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Research paper

Motivations for Implementing Environmental, Social, and Governance (ESG) Practices in Unlisted Family Firms: A Phenomenological Study

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Abstract

The increasing emphasis on sustainability in Indonesia has stimulated the adoption of Environmental, Social, and Governance (ESG) practices, particularly within the automotive sector, which entails substantial environmental and social risk exposure. However, extant literature has predominantly focused on publicly listed firms, leaving the motivational foundations of ESG implementation in non-listed family firms-typically characterized by long-term orientation and strong socioemotional ties-insufficiently examined. This study investigates the motivational drivers of ESG adoption in a non-listed family firm through a qualitative phenomenological approach, using PT Agung Automall as a case study.

Data were obtained from in-depth interviews with 20 key informants across managerial levels, complemented by observation and document analysis. Data analysis followed the procedures of epoché, horizontalization, meaning clustering, and thematic development, with rigor ensured through triangulation and member checking. Grounded in Stakeholder Theory, Socioemotional Wealth Theory, the Resource-Based View, and Legitimacy Theory, and guided by sector-specific SASB standards for the automotive industry, the findings reveal four dominant motivational mechanisms: internalized family values and long-term commitment, regulatory compliance, owner-driven strategic direction, and external stakeholder pressures.

The results further indicate that substantive ESG implementation enhances corporate reputation, reinforces customer loyalty, strengthens governmental relations, and improves organizational resilience during periods of crisis. Notwithstanding these benefits, firms face significant challenges related to organizational culture transformation, infrastructural constraints in regional operations, and high initial investment requirements for environmentally sustainable technologies. This study contributes to the ESG and family business literature by elucidating the motivational logics underpinning ESG engagement in non-listed family firms within emerging market contexts.

Keywords: *ESG Practices; Family Firms; Phenomenological Study; Sustainability Motivation; Automotive Industry.*

1. Introduction

The increasing global emphasis on sustainability has fundamentally reshaped how firms conceptualize responsibility, performance, and long-term value creation. Environmental, Social, and Governance (ESG) has emerged as an integrated strategic framework that embeds environmental stewardship, social accountability, and governance quality within core business processes, moving beyond fragmented approaches such as standalone corporate social responsibility (CSR) initiatives or narrow governance compliance mechanisms (Gillan et al., 2012; Greening, 2019). Prior research demonstrates that firms with a strong sustainability orientation tend to develop more resilient organizational capabilities and achieve superior long-term performance, underscoring ESG as a strategic rather than merely normative construct (Eccles et al., 2014).

In Indonesia, the diffusion of ESG practices has been primarily institutionalized through regulatory mandates targeting publicly listed firms. The issuance of Otoritas Jasa Keuangan Regulation No. 51/POJK.03/2017 formally embedded sustainable finance principles into the capital market framework, strengthening ESG disclosure and accountability requirements for financial institutions and listed corporations. Consequently, empirical research on ESG in Indonesia has largely concentrated on publicly listed firms, where investor scrutiny, regulatory enforcement, and reputational pressures strongly shape corporate behavior (Amir & Serafeim, 2018; Dyck et al., 2019).

This regulatory and market-oriented emphasis, however, provides only a partial understanding of ESG adoption, as it neglects organizational contexts in which external monitoring is weaker, and sustainability engagement is not primarily driven by capital market expectations. This limitation is particularly salient in emerging markets, where institutional environments are characterized by regulatory gaps, uneven enforcement, and culturally embedded business practices (Marquis & Qian, 2014). In such contexts, ESG adoption cannot be adequately explained by compliance or signaling mechanisms alone.

Family firms represent a critical yet underexplored organizational form within this discourse. As dominant economic actors in many emerging economies, family firms are distinguished by concentrated ownership, long-term orientation, and the intertwining of business objectives with family values. Prior studies highlight that strategic decision-making in family firms is strongly shaped by socioemotional wealth considerations, including the preservation of family reputation, identity, control, and intergenerational continuity (Berrone et al., 2012). These non-financial objectives often coexist with, and at times outweigh, purely economic motivations, thereby influencing how family firms respond to social and environmental expectations (Dyer & Whetten, 2006).

From a theoretical standpoint, the motivations underlying ESG adoption in family firms can be interpreted through the integration of multiple perspectives. Stakeholder Theory posits that firms engage in ESG practices to manage relationships with salient stakeholders whose support is vital for organizational survival (Freeman & McVea, 2005). The Resource-Based View further conceptualizes ESG-related practices as potential sources of sustained competitive advantage when embedded in firm-specific intangible resources such as reputation, trust, and organizational culture (Barney, 1991; Mailani et al., 2024). In family firms, these resources are often reinforced by enduring social ties and value-driven governance structures.

Legitimacy Theory complements these perspectives by emphasizing ESG as a mechanism through which firms seek alignment with prevailing societal norms to secure continued social acceptance (Suchman, 1995; Burlea-Schiopoiu & Popa, 2013). In emerging markets, where formal institutions may be weak, legitimacy is frequently negotiated through informal social contracts with communities, regulators, and local stakeholders. For family firms, whose organizational identity is closely embedded in local social structures, legitimacy considerations may exert a particularly strong influence on sustainability-related decisions.

Despite the relevance of these theoretical lenses, empirical evidence on ESG implementation in non-listed family firms remains limited, especially in environmentally and socially intensive sectors such as automotive. The automotive industry is associated with substantial environmental externalities, labor intensity, and safety risks, rendering ESG integration both strategically complex and socially consequential. In Indonesia, challenges related to emissions, energy transition, and community impact further heighten the importance of understanding how firms internalize and operationalize ESG principles beyond formal compliance regimes.

Moreover, existing ESG research in Indonesia has predominantly relied on quantitative designs and secondary disclosure data, offering limited insight into the lived experiences, values, and motivations of organizational actors (Given, 2012). Qualitative and interpretive approaches remain scarce, despite their capacity to uncover deeply embedded drivers of sustainability behavior that are not readily observable through archival sources. This gap is particularly pronounced in non-listed family firms, where ESG practices tend to be informal, value-driven, and embedded in everyday managerial routines rather than codified reporting systems.

Addressing these gaps, this study investigates the motivational foundations of ESG implementation in a non-listed family firm operating in Indonesia's automotive sector. Adopting a qualitative phenomenological approach, the study explores how ESG is interpreted, justified, and enacted by organizational actors in the absence of strong capital market pressures. By integrating Stakeholder Theory, Socioemotional Wealth Theory, the Resource-Based View, and Legitimacy Theory, this research advances a multi-theoretical understanding of ESG adoption as a dynamic interaction among strategic considerations, institutional context, and family-driven values. In doing so, the study contributes to the ESG and family business literature by illuminating how sustainability practices emerge and evolve within underexamined organizational settings in emerging market contexts.

2. Literature Review

2.1. ESG as an integrated strategic framework

Environmental, Social, and Governance (ESG) has evolved from fragmented corporate responsibility initiatives into an integrated strategic framework that shapes organizational decision-making and long-term value creation. Early sustainability practices were largely associated with philanthropic corporate social responsibility (CSR) and compliance-oriented governance mechanisms. However, recent scholarship emphasizes that ESG integrates environmental management, social accountability, and governance structures into a unified strategic architecture that directly influences firm resilience and performance (Gillan et al., 2012; Greening, 2019). Empirical evidence further demonstrates that firms with a strong sustainability orientation tend to exhibit superior organizational processes, improved stakeholder relationships, and enhanced long-term performance outcomes (Eccles et al., 2014).

