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Falling from grace: Family-based brands amidst scandals

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ABSTRACT

Family firms often adopt brand strategies based on their family status to convey messages of ethics and integrity to their external stakeholders. Research has highlighted the positive influence that family-based brands exert on corporate reputation and related organizational outcomes, yet they may become a liability in circumstances of scandals. In this study, we disentangle the complex landscape of scandals in family firms by conceptually developing a typology corroborated with illustrative cases. Moreover, we explore the consequential effects of scandals on family-based brands and possible redressive strategies implemented in the aftermath of scandals outbreaks. While previous work has mainly seen family-based branding as an edge, our study examines its drawbacks under circumstances of scandals and offers a springboard to further develop this line of inquiry.

1. Introduction

Family businesses often convey their family status in brands. Promoting the family component of the firm - i.e. family-based brand – is shown to significantly contribute to positive customer perceptions (e.g., Presas, Muñoz, & Guia, 2011) while also favoring customer-relation management (Peters & Frehse, 2011). Research has found that adopting family-based brand together with a customer-centric orientation strategy enhances the economic growth and the profitability of family-owned companies (Craig, Dibrell, & Davis, 2008). In the same vein, combining family involvement in management with family-based branding strategies leads to higher rates of sales growth (Gallucci, Santulli, & Calabrò, 2015). Therefore, there seems to be an agreement on the benefits that family-based brands bring to family firms. Such inference has been targeted by an increasing number of studies and a vast array of recent integrative reviews (Andreini, Bettinelli, Pedeliento, & Apa, 2020; Beck, 2016; Sageder, Mitter, & Feldbauer-Durstmüller, 2018) showing that stakeholders tend to perceive family-based brands as more trustworthy, responsible and customer-oriented than public companies (Binz-Astrachan & Botero, 2018).

However, the existing literature on family business branding has so far mostly considered the intended message that family firms purposefully convey to external audiences. Yet the reputation of family firms can also be affected by other, often unintended and unexpected, sources of messages that might conflate with and overwhelm the intended ones. In the circumstance of a scandal – i.e., "publicized instance of transgression which runs counter to social norms, typically resulting in condemnation and discredit" (Piazza & Jourdan, 2018, p.167) – the amount of unintended messages connected with the wrongdoing may seriously compromise the organizational reputation, with important reverberations on the entire organization (Graffin, Bundy, Porac, Wade, & Quinn, 2013) as well as on its stakeholders (Kapoor & Banerjee, 2021). Such misconduct may also damage the consumer–brand relationship (Aaker, Fournier, & Brasel, 2004) as organizations that fail to address consumers' concerns during a scandal often face a change in consumers' attitudes towards their brand, leading to brand crisis (Kapoor & Banerjee, 2021).

In the specific case of businesses adopting family-based brands, media resonance of a scandal can also be of harm for the reputation of the family, and the family can itself become a source of scandal undermining the business (Leaptrott, 2005; Pieper & Klein, 2007; Sharma, 2004;

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Tagiuri & Davis, 1996; Smulowitz, De Massis, Cossin & Lu, 2022). This is because while external stakeholders tend to expect family-based brands to convey messages of ethics and integrity in terms of corporate law, kinship, and love (Sageder et al., 2018), scandals are likely to be at odds with such messages. Although media are rich of news about family business scandals as Parmalat, Hollinger, Adelphia (Bain & Company, 2004), the Murdoch case (Kellner, 2012) and the more recent Samsung case (Saul, 2021), scandals are rarely studied in family firms and research has yet to grasp their implications for family-based brands.

With the aim to raise attention on this relevant yet scantly investigated phenomenon, in this study we conceptually examine how family businesses adopting family-based brands cope with scandals. To navigate the murky landscape of family business scandals, we identify-two dimensions: the locus - i.e., where social norms are broken, as either in the family or in the business – and the focus - i.e., the why and how vast is the reason for their break. The combination of these two dimensions allows us to develop a typology of four types of family business scandals that we depict through illustrative examples. Building on our typology, we then examine the contagion that media attention triggers in the aftermath of the scandal break, with negative reverberations on the family-based brand and organizational outcomes. In fact, the broken expectations of external stakeholders who feel betrayed by the family business culprit of misconduct might give raise to loss in revenues, and even protests or boycotts. Therefore, in disentangling such mechanisms we develop a conceptual model depicting the implications and redressive strategies that family businesses might implement to address such scandals.

Our study represents a step forward in the investigation of family business branding, so far mostly devoted to examining the influence that the strategic use of the family in the brand exerts on external stakeholders through intended image (Brown, Dacin, Pratt, & Whetten, 2006; Micelotta & Raynard, 2011). By delving into the phenomenon of scandals, we broaden the predominant perspective, currently highlighting that family-based brands benefit from the positive reputation in terms of quality, reliability, and trustworthiness (e.g., Binz-Astrachan & Botero, 2018). We do so by shedding light on the key influence that unintended messages exert on family-based brands and organizational outcomes. Our typology allows to disentangle the complex reality of family firm scandals and better understand the where, why and how of such phenomenon. Building on this newly introduced typology, we theorize about the implications that scandals have on family-based branding, the relative outcomes and the redressive strategies adopted by family firms to cope with them. Therefore, our study constitutes a springboard for further research on scandals in family business research. We also offer managerial implications to boost family members and managers' awareness about the different types of scandals that can emerge within family firms and how to readdress them.

2. Family business branding

Brands are sources of differentiation for organizations. This is especially true for family firm brands which are developed at the intersection of two systems, the family and the business (Binz-Astrachan, Botero, Astrachan, & Prügl, 2018; Craig et al., 2008; Mismetti, Rondi, & Bettinelli, 2022). Given their uniqueness associated with the "family nature" of the firm, on the one hand family firms' brands are regarded as sources of distinctiveness, enabling family businesses to differentiate from nonfamily competitors (Binz-Astrachan & Botero, 2018). On the other hand, brands are also considered as a source of heterogeneity among family firms (Krappe, Goutas, & von Schlippe, 2011; Blombäck and Botero, 2013). While some family firms hesitate to communicate their family status – as Lego (Botero, Thomas, Graves, & Fediuk, 2013), others emphasize the familiar component of their business – as S. C. Johnson, Ford Motor Company and Anheuser-Busch Breweries (Micelotta & Raynard, 2011). Family firms indeed consist in a categorical prototype (Andreini et al., 2020) and when the family status is included in the brand, the brand itself becomes inimitable as it embeds the owning family history which can be anchored in stakeholders' minds (Binz-Astrachan, Prügl, Hair Jr, & Babin, 2019).

