

# **Family Involvement and Corporate Social Responsibility in Small- and Medium-Sized Family Firms**

## **Abstract**

This study investigates how family involvement affects engagement of private small- and medium-sized family firms in corporate social responsibility. We draw on reputation and self-interest arguments to hypothesize and test the effects of degree of family ownership, intra-family ownership dispersion, and family generation in control on firm engagement in corporate social responsibility. Using survey data collected from a sample of 136 Italian small- and medium-sized family firms, we find support for our hypotheses and underlying contention that family involvement matters, as CSR engagement decreases if a higher percentage of shares is owned by the family, ownership is dispersed among a higher number of family members, as well as later-generations control the business. We conclude by discussing the study's implications for theory and practice, limitations, and future research directions.

## **Keywords**

Family Business, Family involvement, Corporate Social Responsibility, SMEs, Quantitative study

## **1. Introduction**

The corporate world pays increasing attention to face social issues, as firms care and spend resources and efforts towards environmental protection, safety and health of employees, welfare and well-being of their communities, and in general to behave as responsible corporate citizens (Matten and Crane, 2005). Research has addressed this topic for decades, and several concepts emerged in different fields, from social entrepreneurship to corporate social responsibility, from social innovation to stakeholder management. The boundaries among these concepts are blurred, and strongly dependent on the theoretical lenses adopted as well as the streams of literature considered. Management, entrepreneurship, business ethics are instances of different fields, which definitely makes the topic multidisciplinary. While a focus on Social Entrepreneurship, and the difficulties to define it and its main discussion areas, mainly refers to the mainstream entrepreneurship field (Mair and Marti, 2006; Peredo and McLean, 2006; see recent research avenues as reviewed by Pierre, von Friedrichs, and Wincent, 2014), the concept of Corporate Social Responsibility (CSR) belongs to other fields of research. The main difference relies on whether a social or a commercial aim is pursued by the organization. While social entrepreneurship deals with entrepreneurial activities with an embedded social purpose and driven to create social value, CSR pertains to the realm of ventures whose ultimate scope is to generate and increase personal and shareholder wealth (Austin, Stevenson, and Wei-Skillern, 2006). Thus, social entrepreneurship is broadly defined as the “process of creating value by combining resources in new ways that are intended primarily to exploit opportunities for creating social value” (Pierre et al., 2014: 44), and only currently the debate has centered around the extent to which social enterprises should pursue also commercial aims (e.g., Lundström and Zhou, 2014). Corporate social responsibility, instead, is meant as an evolving corporate strategy, which has an increasing importance among the (for-profit) firm activities (Carroll and Shabana, 2010). CSR, which is the focus of

this chapter, has been debated for long time in literature and the concept has evolved from claiming that the only responsibility of a business is to make profits (Friedman, 1979) to emphasizing the volunteering character of corporate initiatives aimed at benefiting its stakeholders and society, beyond any legal requirements (e.g., Crane and Matten, 2007; McWilliams and Siegel, 2001). In this study, we adopt a definition of CSR consistent with this latest idea of accomplishing initiatives beyond what is required by law: “A firm is socially responsible if it commits to integrate social and environmental concerns in its business operations and in its interaction with the stakeholders on a voluntary basis” (European Commission, 2011). This definition embeds both the volunteering aspect of responsible actions undertaken by firms and the strategic stakeholder management of private businesses.

In management studies, the focus is especially on the analysis of the factors determining the extent to which firms engage in socially responsible practices. One of the most discussed factors is size: there are studies focusing on the differences between large corporations and small- and medium-sized enterprises (SMEs), for instance, with respect to the level of knowledge of the topic, the extent to which CSR is integrated into the actual firm activities and disseminated among the corporate stakeholders (Blombäck and Wigren, 2009). Recently a debate has arisen on the relevance that SMEs place on these issues, since they are often acknowledged to be unaware of CSR in terms of formal definition and concept, although they are actually involved in some socially responsible activities (Russo and Perrini, 2010), and it thus seems that they do not perceive it as part of their strategy, or at least as an important activity for the sustainability of the firm. This debate can be further enriched considering the family business context, where the presence of a family involved in the business activities may directly influence the importance of socially responsible activities for the family business itself (e.g., Campopiano and De Massis, 2015). Whether a family firm is more or less engaged

in CSR activities is indeed especially related to the idiosyncratic characteristics of this form of business organization, defined as a firm owned and managed by a family or a small group of families in order to pursue the vision of the business and to be sustainable across generations (Chua, Chrisman, and Sharma 1999). The overlap of ownership, family and business systems (Tagiuri and Davis, 1996) may affect the definition of the above mentioned vision (De Massis, Kotlar, Chua, and Chrisman, 2014) and thus also whether engaging in socially responsible activities may be relevant or not.

Overall, research on corporate social responsibility has suggested that, beyond size, a number of factors may affect the commitment of firms, and in particular SMEs, to corporate social responsibility, such as the motivations to engage in socially responsible activities (e.g., Campopiano, Da Massis, and Cassia, 2012), the industry in which the firm operates, whether the firm specifically serves business or consumer markets, the country of origin, and whether the firm works in a developing or industrialized world, which can be considered as meaningful drivers of CSR strategies (Blombäck and Wigren, 2009). Considering the relationship between factors related to the ownership and governance of the firm and CSR engagement may further improve our understanding of family firms' behavior. Indeed, few studies consider family involvement in a firm as an antecedent of CSR behavior (Adams et al., 1996; Berrone et al., 2010; Deniz and Suarez, 2005; Dyer and Whetten, 2006; Niehm et al., 2008; Uhlaner et al., 2004), CSR reporting (Campopiano and De Massis, 2015), philanthropic engagement (Atkinson and Galaskiewicz, 1988; Campopiano, De Massis, and Chirico, 2014; Litz and Stewart, 2000), and the role of values in CSR engagement (e.g., Marques, Presas, and Simon, 2014). These studies mainly rely on arguments based on different theoretical premises to assess family firms' behavior towards CSR, discuss if they are more or less ethical or socially concerned than non-family firms, and uncover whether and why family firms are a heterogeneous sample with respect to CSR. Results are contrasting

and we argue that the involvement of the family in the business is an important explanatory variable to predict CSR engagement of small- and medium-sized family businesses.

In an attempt to fill an existing gap in the literature, this study aims to investigate how family involvement affects engagement of private small- and medium-sized family firms in corporate social responsibility. In the next section, we provide the theoretical arguments used to build the hypotheses; the third section presents the methodology adopted to collect data and perform the analyses; the fourth section shows the results, while the fifth one provides a discussion. The last section outlines the conclusions, acknowledges the limitations of the study, and draws future research directions.

## **2. Theoretical Background and Hypotheses Development**

Literature on corporate social responsibility in family business has been rooted on different and contrasting theories. Family firms' conduct, with respect to the whole set of stakeholders, is dependent on a number of factors and cannot neglect the presence of the family as one of the stakeholders involved. The simultaneous presence of ownership, family and business systems may affect family firms' behavior towards CSR, and the main element affecting the extent to which a business is considered highly intertwined with the family is family involvement, which widely varies in terms of degree of family ownership, intra-family ownership dispersion, and generation controlling the business, thus making family firms heterogeneous (De Massis et al., 2013; De Massis et al., 2014a Sciascia and Mazzola, 2008).