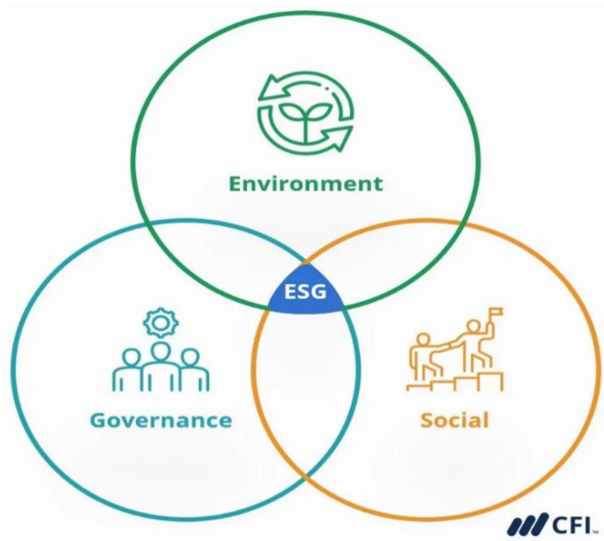

Fig. 1: Conceptual Model Environmental, Social, Governance (ESG) (Corporate Finance Institute, N.D.)

From an investor perspective, ESG information has become increasingly relevant for risk assessment and strategic evaluation, reflecting a shift toward sustainability-oriented capital allocation (Amir & Serafeim, 2018; Dyck et al., 2019). Nevertheless, this growing emphasis on

ESG metrics has disproportionately centered on publicly listed firms, where disclosure obligations and capital market pressures strongly shape sustainability behavior.

In addition to widely adopted frameworks such as the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI), the global sustainability reporting landscape has evolved with the emergence of new standards aimed at improving comparability and financial materiality. Notably, the establishment of the International Sustainability Standards Board (ISSB) has introduced globally harmonized disclosure standards such as IFRS S1 and IFRS S2, which focus on sustainability-related financial information and climate-related risk disclosure. These developments reflect increasing efforts to integrate sustainability considerations into mainstream financial reporting and corporate governance practices.

In emerging markets, ESG implementation often extends beyond formal disclosure mechanisms and is deeply embedded within organizational values, institutional environments, and stakeholder relationships. Regulatory frameworks, such as sustainable finance policies and reporting guidelines, provide an important institutional backdrop; however, their influence varies depending on firm ownership structure, governance capacity, and cultural context. As a result, ESG adoption in non-listed firms remains insufficiently understood, particularly from a process-oriented and motivational perspective.

2.2. Stakeholder and legitimacy perspectives on ESG adoption

Stakeholder Theory provides a foundational lens for understanding ESG adoption by conceptualizing firms as entities embedded within networks of interdependent relationships (Freeman & McVea, 2005). ESG practices can be interpreted as strategic responses to stakeholder expectations, enabling firms to balance competing interests while maintaining access to critical resources such as labor, legitimacy, and market support. In this context, sustainability initiatives are not merely ethical choices but mechanisms for managing stakeholder salience and ensuring long-term organizational survival.

Complementing this view, Legitimacy Theory emphasizes the role of ESG in aligning corporate behavior with prevailing social norms, values, and expectations (Suchman, 1995; Burlea-Schiopoiu & Popa, 2013). Firms operate under an implicit social contract, and deviations from societal expectations may threaten their legitimacy and license to operate. ESG adoption thus serves as a means of securing moral, pragmatic, and cognitive legitimacy, particularly in sectors associated with significant environmental and social externalities.

In emerging market contexts, legitimacy pressures often manifest through informal social mechanisms rather than formal regulatory enforcement. Communities, local governments, and civil society actors play a critical role in shaping expectations regarding environmental responsibility and social contribution. For family-owned firms, whose identity is frequently intertwined with local communities, legitimacy concerns may exert a particularly strong influence on ES-related decisions, reinforcing sustainability engagement even in the absence of stringent regulatory oversight.

2.3. ESG as a strategic resource: a resource-based view

From a Resource-Based View (RBV) perspective, ESG-related practices may function as valuable, rare, inimitable, and non-sustainable resources when embedded within firm-specific capabilities and organizational culture (Barney, 1991; Barney & Hesterly, 2015). Rather than being viewed solely as cost centers or compliance requirements, ESG initiatives can contribute to sustained competitive advantage by enhancing reputation, trust, and stakeholder loyalty.

Recent systematic reviews highlight that intangible resources such as organizational routines, relational capital, and value-driven leadership are central to the development of dynamic capabilities in family firms (Mailani et al., 2024; Gjergji et al., 2025). ESG practices that are consistently enacted over time may become deeply institutionalized, making them difficult for competitors to replicate. This process is particularly salient in family firms, where long-term commitment and stable ownership structures facilitate the accumulation of socially embedded resources.

However, RBV also suggests that the strategic value of ESG depends on the firm's ability to integrate sustainability principles into core business operations rather than treating them as symbolic or peripheral activities. In contexts where ESG adoption is primarily driven by external signaling, sustainability initiatives may lack depth and strategic coherence. Understanding how ESG becomes internalized as a strategic resource therefore requires attention to firm-specific motivations and governance dynamics. Recent quantitative studies further highlight the relationship between ESG practices and organizational resilience. Empirical research suggests that firms with stronger ESG engagement tend to exhibit greater resilience during periods of economic disruption, benefiting from enhanced stakeholder trust, improved risk management practices, and stronger reputational capital (Flammer, 2023; Krueger et al., 2024). These findings support the Resource-Based View perspective, which conceptualizes sustainability-related capabilities as valuable intangible resources that can strengthen firms' adaptive capacity and long-term performance. Within family firms, such resilience effects may be further reinforced by long-term orientation and socioemotional wealth considerations.

2.4. Socioemotional wealth and ESG in family firms

Socioemotional Wealth (SEW) theory offers critical insight into the distinct motivations shaping strategic behavior in family firms. SEW emphasizes the importance of non-financial goals, including family control, identity, reputation, emotional attachment, and intergenerational continuity (Berrone et al., 2012). These dimensions influence decision-making processes in ways that often diverge from purely economic rationality.

Table 1: Theoretical Foundations of ESG Implementation in Family Firms

Theory	Key Focus	Contribution to ESG Motivation
Stakeholder Theory	Stakeholder relationships	External pressure & engagement
SEW Theory	Non-financial family goals	Intrinsic motivation & legacy
RBV	Strategic resources	ESG as competitive advantage
Legitimacy Theory	Social acceptance	License to operate

Prior studies indicate that family firms may engage in socially responsible behavior to protect family reputation and maintain positive relationships with key stakeholders (Dyer & Whetten, 2006). ESG adoption can therefore be interpreted as a mechanism through which family firms preserve socioemotional wealth while simultaneously enhancing organizational legitimacy and long-term sustainability. Unlike non-family firms, where ESG initiatives may be driven primarily by external investor expectations, family firms often internalize sustainability values as part of their organizational identity.

Nevertheless, SEW considerations may also generate tensions, particularly when ESG initiatives require significant upfront investment or organizational change. The balance between preserving family control and pursuing professionalized sustainability strategies remains an ongoing challenge. These tensions underscore the importance of qualitative inquiry to capture how family decision-makers negotiate trade-offs between economic performance, socioemotional objectives, and sustainability commitments.

