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**Corporate Social Responsibility and Family Business:
Different Perspectives to Explore an Under
Investigated Topic**

Doctoral Dissertation

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1. Introduction

Family firms play a crucial role in the world economy, and especially in Asia and continental Europe they are the most widespread form of incorporation. Italy in particular is a very interesting field of investigation, due to the high concentration of family firms in the country.

Although corporate social responsibility (CSR) has been studied for many decades and arguments from different theoretical perspectives have been relied on to understand the phenomenon and corporate behavior, only a few studies, at our best knowledge, address the issue of corporate social responsibility in family business.

This doctoral thesis aims at addressing the rising call for further and detailed research on the topic (Deniz and Suarez, 2005; Wiklund, 2006). Indeed, hereinafter, a brief review of the main contributions is provided in order to exemplify which is the state-of-the-art on CSR in family business.

First, Adams and colleagues (1996) investigate the ethical behavior of family versus non-family firms, providing contrasting arguments to predict the different ethical behavior of family with respect to non-family firms – such as, on the one hand, the family firm’s long-term orientation that is likely to result in a more ethical behavior, while, on the other hand, the usually unfair hiring strategies of family firms that are acknowledged to be associated with a less ethical behavior. A second study on the S&P 500 sample shows that family and non-family firms display a similar behavior regarding the positive initiatives that are actively addressed towards employees, society, and environment; nevertheless, family firms are found to be more careful than their non-family counterparts in avoiding social concerns, that are the damages potentially caused to the constituents in society (Dyer and Whetten, 2006). A third contribution is based on a longitudinal comparative study on 194 U.S. firms, required to report their polluting emissions. It shows that the preservation of socioemotional wealth – that is the non economic and affect-related endowment of the families who control a business – is the leading theoretical argument to explain why family controlled firms are more likely to respond to institutional pressures and to be more compliant with environmental standards, if compared to their non-family counterparts (Berrone et al., 2010). In particular, since socioemotional wealth is extremely important to family firms, they should greatly care about their environmental strategies in order to avoid being referred

as irresponsible actors. There is also a group of studies rooted solely in the family business field. Deniz and Suarez (2005), through the analysis of a sample of 112 Spanish family firms, show the heterogeneity of the CSR behavior in different types of family firms. The study identifies the system of values and the typical trust and emotions that characterize social interactions in family firms as important aspects affecting their orientation to CSR; moreover, the authors identify the potential sources of heterogeneity of family firms, showing that a part of the sample exhibits a narrow CSR behavior due to lack of professionalism and phenomena like nepotism, while others present a broad CSR behavior when the focus is on reputation, long-term orientation, and respect for tradition. Niehm and colleagues (2008) in a study on 221 small and mostly rural family firms show that CSR orientation is beneficial to firm performance and is contingent on several demographic variables (e.g., family business operators' age and educational level); they emphasize the role of values and the attitude of the owning family, highlighting a relevant linkage with the surrounding community. A third contribution by Uhlaner and colleagues (2004) focuses on the perception of the relationships between the family firm and its stakeholders and, through in-depth interviews with 42 small- and medium-sized Dutch family firms, finds out that the family character of the business impacts employee, customer, and supplier relationships.

This review shows that the topic of corporate social responsibility in family business deserves further attention, especially in order to provide a comprehensive picture of family firms behavior towards CSR, and thus contribute to the ongoing research.

The research questions that are addressed in the following chapters originate, in fact, from the literature review presented above, and from a number of theoretical studies that highlight some limitations of previous research on CSR. For instance, while a stream of research is focused on firm size, as the determinant factor to explain corporate social responsible behavior, the paper by Blombäck and Wigren (2009) underlines the importance of many dimensions that may simultaneously affect CSR, e.g. contextual factors such as the industry in which the firm operates, or the ownership and governance structure of the firm.

As regards size, the main differences between large and small- and medium-sized enterprises (SMEs), in their approach towards CSR, may be summarized in the

following points: (i) large firms usually accomplish more planned and continuous socially responsibility activities, while SMEs' CSR is characterized by fragmented and informal practices; (ii) as regards the social reporting activities, large firms usually publish a number of CSR reports, even beyond laws requirements, whereas SMEs generally are acknowledged not to report their social activities; (iii) large firms often structure their stakeholders management, while SMEs usually take care about their proximate stakeholders, towards which they are loyal; (iv) as regards, finally, the relationship with employees, large organizations develop a formal human resource management, while SMEs aim at creating a good spirit in the workplace (Murillo and Lozano, 2006).

Since it appears that size is a relevant factor in the approach to CSR, this thesis considers both large corporations and SMEs, distinguished according to the definition given by the European Commission (2005). Notwithstanding, the focus of the whole thesis is on family firms, so that different methodologies are employed in order to in-depth analyze their behavior, and therefore attempt to answer the aroused research questions.

The thesis is structured as follows. The first chapter examines the way in which large Italian companies communicate their social responsible initiatives and principles. Since they usually publish their social reports and codes of ethics, information on the kind of reports available and their contents is easily accessible. Through a content analysis all the reported information is coded and classified in order to allow a structured and formal study, supported by a statistical test performed in order to detect significant differences between family and non-family firms. The second chapter, instead, focuses on SMEs and aims at extending the understanding of their socially responsible behavior, through a qualitative methodology. The study consists of four case studies and data are collected by interviewing three different persons within the firm, i.e. a family owner, a family member involved in the ownership and/or management of the firm, and an employee. The purpose of the study is to provide a comprehensive picture of their approach to CSR, as regards the diffusion of CSR at various organizational levels, the identification of the motivations that the family adduces when accomplishing CSR initiatives, and the presence of the family as one of the main elements necessary for the continuity of these practices. The third chapter,

finally, is based on data collected through a survey, completely answered by 136 family small- and medium-sized firms. The methodology adopted entails the regression analysis that allows to examine the impact of the family involvement in the business on the perception that CSR is a relevant practice for the business.

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2. Corporate Social Responsibility Reporting: A Content Analysis in Family and Non-family Firms

Abstract

A lack of studies on corporate social responsibility reporting in the family business field emerges from the review of the existing literature on CSR reporting and on CSR in family business. This study aims to identify differences between family and non-family firms in the types and contents of CSR reports disseminated. We selected firms till theoretical saturation and conducted a content analysis of the CSR reports of 87 firms. We performed chi-squared tests between family and non-family firms, controlling for size, listing, and industry. Results are very diversified and provide interesting insights to both family business and CSR reporting literatures.

Keywords

Corporate Social Responsibility, CSR Reporting, Family Business, Content Analysis, Family versus Non-family Firms.

2.1. Introduction

Corporate social responsibility (CSR) reporting is defined as the process of communicating the social and environmental effects of organizations' actions to particular interest groups within society and to society at large (Campbell, 2004; Gamerschlag et al., 2011; Gray et al., 2001; Gray et al., 1987). The literature of CSR reporting has highly increased in the last few years in parallel with the development of CSR practices, based on the assumption that reporting means that the company is held accountable for its action (Perrini, 2005). Companies spend a great deal of effort and money on disclosing information on their social and environmental initiatives, because this concern allows firms to generate moral capital (Gamerschlag et al., 2011).

There is also a growing body of evidence showing that firms leverage CSR reporting to nurture their competitive advantage and overcome economic and financial downturns (Hooghiemstra, 2000). Based on these premises, it is surprising that very limited attention has been devoted by management and academic research to study CSR reporting so far.

Along with the increasing number of companies that report their activities to the public, a marked diversity in the types of published CSR reports has flourished (Perrini, 2005); in addition, social and environmental reports are increasingly accompanied by third-party assurance statements (Kolk & Perego, 2008) and they are often supplemented with additional material on corporate websites.

To our best knowledge, studies on the impact of firms' characteristics and external factors on the extent of CSR reporting do exist, whereas studies on the impact of factors that are internal to the firm, such as family involvement in ownership and management, on CSR reporting are lacking or very few (Adams, 2002).

In this article, we aim to investigate how family involvement in ownership and management of a firm may affect the types and content of CSR reports, and address the following research questions:

RQ1: How do family firms differ from non-family enterprises in the types of CSR reports disseminated?

RQ2: How do family firms differ from non-family enterprises in the topics communicated within similar types of CSR reports?

Family firms have incentives to be socially responsible to maintain a positive image, since a good reputation among the key stakeholders may be considered as a form of social insurance, protecting the firm's and family's assets in times of crisis (Dunn, 1996; Godfrey, 2005; Whetten & Mackey, 2005). However, the current literature on CSR reporting has largely overlooked the ubiquitous and very common form of business organization of family firms. This points to the need to include the family variable in current studies in order to achieve a better understanding of the CSR reporting behavior of the largest and most relevant portion of firms in the world.

From a methodological point of view, the paper relies on a content analysis of the CSR reporting documents of a sample of large Italian firms. The grounded theory analysis based on the rich body of evidence that we collected from the CSR reports available on the company websites enlightens and contextualizes several differences between family and non-family firms in the way they perform CSR reporting activities.

The structure of the paper is as follows. The next section provides the theoretical background of the research, by reviewing the literature on CSR reporting and the literature on CSR in family firms. The third section illustrates the methodology employed in the empirical analysis, the fourth section reports and discusses the main findings of the empirical study, and the last one concludes and outlines avenues for future research.

2.2. Theoretical background

Theoretical studies on CSR reporting

Three theoretical perspectives, namely stakeholder theory, legitimacy theory, and institutional theory, have been used to explain the CSR reporting behavior of firms.

According to stakeholder theory, CSR reporting is considered as part of the dialogue between the firm and its stakeholders, since CSR has been a relatively successful medium for negotiating the relationships among them (Gray et al., 1995a). In addition, firms are motivated to perform more socially responsible initiatives because of higher visibility and greater monitoring by the firm's stakeholders and society (Chiu & Sharfman, 2011). CSR reporting is seen as a governance practice dedicated to inform the firm's stakeholders about the company's 'good' practices (Clatworthy & Jones, 2001; Godfrey et al., 2003; Merkl-Davies & Brennan, 2007; Yuthas et al., 2004). This is

closely linked to the achievement and maintenance of good reputation by the firm (e.g., Bebbington et al., 2008; Fombrun et al., 2000; Young & Marais, 2011). If companies want to build a solid reputation in the market and obtain their stakeholders' trust, they should pay growing attention to show their commitment to CSR by providing clear and verifiable data and information (Perrini, 2005). In this way, firms can improve their image and identity, and achieve a competitive advantage (Hooghiemstra, 2000).

A second theoretical perspective is informed by legitimacy theory. Firms need to be legitimated in their actions (Hooghiemstra, 2000), thus the increase in social disclosures "represents a strategy to alter the public's perception about the legitimacy of the organization" (Deegan et al., 1999). In sum, as explained by Hooghiemstra (2000), corporate social reporting aims to provide information that legitimizes the company's behavior by influencing stakeholders' and eventually society's perceptions about the company (e.g., Neu et al., 1998; O'Donovan, 1997) in such a way that the company is regarded as a "good corporate citizen" and its actions justify its continued existence.

