).

A special role in a family business is played by the founders/persons (first generation). Their activity in the management structure has a significant impact on the way the family business is managed and the strategic and operational decisions taken (Lussier, Sonfield, 2009). Research indicates, among other things, that companies controlled by their founders, have a lower level of engagement in CSR activities (Dick et al., 2021). Furthermore, it is indicated that it is the next generation that is more willing to take riskier decisions and implement innovations (Zahra, 2005).

The purpose of this article is to present the importance and role of first-generation family business founders with management functions in the creation and implementation of social innovation. A key research aspect is to determine whether the founder of a family business with managerial functions is a motivator or demotivator for innovative change and to what extent this is a limiting factor for the company's ability to implement social innovation. The analysis of family firms points to their specific and unique characteristics, which are drivers of innovation, but at the same time draws attention to the presence of factors that perform limiting functions (Sopińska, Dziurski, 2023). In order to achieve the stated objective, quantitative research was carried out on a sample of 485 family firms. Tests of differences were used to assess whether family firms under the management control of the founders differ from family firms in which management functions are performed exclusively by representatives of successive generations.

The article is structured as follows: first, a literature review is presented on the nature of social innovation, innovation in family firms and the role of the founder in the family business. Based on the literature, the research hypotheses are formulated. Then the method of data collection, sample structure and research methods were discussed. Finally, the results are presented and conclusions are formulated.

Theorethical background

Social innovation

To analyzing the context of social innovation in relation to the business sector, it should be noted that they focus on selected criteria, variables and different conceptual approaches. Some of the definitions of social innovation refer to the classical view of innovation presented in the Oslo Manual, whose latest update (2018) also includes a reference to social innovation in terms of objectives related to improving the well-being of individuals or communities. "Social innovation are defined as new products, activities and services that are created to meet social needs and achieve social goals. Social innovation refers to new ideas that work in meeting social goals" (Mulgan et. al., 2007, p. 8). According to the European Commission's definition, social innovation can be defined as "the development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. It represents new responses to pressing social demands, which affect the process of social interactions. It is aimed at improving human well-being. Social innovations are innovations that are social in both their ends and their means. They are innovations that are not only good for society but also enhance individuals' capacity to act" (European Commission, 2013, p. 6). According to the definition of the National Centre for Research and Development, social innovations are "solutions that both respond to a social need and bring about a lasting change in the social groups concerned. These solutions may involve innovative products, services or processes that enable typical social problems to be solved differently" (NCBiR, 2012).

Definitions of social innovation indicate that it can be characterised on the basis of criteria such as: the innovation must be new to users, the process or outcome of the innovation must be effective and more efficient than previous solutions, and the innovation should be useful over a longer period of time and its effectiveness is defined as its ability to meet social needs (Jędrych, 2016). A rich overview of the definitions of social innovation is provided in the reports of the EU 7th Framework Programme funding research project "The Theoretical, Empirical and Policy Foundations for Building Social Innovation in Europe (TEPSIE)", which developed methods to assess the effectiveness of innovation and policies and programmes to support social innovation.

Social innovation is identified in relation to its different areas of occurrence (Wronka-Pośpiech 2015): 1) social transformation encompassing the development of civil society and social entrepreneurship taking into account processes of social inclusion, economic growth, the role of business in social change and the importance of businesses in "social" fields such as education, healthcare, etc., 2) transformation of strategies and business models including social potential, human and institutional capital, generation of value for the general stakeholders, employees and society, improvement of the management process, improvement of – organisation efficiency and increase of competitiveness, non-profit management, 3) support and development of entrepreneurship oriented in its activity to search for innovative ways of solving important social problems, pursuing social objectives, 4) development of new products, services and programmes for implementation of innovations in the public sector, involvement of social enterprises and civil society organisations in meeting social needs, 5) development and implementation of good practice principles in private and public sector organisations within the framework of a new model of governance, increasing the role and competence of social institutions, their involvement in the preparation of strategies and implementation of socio-economic programmes.