2.5. ESG in emerging markets and high-impact industries

ESG implementation in emerging markets is shaped by institutional complexity, regulatory fragmentation, and culturally embedded business practices. Studies highlight that sustainability initiatives in such contexts often reflect hybrid logics, combining formal compliance with informal norms and value-driven motivations (Marquis & Qian, 2014). Weak enforcement mechanisms and uneven regulatory capacity further amplify the role of internal governance and leadership commitment in driving ESG engagement.

High-impact industries such as the automotive sector face heightened ESG-related challenges due to environmental emissions, labor intensity, and product safety risks. These sectoral characteristics intensify stakeholder scrutiny and legitimacy pressures, rendering ESG integration both strategically necessary and operationally complex. In emerging economies, the transition toward cleaner technologies and socially responsible production further complicates sustainability efforts, particularly for firms operating outside capital market oversight.

Despite these challenges, existing research on ESG in emerging markets has largely relied on quantitative analyses of disclosure practices, offering limited insight into the underlying motivations and processes shaping sustainability behavior. Qualitative, firm-level studies remain scarce, especially those focusing on non-listed family firms operating in environmentally sensitive sectors.

2.6. Research gap and conceptual positioning

The literature reviewed above reveals several critical gaps. First, ESG research remains heavily skewed toward publicly listed firms, thereby limiting understanding of sustainability practices in non-listed organizational contexts. Second, although family business scholarship acknowledges the importance of socioemotional wealth and long-term orientation, empirical evidence on how these factors shape ESG motivations remains limited. Third, studies in emerging markets rarely employ qualitative approaches capable of capturing the lived experiences and value-driven motivations underlying ESG adoption.

This study addresses these gaps by examining ESG implementation in a non-listed family firm operating in Indonesia's automotive sector. Adopting a qualitative phenomenological approach, the research focuses on the motivational foundations of ESG practices by integrating insights from Stakeholder Theory, the Resource-Based View, Socioemotional Wealth theory, and Legitimacy Theory. Through this multi-theoretical lens, the study conceptualizes ESG adoption as a dynamic process shaped by the interaction of strategic resources, institutional context, stakeholder relationships, and family-driven values.

3. Methodology

3.1. Research design

This study adopts a qualitative research design using a phenomenological approach. Phenomenology is particularly suitable for exploring how individuals experience, interpret, and assign meaning to specific phenomena within their natural organizational context. In line with qualitative inquiry, this approach enables an in-depth understanding of the lived experiences and underlying motivations of key organizational actors involved in ESG implementation (Ishtiaq, 2019).

The phenomenological approach is applied to capture the essence of motivation underlying ESG adoption in a non-listed family firm. Rather than examining ESG outcomes or disclosure metrics, the study focuses on how ESG-related decisions are perceived, justified, and enacted by individuals who are directly involved in shaping sustainability practices. This approach allows the research to uncover both intrinsic and extrinsic motivational dimensions embedded in everyday managerial experiences (Greening, 2019).

3.2. Research context and case selection

The empirical setting of this study is a non-listed family-owned firm operating in Indonesia's automotive sector. The case was selected purposively due to its relevance to the research objectives, as the firm demonstrates sustained engagement with ESG-related initiatives despite the absence of capital market listing requirements. As a family-controlled organization, the firm represents a rich and information-intensive context for examining ESG motivations shaped by long-term orientation, family values, and governance structures.

The automotive sector was selected due to its high environmental and social impact, making ESG implementation both strategically significant and operationally complex. The Indonesian context further provides an appropriate setting for exploring ESG adoption in an emerging market characterized by evolving regulatory frameworks and diverse stakeholder expectations.

3.3. Data sources and participants

Data were collected through triangulation of multiple sources to enhance analytical depth and credibility (Given, 2012). Primary data were obtained through in-depth, semi-structured interviews with 20 key informants selected using purposive sampling. Informants were chosen based on their strategic roles, decision-making authority, and direct involvement in ESG-related activities within the organization.

The informant group included members of the owning family, senior management, operational managers, corporate communication and public relations personnel, and general affairs staff responsible for monitoring and implementing ESG-related programs across organizational units. This diversity of perspectives enabled the study to capture both strategic intent and operational realities of ESG implementation.

In addition to interviews, non-participant observations were conducted to document visible ESG practices within the organizational environment, such as waste management arrangements, energy-saving initiatives, and workplace facilities. Secondary data, including internal policy documents, operational guidelines, corporate communication materials, websites, and publicly available media coverage, were also reviewed to enrich contextual understanding and support data triangulation.

3.4. Data collection procedures

Semi-structured interviews served as the primary data collection method, allowing flexibility to explore informants' experiences while maintaining consistency across interviews. An interview guide was developed based on the study's conceptual framework, covering themes related to ESG motivation, decision-making processes, challenges, and perceived outcomes. Each interview lasted approximately 45–60 minutes and was conducted with participants' informed consent. Interviews were audio-recorded and supplemented with detailed field notes to ensure data accuracy.

Observations were conducted concurrently with interviews to corroborate informants' statements and identify discrepancies between articulated practices and observable behavior. Documentary analysis was used to examine formal ESG-related policies, communication narratives, and reporting practices, enabling cross-validation of interview and observational data.

3.5. Data analysis

Data analysis followed established phenomenological procedures to ensure systematic interpretation of participants' lived experiences.

First, the researcher engaged in epoché, deliberately bracketing personal assumptions and preconceptions to approach the data with analytical openness.

During the analysis process, the researcher applied epoché (bracketing) by deliberately suspending prior assumptions regarding ESG as a purely compliance-driven practice. This reflexive stance allowed the analysis to remain grounded in participants' descriptions rather than being shaped by dominant ESG frameworks commonly discussed in the literature.

Analytical memos were maintained throughout the coding process to document emerging interpretations and to ensure that themes were derived inductively from participants' narratives rather than from the researcher's preconceived expectations.

Second, horizontalization was conducted by reviewing interview transcripts and identifying all statements relevant to ESG motivation, treating each statement with equal analytical weight.

Third, meaning units were clustered into thematic categories through iterative comparison and theoretical reflection(Greening, 2019).

3.6. Trustworthiness

To ensure trustworthiness, the study applied multiple strategies addressing credibility, dependability, and confirmability. Data triangulation was achieved by comparing insights across different informants, data collection methods, and documentary sources. Member checking was conducted by sharing preliminary interpretations with selected participants to confirm the accuracy of the researcher's understanding.

Prolonged engagement with the research context facilitated the development of trust and enhanced the depth of data collected. Peer debriefing sessions were conducted with academic supervisors experienced in qualitative research to critically examine analytical decisions and emerging interpretations, thereby strengthening methodological rigor.

3.7. Ethical considerations

This study adhered to established ethical principles governing qualitative research. Informed consent was obtained from all participants prior to data collection, and participants were informed about the purpose of the study, data usage, and their right to withdraw at any stage. Confidentiality and anonymity were ensured by removing identifying information and using pseudonyms where necessary. All data were handled securely to protect both participants and organizational interests.

4. Results and Interpretations

4.1. Research context and informant profile

This study draws on qualitative data collected from 20 informants representing multiple managerial levels within a non-listed family-owned automotive firm operating in Indonesia. Informants ranged from board-level executives and head office managers to branch managers, supervisors, and operational staff across several regions. This diversity enabled the study to capture ESG-related motivations and practices from strategic, managerial, and operational perspectives.

The phenomenological approach facilitated an in-depth exploration of how ESG is understood, implemented, and experienced within a family business context, where ownership concentration and long-term orientation strongly shape strategic decisions.