In our attempt to take into account ongoing debates on family business social conduct and overcome the limitations of this literature, we rely on two different theoretical lenses. More specifically, we propose that two concepts, i.e. reputation and self-interest, already adopted as theoretical lenses in the family business field (e.g., Chen et al., 2008; Danes et al., 2008; Dyer and Whetten, 2006; Miller et al., 2008; Niehm et al., 2008) are useful to address

the issue under investigation and offer a contribution to literature. These two elements have their roots in legitimacy and agency theories respectively, and can thus help to explain the phenomenon from two different, but complementary, perspectives. Moreover, reputation on the one side and self-interest on the other have been widely used in extant literature as relevant elements that can be borrowed to investigate the issues at a corporate level, since we refer to corporate reputation and self-interest in terms of benefits that the family business can earn from CSR engagement.

## **2.1 Reputation**

One of the main arguments supporting that family firms have an incentive to engage in corporate social responsibility refers to their propensity to build and maintaining their reputation so as to be legitimated in the communities in which the firm operates. Corporate reputation is built on the idea that a firm is assigned a positive reputation because of a number of desirable characteristics (Davies et al., 2003; Fombrun, 1996). Stakeholders, therefore, assess the firm's actions and update their view of the firm and its character in the light of these actions. As legitimacy theory suggests, firms that want to build a good reputation certainly face a critical strategic issue, and thus need to find ways to improve their existing reputation and avoid unintentionally damaging it (Love and Kraatz, 2009). Literature depicts three different perspectives on reputation: (i) positive reputation is assigned to firms that have traits that are highly valued since they may be considered as predictors of the firms' future behavior (Fombrun and Van Riel, 2004); (ii) good reputation is given to firms with an organization's symbolic conformity with institutional, context-specific standards and categories; and (iii) high reputation is closely tied to organizational outputs, such as high quality products and services, and great financial results (Shapiro, 1983).

Private small- and medium-sized firms, especially, put great emphasis on the reputation that the community and the firm's stakeholders have of the firm (e.g., Carter and Dukerich,

1998; Dowling, 1986; Fombrun, 1996). Moreover, a firm's reputation is acknowledged to be affected by quality of management, company's financial soundness and its demonstration of social concerns, so that reputation is useful to enhance the long-term sustainability of a business (Barney, 1991; Eddleston, Kellermanns, and Sarathy, 2008; James, 2006; Morris et al., 1997); furthermore, it also supports market share during industry downturns and increases the stability of the business (Fombrun, 1996).

This is even more relevant for family firms that have incentives to be socially responsible in order to maintain a positive image, since a good reputation among the key stakeholders may be considered as a form of social insurance, protecting not only the firm's but also the family's assets in times of crisis (Dunn, 1996; Godfrey, 2005; Whetten and Mackey, 2005). More attention to foster a good reputation of the business is one of the ways a family business may nurture its continuity in the long-run (Miller et al., 2008). In addition, the importance of reputation is even exacerbated for family firms, since family wealth is usually intertwined with their business success, the family name is usually associated with the business (Deephouse and Jaskiewicz, 2013), and the investment of the family into the business is often quite difficult to be liquidated with respect, for example, to an investment into a public company (Wiklund, 2006).

However, previous studies have found that not all family firms are equally concerned with CSR, and they are heterogeneous with respect to their attitudes towards social issues. For instance, Deniz and Suarez (2005) in their study classified family firms according to the different degrees of engagement in CSR activities. Reputation among the main stakeholders of the firm can therefore be a main aim that the family business wants to pursue through its engagement in CSR. It is not trivial, however, that all family businesses consider CSR as the best investment in order to build and maintain a reputation, and even the relevance of reputation itself may depend on the degree of involvement of the family in the business.

## 2.2. Self-interest

A second element that plays an important role in explaining family firms' social conduct is self-interest, highly related to family altruism. Rooted in the agency theory, from a utilitarian point of view, altruism plays the role of connector between the welfare of one individual and that of others (Schulze et al., 2003b). It is a concept that well suits family firms, where for example parents exhibit high levels of benevolence with respect to their children not only because they are closely linked, but also because their own interests, and those of the business, would be damaged if they act less benevolently (Karra et al., 2006). Therefore, they are basically self-interested, since they want to protect their own interests (Morck and Yeung, 2004), and their conduct may result in behaviors that could disadvantage company employees and other stakeholders, or in competing in the marketplace in ways that could be clearly harmful (Schulze et al., 2001). Accordingly, family altruism is defined as the powerful force within family life and, by extension, within the family business, that on the one hand makes the parents care for their offspring, makes family members consider each other, and fosters loyalty and commitment to the family and firm; but on the other hand gives both parents and children incentives to take actions that can threaten the welfare of the family and firm (Schulze et al., 2003b: 474). Family altruism may thus be harmful for the firm if the family and friends' interests prevail over business ones when, for example, the family hires and holds unqualified managers and employees just because of blood ties (Schulze et al., 2003b).

On the one hand, according to the family altruism perspective, self-interested family firms may disregard engagement in CSR as a core objective of their firm and do not consider it at all among its strategic and operative activities; on the other hand, a positive view of family altruism allows to take into high consideration the sustainability of the family business, that will be transferred to future generations. This behavior of family firms is referred in



literature as stewardship towards the family business, since the owners of the firm care about the future of young generations and their business (Miller et al., 2008), so that CSR may be considered as a viable way to achieve this goal. We argue that the presence of a family in a business is an important factor to understand whether and why family firms engage in CSR.

In sum, in literature there are contrasting arguments that attempt to predict family business behavior. We aim to find out whether and to what extent different dimensions of family involvement in the business affect private small- and medium-sized family firms' engagement in corporate social responsibility.

### **2.3 Hypotheses**

The arguments examined above suggest that family firms behave differently from non-family firms depending on the importance they attach to reputation and self-interest, since these two elements emerge from prior literature as critically important in explaining family firms' corporate behavior and provide arguments to predict CSR engagement in family firms. The role played by the degree of involvement of the family in the business deserves specific attention in order to discuss the socially responsible behavior of the family firm.

The degree of family involvement in ownership may indeed affect engagement in CSR and thus the relationships with firm stakeholders. Even if it has been stated that the presence of the family within the shareholders pool increases the importance of family reputation in the community, whether the family controls a small or large fraction of the business makes a difference. When family ownership is low, the family itself is not the only actor to shape the firm strategy, and there may be different interests resulting in possible owner-owner agency problems, if the owners of the family business exploit their information and pursue their own interests to the detriment of other shareholders (Bertrand and Schoar, 2006; Morck et al., 2005; Wasserman, 2006). Non-family shareholders may therefore prioritize business interests

over family control goals, as the group of shareholders is overall less susceptible to family relationships, and thus more likely to create robust connections with other business stakeholders (Le Breton-Miller et al., 2011). In this context, family members can make decisions that increase their personal wealth, for example requiring high dividends at the end of the year (Schulze et al., 2003a), thus reducing the possibility to invest in social issues and making family altruism overwhelm the potential benefits of reputational gains. Conversely, CSR may become a means to build and hold the relationships with firm stakeholders, so that family owners care about the business and thus avoid potential conflicts with the other shareholders prioritizing in the meantime the family business reputation.