Family-based brands – i.e., brands where firms communicate their family status – are found to exert reputational effects as evoking certain associations in consumers' mind (Sageder et al., 2018). While existing research highlights that family firms are perceived as limited in terms of product selection and price (Carrigan & Buckley, 2008; Orth & Green, 2009) and less innovative (Nieto, Santamaria, & Fernandez, 2015), it also demonstrates the positive associations that communicating the family status might convey in terms of trustworthiness, product quality and authenticity (e.g., Beck & Kenning, 2015; Sageder, Duller, & Mitter, 2015) as well as consumers and employees loyalty, and ultimately financial performance (Binz-Astrachan et al., 2019; Gallucci et al., 2015; Rovelli, Benedetti, Colladon, & De Massis, 2022). Therefore, the association of the family status with the family business brand is a signal used to convey values and attributes to stakeholders (Schellong, Kraiczy, Malär, & Hack, 2019). Anecdotal evidence shows that advertising and branding strategies built on family-centered marketing messages are purposefully adopted to convey such positive effects (Binz-Astrachan et al., 2019). As a consequence, the literature on family-based brands has favored an increasing understanding of this topic and helped family firms to develop more awareness about whether to use or avoid communicating the family-status of the business to external stakeholders.

In a recent review of the literature, Binz-Astrachan et al. (2018) define family business brand as "the formal and informal communication (*image*) of the family element of firm essence (*identity)*, which includes the family's involvement in a firm, and which lead to associations and expectations in the mind of stakeholders (*reputation*) that help differentiate these firms from others in the marketplace and other venues" (p.5). Consistent with this definition, we identify-three views or conceptualizations of the family firm brand: the identity view (internal perspective), the image view (at the intersection of internal and external perspectives), and the reputation view (external perspective).

First, the *identity* view of the family business brand focuses on what organizational actors believe to be true about their organization, in terms of mental association about the organization held by organizational members (Deephouse & Jaskiewicz, 2013). Recent studies have acknowledged the strategic importance and influence that the combination of family and business identities implies (Brinkerink, Rondi, Benedetti, & Arzubiaga, 2020), suggesting that when the level of involvement of the family in the business is high, the two systems share goals, values, norms and beliefs and it is more likely for the firm to acknowledge its family-owned status in marketing and advertising strategies (Sundaramurthy & Kreiner, 2008).

Second, *image* is defined as "the mental associations that organizational members want others to hold (and believe) about the organization" (Binz-Astrachan et al., 2018, p.5). The goal of portraying the family business image is to shape the appearance of the company in the minds of stakeholders. Accordingly, family businesses can choose to what extent the family component of their business is communicated to external stakeholders. Firms that carry the owning family's name in the business name are seen as more likely to project a family-based image, show higher level of family identification with the firm (Arena & Michelon, 2018) and family heritage (Blombäck & Brunninge, 2013). For instance, the baking firm Warburtons' (UK) advertises its brand using the slogan: "We care because our name's on it" (Campaign, 2011) which implies a significant commitment of the family to act responsively and caring about the image, for instance in terms of product quality as well as business and family conduct. Additionally, family-based brands usually leverage the history and tradition of family firms to witness reliability and longevity, show authenticity and continuity by communicating the involvement of the family in the business (Sageder et al., 2015). Owners that have their (sur)name in the firm are indeed typically more conscious of their standing in the community and more jealous of their reputation (Kets de Vries, 1993).

Family firm image can be conveyed through different communication channels – e.g., corporate websites, marketing materials or more informal means as visible actions – and types of content – e.g., visual (family crests, family pictures) and textual (family histories, family descriptions). Recent research has revealed that a projected family firm image can act as an attractive signal to lenders, leading to better access to financial resources (Arzubiaga et al., 2022). Image represents what and how organization's leaders choose to communicate. For instance, in their study of the world oldest family business websites, Micelotta and Raynard (2011) identify different branding strategies through which family firms can communicate their message by heterogeneously leveraging the carrier of identity, the conceptualization of temporality and the role of the family. According to the family preservation strategy, the family and the business identity are inextricably intertwined; so, the message conveys continuity by juxtaposing similar images of the past and the present as well as images of different generations of family members together. Firms adopting the family entrenchment strategy emphasize their products and services, the family is central but as ancillary to the transmission of firm's outcomes over time. Under the family subordination strategy, the family is acknowledged in small content segments and subordinated to the corporate elements that convey a future orientation in terms of visual and textual content (Micelotta & Raynard, 2011). However, the message that family firms convey might also be unintentional, thereby clashing with the intended one. While the (intended) image consists in the central, distinctive, and enduring features that the organization wants external stakeholders to perceive (Brown et al., 2006), the reputation captures the perception that external stakeholders have about the family firm.

Reputation consists in the "mental associations about the organization held by [individuals] outside the organization" (Brown et al., 2006, p.102). These mental associations are in part shaped by the firm and in part by the external stakeholders. For example, family firms are typically active in molding the stakeholders' reputation through "proactive stakeholder engagement activities" (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011, p.682) such as socially responsible actions as building strong connections with customers, limiting employment downsizing during crisis, donating more to charity.

At the same time, family firms are perceived as more human than firms that do not involve (and signal) the presence of an owning family. Such effect is enabled by the emotional meaning that 'family' in the firm evokes by connecting with stakeholders' goals and image. The social and geographical proximity, the perception of real people acting and behaving, signaling strong human values and personal link to the firm are some of the core elements that characterize family firms' reputation (Beck & Prügl, 2018). Favorable reputation is not only beneficial for financial goals as higher sales, but it also allows family members to 'feel good about themselves', contributing to their socioemotional wealth (Deephouse & Jaskiewicz, 2013). While strong reputation benefits the firm by increasing consumers' brand trust, such relationship is mediated by consumers' perception of family firms' benevolence (Beck & Prügl, 2018). Therefore, not only the desire to protect the firm's reputation influences family members' attitudes and behaviors, but also external stakeholders contribute to shaping the meanings associated with family business brands (Andreini et al., 2020).