In social innovation models, the business sector has a very important role to play in initiating the creation of social innovation by creating a platform for cooperation with other sectors. Business social innovation is also seen in the context of corporate social responsibility. By creating social innovations, family businesses can respond to social needs and improve the quality of life of specific social groups. Oriented towards social goals and values, integrating the principles of corporate social responsibility in business strategies, create a positive social impact. By creating social innovations, they become socially responsible companies. The business sector also has non-financial resources that are important in developing new solutions (Szul, 2017). Within the analysis of definitional approaches, the literature distinguishes business social innovation (*Corporate Social Innovation*), which gives companies the opportunity to create new products, services, business models to meet the needs of their customers, including those not previously considered in business strategies. Bisgaard T. defined business social innovation as a new products, services, business models, processes, distribution channels, etc. that respond to global challenges while addressing environmental and social issues. Social innovation can refer to managing complex relationships with multiple stakeholder groups, using technology to reach target groups that have been marginalised, co-creating a product or service in collaboration with different stakeholder groups, inducing social behaviour change through education and addressing audience needs or the need to engage unused resources and minimising resource consumption (Majchrzak, 2018).

According to the adopted model of social innovations from Sanzo-Pérez et al. (2024), there are: 1) social goal-oriented innovations, 2) social process-oriented innovations, 3) innovations included in the dimension of sustainable development. The first level of social innovation refers to social goal-oriented innovation (SGOAL), which means that the basic element of its implementation is to satisfy social needs and expectations. The research area is concerned with social, economic and environmental aspects in relation to the internal environment of the family business and its customers. As examples of such innovations, we can include the implementation of health security programs for employees, the reduction of air pollution through the use of ecological heating systems, the introduction of waste sorting policy and others. The second level concerns social process-oriented innovation. This framing refers to the building of relationships with stakeholders at the stage of their creation, as well as the nature of social innovation based on cooperation and networking. The social process-oriented social innovation (SPROC) includes aspects related to, among other things: relationship building, collaboration with stakeholders, the process of creating products and services, modes of governance, the use of new technologies. Examples of such innovations include employee volunteering initiatives engaged in local community issues, involving customers in the product development process, and sharing knowledge about social innovations with clients, partners, and other stakeholders. The third level includes research on the dimension of sustainability (SUSTAIN) relating to the definition of social innovation as the application of practical, sustainable and practical approaches that benefit society as a whole, incorporating social goals, taking into account social, economic, environmental criteria (Sanzo-Pérez et al., 2024). Among such innovations, we can indicate, for example, the creation of trends that positively impact society—such as encouraging customers to be more physically active, eat healthier or pay attention to their mental well-being. As benefits of the implementation of social innovation by enterprises, it is pointed out that they increase their competitiveness, gain greater trust among its stakeholders, increase employee satisfaction and commitment, increase customer loyalty, create products and services that meet social and environmental expectations, increase sales, build a network of relationships with suppliers and business partners, strengthen the brand.

Innovation in family firms

Regardless of the adopted definition of a family business, more and more space in the research and scientific literature is devoted to the issue of their innovativeness and the factors that influence the development of family businesses. The analysis of the innovativeness of family businesses indicates their specific features, which are factors favourable to the implementation of innovations, but also the occurrence of features that perform a limiting or inhibiting function on their formation and implementation. On the one hand, conditions resulting from the family nature of these enterprises and attachment to tradition may reduce the propensity to implement innovative undertakings, but on the other hand, the long horizon of functioning of this type of entities on the market predisposes them to create and implement innovations (Sopińska, Dziurski, 2023).