Where family control of votes is significant, instead, the owners no longer feel any pressure to meet external stakeholders' claims (Miller, Le Breton-Miller, and Lester, 2013), and they can put in practice the strategies that better suit their own parochial interests (Morck et al., 2005). In fact, with high family ownership, family ties among firm owners have priority over ties with organizational stakeholders such as employees, customers, suppliers and competitors (Granovetter, 1985; Uzzi, 1996), since family identity, values, and goals will definitively affect business conduct, because of the strong structural ties among family members (Stryker, 1987). CSR in this case may lose its importance and it may thus be more likely that family firms, where substantial equity is in the hands of the family, disregard and neglect corporate social responsibility in their firm, preferring a self-interested family agenda. Overall, these arguments suggest that while reputational considerations lead family firms with a low degree of family ownership to engage in CSR, self-interest is the prioritized driver of avoiding CSR in case of high degree of family ownership, that can be summarized in the first hypothesis as follows:

*Hypothesis 1. In family firms, the degree of family ownership negatively affects engagement in CSR.*

Another important aspect of family involvement is intra-family ownership dispersion, i.e. the dispersion of family ownership among family members (e.g., De Massis et al., 2013). Taking into account arguments related to self-interest can help understand how family ownership dispersion may affect the social conduct of family firms. Indeed, when the shares are concentrated in the hands of a single owner or a small group of owners, there is a strong link, nurtured by family altruism, between the controlling owners' wealth and that of the family (Schulze et al., 2001), since one of their main interests is to maximize both the family's and the firm's welfare. In addition, a relevant share of family wealth is tied to the firm, so it is more likely to invest to generate further wealth (Wiklund, 2006). A family business with ownership highly concentrated among a very few number of family shareholders, in fact, has a long-term perspective because there is usually a greater propensity for the owner(s) to hand the business over to the offspring (Miller and Le Breton-Miller, 2005). Family wealth, career opportunities and corporate reputation are all linked with firm success, so that there might be a greater inclination of family firm owners to care about the long-term interests of all the stakeholders, not only family members. Moreover, it is more likely that family firms invest in building a positive moral capital, in order to prevent both the firm and the family from being acknowledged as irresponsible citizens when risks for their reputation in the community may emerge (Dyer and Whetten, 2006).

As ownership gets dispersed among siblings or cousins, new dynamics emerge and affect the CSR strategies accomplished by family firms. Indeed, new agency issues may hinder the performance of private small- and medium-sized family firms and imply changes to their conduct. Family members who have become new shareholders may claim a legitimate stake in the ownership of the firm, by inheriting it (Stark and Falk, 1998). They may consider CSR as an unnecessary and wasteful activity, since it is their dividends that might be kept in the business to invest in CSR. Then, when family ownership gets further dispersed among

multiple members of the extended family, these owners usually occupy different roles and thus have diverse incentives and goals (Kotlar and De Massis, 2013). Solving goals misalignment and governing the several roles of family members in the family and the business allows family firms to pursue a common purpose (De Massis, Chirico, Kotlar and Naldi, 2014), i.e. to enhance firm's reputation by investing in social issues, thus agreeing on unique long-term gains that the business may benefit from. However, usually only a small portion of owners is likely to be directly involved in the company's operations and, on the other hand, each family member is likely to invest only a fractional part of her/his wealth in the family firm (Gersick et al., 1997). In this circumstance, the family firm must respond to the claims of both family owners involved and those not involved in the business, which are likely to be driven by different motivations (Schulze et al., 2003a). It may therefore be more difficult to run the business because of possible conflicts that make family issues, politics and agreements be the priority over corporate activities (Pratt and Foreman, 2000). CSR may thus be overshadowed in these cases, despite the importance attached to reputation by the family. In light of the foregoing:

*Hypothesis 2. In family firms, intra-family ownership dispersion negatively affects engagement in CSR.*

Finally, considering which generation controls the business can be important to predict family firms' engagement in CSR. Generation in control usually implies the increase in the number of family members taking part in the business activities, but more notably it entails the presence of emotional linkages among family members (Le Breton-Miller et al., 2011). This is especially true in first generation family firms, where family members involved in the business aim to build a sustainable business to be passed to their offspring with whom they share everyday life and experience. In this case, reputation is expected to be extremely important, since it allows the family (and the firm) to be labeled as good corporate citizen; the

founder is committed to build a solid and profitable business, and thus personally manage the relationships with the main stakeholders, especially employees, suppliers, and customers. The set of these business relationships are often based on personal bonds, and thus they constitute the social capital that becomes part of the heritage which is handed over to the second generation. Therefore we expect a high attention paid by the founder to socially responsible practices to build a good reputation for the business and the family and to create and hold good relationships, particularly with proximate stakeholders. The second generation is usually characterized by the presence of siblings who own and manage the family firm. They are grown-up in the family business; they share the same values, principles, and norms of their fathers/mothers, and thus have even more interest in perpetuating what the founder generation started up. There is a strong feeling to carry out what they have inherited: reputation plays in this context a relevant role, because second generation is still committed to raise the image of the family business and nurture stakeholders' relationships in a more strategic way with respect to their predecessors. We expect that building and maintaining the reputation, not only in terms of organizational character, but also in terms of symbolic conformity and technical efficacy, becomes a priority for second-generation family firms. Finally, family members in later-generations are usually less committed, and thus business interests may displace the family's ones (Le Breton-Miller et al., 2011); moreover, they are usually less talented and entrepreneurial than the former generations (James, 2006), so that it is likely that they rely on more formal and structured ways to manage the external relationships and minimize the efforts towards social activities. In this situation firms may engage less in CSR with respect to prior generation family firms.

Hypothesis 3. *In family firms, family generation in control negatively affects engagement in CSR.*

To summarize, our hypothesized conceptual model is presented in Figure 1, which proposes the relationships between the different dimensions of family involvement in the business and engagement in CSR, as described above.

-----  
Insert Figure 1 about here  
-----

### **3. Methodology**

#### **3.1 Sample and survey measures**

The 136 firms surveyed for this study were drawn from a list of approximately 4000 firms in the Lombardy region, in Northern Italy, selected in order to obtain a homogeneous sample, because previous studies using Italian companies found a significant effect of the geographical location on firm performance (Caselli and Di Giuli, 2010; De Massis et al., 2014a). Businesses were selected for inclusion in this list if they have sales between 2 and 50 million Euros and a number of employees in the range between 10 and 250, as suggested by the thresholds set by the European commission.

The survey was conducted as a self-administered questionnaire e-mailed to the contact list. The survey instrument was designed drawing on the contributions provided in past research on family business and corporate social responsibility. It was first tested through a pilot study on a small sample, calculating the Cronbach's alpha ( $\alpha$ ) to measure construct reliability, obtaining values higher than 0.7, that is considered an acceptable value. Therefore, the questions eventually selected for the survey were based on the research team's collective experience working with family businesses as well as the pretest results. Responses were representative of the target population in terms of geography, sales, and industry type, thus, observations were not weighted.