An in-depth understanding of the implications of adopting a family-based brand requires an examination of all the three elements of family business brands, namely identity, image, and reputation. Family firms can exploit their family-based brand to persuade consumers to purchase their products based on the values, beliefs and norms that consumers typically attribute to family-owned businesses (Craig et al., 2008). Coherently, such evoked message can be perceived differently in relation to the culture (Chen, Zhu, Zou, & Chen, 2019), industry and size (Botero et al., 2013).

The literature on family business branding has so far mostly adopted a strategic perspective, focusing on the message that family firms deliberately convey to external stakeholders, as well as how the intended message might be heterogeneously perceived by such audiences. The vast number of studies that recent literature reviews have revised (e.g., Beck, 2016; Binz-Astrachan et al., 2018; Sageder et al., 2018) show that family firms can decide to instrumentally leverage the family status to convey different meanings and therefore be perceived as good, reliable, trustworthy, and benevolent. Also, the few studies that have examined the negative aspects of using family-based brands (e.g., Sageder et al., 2018), for instance signaling narrow range of choices and limited innovation (Lude & Prügl, 2018), consider only the deliberate message that family firms purposefully convey to external stakeholders. However, the reputation of family firms can also be affected by other, often unintended, and unexpected sources of messages that might conflate with and overwhelm the intended ones, especially in case of wrongdoings followed by scandals.

3. Scandals

Family firms with family-based brands build their image on the family status and are keen on protecting firm and family reputation. When these elements are combined with strong identification of the family members with the firm, binding social ties and the intention to retain the control of the firm in the hands of the family – namely when there is a high intention to preserve the socioemotional wealth – there is a strong desire to keep the family name unsullied (Deephouse & Jaskiewicz, 2013). Information asymmetry exists between the organization and its external stakeholders, with external stakeholders knowing less about the organization behavior. Nevertheless, it might happen that because of unethical behaviors, defective products, frauds or even graver crimes, the image of family business is conflated with unintended messages that, if publicized, may lead to scandals. As disgraceful or discreditable occurrences, scandals can compromise the reputation of perpetrators (Marcus & Goodman, 1991), since the transgression elicits reaction in terms of struggles over symbolic power that when publicized put reputation and trust at stake (Thompson, 2013).

While some misbehaviors remain private or "buried in the mass of daily news" (p.288) other are publicized by the media and become scandals (Clemente & Gabbioneta, 2017), evoking public blame (Zona, Minoja, & Coda, 2013). This happens when media depict the transgression as challenging existing norms and needing some remedy (Entman, 2012). The recent phenomenon of social media has "turbo-charged the volume, variety and velocity of information generation and dissemination" making the media discourse more morally and emotionally driven (Pollock, Lashley, Rindova, & Han, 2019, p.462) amplifying the magnitude and frequency of scandals. Characterized as moral phenomena, real or alleged, scandals originate from transgression as acts of wrongdoing (Palmer, 2012), incompetence, or release of information of actions that are inconsistent with a social actor's public image (Piazza & Jourdan, 2018). Scandals are social phenomena with unique salience that can mobilize emotional energy with dramatic intensity (Adut, 2005) and represent crisis for organizations resulting in loss in sales, production, investment opportunities and prestige (Marcus & Goodman, 1991).

Due to the key role played by the media in evoking scandals, recent research has been devoting increasing attention to the media reporting of wrongdoing at corporate (e.g., Clemente & Gabbioneta, 2017) and individual (Bishop, Treviño, Gioia, & Kreiner, 2020) levels. High-reputation individuals and organizations are indeed expected to behave appropriately by stakeholders over time, when their behavior deviates from such expectations, they are blamed for their actions with negative consequences on their reputation (Zavyalova, Pfarrer, Reger, & Hubbard, 2016). Elites' misbehaviors are targeted and blamed by the media that tend to magnify their transgression (Bishop et al., 2020).

Similarly, firms with an enhanced reputation that are caught in acts of wrongdoings, provoking a scandal, are more harshly sanctioned by the media (Janney & Gove, 2011). This is because they are considered hypocritical, as their actual behavior contradicts stated behavior (Tillmann, Lutz, & Weitz, 2009). As such, high status and prominent image become a liability under circumstances of scandals (Dewan & Jensen, 2020).

When the transgression becomes public causing a scandal, it can be highly consequential for the offender, but also those that can be personally, institutionally, or categorically associated with the suspected culprit are contaminated (Adut, 2008). These are some of the reasons why individuals and collectives keep regulating themselves and each other to avert scandals (Adut, 2005). However, once the misbehavior is publicized, how organizational leaders respond to such accusation determines whether they are able to rebuild their reputation moving forward (Anand, Ashforth, & Joshi, 2004) or are blamed with stigma. To avoid the spreading of such contamination, organizations can respond to a scandal with apologies, denials, announcing reforms, or top management resignation (Marcus & Goodman, 1991). These reactions are signals that organizations send to protect their identity, image, and reputation.

4. Family business scandals

Family firms relying on family-based brands benefit from the positive reputation they can build in terms of quality, reliability, and trustworthiness. Positive reputation is beneficial as it allows to develop stock of social capital and goodwill (Zavyalova et al., 2016) which are distinctive resources for family firms (Berrone, Cruz, & Gomez-Mejia, 2012). Protecting the family and the business reputation is especially important when family members identify with their business (Binz-Astrachan & Botero, 2018). The saliency of reputation for family firms is so high that they are willing to compromise financial benefits and invest in initiatives with uncertain financial returns in order to appear good corporate citizens (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010). However, such positive reputation, which is usually considered as a goodwill repository, might become a liability under circumstances of a scandal.