Finally, in order to provide a comprehensive picture of CSR reporting, we also borrow some arguments from institutional theory. This perspective enables CSR to be broadly studied as it is positioned in responsibility systems in which business, governmental, legal, and social institutions operate (Matten & Moon, 2008). CSR reporting thus reflects the evolution of companies' governance systems in order to respond to broader stakeholder concerns and institutional requisites, by displaying the firm's key priorities and accountabilities (Young & Marais, 2011). According to Matten and Moon (2008), corporate social responsibility can be either "explicit" or "implicit". Explicit CSR usually consists of voluntary programs and strategies that combine social and business value, perceived as part of the social responsibility of the firm, and it is therefore regarded as a proactive decision of the firm. Implicit CSR, on the contrary, is referred to the firms' role within institutions, consists of the companies' requirements to address stakeholder issues, and is thus considered as a reflexive reaction to the corporation's institutional environment (Porter & Kramer, 2006).

Empirical studies on CSR reporting

Prior empirical research on CSR reporting focuses on the analysis of codes of ethics, and investigates how different firm characteristics or country-level factors may affect

the CSR reporting activity (Béthoux et al., 2007; Singh, 2006; Singh et al., 2011; Wood, 2000).

This body of literature provides evidence on the influence of firm size, industry type, profitability, and country on the extent of firms' CSR reporting (e.g., Adams et al., 1998; Deegan et al., 1999; Gray et al., 1995b, 1996; Guthrie & Parker, 1989; Hackston & Milne, 1996; Neu et al., 1998; Patten, 1991, 1992). It is noticeable that the amount of CSR disclosure is proportional to firm size (Morhardt, 2010). Both the country in which the organization is reporting and the country of origin of the firm seem to have a significant effect on CSR disclosure features; indeed, companies based in different countries hold different perspectives on how important is to be publically perceived as socially responsible and on which CSR issues should be prioritized (Maignan & Ralston, 2002).

All these empirical studies revolve around the firms' characteristics and contextual factors affecting the extent of CSR reporting. As stated by Adams (2002), the factors that may have an impact on extensiveness, quality and quantity of CSR reporting can be grouped into three clusters: (i) corporate characteristics, e.g. corporate size and industry; (ii) contextual factors, such as country of origin, time, media or stakeholders pressure; and (iii) internal factors, e.g. the appointment of the CEO or the presence of a social reporting committee. Only a limited number of studies have focused on the third category of factors, and no studies have been concentrated so far on the family as an internal factor that may potentially affect the choice of the types and content of CSR reports. The next section reviews the literature on CSR in the context of family business.

Overview of the literature on CSR in Family Business

Scholars have started only recently to study the issue of corporate social responsibility in the context of family business. Given the dearth of studies on CSR reporting in family business, we report the main findings on family firms that engage in CSR activities. A first category of studies relies on empirical investigations on samples of family firms. Deniz & Suárez (2005), through the analysis of a sample of 112 Spanish family firms, show the heterogeneity of their CSR behavior in different types of family firms. The study identifies the system of values and the typical trust and emotions that

characterize social interactions in family firms as important aspects affecting their orientation to CSR; moreover, the authors identify the potential sources of heterogeneity of family firms, showing that a part of the sample exhibits a narrow CSR behavior due to lack of professionalism and phenomena like nepotism, while others present a broad CSR behavior when the focus is on reputation, long-term orientation, and respect for tradition. Niehm et al. (2008) in a study on 221 small and mostly rural family firms show that CSR orientation is beneficial to firm performance and is contingent on several demographic variables (e.g., family business operators' age and educational level); they emphasize the role of values and the attitude of the owning family, highlighting a relevant linkage with the surrounding community. A third contribution by Uhlander and colleagues (2004) focuses on the perception of the relationships between the family firm and its stakeholders and, through in-depth interviews with 42 small- and medium-sized Dutch family firms, finds out that the family character of the business impacts employee, customer, and supplier relationships.

A second category of studies consists of comparative analyses on social responsibility conducted on mixed samples of family and non-family enterprises. Adams et al. (1996) investigate the ethical behavior of family versus non-family firms, but their results underline no significant differences between the two subsamples. They provide contrasting arguments to predict a different ethical behavior of family versus non-family firms – such as the typical family firm's long-term orientation that is likely to result in a more ethical behavior, or, on the other hand, the usually unfair hiring strategies of family firms that are acknowledged to be associated with a less ethical behavior – thus rising a call for further research on this topic. A second study by Dyer & Whetten (2006) on a sample of firms in the S&P 500 shows that family and non-family firms display a similar behavior regarding the positive initiatives that are actively addressed towards employees, society, and environment; nevertheless, family firms are found to be more careful than their non-family counterparts in avoiding social concerns, that are the damages potentially caused to the constituents in society. Finally, Berrone et al. (2010) perform a longitudinal comparative study on 194 U.S. firms required to report their polluting emissions. They rely on the preservation of socioemotional wealth as the leading theoretical argument to explain why family controlled firms are more likely to

respond to institutional pressures and be more compliant with environmental standards, if compared to their non-family counterparts.

Altogether, this brief overview of prior literature on CSR reporting and past research on CSR in family firms points to the need for a study on the CSR reporting behavior of family versus non-family firms, as there are strong theoretical and empirical reasons to argue that family involvement in a business may directly and indirectly affect the types of CSR reports disclosed and their content. In the next section we present the empirical methodology employed in this study.

2.3. Methodology

Our aim is to build theory in the area of CSR reporting by showing and understanding the differences between family and non-family firms in the dissemination of information about the effects of their corporate social responsibility actions. Here, we use a grounded theory approach (Glaser & Strauss, 1967) to better understand the factors affecting the types and content of the CSR reports spread by firms. Grounded theory uses an inductive approach to generating theory for unexplored research topics (Charmaz, 2006; Hodkinson, 2008; Locke, 2001), and it is an iterative process referred to as “double back steps”: collected data are coded and recoded as a result of a comparative analysis (Glaser, 1978).

In particular, we use a content analytic tool to collect relevant information. Content analysis is a method of codifying written text into various groups or categories on the basis of selected criteria (Krippendorff, 1969, 1980; Unerman, 2000; Weber, 1990). To perform it, we applied the so-called “third party approach” in which the analysis is carried out by someone who is neither a provider nor a receiver of the report (Gamerschlag et al., 2011).

Sampling criteria and context

The identification of firms suitable for the sample was the first step of our analysis; all the firms with a strong commitment to communicate their CSR principles, activities and initiatives could be potentially included in the study. We therefore started by drawing up a list of firms involved in well-known CSR networks. With the help of the Corporate Responsibility Programme Manager of SCS Consulting, one of the most important

consulting companies in Italy in the field of CSR, four main data sources of potentially interesting firms were therefore identified: (i) *Accountability Rating*¹; (ii) *CSR Manager Network*²; (iii) *Sodalitas Foundation*³; and (iv) *Impronta Etica*⁴.

We followed recommendations to sample broadly in order to generate novel, theoretically grounded insights (Glaser & Strauss, 1967), and decided to focus our study on large and medium enterprises. This choice of large-sized firms was dictated by the evidence that larger companies have many more stakeholders demanding information than smaller ones and also are acknowledged to exercise a greater effect on society (Young & Marais, 2011).

Finally, in order to obtain insights on the differences in CSR reporting between family and non-family firms, we had to cluster them. Consistently with a number of previous studies (e.g., Westhead et al., 2001), we adopted two definitional criteria to identify family firms. On the one hand, we identified on the firms' websites whether they recognized themselves as family businesses, thus revealing a willingness of the firms to self-identify themselves as family companies. On the other hand, we checked for the ownership structure and management composition on AIDA, the Bureau van Dijk database, that includes financial, demographic and commercial information of Italian firms. We identified familial relations among shareholders from their family name(s) (e.g., Gómez-Mejía et al., 2001) and we operationally considered a company as a family firm when at least two members with the same family name owned at least 10% of the equity shares. In addition, we verified whether at least one member of the same family, as identified by the family name, was found to play a role in the firm's top management. This second criterion accounts for the firm's ability to behave as a family firm. The adoption of the aforementioned criteria therefore allowed to consider both the family willingness and the family ability to influence the firm behavior, that are acknowledged as two necessary conditions for family firms to behave differently from non-family enterprises (De Massis et al., 2011).

¹The Accountability Rating is a tool for measuring the extent to which companies have built responsible practices into the way they manage business and their impact on the economies, societies and environments in which they operate.

²The CSR Manager Network is a support network for CSR managers, a role that is gaining more and more relevance within firms, because of the growing attention toward sustainability themes.

³Sodalitas Foundation was born in 1995 to build a bridge between companies and non-profit organisations and it is composed of people and companies driven by a social responsibility commitment.

⁴ImprontaEtica is an Italian non-profit organisation for the development of a Corporate Social Responsibility culture. It was founded in 2001 by some companies located in Emilia-Romagna Region, especially cooperatives, which were already active in CSR.

Data

CSR reporting can take many forms, but most commonly it is referred to either the production of information in annual reports and accounts package (including both voluntary and mandatory information) or to the production of stand-alone reports, that are most usually, but not always, voluntary (Bebbington et al., 2008). To classify a document as a CSR-related report, we referred to the guidelines formulated by the Global Reporting Initiative, which defines a corporate social responsibility report as an organizational document that provides information about economic, environmental, social and governance performance. Therefore, we took into consideration the documents through which organizations communicate their principles of conduct, their relationships with stakeholders and the effects of their actions on the surrounding society and environment.

In this work we collected information and documents about CSR directly from the firms' websites (Morhardt, 2010; Maignan & Ralston, 2002; Esrock & Leichty, 1998). Corporations have increasingly turned to the Internet because of its continuous development, making it easier to communicate their principles and to divulgate information to an extremely wider public (Snider et al., 2003).

In order to define the set of documents to be considered in the content analysis, we first performed a pilot study on four Italian firms listed in the Global Fortune 500 2011 ranking, that fulfill the following criteria: Italian headquarters, large-sized company, belonging to the four CSR networks described above and belonging to different industries. This preliminary phase of research led us to identify the following types of CSR reports: (i) *Social (or Sustainability) report*, defined as a report of economic, environmental, and social impacts; (ii) *Code of ethics*, a written set of guidelines issued by an organization to its workers and management to help them conduct their actions; (iii) *Code of conduct*, the document that defines the platform of the acceptable set of behaviors within the company, whose main objective is to promote a higher standard of practices within the organization; (iv) *Stakeholder map*, a tool that formalizes stakeholder engagement in the organization and graphically shows the groups involved in a public dialogue with the company; (v) *Environmental report*, that provides information about the impact of an organization's business activities on the environment. Only a minority of the firms in our sample provide a Stakeholder Map or

Environmental Report, whereas most of them discuss their topics within the other three types of CSR reports; thus, to ensure comparability in the analysis, Sustainability Reports, Codes of Ethics, Codes of Conduct⁵ and CSR dedicated sections on the company websites were taken into consideration in the content analysis. During the data analysis process, we also found other documents, such as the sustainability policies and the report of the CSR indicators, as will be discussed in the section dedicated to results and discussion.

In addition, we also found that some of the firms in the pilot study had established corporate foundations to undertake socially responsible and philanthropic activities. We thus decided to also account for the presence of a corporate foundation, as a further proxy of the commitment of the firm to disclose its socially responsible initiatives. It is worth highlighting that corporate foundations play an increasingly important role and there is also a growing attention by academic research (Lungeanu & Ward, forthcoming).