The questionnaire was organized as follows. Section 1 reported questions that sought to obtain general business and demographic information about the firm, which were then triangulated through a research of the firms in the Amadeus database. Section 2 queried respondents on the distinctive characteristics of family-owned firms, including the percentage of business ownership shared by family members, number of family members employed full time in the business, and family generation involved in the business. Section 3 asked respondents about their reasons for joining the family-owned business, their intentions and their perceptions of trust and pride to work in the family business. Five separate items appeared in this section of the survey with Likert-type scales used to measure the importance level of each item (1 = Extremely Unimportant, 5 = Extremely Important).

### **3.2 Variables**

The dependent variable is Engagement in CSR, that we measured by asking the CEO if the firm accomplishes any CSR initiatives according to the CSR definition reported in Italy in the Green Book, a document provided by the European Commission (2011). The following definition: “*A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*” is conveyed in Italy through its translation into Italian. Each firm’s respondent was asked in the survey if any social initiatives are performed, so that a dummy variable was computed as a proxy of engagement in CSR within the firm. We also checked that in all the cases the respondent to the survey was involved in the top management of the firm, in order to assert that (s)he was aware of the firm’s activities at any level.

The independent variables included family firm measures. Family involvement in ownership is operationalized through the measure of the total percentage of shares owned by the family, namely family ownership concentration. It is a continuous measure of family involvement and to be accountable as a family firm two thresholds have to be overcome: (i) at

least one family member serves in the top management team; and (ii) at least 5 per cent of the shares are owned by the family. Although different researches adopt diverse thresholds for the latter, these two criteria are the most used to identify family firms in the field (De Massis et al., 2012). All firms that do not satisfy the ownership and control criteria above mentioned are considered as non-family firms, and are assigned value 0. We adopted dummy variables with different thresholds of family ownership concentration as alternative family firm measures to be used in robustness check. The second measure is the number of owners belonging to the family, which is used as a proxy of the dispersion of ownership among the members of the family (Bertrand et al., 2008; De Massis et al., 2014a).

We considered the number of generations as a variable that encompasses the social and human capital that have been generated and transferred through a number of generational shifts. In particular, we created three dummy variables: the first one takes value 1 when the family firm is in the first generation, controlled by the founder, and 0 otherwise; the second one takes value 1 when there is the second generation who owns the family firm, and 0 otherwise; and finally, the last one takes value 1 when the owning generation is greater or equal than 3, and 0 otherwise (Davis and Harveston, 2001).

We also included a number of control variables. We considered the numbers of years from the incorporation as a measure for the age of the firm. The natural logarithm of firm sales was used to control for firm size; we also collected information on the number of employees and the firm total assets in order to perform sensitivity analyses with alternative measures of firm size. We used the lagged variation of ROE to consider the remuneration of shareholders' equity. We introduced a dummy variable to control for industry, coding the firms in the sample according to their belonging to manufacturing and non-manufacturing industries, used to cluster data. Finally, we included the degree of agreement with family goals, future plans and corporate strategies; and the adoption of beneficial practices for



employees, i.e. the possibility to work with flexible hours and the box for ideas, that is a easier and anonymous way to collect new ideas from anyone in the firm, all evaluated as categorical ordered variables measured as Likert scales ranging from 1 to 5. In this way, it was possible to consider also the impact of the social activities actually accomplished by the sampled family firms.

**3.3 Data analysis**

Descriptive statistics and correlations for the variables used in this study are shown in Table 1. Sampled companies had average annual revenues of 15.3 million Euros and were on average 32 years old.

-----  
Insert Table 1 about here  
-----

We regressed our data with a hierarchical logit model, controlling for possible correlation heteroskedasticity by using the Huber-White sandwich estimator clustered at industry-level. We performed Pearson goodness-of-fit test to assess whether the model is suitable, and in all the cases we rejected the null hypothesis that the model is not adequate. We also performed a number of sensitivity tests that are in-depth exposed in the Robustness checks section, to assess both robustness of theoretical premises and empirical findings.

**4. Results**

Table 2 presents the results of the regression analysis using Engagement in CSR as dependent variable.

-----

Insert Table 2 about here

-----

Model II significantly supports hypothesis 1, suggesting that family firms with higher family ownership are less likely to engage in CSR ( $\beta = -1.24, p < .01$ ). As regards the effect of ownership dispersion among family members on CSR engagement, we find in Model III a significant negative effect ( $\beta = -.06, p < .01$ ), thus supporting hypothesis 2. Finally, even the family generation involved in the business emerges as a variable with a significant effect from our analyses. The regression shows that the first generation has a positive and significant effect ( $\beta = .78, p < .01$ ) on the dependent variable with respect to the later-generation variable, considered in the analysis as the base case; also the effect of the presence of second generation, with respect to the later-generation variable, on engagement in CSR, is significant and positive ( $\beta = 1.13, p < .01$ ), as shown in Model IV. It is notable that the regression coefficient is higher for second generation stage than for the founder generation stage; we therefore performed also the regression using the first-generation dummy variable as the base case, but the regression result is not significant ( $\beta = 0.34, .10 < p < .15$ ), thus suggesting that there are no significant differences between first- and second-generation family firms on engagement in CSR. Hypothesis 3 is thus partially supported, since both first-generation and second-generation family firms are more engaged in CSR than later-generation family businesses, while it is not possible to infer on the difference between first- and second-generation family firms. Finally, it is worth noting that firms that internally install socially responsible initiatives, such as flexible hours of the box of ideas, consistently declare that they engage in CSR (significant positive results in all models).

#### **4.1 Robustness Checks**

Overall, our analyses supported all the three hypotheses. Nevertheless, to ensure the robustness of the findings, we conducted additional analyses.

We reran the models to check for the sensitivity of the results to the use of alternative measures for the independent variables. Specifically, family involvement in ownership is alternatively measured by considering dummy variables identified at different thresholds of family ownership concentration. We replicated the analyses by substituting the continuous measure of family involvement in ownership with the dummy variables obtained, respectively, at 30%, 50%, 70% and 90% of family ownership concentration. The results confirmed the findings of the main analysis with a negative and significant effect on the dependent variable, with the exception of the case where the threshold is set at 90%, that provided no significant effect<sup>1</sup>.

In order to check possible differences between younger and older firms we separated the sample firms in two subsamples based on the median value of age and we replicated the analyses. The signs and significance of the coefficients of all variables relevant to our hypotheses were consistent with the main analysis, providing further support to the hypothesized relationships.

Finally, we checked for the sensitivity of the findings to the use of alternative measures for firm size. We adopt both the logarithmic transformation of firm assets and the number of employees, and our conclusions regarding the hypotheses do not change, since in both the cases the effect of size on the dependent variable is not significant.

## **5. Discussion**

The analysis presented herein supports the existence of a significant direct relationship between family involvement and engagement in CSR. The findings indicate that the

---

<sup>1</sup> The results of the robustness checks are available upon request from the first author.

relationship between different dimensions of family involvement in the firm and engagement in corporate social responsibility is not trivial, and family firms differ from their nonfamily counterparts in CSR engagement. Accordingly, the findings of this study contribute to add new insights to previous findings, in the attempt to answer the rising calls for further and detailed research on social issues of family firms (Deniz and Suarez, 2005; Van Gils et al., 2014; Wiklund, 2006), thus contributing to further understanding the social behavior of family firms, as well as shedding new lights on the ongoing debate on the heterogeneity of family firms (Chua et al., 2012; De Massis et al., 2014b). Our findings suggest that the presence of the family in the ownership structure of the firm has an impact on CSR engagement and such impact is multidimensional in scope, as both degree of family ownership and intra-family ownership dispersion, as well as the family generation in control, significantly affect the engagement of the firm in corporate social responsibility. The non-invariant results of this research suggest that it is not possible to just compare family and non-family businesses, entailing the former as a homogeneous sample of firms, which are expected to behave always in the same way. Family business research can benefit from studies in the field of CSR to in-depth analyze the drivers of family firms' behavior, relying also on more specific concepts and theoretical views, like those looking at socioemotional wealth preservation (Chua, Chrisman, and De Massis, 2015; Gómez-Mejía et al., 2007).