In family firms, due to the level of 'entanglement' – social and economic proximity to the actors involved in the scandal (Clemente, Durand, & Porac, 2016) – between the family and the business, the degree of contamination that a scandal emerging in one of the two systems exerts on the other is very high. Differently from a non-family firm, where a CEO committing wrongdoing in the personal of professional life can be fired (e.g., Desai, Hogan, & Wilkins, 2006); family members committing wrongdoing and harming firm's reputation cannot be fully detached from the family firm image because of the stickiness of kinship in the family business identity. Indeed, research has shown that while organizational favorable reputation allows its members to bask in the reflected glory of the firm (Cialdini et al., 1976), a poor reputation can negatively affect them with the blame and shame of firm's wrongdoings (Berrone et al., 2010). Yet, this is just one side of the coin, as a poor family reputation can also affect the firm's reputation, due to the intertwined relationship between the family and the business and the power and influence that the family has on the business (e.g., Mismetti et al., 2022). Therefore, investigating the phenomenon of scandals is particularly interesting in the family business setting. Hence, this study addresses the question: *How do family firms adopting family-based brands deal with scandals?*

With the intention to address our research question we conceptually examine the phenomenon of scandals in family firms by integrating research on scandals and on family firm branding. In so doing, we consider that, when family firms adopting family-based brands are protagonists of scandals, family members are generally considered responsible and thus blamed for them. The heterogeneity of misbehaviors and wrongdoings at the core of the scandal may refer to the broken social norms in the family or in the business (*locus*). Moreover, scandals may vary based on the reason of their emergence (*focus*). It is important to underline that such categorization refers to the moment of scandal break when the misbehavior becomes public. The temporal frame of our categorization is therefore crucial as scandals may spur spillovers and contagion on other actors that are associated to the suspect after some time (Adut, 2005). By combining these two dimensions, we develop a typology that allows to disentangle the complex landscape of family business scandals. Typologies are developed by using theoretical rationale to classify groups of family firms that share common features and are mutually exclusive (Doty & Glick, 1994). With this goal, we create a classification of family business scandals which will act as a springboard to explore the implications that scandals have on family-based brands and the redressive strategies adopted by family firms to cope with them.

In the next sections we first introduce our two key dimensions based on the nature of the scandal, then by combining them in a 2x2 matrix we examine the four types of scandals that can affect family firms. Then, we provide illustrative examples of family businesses that have been involved in and coped with scandals and examine potential redressive strategies by considering their reverberations on family-based brand in terms of identity, image, and reputation. To corroborate our conceptual examination, we provide some illustrative exemplary cases.

Focus. The focus dimension refers to the culprit of misbehavior from which the scandal stems in the moment it is publicized, at the scandal break. The focus is narrow when the culprit of the scandal refers to a circumscribed misconduct such as a single person or a small group of people in the family, as well as the failure of a single product category. On the other side of this continuum, the focus is broad when the matter of the scandal refers to broader matter related to the misconduct of groups of people, such as the failure of many products or the wrongdoing of the organization as in frauds or 'family wars' (Gordon & Nicholson, 2010) at the moment it is publicized. This dimension builds on Dewan and Jansen (2020) distinction between scandals that involve a single actor or multiple actors and extends it to other types of culprits. While a narrow focus scandal might involve one single culprit as the CEO of the firm (e.g., Clemente, Durand, & Porac, 2016), a broad focus scandal can relate to the "disruptive publicity of multiple actors" (Dewan & Jensen, 2020, p. 1655) who cooperate in the same type of misconduct (e.g., Anand et al., 2004). Such dimension might refer to other aspects as products or functions.

Locus. The locus of the scandal refers to the sphere where the misconduct occurs in terms of broken social norms that lead to blaming, condemnation and/or discredit. This dimension is especially relevant for family firms where the family and the business systems are aligned, and the family identifies with the business – as for family firms adopting a family-based brand and/or having the family name in the name of the business. Therefore, we refer to family locus when scandals refer to broken social norms and values of love, kinship, integrity, and ethical personal behavior, for instance marital infidelity, spousal homicide, sexual assault, family wars. On the other side, business locus refers to broken social norms that go against business code of conduct, corporate law, product promises. Although this exercise might be complex in family businesses where family values are ascribed to the business context, it is possible to understand what social norms external stakeholders ascribe to the family and business context therefore expect them to respect.

4.1. A typology of family business scandals

By combining the locus and focus dimensions, we develop a typology of four equifinal family business scandals, categorized at the scandal break. We discuss and illustrate with exemplary cases the four types illustrated in Fig. 1.

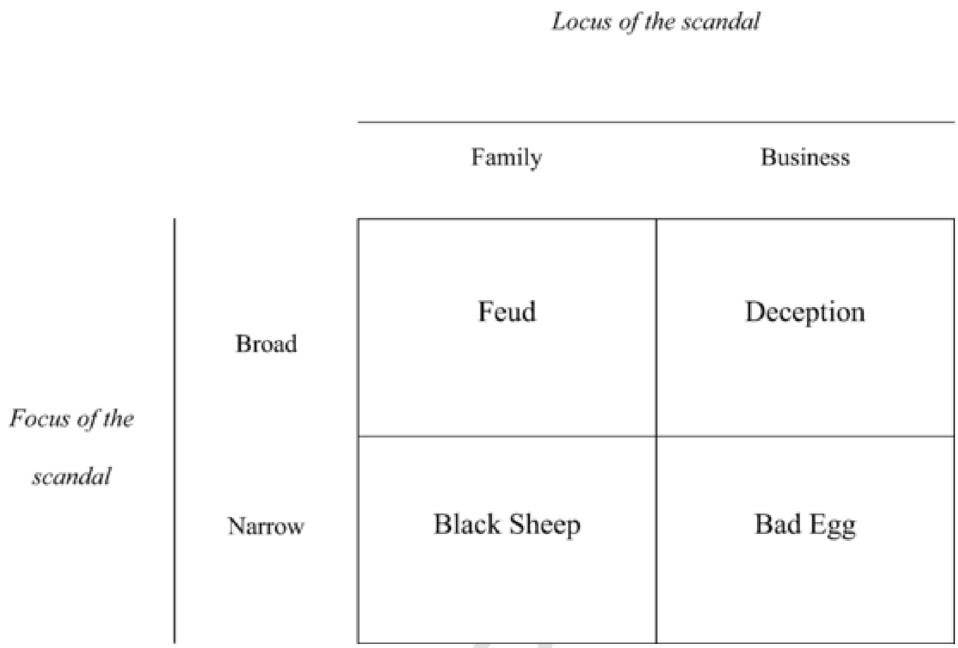

Fig. 1. Typology of family business scandals.