Data analysis

The CSR reports were first in-depth analyzed for each of the four firms in the pilot study sample, and then for the other companies in the sample. The keywords and topics (henceforth called codes) related to CSR were identified, so that we were able to create an objective categorization of the content of each report. The content analytic process was performed, adapting the seminal content analysis methodology from Neuendorf (2002), through the following stages: (i) We inductively generated a list of first-order codes from the reading of the pilot study cases, integrating it with insights from the existing theoretical perspectives and empirical studies, adding codes when new facts or factors emerged in the available reports (Tsui-Auch, 2004). (ii) After codes were named and categories were constructed, we reviewed the data for the other companies in the sample to see which, if any, fitted each category. Sometimes the data did not fit well into a category, which led either to abandon or revise this category (Pratt et al., 2006). The final list of codes served as organizing devices to recode the documentary data. (iii) Based on the final interpretive results, we conducted within-case analysis and

⁵In the vast majority of cases the Code of Conduct is included within the Code of Ethics. In the few cases where the Code of Conduct is a stand-alone report, we have reported the findings of our analysis within the category "Code of Conduct" in order to allow comparability of empirical results.

cross-case analysis on the whole sample (Eisenhardt, 1989): the within-case analysis allowed to familiarize with each case as a stand-alone entity prior to any generalization, while the cross-case analysis enabled to compare and contrast cases. (iv) During the process of analysis, the fine-tuning of codes and categories went on until saturation. Moreover, we abandoned or modified tentative hypotheses and iterated between data and theoretical perspectives until a stage of theoretical saturation was reached (Eisenhardt, 1989; Glaser & Strauss, 1967; Pratt et al., 2006). Although guidelines for determining nonprobabilistic sample sizes are virtually nonexistent (Guest et al., 2006), we ended when no new information or themes were observed in the data, and this resulted into a sample of 13 family firms and 74 non-family enterprises.

The final sample includes 50 out of 87 companies that are listed on the Italian Stock Exchange, 72 firms are large-sized, and according to the first-digit US SIC code, 22 companies operate in the manufacturing industry. Within the non-manufacturing industry, there are firms operating in construction, finance, services, transports and utilities industries. Detailed information on the distribution of family and non-family firms is provided in Table 1.

Insert Table1 about here

The findings of the content analysis were then subjected to statistical inference. In order to answer our research question, we used the categories as object of the statistical analysis and performed chi-squared tests between the groups of family and non-family firms; we also controlled for size, listing and industry, in order to verify whether these variables affect the findings of the study. Chi-squared test allows to assess whether paired observations on two groups of firms are independent from each other, e.g. if family and non-family firms differ in the frequency of reporting.

In the following sections we discuss the results of our analysis and present arguments suggesting that family firms differ from non-family companies in several aspects regarding the way they conduct CSR reporting activities.

2.4. Results and discussion

In this section we show the findings of our analysis of the characteristics of CSR reporting among Italian firms. First, we offer insights on the types of CSR reports disseminated, by providing figures on the diffusion of different types of reports and the establishment of foundations to perform CSR activities, and on the compliance with CSR standards. We especially highlight the differences emerged between family and non-family firms. Afterwards, we focus on the results of the content analysis by offering insights on the variety of topics emerged from the analysis, and providing statistical inference to identify significant differences in the reported topics between family and non-family firms, with additional controls for size, listing and industry.

Types of CSR reports

Diffusion of CSR reports and establishment of foundations

Table 2 reports the main figures related to the diffusion of the types of CSR reports and establishment of foundations among the sampled firms.

Insert Table 2 about here

All 87 companies exhibit the Sustainability report, whereas the Code of ethics is missing in two cases and a dedicated CSR section is missing in the websites of 11 firms.

We also considered the presence of other CSR documents, i.e. the environmental report, the sustainability policies and the CSR indicators report. We found that 9(10%) out of the 87 firms in the sample produce an environmental report; 15 (17%) disclose their sustainability policies through dedicated documents; and 4 (5%) purposefully create an ad hoc report to communicate their CSR performances. Four firms disseminate additional types of CSR reports, i.e. (i) work-life balance principles (disseminated by SACE), (ii) charter of equal opportunities (disseminated by BPM), (iii) quality culture report (disseminated by De Cecco), and (iv) other reports focused on particular case studies (disseminated by Saipem).

As regards the distinction between family and non-family firms, it emerges that the former are more prone to disclose CSR information through a dedicated section in their websites, to establish foundations and to publish supplementary CSR documents beyond the code of ethics and the sustainability report, such as environmental reports.

This higher propensity of family firms to disclose CSR information through a dedicated section in their websites, to communicate the establishment of foundations and to disseminate a wider range of CSR reports can be interpreted in the light of the importance that family firms pay to the actions affecting their reputation towards external stakeholders. These kinds of reporting activities, indeed, refer to “explicit” CSR, i.e. the set of CSR programs and strategies that firms accomplish on a voluntary basis in order to enhance their external reputation of engagement in social responsibility. Since the company name often includes the name of family members, and they have their wealth tied to their firms, family members themselves are more likely to invest in CSR initiatives that may be easily disseminated and that build a good reputation (Dyer & Whetten, 2006; Whetten & Mackey, 2005; Wiklund, 2006). This is also consistent with those studies showing that family firms tend to raise high their visibility and family reputation within their social environment (Dunn, 1996), as they are well-known among their communities (Block & Wagner, 2010). In this way, family firms may be legitimized to operate in their market since CSR reporting is considered an activity that affects the perception of society on the firm (Deegan et al., 1999; Hooghiemstra, 2000).

The number of listed companies disclosing CSR information through various types of reports is higher than the number of non-listed ones, for both family and non-family firms. This may be explained by considering that listed companies are usually under the lens of multiple stakeholders, especially the dominant shareholders (Mroczkowski & Tanewski, 2007) and financial analysts (Boubaker & Labégorre, 2008). Similarly, large-sized firms in both family and non-family subsamples are more likely to publish additional reports than medium-sized ones, since larger firms handle a bigger and wider range of activities and have larger amounts of resources to be invested in communication (Young & Marais, 2011). Finally, as regards industry clusters, firms in the manufacturing industry are more inclined to disclose information in a dedicated

CSR section of their websites and to establish foundations, with respect to firms in non-manufacturing industries.

Thus, we propose:

P1: Family firms are more active than non-family firms in proactively providing on a voluntary basis a wider range of stand-alone CSR reports, in disclosing CSR information through a dedicated website section and in communicating the establishment of foundations because these “explicit” CSR reporting initiatives reflect the typically higher attention that they pay to enhance their visibility and family reputation towards external stakeholders and increase their legitimacy in the society.

Compliance with CSR standards

From the analysis of the firms’ compliance with international CSR standards, it emerged that 26 (30%) out of 87 firms follow International Labour Standards defined by the International Labor Organization (ILO); 14 (16%) declared their adherence to World Business Council for Sustainable Development (WBCSD) and to the World Resources Institute (WRI); 38 (44%) follow Global Compact principles; and 39 (45%) take part to the Carbon Disclosure Project. We found that 62 (71%) out of 87 firms declare to follow Global Reporting Initiative (GRI) guidelines.

As regards the comparison between family and non-family firms, the former exhibit a marginally lower propensity towards compliance with CSR standards. Although family firms disclose a higher number of types of CSR reports, they are found to be less compliant with CSR standards. If the dissemination of a wide range of CSR reports is relevant to family firms in order to dialogue with their stakeholders, the compliance with CSR standards does not seem to be as important as it is for non-family businesses. This evidence can be understood if we carefully consider the meaning of compliance with CSR standards. Compliance with CSR standards is intended to deal with conforming to external expected norms and rules; reporting this kind of information implies therefore a mere display of the corporate efforts towards what constitutes the “implicit” CSR, i.e. the firm role within institutions, consisting of all the requirements that the companies have to passively satisfy. Family firms are acknowledged to be less dependent on their institutional context (Dunn, 1996) and less inclined to be subjected to the pressures of the external environment, and this may explain why they devote less attention than non-family firms to the compliance with

CSR standards. In other words, family firms seem to favor investments in CSR reporting activities that make them more autonomous and proactive to the eyes of their external stakeholders, rather than complying and reacting to the external pressures they face in their institutional environment.

Listed firms display higher levels of compliance with CSR standards for both family and non-family firms, and the difference from non-listed ones is particularly evident for ILO, Global Compact principles and Carbon Disclosure Project; publicly traded companies, indeed, are more eager to emphasize their CSR commitment and have more duties toward their shareholders.

The size of the studied firms is positively related to the propensity to comply with international standards. This is due to the fact that medium-sized enterprises are less subject than large-sized ones to the pressure from stakeholders and media to be aligned to universally recognized standards (Young & Marais, 2011).

In view of the foregoing, we propose:

P2: Family firms are less active than non-family firms in complying with CSR standards because these “implicit” CSR reporting initiatives, that entail passively reacting to and satisfying the requirements, norms and rules generally expected in their social environment, are contrasting with their more autonomous nature and lower dependency on the institutional context.

Content of CSR reports

The contents of CSR reports are shown and discussed in this section. In particular, we show the topics that emerged from our content analysis relying on some examples taken from the analyzed reports. We then discuss each emerged CSR topic in details, even in the light of the statistical tests performed in order to assess the significance of the differences identified between family and non-family firms, and to control for size, industry and listing variables.

Table 3 provides some illustrative examples of the CSR reported topics as emerged from our content analysis.

Insert Table 3 about here

A first outlook shows that most of the sentences within CSR reports are correlated to firms' objectives and goals. It clearly emerges the firms' purpose to manage a trade-off between serving their own needs, those of relevant publics, and their obligations to humankind. This is consistent with the results of the analysis of CSR sections on large corporations' websites provided by Snider et al. (2003).

Table 4 provides a synoptic view of the occurrences of the contents of CSR reports and the results of the statistical tests, that allow a more straightforward comparison and analysis.

Insert Table 4 about here

A discussion of the contents of CSR reports for each single topic identified in the content analysis is provided hereinafter.

Values and general interest

The first topic, namely "Values and general interests", refers to what is considered good, important, useful and desirable; this topic includes concepts such as honesty, fairness, integrity, respect, gender equality, support for cultural and sport activities.

The results of the chi-squared test show a significant difference between family and non-family firms. Non-family firms are found to communicate more recurrently issues related to "Values and general interest" topic. This evidence can be explained by considering that, typically, family firms informally state and share their values, predominantly within the firm, as they are usually acknowledged to be protective of their value system (Dunn, 1996). This is consistent with the tendency of family firms to preserve their socioemotional wealth (Gómez-Mejía et al., 2007). Moreover, the

presence of a family council is often the privileged place to communicate the values within the firm, and this may explain why they are less likely to make such kind of communication public. Values are indeed regarded as part of the family legacy that is internally developed and transmitted.

Controls for listing and size showed that, in both family and non-family firms subsamples, listed and large-sized firms are more concerned about communicating CSR values and interests than, respectively, non-listed and medium-sized companies. As regards industries, both family and non-family firms are not significantly affected by the industry variable in the amount of information disclosed about this topic.