In the literature, opinions on the innovativeness of family firms are divided. One points to the so-called ‘paradox of ability and willingness’ (De Massis et al., 2014; Dieleman, 2019), which refers to the lower propensity of family firms to engage in innovation activities compared to non-family firms, despite a significantly higher capacity to innovate. This is due to the ability of family firms to identify opportunities and accumulate knowledge beyond their boundaries, driven by their non-economic goals (Zapata-Cantu et al., 2023). The reduced willingness to innovate, on the other hand, is due, among other things, to an above-average attachment to tradition and an increased concern for the reputation of the business and the corporate family (Hauck, Prügl, 2015). In contrast to non-family firms, which base their decisions mainly on economic considerations, family firms tend to prioritise a behavioural approach to decision-making, in which non-monetary goals are more important than purely financial goals (Chrisman et al., 2015). The concept of the socio-emotional wealth (SEW) model, highlights the influence of socio-emotional factors on strategic and financial decisions in family firms (Arzubiaga et al., 2021). Some studies show that family firms are more innovative than non-family firms (Muñoz-Bullón, Sanchez-Bueno, 2011) and place a high value on innovation (Craig, Moores, 2005). A review of the literature also indicates that characteristics that support the social innovativeness of family firms are: the ability to respond quickly to change (Pounder, 2015), social-emotional richness (Hauk et al., 2016; Arzubiaga et al., 2021), sensitivity to sustainability goals (Campopiano, de Massis, 2015).

According to the researchers, factors influencing the innovative character of family businesses are their social capital based on family relationships, jointly held moral norms or patterns of behaviour that are passed on to the next generation (Arregle et al., 2007). A strong customer orientation and focus on high quality of products/services offered, internal relations and connection between family members based on trust, solidarity and a sense of pursuit of a set goal, as well as strong commitment to the company, mutual altruism and care for future generations are mentioned as factors supporting the development of family business innovation. It is also indicated that when control of the family business is threatened, the family is willing to pursue riskier and more innovative ventures. The factors that can negatively influence the development of innovation in family firms are mainly the combination of business and family interest, lower risk propensity, conservative approach to change, reacting to changes in response to competitors' behaviour. The natural inclination of family entities to implement innovation processes due to their long-term perspective of operation is indicated. Moreover, factors such as family ownership and corporate governance structure, the family nature of the organisational culture and the ability to manage the family value of reconciling business interests with family benefits are conducive to the innovative activity of family entities (Sopińska, Dziurski, 2023).

The literature indicates that innovation attitudes are passed on to the next generation through succession and that innovation itself is generated by the family (Winnicka-Popczyk, 2015). But at the same time, it is pointed out that family businesses are nevertheless more likely to stick to tried-and-tested patterns of operation. The basic determinants of the innovative activity of family businesses include strong leadership (entrepreneurial orientation, global thinking, education and age of the leader), prior succession planning (presence of a strong, decisive successor), an open ownership structure (as a leaven for innovation), and only then the size of the business or the sector in which it operates (Winnicka-Popczyk, 2016).

Sopińska A. and Dziurski P. (2023) identifies four model family attitudes in relation to the innovative activities of family businesses. These are : 1) the attitude of an active initiator - the family limits itself only to initiating innovative activities but does not get involved in their implementation, 2) the attitude of an active doer - the family does not initiate innovative activities but gets involved in their implementation, 3) the attitude of an active initiator and doer - the family is both an initiator of innovative activities and gets involved in carrying out innovative activities, 4) the passive (passive) attitude - the family shows no interest in innovative activities. As a result of the literature review and research conducted among family businesses in Poland, it was indicated, among others, that (Sopińska, Dziurski, 2023):

1. The innovative activity of family businesses is determined by a number of factors, of which familiness is of primary importance.
2. The combination of the positive aspects of familiness and openness towards innovation processes will foster innovation and, consequently, the success of family businesses.
3. Development and achievement of a higher level of innovativeness is fostered by a long-term perspective of operation of family entities and broadly understood family know-how, while it is lowered by limiting the realisation of management and decision-making functions only to family members.

Based on the above literature review, the following characteristics of family businesses were identified as potentially influencing the level of social innovation: long-term development goals, organisational flexibility, adaptability to change, less formalised organisational structure and management, social capital creating conditions for knowledge sharing among family members and company employees, customer orientation and quality orientation, fostering lasting relationships with stakeholders, links between family members based on trust and a sense of purpose, family members' commitment to the company and care for future generations (Sopińska, Dziurski, 2023). The attitude of family business owners and the business management model adopted, are crucial to how the characteristics of family businesses will enhance their innovation.