Feud. The first type depicts scandals characterized by a broad focus and a family locus. Under these circumstances, conflicts among family members exacerbate into misconduct or in filing lawsuits that attract media attention. In their book Gordon and Nicholson (2010) describe episodes of family fights that although nurtured over time in private, exacerbate in publicized family wars. Involving multiple actors, this type of scandals usually triggers dramatic emotional turmoil within the family which might reverberate on the business. The instance of transgression indeed results to be particularly salient when focusing on conflicts among renowned family members who are expected to behave appropriately as they represent their family business to external stakeholders. An exemplary case of this type of scandals is the “curse” of the Gucci family, founders of the homonymous Italian fashion brand. The Gucci family history is indeed characterized but many episodes of misconducts performed by several family members. Among them, by the early 1980 s, the Supreme Court of Manhattan was being called on to sort out the squabbling between the Gucci cousins, Maurizio and Paolo. Another salient example is the long US family legal feud among the four Koch brothers, sons of Fred C. Koch the founder of Koch Industries – currently the largest privately held business in the US (Forbes, 2021). After their father death in 1967, the four brothers engaged in a dispute including set of lawsuits for the inheritance that elapsed for more than twenty years and became so bitter that they were reported ignoring each other even at their mothers’ funeral in 1990 (O’Reilly, 1997).

Deception. The second scenario depicts scandals characterized by a wide focus and a business locus. This is the case of Barilla, one of the world largest pasta producers. In 2013, during a local radio talk show, Barilla declared: “We would never do a commercial with a homosexual family, not for lack of respect, but because we don’t agree with them” and “if gay customers don’t like that, they could go buy another brand of pasta”. With these few sentences Barilla thought to extol the values of the “traditional family” that the brand targeted. However, the reaction to the statements generated an impressive backlash. On even a greater scale, in 2018 the Belgian family business ‘Tony Goetz NV’, named after the founder and operating in the metals and mining sector, was involved in a major scandal as the business was accused of adopting a complex fraudulent architecture at global level, including money laundering and illegal mining operations. In 2020, the two second-generation brothers Sylvain and Alain who guide the company were convicted in Belgium (Ruters, 2020).

Black Sheep. The third type depicts a scandal characterized by a narrow focus and a family locus. Generally involving a single member of the family, these scandals can greatly vary in terms of the matter for which a family member misbehaves. For instance, George O’Neill Jr., fifth generation family member of Rockefellers dynasty, has been accused by his wife of conducing a licentious lifestyle characterized by incessant carnal crimes. Such accusations result to be particularly harmful for George O'Neill public image, as he considers himself a strong espouser of “family values” morality. Another case of Black Sheep refers to François-Henri Pinault, second-generation of the French fashion family business, formerly named PPR (Pinault-Printemps-Redoute). In 2012, François-Henri Pinault was at the center of a scandal because the former supermodel Linda Evangelista brought him to court for demanding child support for a son he had not recognized until he was 5 years old. Pinault was accused to have broken up with the model once informed she was pregnant, wished she would have terminated the pregnancy and never provided any support for his son (O’Connor, 2012). The news was picked up by the world's media that followed the trial live.

Bad Egg. The fourth scenario depicts scandals characterized by a narrow focus and business locus. These scandals concern single lines of products, specific corporate divisions, functions, or services. Since organizations are considered hypocritical when their behaviors contradict their stated value, even a single defective product, incriminated ingredient, or unethical behavior if strictly connected with the firm core organizational values, may challenge the perception of integrity of both the business and the family inside the business. This is the case of the well-known chocolate spread Nutella, one of the flagship products of the family-owned multinational enterprise Ferrero. The company has been widely criticized for listing palm oil among Nutella ingredients, as it results to be very harmful for the environment. In 2015, France’s minister of the environment made a bold statement, declaring that consumers should stop eating Nutella if they want to help save the rainforest. On a different matter, Heineken, the family-owned global brewery whose name comes from the founder Gerard Adriaan Heineken, was publicly accused unethical behavior in its business practices in Africa in a book (van Beemen, 2015). While Heineken promotes itself as a family firm where “passion and family dynamics […]

led the Heineken family to create the world's most international premium beer" (Heineken, 2022); van Beemen portraits the firm as involved in unethical behavior in this region ranging "from the usual (aggressive advertising and tax policies, impact on alcoholism) to the more contentious, up to and including an alleged complicity, at least by alleged neglect, in the Rwandan genocide" (Pilling, 2019).

The four types illustrate the landscape of family business scandals at the break, conflating with brand image. However, the implications that scandals exert on family business might be consequential by spreading beyond the initial locus and focus, further negatively influencing organizational outcomes. In the next section, we conceptually examine the branding implications and responses to scandals in family firms in the aftermath of the scandal break.

5. Branding implications and responses to scandals in family firms

When family businesses are engulfed in scandals, the saliency of blaming family members with high-reputation and high-status puts them under the external stakeholders' spotlight, often creating an escalation of media's attention. At the scandal break the intended messages that the family business has been communicating in terms of image - referring to how the family business wants to be perceived (Brown et al., 2006) – are conflated with unintended messages that are spread by the media (Binz-Astrachan et al., 2018). The tension between intended and unintended messages spurs external stakeholders' confusion, feeling betrayed in their expectations about the family business behavior. This situation has been referred in the literature to void in sensemaking that is filled by the message that media build about the situation through storytelling (Bishop et al., 2020). According to the literature, family-based brands are expected to convey messages of ethics and integrity in terms of corporate law, kinship, and love. Scandals breach the link of consistency between family business image and its now publicized (mis)behavior, witnessing the broken promises and damaging family firm's reputation (how external stakeholders see the family business). Such damages might cause a negative loop in the components of family-based brand, so that they might even undermine the family business identity.