Indeed, the findings of this study suggest that a higher degree of family ownership leads to higher importance attached to family issues over business interests, and thus lower concerns and efforts to build formal relationships with the firm stakeholders, especially those who are distant from the daily activities of the family firm. Our findings thus suggest that self-interest arguments prevail over reputational ones when the degree of family ownership increases, contributing new insights to the ongoing debate on the role of reputation as a driver of family firms' behavior (e.g., Deephouse and Jaskiewicz, 2013). Moreover, this finding

provides new hints to further discuss previous results showing that family firms invest in social responsible initiatives in order to protect their socioemotional endowments by enhancing their image and reputation in the community (Berrone et al., 2010); this study shows that reputation is not the only driver to understand family businesses' social investments, but also self-interest can contrast and affect predictions on their behavior, thus contributing to understand heterogeneity among family firms, who may differently protect their socioemotional wealth.

Moreover, the fact that firms with highly dispersed ownership appear to be less concerned about CSR issues further supports our contention that self-interest and agency issues play a crucial role in explaining the behavior of family firms and their attitude towards CSR. The findings showing a negative relationship between the number of owners of the family business and engagement in CSR imply that, when ownership is concentrated in the hands of few family members, the owners of the family firm invest more on building and maintaining firm reputation through CSR engagement aimed at satisfying long-term interests of all the stakeholders, and not only those of the family, as family wealth, career opportunities and corporate reputation are all linked to firm success. This is consistent with the idea that family firms are very proactive in the surrounding community with family owners tending to support and subsidize the institutions in the area and committed to the common good (Bird and Wennberg, 2014). Therefore, as few family members are expected to make decisions on how to invest in social initiatives, these efforts may be mainly philanthropic in nature, through donations of money, goods, or services to support a socially beneficial or humanitarian cause (Windsor, 2006). Many family firms, for example, create associations or foundations that are intended for these philanthropic purposes (Gallo, 2004).

Finally, the effect of generational shifts during the family business life cycle is clear-cut and shows that the incoming of a new family generation in control of the business can change

engagement in CSR. Indeed, commitment to social issues associated with firm activities decreases across generations, suggesting that later-generation family firms are more concerned about transferring the business to the following generation and less concerned about family reputation. Accordingly, CSR loses its relevance as a strategy to engage in.

## **6. Conclusions**

This study has shown that family involvement in the business has a direct effect on firm engagement in corporate social responsibility. In particular, our empirical evidence has shown that two different dimensions of family involvement in ownership, namely degree of family ownership and intra-family ownership dispersion, negatively affect CSR engagement. What is more, the generation at the helm of the family business is also important, since later generations engage less in corporate social responsibility. Theoretical arguments related to reputation and self-interest have been used to explain the behavior predicted by the models that we tested through regression analyses.

Academics, practitioners and policy makers may benefit from the results of our study. First, it contributes to the family business literature, since scholars in the field have started only very recently to address the topic of CSR (Van Gils et al., 2014). The results of this study enable us to identify how different dimensions of family involvement affect the social behavior of family firms. The involvement of the family in the organization is a unique trait of family firms (De Massis et al., 2014b), and our study shows that each dimension of family involvement plays a crucial role in explaining engagement in CSR. More specifically, the importance of reputation among their stakeholders and the self-interest that characterizes family firms are two important drivers of CSR engagement. The study findings contribute to the ongoing debate on the heterogeneity of family firms (Chua et al., 2012). Moreover, we also contribute to the emerging stream of research on social issues in small- and medium-sized family firms (e.g., Fitzgerald et al., 2010; Niehm et al., 2008).

Second, this study has implications for managers working in family firms, who are encouraged not to take for granted what corporate social responsibility handbooks propose as universally applicable good practices. They should carefully consider instead how different dimensions of family involvement in their business organization could affect the extent to which they engage in CSR and the effectiveness of these social practices, and how the related activities and norms should be revised to best suit the distinctive characteristics of the family firm.

Finally, this research is expected to suit as a background policy document for policy makers. Corporate social responsibility initiatives are being paid increasing attention in the design of public policies, and particularly family firms, due to their ubiquity (Astrachan and Shanker, 2003; Anderson and Reeb, 2003), are considered critical for the growth of economies around the world (Villalonga and Amit, 2009; La Porta et al., 1999). In this respect, our study's findings are useful since they suggest how to build a system of supporting initiatives for CSR that fits with the idiosyncratic characteristics of family firms. For example, the findings of our study may support policy makers in decisions regarding how to make family firms favor a socially responsible behavior. Nevertheless, we suggest being cautious, and considering that these results are valid in a specific regional context, and their generalization cannot be taken for granted.

Our findings are original with regard to previous studies in that they untangle the direct effects of family involvement and also show that family involvement in ownership, intra-family ownership dispersion and family generation in control hinder CSR engagement of small private family firms. Yet, as with all research, our results should be interpreted by acknowledging our study's limitations.

First, the sample used to perform the empirical analyses is modest in size, so it is not straightforward to generalize the findings to all private small- and medium-sized family firms,

and there is therefore room for additional studies to support our contention. Second, our analysis is cross-sectional, thus causal relationships can be questionable; therefore, it would be interesting to analyze the relationships under investigation over time in a longitudinal study in order to provide additional insights into the ways in which the evolution in the dimension of family involvement affects private small- and medium-sized family firms' engagement in CSR. Moreover, the dependent variable of our study – namely engagement in CSR – can be measured in a different way, for example adopting a Likert scale to have more nuanced information on family firms' engagement.

In light of the results of our study and the above mentioned limits that are still to be addressed, further investigation of the ways in which family involvement affects private small- and medium-sized family firms' engagement in CSR deserves further attention. First, replicating this study on a sample of both family and nonfamily firms may enable scholars as well as owners of family firms to gain further insights on the relationship between family involvement and engagement in CSR. Second, what is CSR and how firms behave in a social responsible manner is strongly dependent on cultural aspects, like values and traditions that differentiate countries (Scholtens and Dam, 2007), religion (Brammer, Williams, and Zinkin, 2007), tradition and legacy in the families (Marques, Presas, and Simon, 2014). Although there are some articles analyzing CSR in studies comparing different contexts, such as the Chinese context as compared to the Western one (Xu and Yang, 2010), studying family business CSR in different cultural contexts, in order to identify whether and to what extent different levels of involvement and diverse conceptions of family are relevant to explain corporate social behaviors, is an area ripe for future research.

In addition, beyond the knowledge and diffusion of CSR within family firms, a related and interesting topic for future investigation relates to social performances. Specifically, it would be interesting to find whether the accomplishment of socially responsible initiatives



affects social and economic performances of family firms. We hope that this study will encourage future work contributing to this field at the intersection of CSR and family business.