4.2. Motivational drivers of ESG implementation

The thematic analysis identified four interrelated motivational clusters underlying ESG implementation: regulatory compliance, internal value orientation, centralized strategic direction, and stakeholder-related considerations.

Regulatory compliance emerged as the most salient driver, particularly with respect to environmental regulations, hazardous waste management, and occupational safety standards. Informants consistently emphasized that ESG practices were necessary to meet government requirements and industry norms, even in the absence of capital market obligations. As one senior manager explained:

"We are not a listed company, but we still have to comply with environmental and safety regulations. ESG helps us make sure everything is structured and documented" (Senior Manager, Headquarters).

This finding reflects the role of coercive institutional pressures in shaping organizational behavior (DiMaggio & Powell, 1983), demonstrating that private firms in environmentally sensitive sectors remain strongly responsive to regulatory demands despite limited exposure to investor scrutiny.

Beyond regulatory motives, internal value orientation constituted a critical motivational foundation. A substantial proportion of informants described ESG as an expression of ethical responsibility and long-term commitment rather than as a response to external evaluation. These motivations were closely linked to family ownership and intergenerational concerns:

"This company was built by our parents, and we want it to last for the next generation. ESG is part of that responsibility, not just a program for image" (Branch Manager, Java region).

Such narratives are consistent with the socioemotional wealth perspective, which posits that family firms prioritize non-financial goals such as legacy preservation, reputation, and family identity (Gómez-Mejía et al., 2007). ESG practices in this context function not merely as compliance mechanisms but as vehicles for sustaining family values and organizational continuity.

Strategic direction from the owning family and head office further shaped ESG adoption. Informants reported that most initiatives originated from top management through formal directives and standardized guidelines, reflecting centralized governance structures typical of family-controlled organizations:

"Most ESG programs come from head office. We follow the guidelines, but we can adjust them to our local conditions" (Operational Supervisor, Sumatra region).

This centralized orientation supports the interpretation of ESG as a strategically managed organizational resource rather than as an emergent grassroots practice, aligning with the resource-based view in which coordinated managerial action is necessary to transform values and routines into strategic capabilities.

Finally, stakeholder-related considerations complemented internal and regulatory motivations. Informants highlighted customer expectations, community responsibility, and relationships with local authorities as important drivers of ESG engagement. However, pressures from financial markets or institutional investors were largely absent, underscoring a motivational configuration distinct from that observed in publicly listed firms:

"Customers and local communities pay attention to how we handle waste and social programs. That affects trust, even if no investors are asking about ESG" (Regional Manager, Kalimantan region).

Taken together, these findings indicate that ESG implementation in the case firm is driven by a hybrid motivational structure combining institutional compliance, family-based values, centralized strategic control, and stakeholder embeddedness. Rather than functioning primarily as a legitimacy signal to capital markets, ESG operates as an internally anchored strategic practice shaped by socioemotional considerations and long-term relational objectives.

4.3. ESG strategy formulation and implementation patterns

The findings indicate that ESG strategy formulation in the case firm follows a predominantly centralized decision-making model, in which strategic direction is defined by the owning family and senior executives, while operational execution is delegated to regional branches. Informants consistently described ESG governance as a hybrid structure combining top-down control with limited bottom-up input from operational units.

At the strategic level, ESG priorities are articulated through formal policies and standardized guidelines issued by headquarters. These directives define program objectives, reporting procedures, and performance expectations across organizational units:

"The head office determines the main ESG programs and standards. Branches are responsible for implementation and reporting" (Head Office Manager).

This pattern reflects the centralized governance structures commonly observed in family-controlled firms, where ownership concentration enables strong alignment between values, strategy, and operational control.

To support implementation, the firm established several organizational mechanisms, including continuous improvement teams, ESG-related working groups, and formally assigned responsibilities at branch level. These mechanisms function as coordination and monitoring devices, ensuring consistency across geographically dispersed operations while enabling systematic evaluation of ESG performance.

Despite this centralized orientation, implementation exhibited a degree of contextual flexibility. Branch managers were granted discretion to adapt ESG practices to local regulatory environments, infrastructure constraints, and community needs:

"We use the same ESG framework, but the way we apply it depends on local conditions, such as waste facilities and government requirements" (Branch Supervisor).

This balance between standardization and adaptation allowed the firm to maintain corporate coherence while addressing regional heterogeneity, particularly in relation to environmental management and social engagement.

From a theoretical perspective, this hybrid configuration illustrates how ESG strategies are institutionalized through formal governance structures while remaining embedded in local operational contexts. It also suggests that ESG implementation in non-listed family firms is not purely symbolic but relies on routinized organizational practices supported by managerial coordination and structural accountability. In this sense, ESG functions as an organizational capability shaped by centralized strategic intent and decentralized operational learning.

4.4. Implementation of ESG pillars

The findings show that ESG implementation in the case firm is structured and balanced across the three ESG pillars-environmental, social, and governance-rather than being limited to isolated corporate social responsibility (CSR) activities. Informants consistently emphasized that ESG is embedded in routine organizational practices and operational procedures.

- Environmental pillar.

Environmental initiatives include structured hazardous waste management, energy efficiency programs, emission control, and circular economy-oriented innovations. These practices extend beyond minimum regulatory compliance toward proactive environmental stewardship. Informants emphasized that environmental responsibility has become embedded in routine operational procedures:

"Waste handling is no longer optional. We must separate hazardous waste and send it to certified vendors. It has become part of our daily operational discipline." (Branch Manager)

"We installed solar panels not because it is cheaper immediately, but because we want to prepare for long-term energy efficiency and environmental responsibility." (Head Office Manager)

In addition, emission control initiatives such as free public emission testing and collaboration with transportation authorities were perceived as both environmental and social contributions:

"We provide emission testing for the public because pollution is not only the government's problem; companies like us must also be involved." (Operational Supervisor)

- Social pillar.

Social initiatives focus on education, healthcare access, community empowerment, and employee welfare. These programs are designed as long-term interventions rather than short-term charitable actions and frequently involve direct employee participation:

"CSR here is not just about giving donations. We accompany the community continuously, especially in education and health programs." (CSR Coordinator)

“Employees are encouraged to join social programs so they feel that the company is not only working for profit but also for society.” (HR Manager)
Such practices reinforce the perception that social responsibility is integrated into the firm’s identity rather than treated as an external obligation.

- Governance pillar

Governance practices are characterized by high transparency, standardized operating procedures, strict anti-corruption measures, leadership rotation policies, and voluntary sustainability reporting. Governance emerged as a critical pillar of ESG implementation, particularly given the firm’s non-listed family ownership structure. Informants highlighted that governance mechanisms are essential to maintaining trust and discipline:
“Even though this is a family company, governance must be professional. That is why we have leadership rotation and strict sanctions for violations.” (Senior Executive)
“We apply transparency through routine reporting and cashless payment systems so that misuse of funds can be avoided.” (Finance Manager)
Anti-corruption initiatives were further strengthened through external involvement:
“We even invite former anti-corruption officers to train employees so they understand the risks and consequences clearly.” (Compliance Officer)
Overall, the implementation of ESG pillars reflects an integrated and institutionalized approach. Environmental, social, and governance practices are not treated as separate programs but as mutually reinforcing components of organizational routines. This suggests that ESG in the case firm operates as a managerial system embedded within daily operations rather than as a symbolic or compliance-driven activity.
Governance represents a critical pillar of ESG implementation in the case firm, particularly given its non-listed family ownership structure. Table X summarizes the formal governance mechanisms that support transparency, accountability, and ethical conduct across organizational levels.