Following research on scandal, the media attention and resonance in the aftermath of the scandal break can be highly consequential for those personally, institutionally, and categorically associated with the culprit (Adut, 2005). According to our typology, in relation to the type of scandal, media attention might evoke mechanisms of contagion. The focus of the scandal might broaden depending on how the media frame it (Clemente & Gabbioneta, 2017) - in terms of duration and magnitude of media attention - but also on the rhetorical artifacts adopted to reconstruct the situation. As a result of such media attention, the scandal might sully the family business beyond the focus and locus of the scandal break, worsening its negative influence on family business branding, with negative consequences for organizational outcomes.

Due to the intertwined relationship between the family and the business, media are likely to describe a scandal that involves multiple family actors as a feud, emphasizing the lack of union and love among family members that fight for power and money. As such, the scandal might reverberate on the business, depicted as one of the assets to conquer at the expenses of its development and of its other stakeholders. Therefore, clients might be less prone to buy products from a family business that appears distracted by its internal disputes and whose messages are at odds with the portrayed image of the family-based brand. In turn, such negative effect on the brand might lead to lower revenues, but also higher difficulties to access credits and carrying on partnerships. For instance, when scandals emerge from fights for inheritance, they might signal that the family business has difficulties in the succession process and so will be less likely to perform and payback its debts in the long run.

To face the negative reverberations that scandals break and contagion exert on family-based brands and organizational outcomes, family businesses can respond through different redressive strategies (Sims, 2009) with the intent of rebuilding their reputation and relaxing the tension between intended and unintended messages. We illustrate our model in Fig. 2. Although providing a comprehensive illustration of possible redressive strategies is beyond the scope of our conceptual

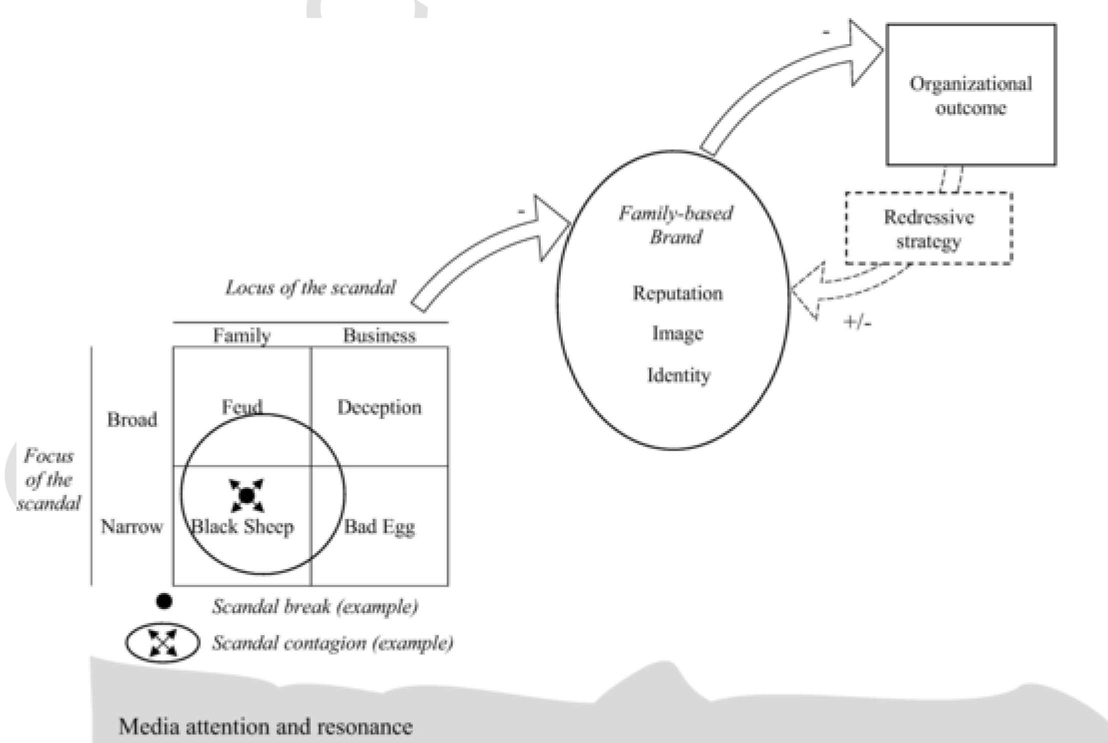

Fig. 2. Branding implications and responses to scandals in family Firms.

speculation, here we discuss some redressive strategies that family firms can take to react to scandals and the feedback influences that such actions exert on their family-based brands.

The case of Gucci Family, which we depicted as the Feud type, shows the bitter, sometimes violent, and often public family squabbles which have kept the affairs of the famous Florentine fashion house in the media limelight for much of the last 20 years. Even though the company fortunes survived the potentially destructive family fighting, the family business was not kept in the hand of the Gucci family but was sold to Investcorp in 1993 and is now part of the multinational group Kering. From a business perspective, selling the firm may have broken the loop of negative influence that each scandal was exerting on the firm reputation, detaching the business identity from the family identity. However, from a family perspective, the feud did not end with the firm sale, as the most serious episode took place in 1995 with the incrimination of Patrizia Gucci Reggiani for having hired a professional killer to murder her ex-husband, Maurizio Gucci. What originates as a feud then turned into a saga, a family business story characterized by several episodes of misconducts, fights, and transgressions of family members. In our second illustrative example of Feud types, the Koch brothers engaged in a twenty-year long lawsuit for the inheritance and business control. The dispute involved backstepping and accusations, escalating into William Koch filing a lawsuit accusing his brother Charles to having cheated and forced him out of the family business. The four brothers allied in two wings, Charles and David against William and Frederick. Lately, Charles and David Koch owned 42 % each of the Koch Industries conglomerate, until David died in 2019. Although Koch Industries includes the name of the family in the name of the firm, its commercial brands do not directly refer to the family. It is potentially for this reason that the company has not implemented a specific redressive strategy in dealing with the scandal emerging from the family feud. However, over the years the strong involvement of the 'Koch brothers' in politics required the family business to design a rebranding strategy to distinguish the political engagement of the family members from the business activity (Gold & Hamburger, 2014). For instance, Koch Industries launched an advertising campaign during the Super Bowl based on their principles of integrity and entrepreneurship, talking more about what they do and stand for (Bruell, 2018).