The role of the founder in family business

As one of the important aspects influencing the development of a family business is the attitude and role played by its founder representing the first generation exercising management functions.

The founder has a key function in shaping the strategic foundations of the organisation, including its mission, vision and long-term development goals. The founder's goal is to find a successor who will identify with the company's heritage and culture and develop it for the future (Marjański, 2012). The main tasks of the founder of a family business include "ensuring the operation of the enterprise, guaranteeing its survival, developing appropriate management mechanisms, managing conflicts, creating various values and the basic activity of preparing and carrying out succession" (Zajkowski, 2018, p. 69).

Referring to the life cycle of a family business, it is possible to identify differences in the level of tasks and functions performed by the founder of a family business, which evolve with the growth of the business and its level of maturity. Winnicka-Popczyk A. and Popczyk W. (2004) distinguished three characteristic phases of the life cycle of a family business: 1) the creation stage, in which the company starts up, engages primarily its own capital, and bases the company's development activities on the work of committed family members focused on success, most decisions are made by one person; 2) the mature stage of the family business, in which the company increases the scale of its operations, undertakes competitive activities in the market and requires the involvement of professionals (primarily in managerial positions) who, with their experience, strengthen the development of the company. At this stage, successive generations appear in the company, not always as committed as the founders; 3) decline of the family business - the stage when the family ceases to have a dominant influence on the company. Depending on the development phase of the family business, the founder's importance changes from being the main initiator, leader and creator of the company's success, where the founder's role is leading, decisive and oriented towards ensuring the sustainability of the business, to performing management and decision-making functions at the strategic level within the developed organisational structure, up to the succession stage and taking over the role of the predecessor of the family business. At the stage of the company's development and expansion of its human, organisational or financial resources, the founder, in his/her function as leader and manager, is faced with the necessity of delegating tasks and making decisions leading to the professionalisation of the company. Including the involvement of external managers in the company's development strategy may in practice mean a clash with the vision of company development outlined by the founder as dominant. Family businesses are more likely to rely on alternatives based on family-accepted value systems, internal traditions, accepted norms and rules of conduct when it comes to management methods and development strategies (Jeżak et al., 2019). The transfer between owners and successors should not only be geared towards the transfer of management and ownership to the successor, but should also involve the 'know how' of running the business in question. This includes experience, management mechanisms as well as socio-emotional values that can be transferred between generations (Zajkowski, 2018).

The analysis of the peculiarities of family businesses points to attitudes, behaviours or styles of leadership of the family form by its founder that can significantly limit its innovation. A paternalistic style of leadership, which is conditioned by the leader's expectations related to the belief that he or she will perform his or her functions indefinitely and that the other employees are obliged to remain loyal (Winnicka-Popczyk, Popczyk, 2004). In addition, the phenomenon of centralisation of decision-making in family businesses may have a limiting effect on pro-innovative attitudes and the introduction of change at different stages of its development, and may also have a limiting effect on its level of professionalisation. A factor hindering the development of the organisation is the inability to share power in the company with other employees (both family and non-family) (Whisler, 1988). Moreover, the level of decentralised decision-making in family firms may also be determined by the level of family relationships, including above all the existence or absence of intergenerational dialogue. If the company founder is reluctant to share power with the younger generation, there is resistance to handing over the running of the company to a successor. This means that he or she wants to influence the company's decision-making processes for as long as possible and thus may limit the company's flexibility to change, including inhibiting an open approach to innovation and reduce the chances of successors developing the company (*generational shadow phenomenon)* (Domańska et al., 2019). Another challenge in the context of the future development of a family business is succession understood as a long-term transfer process referring to the 3W model - ownership, power, knowledge (Safin et al., 2014). At this stage, owners as well as successors have to fulfil specific tasks and roles arising from the succession process itself and create interactions between themselves at different managerial and operational levels. The founder often faces difficulties in handing over control of strategic decisions, fearing the loss of influence over the direction of the company and the possible consequences resulting from the changes made. Building the right relationship in a family business between founder and successor increases the level of trust, intergenerational dialogue, openness and consequently allows for effective generational change (Zajkowski, 2018).