Table 2: Governance Mechanisms Supporting ESG Implementation

Governance Aspect	Mechanism	Implementation Pattern
Leadership Structure	Clear organizational structure; formal delegation of authority; leadership rotation every 4–5 years	Standardized
Transparency	Routine reporting to HQ; money meetings; e-payment systems; sustainability reporting	Periodic
Anti Corruption	Training by former anti-corruption officials; surprise audits; strict sanctions	Continuous
Sanction System	Tiered warnings (SP1–SP3); job rotation; dismissal for severe violations; legal prosecution for fraud	Case based
SOP & Documentation	Written SOPs across all functions; document numbering system; centralized database	Standardized
Accountability	Clear PIC for each program; internal and external audits; PSI reporting	Routine

4.5. Perceived impacts of ESG implementation

Across all informant groups, ESG implementation was perceived to generate substantial intangible benefits, particularly in terms of corporate reputation, stakeholder trust, and long-term business sustainability. All informants associated ESG practices with a positive brand image and enhanced legitimacy among customers, local communities, and government institutions. These perceptions indicate that ESG functions not merely as a compliance mechanism but as a reputational asset embedded in organizational identity.
Although only a limited number of informants reported immediate effects on sales or short-term profitability, the majority emphasized ESG’s contribution to customer loyalty, employee engagement, and organizational resilience. This finding reflects a clear distinction between short-term financial performance and long-term value creation, with ESG positioned as a strategic investment rather than a direct revenue-generating activity.

Table 3: Environmental ESG Practices Implemented by the Case Firm

Program Category	Specific Activities	Implementation Frequency
Waste Management	Hazardous waste handled by certified vendors; oil waste processed via IPAL; waste segregation	Routine / daily
Energy Efficiency	Solar panels (9 branches); electricity timers; shutdown of non-operational areas	Continuous
Emission Control	Free public emission testing; exhaust monitoring; collaboration with transportation authorities	Biannual
Green Innovation	Transition to hybrid/EV vehicles; water-based paint; plastic to building materials recycling	Gra

Environmental initiatives represent a core component of ESG implementation at the case firm. As summarized in Table 3, environmental practices extend beyond minimum regulatory compliance and exhibit a proactive and structured approach across waste management, energy efficiency, emission control, and green innovation. Routine hazardous waste handling, continuous energy-saving measures such as solar panel adoption, and biannual public emission testing illustrate how environmental responsibility is operationalized through standardized practices rather than ad hoc programs.

Table 4: Perceived Impact of ESG Implementation Across Organizational Dimensions

Impact Dimension	Significance Level	Interpretation
Reputation & Brand Image	Very High (20/20)	Most consistently mentioned impact
Customer Loyalty	High (18/20)	Emotional attachment to the brand
Business Sustainability	Very High (20/20)	Long-term business foundation
Government Relations	High (16/20)	Program collaboration and licensing facilitation
Stakeholder Trust	High (17/20)	Community, employees, and suppliers
Market Share	Moderate (10/20)	Indirect and gradual impact
Direct Sales	Low (5/20)	Not directly measurable
Short-term Profitability	Low (3/20)	Not a primary focus

As shown in Table 4, reputation and business sustainability were unanimously identified as the most significant outcomes (20/20 informants), whereas direct sales and short-term profitability were regarded as marginal and difficult to quantify.
Employee-related outcomes were particularly salient. Informants reported increased organizational pride, stronger identification with company values, reduced turnover, and higher participation in sustainability-related initiatives. These results suggest that ESG practices operate

not only as external signaling devices but also as internal governance instruments that strengthen human capital and reinforce organizational culture.

From an external relational perspective, ESG implementation also enhanced the firm's social capital. Informants highlighted improved cooperation with government agencies, facilitated licensing processes, and stronger collaboration with community stakeholders. These outcomes indicate that ESG practices contribute to the accumulation of relational legitimacy, which is particularly salient for non-listed firms that do not rely on capital market visibility.

Overall, the perceived impacts of ESG implementation were predominantly long-term and relational rather than short-term and financial. As synthesized in Table 4, reputation, trust, and organizational sustainability emerged as the most consistently cited outcomes, whereas immediate financial gains were considered secondary or indirect. These findings align with the Resource-Based View, which conceptualizes ESG-related practices as generators of intangible assets, and with the Socioemotional Wealth perspective, in which non-financial objectives such as reputation and continuity outweigh short-term profit maximization. ESG implementation thus serves as a foundation for sustainable competitive positioning and organizational continuity rather than as a short-term performance strategy.

4.6. ESG as a source of organizational resilience

A central finding of this study is the role of ESG as a strategic buffer that enhances organizational resilience during periods of crisis. Informants consistently emphasized that long-term investments in ESG practices fostered social capital through sustained relationships with employees, communities, and external stakeholders. This accumulated relational capital enabled the firm to maintain operational stability during periods of severe disruption, including major economic crises and the COVID-19 pandemic.

Rather than scaling back ESG commitments in response to financial pressure, the firm sustained and, in some cases, strengthened its social and governance initiatives. This long-term orientation mitigated panic-driven managerial responses and supported organizational continuity without resorting to mass layoffs. Such practices reinforced employee trust and preserved external legitimacy, thereby stabilizing both internal operations and stakeholder relationships.

These findings suggest that ESG functions not merely as a reputational tool but as a resilience-building capability embedded in organizational routines and values. By institutionalizing ESG as a core strategic principle, the firm developed adaptive capacity to absorb shocks and maintain legitimacy under adverse conditions. This pattern supports a capability-based interpretation of ESG, whereby sustainability practices contribute to crisis preparedness and long-term organizational survival rather than short-term financial performance.

4.7. Challenges in ESG implementation

Despite the overall effectiveness of ESG implementation, the findings reveal several persistent challenges that constrain its operationalization. The most salient barriers relate to behavioral adaptation among employees, regional infrastructure limitations, and the substantial initial investment required for environmentally oriented technologies.

Resistance to new routines-particularly those involving waste segregation, energy conservation, and standardized environmental procedures-necessitated continuous training and close supervision. Informants emphasized that changing everyday work practices required sustained effort and could not be achieved instantly:

"The biggest challenge is changing habits. Sorting waste and saving energy seem simple, but for employees it requires continuous reminders and training." (Branch Manager 3)

"At the beginning, many staff saw ESG as additional work. Only after repeated socialization did they understand that it is part of our responsibility, not just a program." (Supervisor 2)

In addition to behavioral barriers, regional disparities in infrastructure and inconsistent government support increased implementation complexity. Several informants highlighted that environmental compliance depended not only on internal commitment but also on the availability of external facilities:

"In some regions, hazardous waste facilities are very limited. Even if we want to comply, the logistics and costs become much higher." (Operations Manager 1)

"Support from local authorities is not always the same. Some areas are very cooperative, but others still lack proper systems for waste processing." (Branch Manager 5)

Importantly, financial constraints were not perceived as the primary obstacle. ESG expenditures were treated as strategic commitments rather than discretionary costs linked to short-term profitability. This orientation reflects a long-term investment logic consistent with family ownership and sustainability values:

"We do not calculate ESG based on monthly profit. Even when sales go down, the ESG budget stays." (Senior Executive 1).

"For us, this is not about return this year. It is about keeping the company healthy for the next generation." (Family Owner Representative).