Environment and “green” issues

This topic regards concerns for environmental conservation and improvement of the health of the natural environment, and includes issues such as responsible use of energetic and material resources, pollutant emissions reduction, green and sustainable research, design and innovation.

Family and non-family firms do not differ in a significant way in the number of environmental topics disclosed; green issues have recently been considered as very relevant for all companies, and the environment is considered as one of the most important stakeholders (Andersson & Bateman, 2000), so that the family variable does not seem to significantly affect the relative number of environmental issues communicated. Listing and size do not change our predictions: in both subsamples of family and non-family firms, listed and large-sized firms publish environmental and green issues more than, respectively, non-listed and medium-sized companies. This may be explained by considering that listed and large firms are usually monitored by the public opinion. Firms in the manufacturing industry, instead, are different in the amount of environmental codes disclosed with respect to those operating in non-manufacturing industries. The manufacturing industry is indeed the most impactful on environment, and thus the firms in this industry are more interested to communicate the way in which they deal with environmental concerns.

Processes and Products/Services

The third topic is related to efficiency in production, quality guarantee and improvement, waste reduction, recoverable and recycling of materials, safety of products, sustainability-oriented planning, and sustainable supply chain.

Family and non-family firms are not found to be significantly different in the case of CSR issues regarding processes, products or services, even if the former publish a relative higher proportion of related issues. This may be due to the ongoing process of standardization in the communication of the issues related to production and services supply, that is not dependent on the family involvement in the firm. For both family and non-family firms, we verified that listed companies pay more attention to publish this kind of issues than non-listed firms, and we found a strong significant difference between large- and medium-sized companies in the degree of completeness of the topics published within CSR reports. The chi-squared test results in a significant predominance of the issues communicated by firms in the manufacturing industry, for both family and non-family firms, even if the difference was significant only in case of non-family firms. This behavior may be explained by the typically higher attention paid by manufacturing firms to the efficiency and quality of their supply.

Stakeholders – General issues

In this topic are included all issues related to protection of human rights, value creation to satisfy stakeholders, fast and complete information, stakeholders dialogue, involvement and transparency of decision making, and reliability of management.

The chi-squared test shows that family and non-family firms are not significantly different as regards the communication of general issues related to stakeholders. Indeed, even if we found before that family firms provide a wider variety of CSR reports to meet their stakeholders' expectations, when the focus is on the content of these reports, the general issues are discussed in a similar way by all sampled firms, since the codes related to this topic are not specific and reveal to be as important to family as to non-family firms. Control variables, i.e. listing and size, do not affect the results, since it emerges that, for both family and non-family subsamples, listed and large-sized firms pay more attention to the topic than non-listed and medium-sized firms. It is not significant, instead, the difference between companies operating in manufacturing and non-manufacturing industries for both family and non-family firms.

Shareholders and Associates

The codes here are shareholders value creation, consideration of their point of view, attention to their interests, equal treatment of different shareholders categories, and clearness and honesty in communication.

Family and non-family firms' CSR reports are not found to differ significantly with respect to this topic. This may be explained considering the high relevance of shareholders' claims, regardless of the governance or ownership structure. In both family and non-family firms, we found that listed firms are more concerned about reporting on this topic with respect to their non-listed counterparts and the same result emerged from the chi-squared test between large- and medium-sized firms, in favor of the former. Conversely, firms operating in manufacturing and non-manufacturing industries are not found significantly different in the disclosure of codes related to shareholders.

Employees

Good working conditions, involvement of employees in business strategy, sharing of business culture, safety, training and skills development, absence of discriminations are just some of the codes considered essential in the relationship with employees.

Surprisingly, family firms are found to disseminate less this kind of issues than their non-family counterparts. Family firms build their relationships with employees on the basis of normative commitments rather than on financial performance motivations; employees are considered as valuable assets rooted in the family resources endowment, so that family firms are aware of their importance and thus do not sacrifice them for short-term returns (Stavrou et al., 2007). In addition, employees are often considered as part of the family (Uhlener et al., 2004) rather than as an external party to be involved in communication exchanges. This is consistent with a family-business embeddedness perspective (Khanin et al., forthcoming) that predicts a high degree of alignment between the employees' values and objectives and those of the family firm. Put it differently, family firms tend to develop with their employees very intertwined relationships to the point that all the issues related to the topic of employees are overshadowed and practically disregarded.

Listed and large-sized firms are more attentive to employees, as these firms are usually under the lens of institutions and media. Industry belonging did not affect the statistical results emerged from the study of family versus non-family firms with respect to the employee topic. CSR reporting on employee-related issues, therefore, is not likely to be formalized and intensively accomplished.

Other stakeholders

With regard to the topics related to managers, surrounding environment, customers, suppliers, and other external stakeholders, the only stakeholder category that reveals a significant difference between family and non-family firms is that of customers, as shown in Table 4. Consistent with prior literature (Gray et al., 1987), customers represent one of the most important stakeholders, and, with respect to the difference between family and non-family firms, the latter turn out to disclose more information on CSR issues related to the relationship with customers. This evidence may be explained by considering that family firms tend to build informal relationships with their customers (Uhlener et al., 2004). This allows to understand the family firms' lower interest and need to communicate issues related to the relationships with customers, which are less subject to formal communication flows. The development of informal relationships with customers is thus translated in a dearth of information in the analyzed reports.

In view of the foregoing, we propose the following two propositions:

P3: The content of CSR reports disseminated by family firms is less focused on topics related to “Values and general issues”, “Employees”, and “Customers”, because family firms tend to informally convey their values within the firm and protect themselves against leakage of information about their value system, consider employees as part of the family rather than as an external party to be involved in communication exchanges, and build informal relationships with customers that are therefore less subject to formal communication flows.

P4: The content of CSR reports disseminated by family and non-family firms is not significantly different in the topics related to “Environment and green issues”, “Processes and products/services”, “Stakeholders – general issues”, “Shareholders”, and “Suppliers”, because the basic issues associated to such topics are expected by the

social environment and all firms, regardless of the family involvement, are required to pay attention to them in their reporting.

2.5. Conclusions, implications, limitations

This study has shown very diversified results between family and non-family firms on the types of CSR reports disseminated and their content. First, family firms are found to disseminate a wider range of types of CSR reports, since family owners foster social responsibility (Block & Wagner, 2010; Deniz & Suárez, 2005), and they are concerned about their good reputation and visibility among their proximate stakeholders. In such a way, family firms have the opportunity to enhance the image of both the business and the family; they are therefore legitimated in their activities and this may lead to achieve a competitive advantage that enables them to pursue their long-term goals of sustainability (Chrisman et al., 2003; Long & Mathews, 2011). Second, family firms are found to be less compliant with CSR standards than their non-family counterparts, since they are less dependent on the institutional context. Thus, our evidence shows that family firms focus especially on “explicit” CSR, since they prove to be proactive by providing additional stand-alone reports, rather than on “implicit” CSR, as demonstrated by their lower compliance with CSR standards. Third, if we consider the content of CSR reports, it is surprising that the topics “Values and general interests”, “Employees”, and “Customers”, to which family firms are acknowledged to devote particular attention, are the topics about which they report less with respect to their non-family counterparts. This evidence has been explained considering that family firms tend to informally convey their values within the firm and protect themselves against leakage of information about their value system (Dunn, 1996), consider employees as part of the family (Uhlener et al., 2004) rather than as an external party to be involved in communication exchanges, and build informal relationships with customers (Uhlener et al., 2004) that are therefore less subject to formal communication flows.

The results of our study have significant implications for academics, practitioners, and policy makers. First, the findings of the present research may benefit both family business and CSR scholars. The former have started only very recently indeed, as noticed in the literature review section of this paper, to shed light on the socially responsible behavior of the family firm. The latter will benefit from theoretically and

empirically considering how family involvement in ownership, governance and management affects CSR reporting. For instance, models predicting the dynamics in CSR disclosure between the firm and its stakeholders do not consider whether the willingness and ability to disseminate CSR actions differ between family and non-family firms, although our analysis identifies several theoretical reasons suggesting that the 'family' variable would be a relevant moderator of the relationship between a firm's willingness or ability to embrace CSR reporting and the types of and topics in its CSR reports. The involvement of family stakeholders in the organization represents a unique trait of family versus non-family firms (Zellweger & Nason, 2008), and our study shows that this factor plays an important role in explaining the distinctive behavior of family firms as regards CSR reporting. Indeed, the importance of reputation among their stakeholders and the need for legitimization in their communities seem to affect the number of CSR reports disseminated.

Second, this study represents a very important issue for managers working in family firms, who are encouraged not to take for granted what corporate social responsibility and corporate accounting and reporting handbooks propose as universally applicable good practices. They should carefully think instead at how family involvement in ownership and management of the organization they work in could affect the effectiveness of these good practices and how they should be revised to best suit its distinctive characteristics.

Finally, the 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 & Shanker, 2003; Anderson & Reeb, 2003), are considered critical for favoring the development of economies across the world (Villalonga & Amit, 2009; La Porta et al., 1999). In this respect, the research achievements are useful since they suggest how to build a system of supporting initiatives for CSR reporting that fits with the idiosyncratic characteristics of family firms. For example, the findings of our study may support policy makers in decisions regarding the types of CSR reports to be included in the mandatory disclosure of companies or the incentive systems to foster CSR reporting as a competitive leverage in the current business context.

As with all research, the present study is not free from limitations. First, our final sample includes large and medium enterprises; a study on small- and micro-sized enterprises would be useful to understand how the typical features associated to the smaller size of a firm (e.g., differences in available resources or institutional constraints) may affect our findings. Second, only 13 family firms are included in our sample, so further investigation is required to verify whether the herein presented findings are conclusive. Third, we only collected information disseminated through the firms' corporate websites, but CSR information is usually spread also through other means, e.g. media and newspapers, that could be considered in future research. Fourth, we mainly relied on data gathered from secondary sources, that may have a low level of accuracy, especially in the measures of family involvement; indeed, an extensive survey would be useful to obtain more precise and complete information from each company.

In closing this study, we propose some avenues for future research. First, the availability of additional information on the social performances of the studied firms may provide more detailed and reliable results on the differences between family and non-family firms, since better social performances are acknowledged to increase the extent and quality of CSR reporting activity (Ullman, 1985). Specifically, it would be interesting to find whether the change in the types and content of CSR reports may reflect and explain the trend of social and economic performances. Second, a longitudinal study may provide insights into the relationship between the way firms communicate their commitment to CSR and their performances over time. Third, the replication of this empirical analysis on other countries than Italy may be useful. In particular, a cross-country study may enhance our understanding of the characteristics of CSR reporting, allowing to identify potential country-specific features. We hope that this study will inspire future work in this new field at the intersection of CSR reporting and family business, with strong impact on both management practice and academic theory.

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Tables

Table 1. General information of the sampled firms (N = 87).

	<i>Large-sized</i>	<i>Medium-sized</i>	<i>Listed</i>	<i>Non-listed</i>	<i>Manufacturing</i>	<i>Non-manufacturing</i>	
<i>Family firms</i>	11	2	6	7	10	3	13 (15%)
<i>Non-family firms</i>	61	13	44	30	12	62	74 (85%)
	72 (83%)	15 (17%)	50 (57%)	37 (43%)	22 (25%)	65 (75%)	

Table 2. Diffusion of CSR reports and established foundations among the studied firms (N=87).