## References

- Adams, J.S., Taschian, A., and Shore, T.H. (1996). Ethics in Family and Non-Family Owned Firms: An Exploratory Study. *Family Business Review*, 9(2), 157-170.
- Anderson, R.C., and Reeb, D.M. (2003). Founding family ownership and firm performance: Evidence from the S&P 500. *Journal of Finance*, 58(3), 1301-1328.
- Astrachan, J.H., and Shanker, M.C. (2003). Family businesses' contribution to the US economy: A closer look. *Family Business Review*, 16(3), 211-219.
- Atkinson, L., and Galaskiewicz, J. (1988). Stock ownership and company contributions to charity. *Administrative Science Quarterly*, 33(1), 82-100.
- Austin, J., Stevenson, H., and Wei-Skillern, J. (2006). Social and commercial entrepreneurship: same, different, or both?. *Entrepreneurship Theory and Practice*, 30(1), 1-22.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Beatty, R. P., and Zajac, E. J. (1994). Managerial Incentives, Monitoring and Risk Bearing: A Study of Executive Compensation, Ownership, and Board Structure in Initial Public Offerings. *Administrative Science Quarterly*, 39(2), 313-335.
- Berrone, P., Cruz, C., Gómez-Mejía, L. R., and Larraza-Kintana, M. (2010). Socioemotional Wealth and Corporate Responses to Institutional Pressures: Do Family-Controlled Firms Pollute Less? *Administrative Science Quarterly*, 55(1), 82-113.
- Bertrand, M., Johnson, S., Samphantharak, K., and Schoar, A. (2008). Mixing family with business: A study of Thai business groups and the families behind them. *Journal of Financial economics*, 88(3), 466-498.
- Bertrand, M., and Schoar, A. (2006). The role of family in family firms. *Journal of Economic Perspective*, 20(2), 73-96.
- Bird, M., and Wennberg, K. (2014). Regional influences on the prevalence of family versus non-family start-ups. *Journal of Business Venturing*, 29(3), 421-436.
- Blombäck, A., and Wigren, C. (2009). Challenging the importance of size as determinant for CSR activities. *Management of Environmental Quality: An International Journal*, 20(3), 255-270.
- Bloom, N., and Van Reenen, J. (2007). Measuring and Explaining Management Practices across Firms and Countries. *Quarterly Journal of Economics*, 122(4), 1351-1408.

- Brammer, S., Williams, G., and Zinkin, J. (2007). Religion and attitudes to corporate social responsibility in a large cross-country sample. *Journal of Business Ethics*, 71(3), 229-243.
- Campopiano, G., and De Massis, A. (2015). Corporate social responsibility reporting: a content analysis in family and non-family firms. *Journal of Business Ethics*, 129(3), 511-534.
- Campopiano, G., De Massis, A., and Cassia, L. (2012). The relationship between motivations and actions in corporate social responsibility: An exploratory study. *International Journal of Business and Society*, 13(3), 391-425.
- Campopiano, G., De Massis, A., and Chirico, F. (2014). Firm philanthropy in small-and medium-sized family firms: The effects of family involvement in ownership and management. *Family Business Review*, 27(3), 244-258.
- Carroll, A. B., and Shabana, K. M. (2010). The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews*, 12(1), 85-105.
- Carter, S. M., and Dukerich, J. M. (1998). Corporate Responses to Changes in Reputation. *Corporate Reputation Review*, 1(3), 250-270.
- Caselli, S., and Di Giuli, A. (2010). Does the CFO matter in family firms? Evidence from Italy. *European Journal of Finance*, 16(5), 381-411.
- Chen, S., Chen, X., and Cheng, Q. (2008). Do Family Firms Provide More or Less Voluntary Disclosure? *Journal of Accounting Research*, 46(3), 499-536.
- Chua, J. H., Chrisman, J. J., De Massis, A. (2015). A Closer Look at Socioemotional Wealth: Its Flows, Stocks, and Prospects for Moving Forward. *Entrepreneurship Theory and Practice*, 39(2), 173-182.
- Chua, J. H., Chrisman, J. J., and Sharma, P. (1999). Defining the family business by behavior. *Entrepreneurship Theory and Practice*, 23, 19-40.
- Chua, J. H., Chrisman, J. J., Steier, L. P., and Rau, S. B. (2012). Sources of heterogeneity in family firms: An introduction. *Entrepreneurship Theory and Practice*, 36(6), 1103-1113.
- Claessens, S., Djankov, S., Fan, J. P. H., and Lang, L. H. P. (2002). Disentangling the Incentive and Entrenchment Effects of Large Shareholdings. *Journal of Finance*, 57(6), 2741-2771.
- Crane, A., and Matten, D. (2007). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization*. New York: Oxford University Press.
- Danes, S. M., Loy, T. C. K., and Stafford, K. (2008). Business Planning Practices of Family-Owned Firms within a Quality Framework. *Journal of Small Business Management*, 46(3), 395-421.

- Davies, G., Chun, R., Da Silva, R. and Roper, S. (2003). *Corporate reputation and competitiveness*. London: Routledge.
- Davis, P. S., and Harveston, P. D. (2001). The phenomenon of substantive conflict in the family firm: a cross-generational study. *Journal of Small Business Management*, 39(1), 14-30.
- De Massis, A., Chirico, F., Kotlar, J., and Naldi, L. (2014). The Temporal Evolution of Proactiveness in Family Firms: The Horizontal S-Curve Hypothesis. *Family Business Review*, 27(1), 35-50.
- De Massis, A., Kotlar, J., Campopiano, G., and Cassia, L. (2013). Dispersion of family ownership and the performance of small-to-medium size private family firms. *Journal of Family Business Strategy*, 4(3), 166-175.
- De Massis, A., Kotlar, J., Campopiano, G., and Cassia, L. (2014a). The impact of family involvement on SMEs' performance: Theory and evidence. *Journal of Small Business Management*. doi: 10.1111/jsbm.12093
- De Massis, A., Kotlar, J., Chua, J. H., and Chrisman, J. J. (2014b). Ability and Willingness as Sufficiency Conditions for Family-Oriented Particularistic Behavior: Implications for Theory and Empirical Studies. *Journal of Small Business Management*, 52(2), 344-364.
- De Massis, A., Sharma, P., Chua, J. H., and Chrisman, J. J. (2012). *Family business studies: An annotated bibliography*. Edward Elgar Publishing.
- Deephouse, D. L., and Jaskiewicz, P. (2013). Do Family Firms Have Better Reputations Than Non-Family Firms? An Integration of Socioemotional Wealth and Social Identity Theories. *Journal of Management Studies*, 50(3), 337-360.
- Deniz Deniz, M. C., and Suarez, M. K. (2005). Corporate Social Responsibility and Family Business in Spain. *Journal of Business Ethics*, 56(1), 27-41.
- Dowling, G.R. (1986). Managing Your Corporate Image. *Industrial Marketing Management*, 15(2), 109-115.
- Dunn, B. (1996). Family Enterprises in the UK: A Special Sector? *Family Business Review*, 9(2), 139-155.
- Dyer, W. G., and Whetten, D. (2006). Family Firms and Social Responsibility: Preliminary Evidence from the S&P 500. *Entrepreneurship Theory and Practice*, 30(6), 785-802.
- Eddleston, K. A., Kellermanns, F. W., and Sarathy, R. (2008). Resource Configuration in Family Firms: Linking Resources, Strategic Planning and Technological Opportunities to Performance. *Journal of Management Studies*, 45(1), 26-50.
- European Commission. (2011). *A Renewed EU Strategy 2011-14 for Corporate Social Responsibility*. Available at [http://europa.eu/rapid/press-release\\_MEMO-11-730\\_en.htm](http://europa.eu/rapid/press-release_MEMO-11-730_en.htm).
- Fitzgerald, M. A., Haynes, G. W., Schrank, H. L., and Danes, S. M. (2010). Socially responsible processes of small family business owners: Exploratory evidence from the