Table 5: Perceived Economic Impacts and Challenges of ESG Implementation

Aspect	Positive Impacts	Negative Impacts / Challenges
Cost Efficiency	Energy savings through solar panels; reduced paper consumption; revenue from used oil recycling	High initial investment costs; higher prices of recycled materials
Sales	Gradual increase in hybrid vehicle sales; positive word of mouth marketing	Impact not directly measurable; gradual rather than immediate
Market Share	Maintenance of market leadership; differentiation from competitors	No significant short-term change
Profitability	Business stability despite a 25% market downturn; resilience during crisis periods	CSR program ROI not formally calculated

The economic implications of ESG adoption thus involve trade-offs between short-term financial pressure and long-term strategic benefits. As summarized in Table 5, ESG initiatives generated efficiency gains through reduced energy consumption and waste recycling revenues, while also requiring high upfront investments and lacking formal ROI calculations for social programs. Market outcomes followed a similar pattern: reputational gains and differentiation emerged gradually, whereas direct impacts on sales and profitability remained indirect and difficult to quantify.

These findings support a Resource-Based View interpretation of ESG, whereby sustainability practices function as intangible and path-dependent capabilities that enhance organizational resilience and competitive positioning over time. Short-term financial trade-offs are therefore accepted as part of a strategic commitment to long-term value creation, reinforcing the conclusion that ESG in non-listed family firms is embedded within a sustainability-driven rather than short-term profit-maximization logic.

4.8. Unique and unexpected findings

Several findings diverge from dominant assumptions in the existing ESG and family business literature. Most notably, ESG initiatives were sustained even during periods of financial loss, indicating that ESG is treated as a core organizational commitment rather than a discretionary or profit-contingent activity. This challenges the prevailing view that sustainability investments are primarily conditional on financial performance or market pressure.

"Even when the company was experiencing losses, ESG programs were not stopped. For us, this is not something that can be postponed just because profits decline." (Senior Executive)

"We see ESG as part of who we are as a company. It is not only about whether we make money this year." (Family Owner Representative)

Another unexpected finding concerns employee representation. Contrary to assumptions that the absence of labor unions may weaken employee welfare and voice mechanisms, the case firm exhibited strong internal trust relationships and extensive welfare programs that reduced the perceived need for formal unionization. Informants emphasized that relational governance and direct communication channels functioned as substitutes for formal labor representation.

"We do not have a labor union, but employees can speak directly to management. Problems are usually solved through discussion, not confrontation." (HR Manager)

"Because welfare programs are already provided, employees do not feel the need to form a union. They trust the company to take care of them." (Supervisor)

The firm also adopted governance practices that exceed common expectations for family-controlled organizations. These included systematic leadership rotation, formalized sanction mechanisms, and anti-corruption training delivered by external experts. Such practices contradict the dominant narrative that family firms are inherently prone to weak governance and informal control systems.

"Leadership rotation is important so that no one becomes too comfortable or abuses authority." (Board Member)

"We invited external anti-corruption trainers to ensure that our managers understand integrity standards, not only company rules." (Compliance Officer)

Together, these unexpected patterns indicate that ESG implementation in non-listed family firms does not necessarily follow the compliance-driven or disclosure-oriented pathways observed in publicly listed corporations. Rather, ESG emerges as an embedded organizational logic grounded in long-term orientation, relational governance, and value-driven leadership. These findings call for a reconsideration of generalized assumptions in ESG research and highlight the importance of contextualized qualitative inquiry in uncovering alternative sustainability trajectories in emerging market settings.

4.9. Synthesis of findings

Taken together, the findings demonstrate that ESG implementation in a non-listed family firm is driven by a distinctive configuration of motivations and practices shaped by ownership structure, institutional context, and relational governance. Unlike publicly listed firms, where ESG adoption is commonly associated with investor pressure and disclosure compliance, ESG in this case firm is primarily motivated by internal values, long-term orientation, and centralized strategic direction, while still responding to regulatory requirements and stakeholder expectations.

The analysis reveals four interrelated drivers of ESG implementation: (1) regulatory compliance, which establishes a baseline of formal obligation; (2) family values and socioemotional considerations, which frame ESG as a moral and intergenerational commitment; (3) top-down strategic leadership, which translates values into organizational routines; and (4) relational stakeholder engagement, which sustains legitimacy through practice-based interaction rather than symbolic reporting. These drivers jointly shape a hybrid governance model combining centralized control with localized operational adaptation.

Across environmental, social, and governance dimensions, ESG practices are institutionalized through structured mechanisms, including standardized procedures, dedicated teams, and accountability systems, while retaining flexibility for regional variation. Environmental initiatives extend beyond minimum regulatory requirements, social programs are oriented toward long-term community investment and employee welfare, and governance practices emphasize transparency and integrity despite the absence of capital market scrutiny. This pattern reflects the internalization of ESG as an organizational logic rather than as a peripheral compliance tool.

The perceived impacts of ESG are predominantly intangible and long-term in nature. Reputation, trust, and relational capital emerge as central outcomes, reinforcing customer loyalty, employee identification, and cooperative relationships with government and communities. Short-term financial performance and direct sales effects are secondary, indicating a strategic decoupling between ESG and immediate profitability. This outcome aligns with the Resource-Based View, which conceptualizes ESG-related practices as intangible, path-dependent assets, and with the Socioemotional Wealth perspective, in which non-financial objectives outweigh short-term profit maximization.

The findings further show that ESG functions as a source of organizational resilience. During periods of crisis, the firm maintained ESG commitments, drawing on accumulated social capital and internal trust to stabilize operations and avoid disruptive cost-cutting measures. ESG thus operates not only as a legitimacy mechanism but also as a strategic buffer that enhances adaptive capacity under conditions of uncertainty.

Finally, the presence of unexpected patterns-such as the persistence of ESG during financial downturns, the substitution of labor unions with relational governance, and the adoption of advanced governance practices-challenges dominant assumptions in the ESG and family business literature. These observations underscore the importance of contextualized analysis and highlight the limitations of generalized models derived from publicly listed firms.

Overall, this synthesis positions ESG implementation in non-listed family firms as a multidimensional and value-driven process shaped by the interaction of institutional pressures, strategic resources, stakeholder relationships, and family-based motivations. The findings suggest that ESG in such contexts should be understood not merely as a reporting or compliance practice, but as an embedded organizational capability that supports long-term continuity, legitimacy, and resilience.

4.9.1. Essence of ESG motivation in non-listed family firms

The essence of ESG motivation in the studied organization lies in the integration of family-driven values, regulatory expectations, and long-term organizational continuity. ESG practices are not perceived merely as external compliance mechanisms but as a moral and strategic responsibility embedded in the family firm's identity.

Informants consistently described ESG as a reflection of intergenerational stewardship, where sustainability initiatives serve to protect the firm's reputation, maintain stakeholder trust, and ensure business continuity for future family generations. In this sense, ESG becomes both a governance mechanism and a value-driven commitment rooted in socioemotional wealth preservation.

4.10. Textural description: what participants experienced

Participants described ESG implementation as a multidimensional organizational practice embedded in everyday managerial decision-making. Informants reported experiencing ESG through regulatory compliance activities, internal value commitments, stakeholder engagement initiatives, and strategic directives from family ownership.

Many participants emphasized that ESG was not perceived as an externally imposed reporting requirement but rather as an integrated aspect of responsible business conduct.