Firm categories	CSR document type	Sustainability report	Code of ethics	CSR website section	Other CSR documents ^a	Owned foundations
Family		100%	100%	92%	13%	54%
Listed		100%	100%	83%	17%	83%
Non-listed		100%	100%	100%	11%	14%
Large-sized		100%	100%	92%	15%	50%
Medium-sized		100%	100%	100%	50%	50%
Manufacturing		100%	100%	100%	16%	55%
Non-manufacturing		100%	100%	50%	0%	50%
Non-family		100%	97%	86%	9%	47%
Listed		100%	98%	93%	11%	61%
Non-listed		100%	97%	77%	6%	30%
Large-sized		100%	100%	97%	10%	52%
Medium-sized		100%	85%	38%	4%	31%
Manufacturing		100%	92%	100%	6%	67%
Non-manufacturing		100%	98%	83%	9%	44%

^aEnvironmental report, Sustainability policies, Sustainability indicators and other CSR ad hoc reports

Table 3. Evidence of the content analysis by CSR topic.

Topic	Subtopic	Illustrative examples^a
Values and general interests	Honesty, fairness, integrity, respect	<i>“Our approach to banking is based on personal honesty and fairness; we carry on professional relationships with impartiality, independent judgment and respect for the rules; we undertake to fulfill all of our commitments with a sense of responsibility.”</i> (Social Responsibility Report, BPM Group, 2010)
	Sustainability as an area of strategic investment or as a mean of growth	<i>“In Autostrade per l’Italia, social and environmental responsibility is a strategic and deeply rooted value at all levels in the organization and is communicated to all subjects with which the company works in carrying on its business.”</i> (Sustainability Report, Autostrade per l’Italia, 2010)
Environmental and 'green' topics	Environmental respect and impact reduction	<i>“Ansaldo STS involves all of its staff in the reduction and control of the environmental impact resulting from its business through the definition of well-defined targets and responsibilities. By doing so, Ansaldo STS aims at being recognized as one of the leading companies as regards environmental preservation and protection.”</i> (Environmental Policy on www.ansaldo-sts.com , Ansaldo STS, 2011)
	Pollutant emissions reduction	<i>“Environmental objectives can be achieved through the implementation of a regulatory framework set by different European Union Directives that specifically envisage a reduction in greenhouse gas emissions, an bidding system for the purchase of “emission permits”, whose proceeds will go toward funding measures aimed at reducing emissions and adjusting to climate change.”</i> (Sustainability Report, Erg, 2010)
Processes and products/ Services	Recoverable and recyclable products/ materials/ tools	<i>“We concentrate efforts on sustainable packaging and seek to increase the cultural element that leads to recycling; we have progressively eliminated non eco-compatible components and we privilege the use of uniform packaging materials that are easier to recycle.”</i> (Sustainability report, Barilla, 2008)
	Internal audit	<i>“Internal Audit within BNL BNP Paribas is an independent, objective assurance and consulting activity designed to add value and improve the organization’s operations. Internal Audit helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The scope of intervention of Internal Audit encompasses all the activities of BNP Paribas and the risks to which it might be exposed.”</i> (Code of Ethics, BNL BNP Paribas, 2009)
Stakeholders -	Value creation to satisfy stakeholders / Dialogue /	<i>“Constant dialog and engagement with Fiat Group’s stakeholders is supported by a valid mapping process and monitoring of changes in</i>

general	Engagement	<i>their interests over time.</i> " (Sustainability section, http://www.fiatspa.com , 2010)
	Penalties for internal/external violation of business ethics and rules	<i>"Violations of principles and norms of the present Code of Ethics damage loyalty relationships between the Company and its managers, employees, customers, suppliers, partners, consultants and all the stakeholders. The company promptly and firmly prosecutes violations by means of appropriate disciplinary actions."</i> (Code of Ethics, Holcim, 2008)
Stakeholders - shareholders or associates	Value creation	<i>"One of the Generali Group's priorities is making sure its shareholders get the most out of their investment. Even in a difficult market characterized by a reduction in insurance premium revenue, it was able to meet their expectations. The Group continues to pursue a long-term objective of sustainable business development, in order to ensure investors get a reasonable return even in a negative market trend."</i> (Sustainability report, Generali, 2010)
Stakeholders - employees	No discrimination in selection, assumption and training (equal opportunities)	<i>"Our employees represent over 104 nationalities, which means we offer an inclusive workplace, built around respect for individuals and the appreciation of diversity in all its forms. At Alcatel-Lucent, we believe that commitment to diversity, tolerance and equal opportunity is an investment in our employees and our growth."</i> (Code of Ethics, Alcatel Lucent, 2009)
	Conciliation between professional life and leisure time	<i>"During their working life, many people need to be absent from work for periods that vary from short to long-term. The reasons are many: maternity, needing to care for a relative, illness, etc.. The aim of the "Per Mano" project is to provide employees who want to, the possibility of staying in touch with their office, being kept up to date on happenings, innovations and changes. And this is done through IT support and the presence of a tutor."</i> (Social report, Intesa San Paolo, 2010)
	Professional growth support and planning / Meritocracy and enhancement of personal skills	<i>"Our culture challenges, fosters and develops staff at every phase of their career. We encourage our people to reach their full potential, so all employees have access to a wide range of professional development programs."</i> (Corporate social responsibility section, www.randstad.it , 2010)
Stakeholders - managers	Avoid conflicts of interest	<i>"Holding a senior management position (managing director, Board member, head of department) while also maintaining economic or financial interests with Saras's suppliers, customers, competitors or trade partners and including through family members gives rise to a conflict of interest."</i> (Code of Ethics, Saras, 2009)
Stakeholders - surrounding	Biodiversity safeguard	<i>"Enhancing and preserving biodiversity is an important part of 3M's value of respecting our social and physical environment. 3M has been working to preserve biodiversity both on our property and through our</i>

environment		<i>support of organizations like The Nature Conservancy and Conservation International. The locations of some of 3M's facilities share the same land with rare species of wildlife. In these locations and on other 3M properties that support wildlife, the company works to enhance and protect the area's natural habitat.</i> (Sustainability report, 3M, 2011)
	Projects for local community social and economic development	<i>"Year after year, Auchan is involved with the communities around stores by making them recognized players in social life. Creating jobs, competition and meeting places open to the community, stores are much more than shops. The actions taken are intended to revive the social bond by involving local customers, commercial partners and associations."</i> (Social Report, Auchan Group, 2010)
Stakeholders - customers	Communication with customers	<i>"Our commitment has led us to focus on perceived quality through activation of a system designed to assess customer requirements via customer satisfaction surveys, the analysis of complaints, relations with consumer associations and operational feedback."</i> (Social Report, Poste Italiane, 2010)
	Build customer loyalty	<i>"Vodafone's reputation depends on earning the trust of our customers. Their loyalty is vital to the long-term success of our business. This section covers a range of issues that we believe play an important part in maintaining customer trust."</i> (Sustainability section, www.vodafone.com , 2011)
Stakeholders - suppliers	Supplier evaluation on the basis of their CSR commitment (human rights, health, safety, environment)	<i>"Corporate Social Responsibility (CSR) verification activities in respect of the suppliers and sub-suppliers. The evaluation of suppliers was carried out using a weighted check list consisting of over one hundred questions, the use of which allowed verified suppliers to be classified into four progressive bands, from Poor to Excellent. Questions covered ten priority areas: child labor, forced labor, health and safety, freedom of association, discrimination, disciplinary procedures, working hours, pay, environment and ethics."</i> (Sustainability report, Telecom, 2010)
	Suppliers training and development / Suppliers involvement in CSR activities	<i>"As part of our efforts to strengthen the performance of our supply chain, we developed a Supplier Sustainability Development Program in 2010, which aims to develop suppliers into strategic business partners who share our commitment to sustainability. The program is based on monitoring and auditing suppliers, along with training suppliers and ABB personnel, and is supported by a dedicated sustainability expert within the Supply Chain Management function."</i> (Sustainability Report, ABB, 2010)
Stakeholders - other external	Free and fair competition	<i>"The Pirelli Group acknowledges that proper and fair competition is essential if businesses and markets are to flourish. In operating its own business it embraces competition based on innovation and on the quality and performance of its products."</i> (Ethical code, Pirelli, 2010)

Dialogue with trade unions

“The Protocol on the System of Industrial Relations that governs relations with the labor unions at the corporate level establishes a structured system of relations and arrangements on advance and/or periodical bargaining, discussion, consultation, and information, on which see the section on Industrial Relations. Terna participates in establishing the industry’s rules, because it is part of the employer delegation that negotiates the renewal of the contract with the labor unions.” (Sustainability Report, Terna, 2010)

^aQuotes reported in the table have been translated to English.

Table 4. Synoptic representation of the content of CSR reports and results of statistical tests.

Firm categories	Topics											
	VALUES AND GENERAL INTERESTS	ENVIRONMENTAL AND 'GREEN' TOPICS	PROCESSES AND PRODUCTS/SERVICES	STAKEHOLDERS General issues	STAKEHOLDERS Shareholders	STAKEHOLDERS Employees	STAKEHOLDERS Managers	STAKEHOLDERS Surrounding Environment	STAKEHOLDERS Customers	STAKEHOLDERS Suppliers	STAKEHOLDERS Other external	
Family	41,3%	54,6%	47,1%	42,6%	30,8%	43,7%	31,6%	42,0%	36,7%	34,3%	42,5%	
Listed	39,1%*	56,4%*	48,0%*	40,7%*	33,3%*	46,1%*	35,2%*	41,7%*	42,6%*	39,6%*	51,9%*	
Non-listed	43,2%	52,4%	44,2%	46,5%	28,6%	42,0%	31,7%	37,0%	35,7%	29,2%	37,6%	
Large-sized	41,7%*	55,1%*	46,0%*	43,6%*	31,1%*	44,3%*	33,8%*	48,0%*	34,7%*	44,0%*	42,9%*	
Medium-sized	37,3%	48,7%	60,6%	30,8%	26,7%	37,4%	5,6%	42,6%	60,0%	37,5%	37,0%	
Manufacturing	41,6%	55,0%	47,9%	44,1%	29,7%	42,5%	29,8%	43,3%	36,4%	35,2%	40,4%	
Non-manufacturing	40,0%	52,6%	42,4%	34,6%	36,7%	50,5%	41,7%*	35,2%	38,3%	29,2%	53,7%	
Non-family	47,4%*	50,1%	41,9%	45,5%	39,2%	50,2%*	37,6%	46,0%	48,8%*	39,0%	45,2%	
Listed	52,6%*	55,1%*	45,0%*	54,3%*	48,6%*	54,8%*	41,8%*	51,3%*	55,3%*	44,8%*	56,4%*	
Non-listed	39,4%	43,1%	38,4%	44,0%	25,3%	42,9%	30,7%	38,0%	39,8%	30,6%	45,3%	
Large-sized	50,8%*	53,8%*	45,1%*	53,6%*	42,7%*	53,8%*	40,2%*	49,8%*	52,8%*	42,3%*	55,7%*	
Medium-sized	31,7%	33,1%	27,0%	36,3%	22,6%	33,6%	25,6%	27,9%	30,3%	23,4%	35,6%	
Manufacturing	47,9%	59,8%*	52,3%*	48,9%	36,1%	51,1%	40,3%	49,1%	45,3%	38,5%	55,9%	
Non-manufacturing	47,3%	48,3%	39,9%	50,8%	39,8%	50,0%	37,1%*	45,4%*	49,5%*	39,0%	51,5%	

Each percentage is calculated as the ratio between the number of citations of each code and the total number of all codes within each topic.