- national family business survey. *Journal of Small Business Management*, 48(4), 524-551.
- Fombrun, C. J. (1996). *Reputation: Realizing value from the corporate image*. Boston: Harvard Business School Press.
- Fombrun, C. J., and Van Riel, C. B. M. (2004). *Fame and fortune: How successful companies build winning reputations*. Upper Saddle River, NJ: Pearson Education.
- Friedman, M. (1970). The social responsibility of business is to increase its profits. *New York Times Magazine* (13 September), 32-39.
- Gallo, M. Á. (2004). The family business and its social responsibilities. *Family Business Review*, 17(2), 135-149.
- Gersick, K. E., Davis, J. A., Hampton, M. M., and Lansberg, I. (1997). *Generation to generation: Life cycles of the family business*. Boston: Harvard Business School Press.
- Godfrey, J., Mather, P. R., and Ramsay, A. (2003). Earnings and impression management in financial reports: the case of CEO changes. *Abacus*, 39(1), 95-123.
- Godfrey, P. C. (2005). The Relationship between Corporate Philanthropy and Shareholder Wealth: A Risk Management Perspective, *Academy of Management Review*, 30(4), 777-798.
- Granovetter, M. S. (1985). Economic action and social structure: The problem of embeddedness. *American Journal of Sociology*, 91(3) 481-510.
- James, H. S. (2006). *Family Capitalism: Wendels, Haniels, Falcks, and the Continental European Model*. Cambridge, MA: Belknap Press of Harvard University Press.
- Karra, N., Tracey, P., and Phillips, N. (2006). Altruism and Agency in the Family Firm: Exploring the Role of Family, Kinship, and Ethnicity. *Entrepreneurship Theory and Practice*, 30(6), 861-877.
- Kotlar, J., and De Massis, A. (2013). Goal Setting in Family Firms: Goal Diversity, Social Interactions, and Collective Commitment to Family-Centered Goals. *Entrepreneurship Theory and Practice*, 37(6), 1263–1288.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A., and Vishny, R. (1999). Corporate ownership around the world. *Journal of Finance*, 54(2), 471-517.
- Le Breton-Miller, I., Miller, D., and Lester, R. H. (2011). Stewardship or Agency: A Social Embeddedness Reconciliation of Conduct and Performance in Public Family Businesses. *Organization Science*, 22(3), 704-721.
- Litz, R. A., and Stewart, A.C. (2000). Charity begins at home: Family firms and patterns of community involvement. *Nonprofit and Voluntary Sector Quarterly*, 29(1), 131-148.
- Love, E. G., and Kraatz, M. (2009). Character, Conformity, or the Bottom Line? How and Why Downsizing Affected Corporate Reputation. *Academy of Management Journal*, 52(2), 314-335.

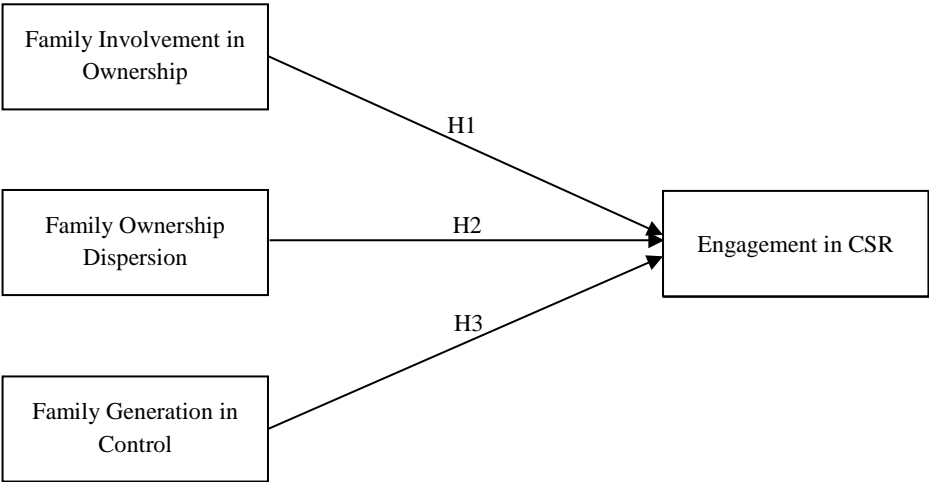
- Lundström, A., and Zhou, C. (2014). Rethinking Social Entrepreneurship and Social Enterprises: A Three-Dimensional Perspective. In Lundström, A., Zhou, C., von Friedrichs, Y., and Sunin, E. (eds.), *Social Entrepreneurship*. Springer International Publishing, pp. 71-89.
- Mair, J., and Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36-44.
- Marques, P., Presas, P., and Simon, A. (2014). The Heterogeneity of Family Firms in CSR Engagement The Role of Values. *Family Business Review*, 27(3), 206-227.
- Matten, D., and Crane, A. (2005). Corporate citizenship: Toward an extended theoretical conceptualization. *Academy of Management Review*, 30(1), 166-179.
- McWilliams, A., and Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26(1), 117-127.
- Miller, D., and Le Breton-Miller, I. (2005). *Managing for the Long Run: Lessons in Competitive Advantage from Great Family Businesses*. Boston: Harvard Business School Press.
- Miller, D., Le Breton-Miller, I., and Lester, R. H. (2013). Family Firm Governance, Strategic Conformity, and Performance: Institutional vs. Strategic Perspectives. *Organization Science*, 24(1), 189-209.
- Miller, D., Le Breton-Miller, I., and Scholnick, B. (2008). Stewardship vs. Stagnation: An Empirical Comparison of Small Family and Non-Family Businesses. *Journal of Management Studies*, 45(1), 51-78.
- Morck, R., and Yeung, B. (2004). Family control and the rent-seeking society. *Entrepreneurship Theory and Practice*, 28(4), 391-409.
- Morck, R. K., Wolfenzon, D., and Yeung, B. (2005). Corporate Governance, Economic Entrenchment, and Growth. *Journal of Economic Literature*, 43(3), 655-720.
- Morris, N., Williams, R., Allen, J., and Avilla, R. (1997). Correlates of success in family business. *Journal of Business Venturing*, 12(5), 385-401.
- Murillo, D., and Lozano, J. M. (2006). SMEs and CSR: An Approach to CSR in their Own Words. *Journal of Business Ethics*, 67(3), 227-240.
- Niehm, L. S., Swinney, J., and Miller, N. J. (2008). Community Social Responsibility and Its Consequences for Family Business Performance. *Journal of Small Business Management*, 46(3), 331-350.
- Peredo, A. M., and McLean, M. (2006). Social entrepreneurship: A critical review of the concept. *Journal of World Business*, 41(1), 56-65.
- Pierre, A., von Friedrichs, Y., and Wincent, J. (2014). A review of social entrepreneurship research. In Lundström, A., Zhou, C., von Friedrichs, Y., and Sunin, E. (eds.), *Social Entrepreneurship*. Springer International Publishing, pp. 43-69.