4.11. Structural description: how the experience occurred

The experience of ESG implementation emerged through several organizational structures and contextual conditions. First, centralized governance within the family firm allowed ESG initiatives to be coordinated through directives from the head office. Second, regulatory expectations created institutional pressure that reinforced the legitimacy of ESG practices. Third, deeply embedded family values shaped managerial interpretations of sustainability as a long-term responsibility rather than a short-term strategic initiative.

5. Implications

5.1. Theoretical Implications

This study contributes to the literature on ESG and family business in several ways.

First, the findings demonstrate that ESG adoption in non-listed family firms is primarily value-driven rather than disclosure-driven. While much of the existing ESG literature emphasizes investor pressure and capital market discipline as key drivers, this study shows that sustainability initiatives in privately held family firms are strongly shaped by family values and socioemotional wealth considerations.

Second, the findings extend Socioemotional Wealth (SEW) theory by illustrating how non-financial objectives—such as legacy preservation, reputation, and intergenerational continuity—translate into concrete ESG practices. Rather than remaining a symbolic commitment, SEW influences strategic priorities, governance mechanisms, and long-term sustainability investments.

Third, the study contributes to the Resource-Based View (RBV) by conceptualizing ESG practices as intangible organizational capabilities that generate reputational capital, stakeholder trust, and long-term resilience. These capabilities accumulate gradually through sustained engagement with stakeholders and embedded organizational routines.

Finally, the findings highlight the importance of relational legitimacy in emerging market contexts. In contrast to disclosure-oriented ESG models common in developed capital markets, legitimacy in non-listed family firms is constructed primarily through visible environmental and social practices embedded in everyday operations.

5.2. Managerial implications

The findings of this study offer several practical implications for owners and managers of non-listed family firms, particularly those operating in environmentally and socially sensitive sectors such as the automotive industry.

First, the results indicate that ESG initiatives are more likely to be effectively implemented when they are aligned with family values and the firm's long-term strategic vision. Family owners and top management should explicitly frame sustainability as part of the firm's legacy and organizational identity, rather than treating ESG merely as an external compliance obligation. Embedding ESG within organizational culture facilitates the intergenerational continuity of sustainability initiatives and reduces operational resistance to change.

Second, managers should conceptualize ESG not as a short-term cost burden but as a strategic investment that enhances organizational resilience. The findings suggest that ESG practices contribute to operational efficiency, stakeholder trust, and stability during periods of economic disruption. Accordingly, managerial decision-making should adopt a long-term orientation when evaluating ESG-related investments, particularly in areas such as renewable energy adoption, waste management systems, and governance infrastructure.

Third, effective ESG implementation in non-listed family firms requires the establishment of robust internal governance mechanisms, even in the absence of mandatory disclosure requirements. Managers are encouraged to formalize ESG-related responsibilities through clearly defined organizational roles, standard operating procedures, and accountability frameworks. The creation of dedicated ESG functions or committees, even on an informal basis, can enhance coordination, monitoring, and consistency across organizational units.

Fourth, stakeholder engagement should be managed through relational rather than purely transactional approaches. The findings underscore the importance of sustained communication with employees, local communities, government agencies, and customers. Managers should prioritize visible and practice-based ESG actions-such as community development programs and environmental initiatives-over symbolic reporting activities, as such actions generate legitimacy and trust more effectively in emerging market contexts.

5.3. Policy implications

The findings of this study provide several policy implications for regulators, government agencies, and industry associations aiming to promote ESG adoption beyond publicly listed firms, particularly in emerging market contexts such as Indonesia.

First, the results indicate that ESG policy frameworks should move beyond a one-size-fits-all, disclosure-oriented regulatory model. Non-listed family firms are primarily driven by internal values, legacy considerations, and relational legitimacy rather than by formal reporting obligations. Policymakers should therefore complement mandatory regulatory instruments with incentive-based mechanisms, including tax incentives, public recognition schemes, and technical assistance programs, to encourage voluntary ESG adoption among family-owned enterprises.

Second, the study underscores the importance of policy frameworks that emphasize capacity building rather than punitive compliance. Many of the ESG-related constraints faced by non-listed firms-such as high initial investment costs for environmentally friendly technologies and uneven regional infrastructure-are structural rather than motivational in nature. Public policies that expand access to green financing, subsidized

renewable energy programs, and ESG-related training initiatives can substantially reduce implementation barriers, particularly for firms operating outside major urban and industrial centers.
Third, the findings suggest that practice-based legitimacy plays a more prominent role than formal disclosure in emerging market settings. Policymakers should therefore acknowledge and institutionalize visible ESG practices-such as community development initiatives, environmental restoration programs, and ethical governance arrangements-through simplified reporting frameworks or sector-specific ESG guidelines. Such an approach would enhance accountability while minimizing administrative burdens for non-listed firms.
Fourth, industry associations and sectoral regulators, especially within the automotive industry, can serve as key intermediaries in diffusing ESG standards through collaborative governance mechanisms. The development of sector-specific ESG benchmarks, aligned with international sustainability frameworks yet adapted to local institutional conditions, would enable non-listed firms to translate abstract sustainability principles into concrete and operationally feasible practices.

6. Conclusion and Future Research

This study explores the motivational foundations, implementation patterns, and perceived impacts of ESG practices in a non-listed family firm operating in Indonesia's automotive sector. Using a qualitative phenomenological approach, the findings demonstrate that ESG adoption in non-listed family firms is primarily driven by internal value orientations, socioemotional considerations, and strong owner commitment, rather than by capital market pressures or short-term financial incentives. This confirms that ESG engagement in privately held family firms appears to follow distinct motivational patterns compared with publicly listed corporations, where disclosure requirements and investor scrutiny play a dominant role.
The study further shows that ESG is embedded in organizational culture, governance arrangements, and daily operational routines, encompassing environmental, social, and governance dimensions in an integrated manner. ESG practices are not implemented as symbolic compliance tools or reputational signals alone, but function as a strategic framework that enhances organizational resilience, strengthens stakeholder relationships, and supports long-term business sustainability. In this respect, ESG operates as an internally institutionalized capability aligned with the firm's identity, legacy orientation, and intergenerational objectives.
Consistent with the theoretical implications, the findings indicate that ESG implementation in non-listed family firms is shaped by the interaction between family-driven values (Socioemotional Wealth), stakeholder embeddedness (Stakeholder Theory), legitimacy-seeking behavior in weakly institutionalized environments (Legitimacy Theory), and the development of intangible strategic resources (Resource-Based View). This multi-theoretical perspective highlights that ESG adoption in emerging markets is not solely a response to formal regulation, but also a relational and culturally embedded process rooted in ownership structure and social context.
From a practical and policy perspective, the results underscore that ESG in non-listed firms is more effectively promoted through value alignment, relational legitimacy, and capacity-building mechanisms than through disclosure-based regulatory approaches alone. Given the qualitative single-case design of this study, the findings are intended to contribute to analytical rather than statistical generalization. The objective is not to represent the broader population of firms but to develop theoretically informed insights into the motivational foundations of ESG adoption within family-controlled organizations. Through in-depth exploration of participants' lived experiences, the study provides conceptual explanations that may inform future research examining ESG practices in similar organizational contexts. This supports the managerial and policy implications of the study, which emphasize internal governance strengthening, stakeholder-oriented implementation, and incentive-based policy frameworks adapted to the specific conditions of family-owned enterprises in emerging economies.