Factors affecting the course of succession that characterise the predecessor in a family business are: the degree of trust in the younger generation taking over the business, the need/necessity to step away from the role of often sole owner and manager of the family business, the fear of losing control of the family business, the belief in one's own infallibility in making key decisions, the potential for compromise between the predecessor and successor generations in matters concerning the family business, as well as the exhaustion of creativity and lack of involvement in the affairs of the business (Perz, Kaszuba-Perz, 2016). The innovation of family businesses may be limited by the seniors who want to maintain their position in the company and are less inclined to create and implement innovations (Steinerowska-Streb, 2016). On the other hand, a greater willingness to take risks, modern management styles and innovative approaches are more characteristic of the future successors of a family business. Therefore, innovation, sustainability or corporate social responsibility initiatives linked to the goals and values of the family are inscribed in the second and succeeding generations. With the succession process and the gradual transfer of power to the younger generation, management priorities and approaches to modern technologies and business models change. Successors are more likely to be more open to organisational transformation and the implementation of innovation strategies.

Shaping the organisational culture of family businesses based on family values and succession is a complex task, as it “requires a change of mindset, some concessions, investment in modernity and innovation and shedding some outdated norms and rules" (Łukasik, 2013, p. 41). Therefore, the sceptical attitude of the founder towards innovative solutions and change can limit and block the developmental attitudes of the younger generation and cause family conflicts (Kempa, 2016) The causes of intergenerational conflict are multidimensional and may arise from, among other things, interrelationships, inappropriate delegation of authority and responsibility, management methods, interpersonal problems, dilemmas within individual family members. The development of family businesses requires balance in all areas, including intergenerational cooperation (Zajkowski, 2018). The attitude of family business owners and the business management model adopted, as well as its level of professionalisation, are crucial to the development of social innovation. The greater innovative capacity of family firms tends to become apparent when members of the younger generation join the firm. Family businesses innovations can become an action strategy for future family business owners (Rondi et al., 2019).

The presented considerations regarding the innovativeness of family businesses and the importance of family business founders representing the first generation exercising management functions in the creation and implementation of innovations are reflected in the following hypotheses:

H1: In family firms managed by the founder, the social innovations are less important than in family firms led by the next generations.

H2: In family firms managed by the founder, the level of social goal-oriented innovation (SGO) is lower than in family firms led by the next generations.

H3: In family firms managed by the founder, the level of social process-oriented innovation (SPO) is lower than in family firms led by the next generations.

H4: In family firms managed by the founder, the level of the Sustainable Improvement Dimension (SID) is lower than in family firms led by the next generations.

In the following chapters, we verified the stated hypotheses using primary data collected from Polish family businesses. In Poland, due to its historical background, many family businesses are still managed or co-managed by their founders. This allowed us to examine the potential impact they have on social innovations within their businesses.

Methods

Sample

The data was obtained through a Computer-Assisted Web Interview (CAWI) survey conducted by an external research company between July and September 2024. Contact details for the firms identified as family businesses were provided by the co-author of the study. The sampling method was purposive (judgment sampling), employing a non-probability technique to ensure relevance to the research objectives. The study focuses on Polish family businesses that self-identify as family-owned, employ at least one person (to exclude sole proprietors), and have at least one family member actively involved in the management board. The final sample consists of 485 firms. Of these, 59% are still managed by their founder, who remains active in the management board, while 41% are managed exclusively by second or later-generation family members. The average number of employees in the surveyed businesses is 27.77. These characteristics are similar to those obtained in similar research among family businesses in Poland (Pernsteiner, Węcławski, 2016; Żukowska et al., 2021).