As per the Deception type, in the aftermath of Guido Barilla's declaration, the scandal escalated to angry consumers boycotting Barilla with considerable losses in terms of both tangible and intangible assets. As a redressive strategy, Guido Barilla publicly apologized for the homophobic claims in front of representatives of LGBT families and declared "We have all learned a great deal about the true definition and meaning of family" (Wallace, 2014). At the corporate level, the family firm created a "Diversity and Inclusion Board" to foster inclusion of Barilla's employees. The firm implemented diversity and inclusion training and donated to LGBT associations. In so doing, the firm has been able to transform a scandal into an opportunity to reposition its brand, formerly very close to the traditional concept of the nuclear family, to a more inclusive and LGBT friendly brand that allowed Barilla to be acknowledged by the Human Rights Campaign Foundation as top scorer among the best places to work for LGBT equality in 2014 and became the first Italian firm to reach the Standards of Conduct for Business of the Officer of the High Commissioner for Human Rights (OHCHR) in 2018 (Barilla, 2018). Also, the Goetz family soon implemented a redressing strategy after the Belgian conviction of the two brothers. In fact, the firm changed its name from "Tony Goetz NV" to "Industrial Refining Company" six months later, distancing the family issues from the business (Potter, 2022).

Both the Black Sheep type and the Bad Egg's narrow focus could allow the family firm to better limit contagion. Although George O'Neill Jr., the Rockefeller heir, was embroiled in an unseemly divorce and custody battle that threatens to expose many family secrets, the case has received very little attention by the media and all the information on the settlement have been kept private, avoiding contagion between the family and the business system. Moreover, George O'Neill professional image has always been detached from the one of Rockefeller's businesses. He indeed dedicated his efforts to sculpture, photography, politics and he is the author of several books. With a different action, in 2013 Pinault implemented a rebranding strategy for the family business now named Kering. The rebranding was officially motivated by the fact that "PPR" was an obsolete brand, yet Pinault declared that "he had ruled out using the family name, because of the potential damage that could be done to either the family or the company were one or other to have 'big problems'" (Daneshkhu, 2013). Thus, it is likely that this rebranding decision was part of a redressive strategy after the episode of the family scandal.

Finally, the Ferrero Group as representative of the Bad Egg responded to the palm oil scandal by assuring its customers that the corporation is acting sustainably and responsibly by promoting the use of such ingredient in its products. For instance, the Ferrero Group has joined the Roundtable on Sustainable Palm Oil, became a member of the Palm Oil Innovation Group (POIG) and integrated significant information on palm oil as an ingredient within its official website to increase transparency (Ferrero, 2021). As regards the Heineken case, after van Beemen's book accused the family firm of unethical behavior in Africa, the Dutch parliament passed a motion to tighten the controls on abuses within or by Dutch businesses abroad, 'The Global Fund' (supported by Bill Gates) suspended cooperation with Heineken because of the scandal, and the Dutch ASN Bank removed Heineken from its sustainable investment fund (van Beemen, 2019). Heineken responded to van Beemen's allegations on its website by restating the commitment to the African region and people, defining lot of the claims made as "based on hearsay and half-truths, many of which happened many years ago", being open to dialogue and committing to decisive improvements on business practices (Heineken, 2018). Few years later the company launched the "2030 Better World Ambitions" program, a set of commitments "aimed at driving a positive impact on the environment, social sustainability and the responsible consumption of alcohol" (Heineken, 2021). Similarly, to the Barilla case, also Ferrero and Heineken transformed the scandal into an opportunity to strengthen their brand by launching programs stating renewed commitment for good. Therefore, redressive strategies implemented in response to scandals can be various and might lead to positive or negative influence on the family-based brand.

6. Discussion

In this study, we conceptually examine the phenomenon of scandals in family firms adopting family-based brands by integrating research on scandals and on family firm branding. To navigate the family business scandal landscape, we introduce a 2x2 matrix depicting a typology that is conceptually based on equifinal types. By combining the two dimensions of *locus* and *focus*, we theoretically identify-four scandal types (feud, deception, black sheep, and bad egg) and provide illustrative cases of family businesses that have been involved in these types of scandals. Moreover, we illustrate how - in the aftermath of the scandal break - the focus and locus of the scandal might expand through contagion with reverberations on the family-based brand and organizational outcomes. In responding to such negative implications, family firms can adopt a wide range of redressive strategies. If properly addressed, a scandal might be kept confined into a specific locus/focus, limited in magnitude, or even transformed into an opportunity for strengthening the family business brand.

Although our model considers one single circumstance of scandal at time, we recognize that when family firms and their members are relentlessly under the spotlight it is more likely that they incur in multiple scandals over time. This is what might turn a feud into a saga, as the account of an entrepreneurial family story constellated by episodes of misconducts, fights, and transgressions of their family members might nurture external stakeholders' interest and saliency. As mentioned, the level of media attention on the entrepreneurial family before and after the family business scandal break can spur the escalation and contagion of the scandal.

Our study offers important implications for research on family businesses. First, we contribute to research on branding in family firms by expanding the predominant perspective highlighting that family-based brands benefit from the positive reputation in terms of quality, reliability, and trustworthiness (e.g., Binz-Astrachan & Botero, 2018). Yet, within this stream of literature, most of the studies focus on how family firms strategically manage their brands by deliberately communicating their intended image (Brown et al., 2006) to the external stakeholders and using such image to convey specific premeditated messages. Our study aims to broaden such perspective by illustrating how scandals can be sources of unintended messages that might conflate with and overwhelm the intended ones, showing how the reputation of family firms can also be affected by such unintended messages. In doing so, we illustrate the double-edge sword of adopting family-based brands as in the disgraceful case of family business scandals, the family business reputation, which is usually considered as a goodwill repository, might become a liability. Although our study considers mainly the negative implications that a scandal can have on the family-based brand, other important strategic consequences could be examined. For instance, family conflicts can be both antecedents and consequences of scandals, with strong implications for business functioning and for the family business existence (Bettinelli, Mismetti, De Massis, & Del Bosco, 2021). Overall, we identify the insightful avenue of scandals in family business as an important stream of research that requires further empirical examinations.