*Significant result from the Chi-squared test.

3. Corporate Social Responsibility and Internal Stakeholders Saliency in Small- and Medium-sized Family Businesses

Abstract

Corporate social responsibility has long been studied, but no ultimate agreement exists on the reasons that lead a firm to embrace socially responsible initiatives. Leveraging on four case-studies of small- and medium-sized family businesses, we provide insights on the motivations that drive these firms' CSR behavior, and on the saliency of the claims pursued by the internal stakeholders of the family firm, by relying on both management and socio-psychological theoretical lenses.

Keywords

Corporate Social Responsibility, Family Business, Case Studies, Stakeholder Theory, Small- and Medium-sized Enterprises.

3.1. Introduction

Corporate social responsibility (CSR) is defined as a company's voluntary contribution to sustainable development which goes beyond legal requirements (Gamerschlag, 2010; Crane and Matten, 2007; De Bakker et al., 2005; Carroll, 1999, 2006). The topic has long been debated among scholars and the aforementioned definition is one of the most shared. A step forward has been done in analyzing in depth the components of CSR, identifying economic, legal, ethical and discretionary responsibilities (Carroll, 1991). Moreover, an interesting point of view on the topic deals with the reinterpretation of the acronym CSR with "Company Stakeholder Responsibility", so that not only large corporations, but every company may engage in CSR, and that the primary objective for the firm is the satisfaction of its stakeholders' claims (Freeman, Velamuri and Moriarty, 2006).

Theoretical and empirical studies in the context of CSR have been conducted and results are sometimes contrasting. Moreover, in spite of the large amount of literature on the concept of CSR, there is no ultimate agreement on the reasons that lead a firm to embrace socially responsible initiatives (Campbell, 2007). In literature the motivations that lead individuals and firms to engage in socially responsible activities are essentially of two kinds: instrumental or normative. On the basis of the Motivation Theory developed in Psychology, according to which behaviors are explained by extrinsic and intrinsic motivations, where the latter may be split into normative and hedonistic motivations, firms pursue CSR strategies for four motivations: (i) defense of the reputation; (ii) justification of the cost benefits; (iii) integration with competitive strategies; and (iv) learning, innovation and risk management (Zadek, 2000).

The focus on family businesses as object of the analysis may allow a deeper comprehension of CSR antecedents and behavior because of the idiosyncratic characteristics of these firms, that can effectively affect their commitment to CSR. The study aims, particularly, at investigating which are the prevailing motivations that family firms' owners and managers consider at the basis of their CSR activities, by gathering direct information on the CSR activities developed by small- and medium-sized family firms towards their stakeholders. A recent debate has focused on the approach of family firms towards social responsibility: on the one hand, some scholars assert that family firms are merely self-interested (Morck and Yeung, 2004); on the

other hand, the attention is on the relevance of image and reputation for firms that have a strong organizational identity, as family firms do (Dyer and Whetten, 2006). It is thus interesting to understand at what extent the presence of the family at the helm may affect the social responsibility attitude.

The emphasis is on SMEs for several reasons. The first reason is that small firms have a number of specific characteristics, which have an impact on what a small business social responsibility (SBSR) constitutes (Lepoutre and Heene, 2006). In addition, empirical research on CSR in small businesses is limited in the number of studies (Thompson and Smith, 1991). According to Lepoutre and Heene (2006), in literature there is, on the one hand, the idea that small businesses are socially responsible by nature, while on the other, the presence of barriers, due to smaller firm size, is thought to constrain SMEs' ability to engage in social action.

All these arguments lead to in depth analyze CSR in the context of small- and medium-sized family firms in order to extend theory and evidence on the topic.

The structure of the paper is as follows. Section 1 provides the theoretical background on which this work is based. Section 2 illustrates the theoretical framework adopted for the analysis. Section 3 shows how the sample is selected and the employed methodology. Section 4 reports the findings of the case-studies analysis, while Section 5 discusses them. The last section concludes and outlines future research directions and implications for practitioners and policy makers.

3.2. Literature review

This study is rooted in stakeholder theory and social identity theory. A stakeholder perspective has been adopted to develop the main part of the study. Stakeholders are all those individuals and constituencies that contribute, either voluntarily or involuntarily, to the firm's wealth (Post et al., 2002). According to Freeman (1984), considered the founder of stakeholder theory:

“Stakeholder is a group or an individual that may affect or be affected by the corporate objectives achievement.”

At the core of stakeholder theory is the idea that the long-term sustainability of a firm is dependent on the cooperation of numerous constituents, and not only on shareholders (Donaldson and Preston, 1995; Freeman, 1984), and extant research

indicates that CSR initiatives are successful in generating returns to the company to the extent that they foster strong and enduring relationships with stakeholders (Waddock and Smith, 2000). It is not enough to foster the sole interests of the shareholders of the firm; it is required to the companies explicit and sustainable commitment towards their stakeholders.

Stakeholders with similar interests, expectations and rights can be grouped in categories, such as employees, customers, shareholders, and so on. These groups can be in turn classified in two categories, primary and secondary stakeholders. Primary stakeholders are necessary for the company survival; indeed, whether the interests of a group of primary stakeholders were not met, the firm would be highly damaged. Instead, secondary stakeholders affect or are affected by the firm activities, but they are not engaged with it and are not so important for its survival (Clarkson, 1995; Freeman and Reed, 1983).

Scholars agree on the relevance and importance of stakeholders according to their salience – the degree to which managers give priority to competing stakeholder claims. To understand who and what really matters for the firm, it is essential to systematically assess the relationships, actual and potential, between stakeholders and managers, in terms of relative absence or presence of all or some of the stakeholder salience attributes: power, legitimacy and urgency (Mitchell, Agle and Wood, 1997). Power is an attribute that can be evaluated according to the kind of resources utilized to exercise it, coercive, utilitarian or normative (Etzioni, 1964; Pfeffer, 1981). Legitimacy is the perception that a firm's actions are desirable and appropriate within a social system of norms, values and beliefs (Suchman, 1995). Legitimacy and power are distinct attributes: they both can exist thus creating authority, defined as the legitimate use of power, but they can also exist independently (Mitchell, Agle and Wood, 1997; Weber, 1947). Power and legitimacy as independent variables in the relationship between stakeholders and managers lead to a theory of the identification and salience of the stakeholders, but it does not catch the dynamics in the interactions between the actors involved. Urgency is a third and necessary attribute, defined as the degree to which stakeholder claims call for immediate attention. Therefore, an entity may also have a legitimate position or expectation, but, unless it either has the power to exercise its will

or has expectations perceived urgent by the firm, it would not be salient enough for the firm's managers.

However, a critic has been moved to this kind of stakeholder classification and identification. The main drawback of the above mentioned criteria is the firm-centric view of stakeholders, who are identified only in terms of their economic relevance to the firm (Dunfee, 2008). There is instead a perspective that provides a different way to identify stakeholders. According to social identity theory, people self-identify in groups as an expression of the social identity, and not simply because of the power, legitimacy and urgency of their claims (Crane and Ruebottom, 2011). From this complementary perspective, identification is distinct from behavior, and therefore also stakeholder salience is differently conceptualized.

Social identification entails the ones belongingness to a social category (Ashforth and Mael, 1989), to which she/he feels attached. The individual can benefit from this group membership in terms of emotional values associated with it. Moreover, identity salience is key and motivates attitudes and behavior (Lobel and St. Clair, 1992). A category salience depends on a set of elements. First, accessibility and fit with a situation (Oakes, 1987), that is the relative readiness of a certain category to be activated and then translated in reality for the individual who self-identifies with the group; these elements are specific to the identity, the individual and the context. Second, connectedness is a relevant dimension, since a category characterized by many connections with others is more salient than those categories that are connected to few personal relationships (Stryker and Burke, 2000). Third, distinctiveness is a key factor affecting the inclination of individuals to identify with a specific group because a category that encompasses an observable and clear-cut difference is the most salient for those individuals who can thus share identity and social interactions (Mehra et al., 1998).

It is worth underlining that self-identification with a category is relational and comparative (Tajfel and Turner, 1985), so that the extent to which an individual self-identifies is a matter of degree (Ashforth and Mael, 1989). In addition, individuals usually have multiple identities, but when there is an alignment of two or more identities, they feel to converge towards the focal entity (Sharma and Irving, 2005), thus

resulting in their personification with the entity itself, in their belief in the entity's goals, and in their desire to contribute to the achievement of these goal.

Stakeholder salience and CSR in family business. A research framework

As regards family business, many family members self-identify with their firms (Rosenblatt et al., 1985) and use the firms to place themselves in the communities in which they live and operate (McGivern, 1978).

Family business literature argued that family firms are characterized by distinctive features, such as their structure (Tsang, 2002), the relationships (Pearson et al., 2008), cognitions (Mitchell et al., 2003), decision-making process (Mitchell et al., 2009), and strategy (Sirmon and Hitt, 2003). More interesting, according to Mitchell et al. (2011), is that sources of power, legitimacy and urgency apply to family involvement in business and are unique in the family context. Mitchell and colleagues (2011) thus propose that: (i) family firms pursue family-centered non-economic (FCNE) goals (Chrisman et al., 2005; Janjuha-Jivraj and Spence, 2009; Sharma et al., 1997) in order to create socio-emotional wealth (Gomez-Mejía et al., 2007).; (ii) these goals are rooted in the relationships existing among family members (Long and Matthews, 2011; Pearson et al., 2008); (iii) FCNE goals and traditional goals of profitability and growth may be considered as synergic, though independent (Gomez-Mejia et al, 2010; Zellweger and Nason, 2008); and (iv) family firms are heterogeneous in the way they respond to stakeholders' claims and pressures (Melin and Nordqvist, 2007).

As regards literature on CSR in family business, very few studies have been published (Fitzgerald et al., 2010). A review of extant literature highlights the presence of few contributing studies. On the one hand there are papers that analyze family and firm characteristics in relation to socially responsible behavior of businesses (Niehm et al., 2008; Déniz and Suárez 2005; Uhlener et al, 2004; Kilkenny et al., 1999); one of the most relevant insights is that a socially responsible business culture may emerge from the values and attitudes of the owning family. Other scholars focus on the impact of social and economic climate of a community on the performance of socially responsible processes by family businesses (Fitzgerald et al., 2010), consistently with the Sustainable Family Business Theory (SFBT), that recognizes the interplay between family businesses and their communities (Danes et al., 2008; Stafford et al., 1999).