Variables

We utilized items representing the dimensions or facets underlying the concept of social innovations, with a specific focus on goals (SGO), processes (SPO), and sustainable improvements (SID), as adapted from Sanzo-Pérez et al. (2024). This concept includes research questions and formative subscales for social innovations oriented towards social goals and social innovations oriented towards social processes, as well as reflective subscales for evaluating the impact of social innovation on sustainable development. The survey questions for family businesses were developed in three levels according to the adopted research model, which was designed and implemented in practice with reference to the non-profit sector, but its universal and multidimensional nature is also applicable to the entrepreneurship sector and the shaping of public policies related to social innovation.

Each dimension was examined in greater detail, considering various types of social goals and collaborative processes. All items are listed in the table below (table 1). Respondents were asked to indicate their level of agreement with each statement on a 1-5 Likert scale, where 1 represents "definitely disagree" and 5 represents "fully agree". Then, we calculated mean values for three analysed concepts: SGO, SPO and SID. We also introduced one general question (G1) in order to examined the significance of social innovations for family businesses.

Table 1.
Items used in the study

Var	Statements
G1	Social innovation - that is, the activity of providing new products and services to solve social problems, meet social needs and create social relationships - is relevant to your business.
Social goal-oriented innovation (SGOAL)	
SGO1	Your company's activities contribute to the availability of training/education/competency enhancement for employees, clients, other audiences with whom you work.
SGO2	Your company's activities contribute to increasing access to health services and preventive health care for employees, customers, other recipients with whom you work
SGO3	Your company's activities contribute to increasing the availability of employees, customers and other recipients to basic products/services that affect the quality of their everyday life, e.g. food products, cleaning products, housing, means of transport, etc.
SGO4	Your company's activities contribute to reducing environmental pollution.
SGO5	Your company's activities contribute to the creation of new jobs.
SGO6	Your company works to raise others' awareness of social issues.
SGO7	Your company works to reduce social problems.
Social process-oriented innovation (SPROC)	
SPO1	Your company implements new ways of building relationships with its business partners, customers, employees (social media, website, blog, networking, purchasing platform, etc.)
SPO2	Your company is willing to include managers not previously associated with it in the management team
SPO3	Your company is willing to develop and implement a collaborative governance model with external stakeholders.
SPO4	Your company involves recipients/customers/partners in the design of its products/services.
SPO5	Your company collaborates with non-governmental organizations, local authorities, and the local community.
SPO6	Your company promotes social initiatives and participates in their implementation.
SPO7	Your company takes part in building a community in its industry by exchanging experiences, participating in cooperation networks and industry events.
SPO8	Your company uses modern technology to create new solutions.
Sustainable improvement dimension (SUSTAIN)	
SID1	Your company contributes to solving social problems
SID2	Your company's product or service solves the problems of a specific social group(s).
SID3	Your company's activities influence the achievement of social change among its customers, employees or other audiences (e.g. in the way they behave, their lifestyle, the way they spend their time, the use of products/services, the use of new technologies).

Source: Sanzo-Pérez et al. (2024).

The independent variable used in the research is the founder's status in management. We employed a binary variable that divides the sample into two groups. The first group consists of businesses where the founder is still active on the management board, while the second group includes firms managed exclusively by subsequent generations. Cases where no family member was active in management were excluded from the sample.

Results

The surveyed family businesses generally exhibit a strong commitment to social innovation (table 2), particularly in areas such as reducing environmental pollution (SGO4, mean = 3.69) and utilizing modern technologies for creating new solutions (SPO8, mean = 3.67). Actions aimed at increasing access to education, health services, and basic products are also emphasized, though with slightly lower mean scores (3.40-3.25), indicating a somewhat moderate level of activity in these areas. The data reveals that family businesses actively engage in building relationships with stakeholders (SPO1, mean = 3.57) and promoting social initiatives, such as participation in community-building within their industries (SPO7, mean = 3.55). It is visible that social process orientation is stronger that social goals orientation or sustainable improvement dimension. The social process oriented innovation are somehow natural for any business which is interested in escalating their businesses and those who care about their reputation. In the case of family businesses, their commitment to local communities has been extensively explored in the literature (Campopiano et al., 2014; Riviezzo et al., 2015). Studies consistently indicate that family-owned enterprises tend to engage more actively in positive social initiatives compared to their non-family counterparts (Bingham et al., 2011). This heightened involvement often stems from their long-term orientation, strong identification with local communities, and emphasis on preserving family reputation and legacy (Berrone et al., 2012; Cennamo et al., 2012).