Second, our study also speaks to the literature on family firms' heterogeneity (e.g., Dibrell & Memili, 2019; García-Álvarez & López-Sintas, 2001; Melin & Nordqvist, 2007; Sharma & Nordqvist, 2008). We contribute by revealing another source of heterogeneity in the behavior of family firms, that is their reaction to scandals. Our contention is that beside the heterogeneity that characterizes family business branding (Binz-Astrachan et al., 2018), there is also ample heterogeneity in the redressive strategy adopted to react to scandals. Our study indeed shows the branding implications of family firm scandals and that the entanglement between the family and the business systems requires to coordinate branding strategy, organizational strategy as well as redressive strategy under scandal circumstances.

Finally, our study holds implications for the broader literature on scandals in management and organization studies (Greve, Palmer, & Pozner, 2010; Piazza & Jourdan, 2018), where scandals have traditionally been conceptualized as publicized instance of transgression which runs counter to social norms, typically resulting in condemnation and discredit (Adut, 2005). The literature has mainly investigated the topic of scandal in terms of organizational wrongdoing, with the aim of explaining how it originates (Mishina, Dykes, Block, & Pollock, 2010; Palmer, 2012; Palmer, Yenkey, & Haraway, 2018), the consequences for implicated organizations (Pierce & Snyder, 2008), and the negative spillovers of such transgressions (Pfarrer, Decelles, Smith, & Taylor, 2008). We add to this literature by integrating research on scandals and research on family firm branding, shedding new light on the specific dynamics of a context characterized by the hybridity given by the intersection of the family and business systems (Micelotta, Benedetti, & Rovelli, 2023).

6.1. Limitations and future research directions

Our study is not free from limitations. First, the exploration we conducted on the redressive strategies shows that there are multiple paths to manage scandals in family firms. However, our illustrative cases are far from being exhaustive in mapping possible redressive strategies and do not examine the effects of such redressive strategies on the reputation of families and their businesses. Based on our typology, future empirical research could delve into whether and how family firms differ in their strategic response to scandals as well as on the outcomes of adopting different redressive strategies. Moreover, interesting insights may be developed in considering the long term impact that facing a scandal may have on several organizational aspects (e.g. identity, goals, purpose, mission).

Second, in our research we examine family business scandals based on the dimensions of *focus* and *locus*. However, we recognize that additional dimensions may influence firms' reactions to scandals and the consequent redressive strategies. For instance, the geographical context where the family firm is embedded may play a role in the decision on how to deal with such phenomenon (Debellis, Rondi, Plakoyiannaki, & De Massis, 2021), as brand image may vary considerably across host and home countries as well as the culture that shapes how scandals are perceived by customers (Chabowski, Samiee, & Hult, 2013). This dimension may be extremely salient in the case of brands that represent symbols of a particular cultural identity given the growing relevance of product ethnicity (i.e. cultural brands; see Guzmán & Paswan, 2009) like Cohiba cigars from Cuba and Guiness beer from Ireland.

Third, the study adopts an organizational perspective in analyzing scandals and the strategic approach employed by family firms. However, adopting external audience's perspective may provide fruitful insights by shedding light on how external stakeholders like consumers play a role in family firms response to scandals. For instance, consumers and other external audiences could contribute significantly to expand scandal contagion (e.g., Andreini et al., 2020; Cova & Pace, 2006; Kapoor & Banerjee, 2021; Rovelli et al., 2022) with actions such as boycotting or brand rejection. At the same time, consumers could be actively involved in media rehabilitation processes through their contributions on social media and brand communities. Adopting an external perspective by collecting different media sources may shed new light on the external perception of family firm brands in a way that acknowledges not only their heterogeneity but also the heterogeneity of external audiences, also considering the media as a different group of external stakeholders (Beck, 2016). Future studies could adopt the perspective of external audiences to better understand how authenticity evolves with rebranding following scandals (e.g., Beverland, 2005).

Fourth, although our exploration considers the locus of the family and the business as we examine the family firm context, recent studies have highlighted that entrepreneurial families control a variety of assets as family (business) foundations, museums, family office, etc. (De Massis, Kotlar, & Manelli, 2021). Such assets generate value for the firm and might contribute to the positive image of family-based brands, but might also be loci for scandal break or contagion that need to be considered when examining scandals. For instance, the Feud of the Gates family might not be so dramatic for the firm that Bill Gates founded as it does not adopt a family-based brand, but it might exert negative reverberations on the "Bill and Melinda Gates Foundation" whose social image might be undermined because of the betrayed expectations of family love and union amidst the scandal of the divorce (e.g., Kulish, 2021). Therefore, the examination of scandals in the context of entrepreneurial families would allow to expand the concept of value by understanding the vulnerability of highly entangled assets.

6.2. Managerial implications

Our study provides some practical suggestions for family firm managers. First, our study raises awareness about the risk of family-based brands in situations of scandals, as they might spread unintended messages which might conflate with and overwhelm the intended ones, undermining reputation and organizational outcomes. This phenomenon is particularly risky for family-based brands, where the family and the firm identities are tightly intertwined. We thus encourage family business' executives to deeply reflect upon the association of the family with the business brand, the messages attached to it, and the effects a scandal could have on the brand and the family. Further, by adopting financial metrics to measure brand equity, practitioners may raise their awareness on the economic effect of the scandal on the brand and therefore hopefully take preventative actions.

Second, nowadays we are facing a revolution in terms of communication strategies as the advent of social media has introduced a new paradigm for branding activities. Social media are considered a great opportunity for promoting brands as they provide a continuous source of updated information for consumers and high exposure for the brands. The ability to hold conversations directly with consumers on social media makes consumer-brand relationships more intimate. However, social media can be amplifiers of scandals and, for family members using social media, might blur the separation between professional and personal contexts. For this reason, the use of corporate and personal social media channels should be carefully planned by marketing managers, and the release of contents and reactions to them should be regularly monitored to limit scandal break.

CRediT authorship contribution statement

Emanuela Rondi : Visualization, Conceptualization, Writing - original draft, Writing - review & editing. **Carlotta Benedetti :** Conceptualization, Writing - original draft, Writing - review & editing. **Cristina Bettinelli :** Writing – original draft, Conceptualization. **Alfredo De Massis :** Writing – review & editing, Supervision, Conceptualization.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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