Rooted in the aforementioned theoretical background, we developed a research framework, that let us analyze the linkage between CSR motivations, CSR actions, and each stakeholder's claims. In particular, we referred to the internal stakeholders of the family firms considered, first because they are among the primary stakeholders and for them it is high the degree of identification with the firm, second because of the methodological difficulties encountered in gathering data from external stakeholders in person, especially as regards customers and suppliers. This framework was obtained through an appropriate elaboration of the stakeholder/responsibility matrix introduced by Carroll (1991), that creates a connection between each stakeholder and all CSR initiatives according to their kind (economic, legal, ethical, philanthropic).

In this study, each internal stakeholder is linked to the different CSR activities, as emerged in the case-studies. In particular, CSR activities are previously divided according to the motivations, derived from the Motivation Theory, that emerged as antecedents of their accomplishment. Moreover, on the basis of the three attributes that characterize the stakeholder salience, the classification of internal stakeholders is as follows (Mitchell et al., 1997): when power, legitimacy and urgency are high they are *definitive* stakeholders, and all their claims are considered priority by the firm's management; they are *dominant* stakeholders when they are powerful and legitimate, so that they can influence the firm since they usually create within it a "dominant coalition" (Cyert and March, 1963); when they have legitimate and urgent claims, they are called *dependent* stakeholders, and since they have not enough power, the satisfaction of their claims depends on the protection by other more powerful stakeholders or by the guideline values of the firm's managers; finally, when power and urgency are high, they are *dangerous* stakeholders, since they are not legitimate and they could be coercive and violent. It is therefore possible to identify a linkage between stakeholders' salience and CSR actions in order to clarify how the firm addresses each stakeholder's claims.

In summary, the proposed framework consists of a table, that, for each CSR activity undertaken firm, links the underlying motivations and the salience of stakeholders, whose claim the firm is called to respond.

This framework enabled us to address the following research questions:

RQ1: Which are the motivations that characterize the CSR activity of SMFBs?

RQ2: Which is the link, if it exists, between the motivations leading family firms to engage in CSR and their stakeholders' salience?

To the best knowledge of the authors, this is the first study aimed at investigating why family firms engage in CSR initiatives and whether the involvement of the family in the business actually affects the orientation towards CSR, from a multiple-respondents point of view. Furthermore, according to the different motivations it is possible to understand if family firms are driven more by the willing to respect norms, to behave in a socially responsible manner because of the owner's personal desire and family's sensibility, to improve corporate reputation, or even to create a competitive advantage.

3.3. Methodology

Given the aim of the investigation, we adopted an exploratory approach and gathered empirical evidence through a multiple cases study (Yin, 2003), in order to both in-depth examine each case and identify contingency variables that distinguish each case from the other. We contacted small- and medium-sized family firms located in the Province of Bergamo, already involved in CSR activities. The Chamber of Commerce of the Province of Bergamo in 2010 compiled a list of firms according to their commitment to CSR, as witnessed from their good practices. Bergamo is an area rich of SMEs driven by families, usually operating in the manufacturing industry. To assess that sampled firms were SMEs, they have to fulfill the criteria of the SME definition of the European Commission as from January 2005: an enterprise qualifies as small- and medium-sized if its number of employees is between 10 and 250, and it reports a total turnover between €2 million and €50 million. All the analyzed cases fulfill these criteria. As regards the family involvement into the management of the sampled firms, we defined a family firm as the firm in which family plays a significant ownership and management role (Beer et al., 1997). In order to check whether the companies under investigation were effectively family firms, we looked at all the three dimensions of the F-PEC scale (Klein et al., 2005), power, experience and culture. The degree of intensity of these three dimensions characterizes a family business, since they are measured on a continuous scale that allows for different levels of involvement, effective and potential, of the family in the business. Power is associated to the degree of involvement of family

members in ownership and management, thus we collected detailed information on the equity shares and management roles of the family members. As regards experience, we asked how many generations are involved in the management of the firm, and whether the founder is still at the helm. Finally, culture is the attribute that assesses the degree of overlapping between family and corporate values, as well as the degree of commitment of family members in supporting managers to both pursue economic goals and ensure the development of mutual interrelationships between family, business and environment. We therefore asked the family members whether they agree on a 5-point Likert scale to specific sentences related for example to loyalty, values sharing, and pride.

After a first step of e-mailing and phone calls to explain the project, 30% of the contacted companies took part in the investigation, with a final number of four detailed case-studies. We performed a semi-structured interview to multiple internal stakeholders for each case. In particular, we collected information from: (i) the family owner of the firm; (ii) another component of the family involved in the ownership and/or management of the company; and (iii) an employee of the considered firm. The interviewees were initially asked personal data and their role within the firm. Then the semi-structured interview allowed to openly talk about social responsibility and about the relationships with the stakeholders, with particular attention paid to the motivations that lead to CSR. This procedure for data collection helped enhance the reliability of the research (Yin, 2003). The interviewers' task was precisely to invite them to talk about experiences and personal opinions on the topic. All interviews were tape-recorded and transcribed; moreover, an abbreviated interview protocol is provided in Appendix 1.

Data and information gathered through the case studies were manipulated before being analyzed. In particular, we applied the following techniques (Miles and Huberman, 1984): (i) data categorization, that is the decomposition and aggregation of information in order to highlight some characteristics (e.g., motivations leading to a specific CSR behavior) and to facilitate comparisons; (ii) data contextualization, that entails the analysis of contextual factors that may result in relevant relationships between events and circumstances. Indeed, once motivations were collected, for each case-study we classified them according to the Motivation Theory previously presented. We were thus able to distinguish family firms according to their approach to CSR.

Then, we connected the emerged motivations to the CSR activities performed by the firms, as answered to the relative question. Finally, we isolated the CSR activities performed towards the internal stakeholders and we identified the existent linkages between their salience and the motivations that lead the firm to engage in those activities, following the framework previously presented.

3.4. Findings

In this section for each case-study we provide a brief description of the business activity, detailed information on the family involvement in the firm's ownership and management, on the motivations leading to behave in a socially responsible way, and on internal stakeholders' salience. In addition we included some illustrative anecdotes from all the interviewed parties.

First, some descriptive information on the firms involved in the analysis is shown in Table 1.

Insert Table 1 about here

Gam Edit Srl is a family business traditionally in the printing works industry. Experience and knowledge of a craft that the family has developed for three generations allow to grow, widening the production structure and the range of products. Today the business is focused on printing, stationery, and communication.

Family involvement is high, as emerged by the analysis of the three attributes of the F-PEC scale for Gam Edit Srl: the family owns 100 percent of the equity of the firm; three family members and an external manager participate in the Board of Directors. Father and daughter, the current CEO, are at the helm, the family business is right now at its third generation, proving that experience is high. The CEO's brother explicitly clarifies the importance of sharing goals in a few words: "*Everyone in the family care about our company.*" All the dimensions used to evaluate the degree of family culture within the business present medium-high scores, with an average score equal to 4, as the family itself evaluated each dimension during the interview. The emphasis is especially

on loyalty, care fate, and pride. However, the owner told that she feels corporate and family reputations only partially related.

The rest of the interviews have shown that motivations characterizing the actions of the family are of the extrinsic type, i.e. linked to the achievement of the set goals by pursuing an ethical behavior. As declared by the CEO: *“Nowadays, our CSR policy is especially focused on environment, and represents the real competitive advantage of our business.”* Deepening the level of analysis, it emerges that also normative motivations play a role, since the firm needs to fulfill some expected industrial requirements, as regards for example safety and cleanliness. We can conclude that Gam Edit Srl performs CSR activities pushed by motivations mainly attributable to the search for competitive advantage and compliance with the rules of the game. The approach towards internal stakeholders is related to ethical and moral concepts, indeed CSR activities may be counted as legal and ethical dimensions. As asserted by the third generation CEO: *“Sustainability, in an industry like this one, is a business opportunity with social implications, internal and external to the firm, close to my personal sensibility, but it creates also the conditions conducive to the development of the firm and to the presence on the market.”* Stakeholder salience of owners, family members and employees is included in the analysis: from the interview it emerges that family members have power, but their claims are not considered as urgent as those one of owners and employees. It is clear from the words of an employee that their involvement in CSR activities is relevant: *“We are periodically informed on the environmental policies adopted by the firm, since we are all called to operate according to specific procedures, and since we have internal and external audits. Moreover, we take part in courses, mainly related to CSR topics.”*

Zanetti Arturo and C. is a family business at its first generation, leader in the industry of environmental services management; with advanced equipment and qualified employees, it collects, moves and retrieves and/or disposes urban garbage and special dangerous and non-dangerous refuse. For 20 years it has been active in CSR, especially regarding environmental issues. It proves to evolve in synchrony not only with the market needs but also with those ones of society and planet.

Family power is high: the family owns 100 percent of the equity of the firm; the founder and other three family shareholders participate in the Board of Directors.

Regarding experience, it is important to highlight that the father/founder of the business is preparing to the generational change. Business culture has been evaluated by the interviewees as important, especially in the dimensions of loyalty, care fate, pride, positive influence by the business, and shared values among family members, with an average score of 4.4.

From the analysis of the interviews it emerges that motivations are of intrinsic type. *“For 20 years we have been driven by the will to respect neighbors, institutions, consortia, and communities; it was and it is needful to operate in accordance with all that surrounds us,”* said the owner. In particular, motivations are hedonistic towards both the employees and the family itself. The firm considers CSR as pushed by motivations mainly attributable to an innate sensibility and an inner desire to be socially responsible. *“I personally care about CSR issues and I try to pass on to my sons,”* the owner states, and adds *“Corporate reputation is strongly linked to family reputation.”* His son’s words show a strong commonality of thoughts: *“At the moment we do not need to revise our CSR policies, they are in perfect harmony with my father’s ideas.”* The industry, in addition, forces to pay attention to the company reputation and the founder does not omit that within the industry in which it operates CSR may be translated also in a source of competitive advantage: *“Our certifications allow us to reach higher visibility and regard in bargaining with the main clients.”* Towards internal stakeholders, the approach to CSR is mainly related to emotions and moral concepts. We can identify this business with a socio-economic view of CSR activities, since Zanetti Arturo and C. reconciles profit maximization with social claims’ satisfaction, able even to benefit from a better image and good relationships with its clients. Employees are even involved: *“We take part in three training sessions per year on CSR activities.”* Finally, stakeholder salience of owners, family members and employees has been studied: from the interview it emerges that family members have power, but their claims are not considered as urgent as those one of owners and employees.

Bellini Srl is a family business in the industry of trade of oil derivatives since 1943. The experience in the oil sector is the strategic element that makes the firm to be an authoritative reference, letting it to be not only a supplier but effectively a consulting

and proactive partner. CSR is not formalized, but the ethical concepts that implies are the pillars on which the entrepreneur builds his activity.

As regards power, the Bellini family owns 92 percent of equity, and three of the family members constitute the Board of Directors. The second generation is driving the company, but the family is laying the groundwork for the generational change to the third one. As asserted by the CEO, CSR has been one of the most important and disruptive elements of the succession process from the first to the second generation: *“When I joined the company, I put CSR first. At the time, the company run by my father survived through means at the limit of the allowable. I instead was committed to pay taxes, respect laws, environment, people, and clients, mainly through trust in the relationships with them. My father did not understand it, and I must say that mine was a very strong generational transition.”* Culture is considered an important dimension within the business, with an average score equal to 4.1. During the interview, the highest score has been attributed to dimensions like agreement with goals, loyalty, care fate, and orientation toward the attainment of long-term outcomes. *“The company has my name and I feel it as mine”*, the son said.