Table 2.
Descriptive statistics for specific items

Item	mean	sd	median	min	max	Skew	kurtosis
G1	3.414	1.175	3	1	5	-0.341	-0.672
SGO1	3.402	1.140	3	1	5	-0.310	-0.698
SGO2	3.175	1.268	3	1	5	-0.161	-1.015
SGO3	3.245	1.157	3	1	5	-0.286	-0.633
SGO4	3.687	1.076	4	1	5	-0.626	-0.098
SGO5	3.586	1.128	4	1	5	-0.519	-0.396
SGO6	3.408	1.207	3	1	5	-0.292	-0.827
SGO7	3.404	1.210	3	1	5	-0.278	-0.866
SPO1	3.571	1.138	4	1	5	-0.519	-0.498
SPO2	3.348	1.168	3	1	5	-0.204	-0.878
SPO3	3.528	1.099	4	1	5	-0.462	-0.395
SPO4	3.544	1.168	4	1	5	-0.510	-0.604
SPO5	3.404	1.225	3	1	5	-0.313	-0.791
SPO6	3.443	1.167	4	1	5	-0.338	-0.722
SPO7	3.553	1.137	4	1	5	-0.453	-0.592
SPO8	3.668	1.094	4	1	5	-0.620	-0.261
SID1	3.353	1.181	3	1	5	-0.240	-0.743
SID2	3.499	1.162	4	1	5	-0.439	-0.565
SID3	3.392	1.142	3	1	5	-0.348	-0.628
SGO_total	3.415	0.882	3.429	1	5	-0.340	-0.233
SPO_total	3.507	0.869	3.625	1	5	-0.526	0.103
SID_total	3.414	0.966	3.333	1	5	-0.336	-0.292

As the variables were not normally distributed (Shapiro-Wilk tests confirm that), the assumptions for using parametric tests were violated. Therefore, we decided to conduct the Wilcoxon-Mann-Whitney U test to examine significant differences between the groups. The results are presented in the table 3.

Table 3.
Differences between examined groups and their significance

Construct	W_statistic	p_value	Group 1 – Inactive founder	Group 2 – Active founder	Hypothesis	Decision
G1	31700	0.023	3.569	3.309	H1	Confirmed
SGO_total	34866	0.000	3.613	3.280	H2	Confirmed
SPO_total	33838.5	0.000	3.679	3.390	H3	Confirmed
SID_total	32752.5	0.004	3.567	3.310	H4	Confirmed

Conducted tests have confirmed all stated hypotheses. Our analysis demonstrates that the presence of the founder on the management board is a significant factor differentiating both the perceived importance and practical implementation of social innovations in family businesses ($p < 0.01$). This finding contributes to the growing body of literature on generational effects in family firm management and innovation practices.

Discussion

We positively verify that in family firms managed by the founder, the social innovations are significantly less important than in family firms led by the next generations (H1). This results resonate with previous studies that have characterized founders as less socially oriented than their successors (Dick et al., 2021). The observed pattern can be explained through the lens of Gersick et al. (1997) framework, which posits that the primary objective of a founder-led family firm is to secure sufficient resources for its development. In the early stages of a family business, the focus on economic stability may leave limited capacity for pursuing innovative challenges or initiatives.