- Pratt, M. G., and Foreman, P. O. (2000). Classifying Managerial Responses to Multiple Organizational Identities. *Academy of Management Review*, 25(1), 18-42.
- Russo, A., and Perrini, F. (2010). Investigating Stakeholder Theory and Social Capital: CSR in Large Firms and SMEs. *Journal of Business Ethics*, 91(2), 207-221.
- Scholtens, B., and Dam, L. (2007). Cultural values and international differences in business ethics. *Journal of Business Ethics*, 75(3), 273-284.
- Schulze, W. S., Lubatkin, M. H., and Dino, R. N. (2003a). Exploring the agency consequences of ownership dispersion among the directors of private family firms. *Academy of Management Journal*, 46(2), 179-194.
- Schulze, W. S., Lubatkin, M. H., and Dino, R. N. (2003b). Toward a theory of agency and altruism in family firms. *Journal of Business Venturing*, 18(4), 473-490.
- Schulze, W. S., Lubatkin, M. H., Dino, R. N., and Buchholtz, A. (2001). Agency relationships in family firms: Theory and evidence. *Organization Science*, 12(2), 99-116.
- Sciascia, S., and Mazzola, P. (2008). Family involvement in ownership and management: Exploring nonlinear effects on performance. *Family Business Review*, 21(4), 331-345.
- Shapiro, C. (1983). Premiums for high quality products as returns to reputations. *Quarterly Journal of Economics*, 98(4), 659-679.
- Shleifer, A., and Vishny, R. W. (1986). Large Shareholders and Corporate Control. *Journal of Political Economy*, 94(3), 461-488.
- Stark, O., and Falk, I. (1998). Transfers, Empathy Formation, and Reverse Transfers. *American Economic Review*, 88(2), 271-276.
- Stryker, S. (1987). Identity theory: Developments and extensions. In Yardley, K. and Honess, T. (eds). *Self and Identity: Psychosocial Perspectives*. New York: John Wiley & Sons, pp. 89-103.
- Tagiuri, R., and Davis, J. (1996). Bivalent attributes of the family firm. *Family Business Review*, 9(2), 199-208.
- Uhlener, L. M., van Goor-Balk, A., and Masurel, E. (2004). Family business and corporate social responsibility in a sample of Dutch firms. *Journal of Small Business and Enterprise Development*, 11(2), 186-194.
- Uzzi, B. (1996). The sources and consequences of embeddedness for the economic performance of organizations: The network effect. *American Sociological Review*, 61(4), 674-698.
- Van Gils, A., Dibrell, C., Neubam, D. O., and Craig, J. B. (2014). Social Issues in the Family Enterprise. *Family Business Review*, 27(3), 193-205.
- Villalonga, B., and Amit, R. (2006). How do family ownership, control and management affect firm value? *Journal of Financial Economics*, 80(2), 385-417.
- Volpin, P. F. (2002). Governance with Poor Investor Protection: Evidence from Top Executive Turnover in Italy. *Journal of Financial Economics*, 64(1), 61-90.

- Wasserman, N. (2006). Stewards, Agents, and the Founder Discount. *Academy of Management Journal*, 49(5), 960-976.
- Whetten, D. A., and Mackey, A. (2005). An Identity-congruence Explanation of Why Firms Would Consistently Engage in Corporate Social Performance, *Working Paper, Provo, UT: Brigham Young University*.
- Windsor, D. (2006). Corporate social responsibility: Three key approaches. *Journal of Management Studies*, 43(1), 93-114.
- Wiklund, J. (2006). Commentary: Family Firms and Social Responsibility. Preliminary Evidence from the S&P 500, *Entrepreneurship Theory and Practice*, 30(6), 803-808.
- Xu, S., and Yang, R. (2010). Indigenous characteristics of Chinese corporate social responsibility conceptual paradigm. *Journal of Business Ethics*, 93(2), 321-333.

**Figures and Tables**

**Figure 1. Proposed theoretical model**





**Table 1. Means, Standard Deviations, and Correlations**

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11
1. Family Ownership (%)	0.93	0.17											
2. Intra-family Ownership Dispersion	3.32	2.11	.09										
3. First Generation (dummy)	0.26	0.44	-.07	.02									
4. Second Generation (dummy)	0.54	0.50	.14	.03	-.63**								
5. Age (log)	3.34	0.57	-.03	.20*	.08	-.09							
6. Firm Size (log)	9.03	1.10	-.01	.19*	-.04	-.02	.27**						
7. Industry (dummy)	0.71	0.45	-.06	-.01	-.04	.03	-.01	-.05					
8. Performance	-15.16	113.96	.10	.01	-.05	.13	-.07	-.00	.04				
9. Adoption of flexible hours	3.42	1.10	.01	.01	.08	-.23**	.07	.01	-.05	.07			
10. Adoption of box of ideas	3.79	1.06	-.03	-.18*	.06	-.22**	.10	.01	.04	-.01	.08		
11. Agreement with Family Goals	4.10	0.96	-.16	.11	-.02	-.05	.17*	.05	-.07	.02	.02	.02	
12. Engagement in CSR	0.63	0.48	-.10	-.05	.01	.06	.12	-.03	-.06	.09	.07	.12	.06

N = 136 observations

\* $p < .05$ ; \*\* $p < .01$

**Table 2. Hierarchic Logit Regression for CSR Engagement in Family Firms**

Variable	Engagement in CSR			
	I	II	III	IV
Age	0.326** (0.0592)	0.324** (0.0523)	0.348** (0.0624)	0.306† (0.160)
Firm Size	-0.0420 (0.133)	-0.0463 (0.145)	-0.0348 (0.149)	-0.0802 (0.173)
Performance	-0.00395* (0.00180)	-0.00398† (0.00208)	-0.00419* (0.00213)	-0.00492* (0.00205)
Adoption of flexible hours	0.110* (0.0381)	0.112* (0.0526)	0.120* (0.0610)	0.251** (0.0199)
Adoption of box of ideas	0.221† (0.117)	0.219* (0.106)	0.200† (0.119)	0.341** (0.0886)
Agreement with Family Goals	0.102** (0.00140)	0.0672** (0.0123)	0.0785** (0.00824)	0.0964* (0.0375)
Family Ownership (%)		-1.244** (0.0720)	-1.197** (0.0916)	-1.434** (0.0432)
Intra-family Ownership Dispersion			-0.0569** (0.0143)	-0.0358* (0.0152)
First Generation (dummy)				0.785** (0.167)
Second Generation (dummy)				1.127** (0.0583)
Constant	-1.807 (2.066)	-0.451 (2.046)	-0.498 (2.144)	-2.271 (2.514)
Observations	128	128	128	126
Pseudo R <sup>2</sup>	0.0234	0.0315	0.0326	0.0529

Robust standard errors in parentheses

\*\* p&lt;0.01, \* p&lt;0.05, † p&lt;0.1