6.1. Synthesis with previous studies

The findings of this study are broadly consistent with prior research on family firms and sustainability. Studies grounded in Socioemotional Wealth (SEW) theory suggest that family-controlled firms often prioritize reputation, legacy preservation, and community relationships when making strategic decisions. The present findings support this perspective by showing that ESG initiatives are closely linked to long-term continuity and family identity.
However, this study also extends the existing literature by highlighting important differences between listed and non-listed firms. While previous ESG research often emphasizes investor pressure and disclosure requirements as key drivers of sustainability practices, the results indicate that ESG adoption in non-listed family firms is largely owner-driven and value-based.
The findings also support prior research from the Resource-Based View perspective, which suggests that ESG practices can generate intangible assets such as reputation, trust, and relational capital. Consistent with this view, informants in the case firm perceived ESG primarily as a long-term strategic investment rather than a mechanism for immediate financial returns.

6.2. Contribution to ESG theory

This study contributes to the ESG literature by highlighting that sustainability adoption in non-listed family firms often reflects value-based and internally governed motivations in addition to disclosure-driven mechanisms commonly discussed in prior research.
By integrating Socioemotional Wealth theory, Stakeholder theory, Legitimacy theory, and the Resource-Based View, the study proposes that ESG in family firms operates as a relational and capability-building process rooted in ownership structure and long-term orientation.
These findings suggest that ESG theory should incorporate ownership structure and institutional context as critical boundary conditions shaping the motivations, mechanisms, and outcomes of sustainability practices.

6.3. Conceptual model and propositions derived from the findings

Drawing on the empirical findings, this study proposes a conceptual model of ESG adoption in non-listed family firms

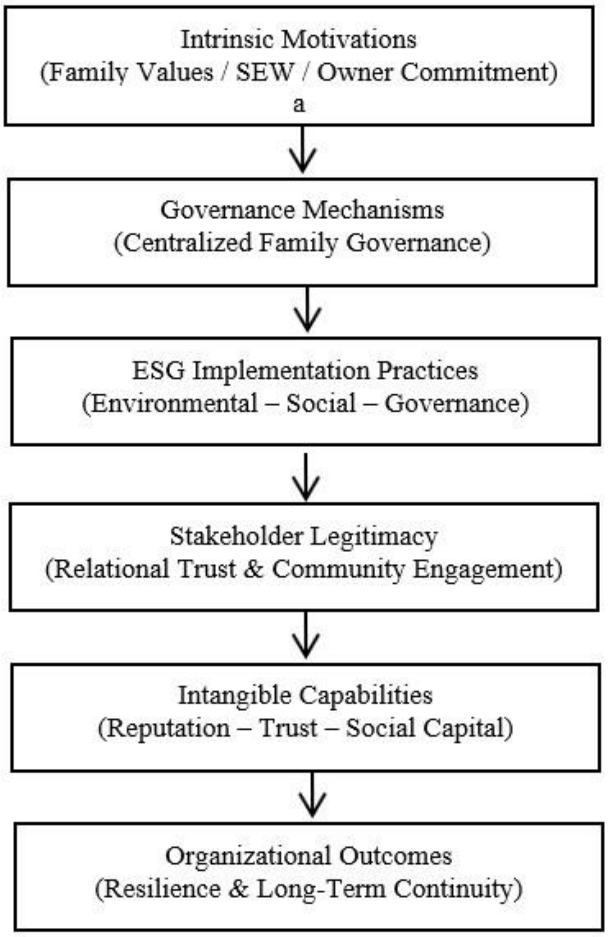

Fig. 2: Conceptual Model of ESG Adoption in Non-Listed Family Firms.

The conceptual relationships identified in this study are summarized in Figure 2, which illustrates how intrinsic motivations are translated into governance mechanisms, stakeholder legitimacy processes, and the development of organizational capabilities that ultimately support long-term resilience. It emphasizes intrinsic motivations, governance mechanisms, stakeholder embeddedness, and long-term outcomes. Unlike disclosure-oriented ESG frameworks, the model conceptualizes ESG as an internally driven strategic process rooted in family values and long-term orientation.

At the core of the model are socioemotional wealth considerations and owner commitment, which shape how ESG is interpreted and enacted. These intrinsic motivations are translated into organizational practices through centralized family governance, combining top-down strategic direction with adaptive local implementation. Stakeholder relationships serve as relational legitimacy mechanisms, whereby ESG practices generate trust and acceptance through visible and sustained engagement rather than symbolic reporting.

Over time, ESG practices become embedded as intangible organizational capabilities, particularly reputation, trust, and social capital. These capabilities primarily enhance organizational resilience and long-term continuity, while their effects on short-term financial performance remain indirect.

Based on this model, the following propositions are advanced:

- P1: ESG adoption in non-listed family firms is primarily driven by intrinsic family values and socioemotional wealth considerations rather than by capital market pressure.
- P2: Ownership structure conditions the influence of institutional pressures on ESG adoption, such that regulatory and stakeholder pressures exert weaker direct effects in non-listed than in listed firms.
- P3: Centralized family governance mediates the relationship between intrinsic motivations and ESG implementation.
- P4: ESG practices generate legitimacy in non-listed family firms mainly through relational and practice-based stakeholder engagement rather than through formal disclosure.
- P5: Sustained ESG implementation contributes to the formation of intangible organizational capabilities (reputation, trust, and social capital).
- P6: ESG-related capabilities primarily enhance organizational resilience and long-term continuity, with limited direct effects on short-term financial performance.

Note: P means Proposition.

This model conceptualizes ESG adoption in non-listed family firms as a dynamic and self-reinforcing process linking values, governance, stakeholder relations, and long-term sustainability outcomes.

6.4. Future research

The transferability of the proposed conceptual model should also be interpreted within several contextual boundary conditions. The case organization represents a medium-to-large non-listed family firm operating in an environmentally sensitive industry. The firm is characterized by centralized ownership and strong family governance structures. Consequently, the findings are most applicable to family-controlled firms that exhibit similar characteristics, including concentrated ownership, long-term orientation, and close stakeholder relationships. The explanatory framework may be less directly transferable to highly dispersed ownership structures, multinational corporations, or firms operating in low environmental-impact sectors. Despite its contributions, this study opens several avenues for future research. First, given the single case-study design, future studies could adopt a multi-case or comparative approach across different family firms, industries, and ownership structures to assess the transferability and boundary conditions of the proposed motivational framework. Comparative analyses between listed and non-listed family firms would be particularly valuable in clarifying how capital market exposure shapes ESG motivations and practices.

Second, longitudinal research designs are needed to examine how ESG motivations and practices evolve, especially across generational transitions in family firms. Such studies would provide deeper insight into whether value-driven ESG commitments remain stable or are reshaped by professionalization, succession, and changing institutional pressures.

Third, future research could integrate mixed-methods or quantitative approaches to operationalize the intangible outcomes identified in this study, such as reputation, legitimacy, and resilience. Developing and testing measurement instruments for these constructs would enable stronger causal inferences between ESG practices and long-term firm performance.

Fourth, further investigation into the role of digital technologies in ESG implementation is warranted. Future studies could explore how tools such as energy-monitoring systems, blockchain-based transparency mechanisms, or ESG analytics platforms enhance accountability and scalability of sustainability practices in non-listed family firms.

Finally, cross-country research comparing family firms in different institutional and cultural contexts would enrich understanding of how ESG motivations are shaped by regulatory environments, social norms, and governance traditions. Such comparative work would contribute to a more globally nuanced theory of ESG adoption beyond publicly listed corporations.

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