In addition to examining the perceived significance of social innovations, our study explored and compared the level of implemented social innovations across family companies (H2, H3, H4). Our findings reveal that family businesses managed by founders exhibit significantly lower levels of all types of social innovations compared to firms where the family founder is no longer present on the management board ($p < 0.05$). Interestingly, extant literature provides evidence of a contrasting phenomenon for family businesses' corporate social responsibility (CSR). According to Park (2024) in founder-led businesses, the gap between the intention behind social initiatives and their actual implementation is smaller than in firms led by successors. However, a study by Bingham et al. (2011) did not support the hypothesis that greater founder involvement in a family business leads to a higher number of community, employee, and consumer-focused social initiatives. Given that social innovations are often connected with environmental initiatives, it is also important to note that the existing literature suggests a lower green orientation in founder-driven family businesses compared to next-generation companies (Fernández-Méndez, Arrondo-García, 2021). This disparity is especially evident in the scale of investments into green technologies, which tends to be higher in next-generation family businesses (Mullens, 2018). According to the subject literature, while founders demonstrate superior capability in creation and leveraging existing innovations (Kellermanns et al., 2012) successor generations drive more dynamic innovation cultures (Zahra, 2005), particularly as founders shift focus toward stability and wealth preservation (Lorenzo, Núñez-Cacho, 2015). Social innovations, being rather recent phenomenon, may be perceived by founders as too abstract or insufficiently business-oriented. It should be the role of the next generation to raise awareness about the importance of such initiatives and to demonstrate their long-term benefits to the founding generation. Next-generation representatives are particularly best suited for this task, as they tend to be more familiar with new technologies (Lannon et al., 2024) that support social initiatives, more aware of social and environmental risks, and more eager to implement their own ideas into the business (Domańska et al., 2024). It is also important to emphasize that the implementation of social innovations requires specific resources. Although these innovations may not demand substantial financial investment, the time and effort needed to organize them can be significant. In the early stages of a family business—when the enterprise is just starting out—it typically relies on its own capital and the commitment of family members (Winnicka-Popczyk, Popczyk, 2004). These resources are often limited and primarily directed toward establishing the core foundations of the business. Nevertheless, this should be viewed as a strategic challenge: to integrate social innovations into the business model from the outset. The benefits they offer—such as strengthening stakeholder relationships, enhancing brand recognition, and increasing employee engagement—are precisely the outcomes sought by emerging enterprises.

Conclusions

Thanks to their unique characteristics rooted in socio-emotional wealth, family businesses can be seen as a suitable environment for fostering social innovations. The benefits of engaging in social change can be both intangible—such as enhancing reputation and fostering a sense of being a social game-changer—and tangible, as simple social innovations that support employees in achieving work-life balance or developing their talents can help attract and retain top talent, ultimately leading to measurable financial gains.

Our results suggest that the involvement of the founder in family business management can serve as a barrier to social innovation creation. This can be explained by literature suggesting that founders may become more conservative when it comes to less familiar, riskier initiatives. On the other hand, these individuals established the businesses, demonstrating the entrepreneurial characteristics needed, including risk-taking. Probably, in the case of social initiatives, the older generation does not see their business potential. We conclude that it is the role of subsequent generations to implement these practices within the business. They are particularly well-suited to do so, as they are more oriented toward sustainability issues, including social and environmental concerns. As a managerial implication, it can be suggested that family business leaders should listen to next-generation representatives and allow them to present their ideas, which can be refreshing for the business and not only socially beneficial but also advantageous for the company's sustainable development. Caring about employees, customers, the local community, and society in general can be rewarded in the long term with a positive reputation and legacy, factors crucial for securing the long-term survival of family businesses. As practical guidance for policymakers and educators, we recommend that programs aimed at supporting social innovations among entrepreneurs should also be promoted as suitable for businesses in their early stages of development. This would encourage entrepreneurs to incorporate such innovations into the core assumptions of their business models from the outset. It is also advisable that organizations cooperating with family businesses—such as associations and research institutes—actively disseminate knowledge about social innovations. They should aim to convince both senior and next-generation family business leaders that these solutions often do not require significant financial resources, but rather simple organizational adjustments.

The paper has its limitations. It should be underscored that we did not examine the dynamics within the management board (such as potential conflicts, succession plans, gender structure, and so on). Taking into consideration these potential factors might shed additional light on the barriers to implementing social innovations in family businesses. The phenomenon of social innovation itself is a challenging issue for researchers with regard to the increasing dynamics of socio-economic change, as well as changes associated with the development of information, knowledge-based societies.

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