Motivations to engage in CSR activities are of intrinsic type, they are mainly normative, related to morality, ethics and compliance with laws; as asserted by the owner, business success is a consequence, not an antecedent: *“Social responsibility is an ethical principle that translates in an advantage, both in economic and in social terms. It is a proper key to success.”* CSR activities in Bellini Srl regard, among others, the respect for environment. In accordance with this aspect, they decided to differentiate the product portfolio, thanks also to the research on vegetable-based lubricants. Attention to CSR has thus pushed innovation and created a competitive advantage based on innovative products.

The firm is active in creating social relationships with all stakeholders, especially the internal ones, in order to involve and motivate them. As explained by the CEO: *“A business is not the sum of each contribution, but it is much more: it is the job organization, coordinated on shared goals, that creates added value; but whether there is not attention paid to internal stakeholders’ claims, it would be impossible to obtain that added value and we would not be competitive. Coordination, team stimulation and participation to business goals are essential; therefore, the responsible action towards*

stakeholders represent a key to be successful.” A positive feedback is also found in the words of the interviewed employee: *“There is a high attention to our non-working and family issues, also thanks to the human relationship that is quite easy to obtain due to the small size of the firm.”*

Robur SpA is a medium-sized enterprise that invests in research, develops and produces, totally in Italy, heating systems with high efficiency and low environmental impact. Technological innovation is the key to be competitive, with a deep belief in the opportunity to make profits without destroying the future, indeed trying to build it. Robur SpA has defined “7 pillars”, i.e. 7 core values of working experience of each person and of business ethics: Sharing, Education, Quality, Innovation, Service, Social Responsibility, Witness.

The family owns totally the firm. The founder and his wife participate in the Board of Directors. The family business is still at its first generation stage; the second generation is still involved, even if not all the members of the family are employed in the business: only two out of the five offspring work in the family business. Culture is a fundamental dimension and evaluated really important by the interviewees, with an average score equal to 4.8 for the sub-dimensions evaluated by the interviewed family owner.

The family’s activities in CSR are characterized by motivations of intrinsic type. They are hedonistic, related to feeling, will, social conscience, and ethics. The founder’s wife, in this regard, asserts: *“Among the most important things in my life I place family, love for the business, passion for people, commitment to continue to improve as a more responsible person.”* She is president of the ONLUS Foundation and coordinator of educational programs. Commitment to CSR is an increasing phenomenon: *“Our social initiatives are always evolving, and involve various CSR scopes”*, says the CEO’s wife.

With respect to the other case-studies, the interviewees in Robur SpA pay particular attention to the urgency of each internal stakeholder’s claims, that is in agreement with what the CEO states: *“One of our strengths has been the intuition and belief that a community, even professional, bears fruit if well maintained, understood and enhanced. Our experience taught that positive relationships create quality and intelligence that become high productivity.”* And indeed many activities are

accomplished towards employees, especially regarding health, safety, equal opportunities, and fair compensation.

In order to compare the major results, we provide a synoptic representation in Table 2.

Insert Table 2 about here

3.5. Discussion

The findings of our case studies provide an amount of hints to be in-depth discussed. First, it emerged that motivations driving the CSR activities of small- and medium-sized family firms are mainly of intrinsic type. Family owners' decisions in the field of CSR seem to depend on ethics and the feeling to do the right thing, but there are differences among them: on the one hand, a normative type of motivations prevails, weighing more the moral aspects; on the other hand, the hedonistic type triumphs when the interviewee explains that she/he is driven especially by a social conscience and by her/his will to be socially responsible. Even if the sample size is small, the scene appears to be highly heterogeneous. Therefore, even as regards the orientation towards CSR, it is not possible to include all family firms into a homogeneous group (Melin and Nordqvist, 2007). The differences in the motivations are certainly due to the personal attitude of the owner towards CSR, as straightforwardly expressed by the family CEO of Bellini Srl, or by the CEO's wife in Robur SpA. However, the presence of a family at the helm of the firm plays a crucial role in the relevance given to CSR. The importance of socially responsible activities is transmitted from generation to generation, as emerges from the words of the younger generation in Zanetti Arturo e C., that highlight the accordance of orientation towards CSR. In such a way, social responsible behavior becomes part of the family legacy and one of the pillars on which the family business is built: the family is motivated by a strong commitment to a set of shared values reflected in business (Aronoff, 2004). The agreement among family members on the decisions on CSR issues is moderated by the degree of self-identification in the family business. From the findings of this research, it emerges that the more family members feel attached to their

firm and are aligned with its goals, the higher is the long-term orientation and commitment towards CSR.

As regards the link between CSR motivations and the internal stakeholders' salience, it is worth to highlight that almost all family firms involved in the study recognize that family relatives have power, but their claims are not considered as urgent as the employees' ones. It emerges that the relationships with employees are crucial for all the family firms involved in the study. The employees' involvement and fair compensation is really relevant for the family firm, and it emerges that these relations are based more on normative commitments rather than driven only by financial goals, since their long-term orientation to performance lead them to be aware of the importance of human capital and thus not to sacrifice it for short-term returns (Stavrou et al., 2007). Employees are fundamental assets, and family firms care about their training and their well-being. This is even consistent with those studies showing that downsizing is rarely considered in the family business context (e.g., Block, 2010). As regards, instead, family members, they reveal to be dominant stakeholders, since their claims have power and legitimacy, but no urgency. This finding needs to be discussed in light of the social identity concept: it is necessary that family members are all completely identified and aligned with their family business in order to develop a "dominant coalition", as stated by Cyert and March (1963). Whether one or more family members do not self-identify with the organization, a conflict situation can arise, where these family members, although involved in the firm's activities, are not satisfied since their claims are not fulfilled as they expect, or are considered of secondary importance at a certain time. This can result in a dangerous situation, with potential negative repercussions also on the commitment to CSR. Therefore, the awareness of the presence of more urgent stakeholders' claims, by the family members who are involved in the business, is a necessary condition, even if this means that they sometimes have to sacrifice for their firm's sake. Moreover, this situation can be accepted only if the goals are understood and effectively shared by all family members. It appears clear that this reasoning reinforces the importance of building a family legacy that is shared by family members and passed to younger generations. Family firms have thus an advantage by transmitting, from generation to generation, also the orientation to CSR as a set of

values that pays back the business both in terms of reputation and in terms of sustainability in the long-run, with high benefits for the family.

3.6. Conclusions, implications and limitations

The multiple case study analysis of small- and medium-sized family businesses provides a number of insights on the orientation of family firms towards CSR and on the existing linkages between the motivations driving family owners and managers to engage in CSR and internal stakeholders' salience. The results thus showed a range of motivations, mainly of intrinsic type, driving the firms' CSR activities: we attributed the differences to the personal attitude of the family owner, but we highlighted the relevance of the degree of self-identification of the family members in their firms, since a high self-identification with their organizations entails a strong commitment to the firm's goals, and therefore allows a continuous engagement in CSR. We also identified a common trait in the appointment of family members into the category of dominant stakeholders, that is they have power and legitimate, but not urgent, claims. This may be a source of tension whether they do not self-identify with the organization.

However, more research is needed in this field, to draw more firmly grounded conclusions on the commitment of family firms to CSR.

The results of our research can have significant implications for academics, practitioners, and policy makers. First, this research may benefit both family business and CSR scholars by theoretically and empirically considering how family involvement in ownership and management affects CSR. The involvement of family stakeholders in the organization represents a distinctive characteristic of family enterprises (Zellweger and Nason, 2008), and our study shows that this factor plays an important role in explaining the behavior of family firms towards CSR. In particular, by borrowing some arguments from social identity theory, and by focusing on the family business context through multiple-respondent interviews, CSR research may highly benefit and an important contribution to stakeholder theory may be provided in dealing with the special characteristics of family firms. In particular, family businesses prove that CSR has become extremely important and in many cases it represents a valuable set of principles and initiatives, it is part of the family culture that is shared and passed through generations. Family members are special stakeholders, because of their multiple

role and strong identification with their business. The discussion above has shown that the findings from these cases are relevant and can contribute to stakeholder theory, since it exists a category of primary stakeholders whose claims may be of secondary importance: family members' salience is thus dependent on their role within the firm and their acceptance of the potential sacrifices they have to bear.

Second, this study represents a very important issue for managers working in small- and medium-sized family firms. They should carefully consider how family involvement in ownership and management of the organization that hired them could affect the effectiveness of good practices. Finally, the research may guide policy makers in their strategic decisions. Increasing attention has been paid to corporate social responsibility initiatives in the design of public policies, and, particularly family firms, due to their huge presence (Astrachan and Shanker, 2003; Anderson and Reeb, 2003), are considered critical for favoring the development of economies across the world (Villalonga and Amit, 2009; La Porta et al., 1999). In this respect, the research achievements will be useful since they address some suggestions on how to build a system of supporting CSR initiatives tailored to the idiosyncratic characteristics of family firms. For instance, the findings of our study may support policy makers in decisions regarding the funding of CSR activities in the current business context.

However, there are a number of limitations to the generalizability of our research findings. First, results cannot be statistically generalized, because of the adopted methodology based on the analysis of a limited sample of case studies. A larger number of cases would allow to gather more information in order to confirm the results. Moreover, the analysis with the presented framework in this study is limited to the internal stakeholders. It is indeed difficult to have the possibility to interview the external stakeholders of the firm, especially because by definition a firm's activity affects many external actors in the society. Moreover, it is difficult to have a secondary data source to compare family firms in their orientation to CSR, because of the predominant organizational climate that is largely informal and unstructured, as proved by the absence of written codes of ethics and social balance sheets (see Table 1). This is consistent with those scholars asserting that stakeholder management in SMEs is not as formal as in large firms (Russo and Perrini, 2010), and this is even exacerbated when considering the accomplishment of social activities towards them (Maitland, 2002).

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Tables

Table 1. Background information on the studied companies.

Company	Size (N° of employees)	Year of foundation	Turnover (2009) (Million €)	Code of Ethics	Social Balance Sheet
Gam Edit Srl	15	1948	1.6	No	No
Zanetti Arturo e C.	70	1964	18	No	No
Bellini Srl	22	1943	12	No	No
RoburSpA	220	1956	28	No	Yes

Table 2. Synoptic representation of the major results of the multiple case studies.

Company	Motivations	Stakeholder/Responsibilities	Stakeholder Saliency
Gam Edit Srl	Extrinsic Instrumental	Legal – Ethical	Definitive family owners Dominant family members Dominant employees
Zanetti Arturo e C.	Intrinsic Hedonistic	Ethical	Definitive family owners Dominant family members Dominant employees
Bellini Srl	Intrinsic Normative	Ethical	Definitive family owners Dominant family members Dominant employees
Robur SpA	Intrinsic Hedonistic	Ethical – Philanthropic	Definitive family owners Definitive family members Dominant employees

Appendix 1. Abbreviated interview protocol

Family owner:

- Are you married?
- Is your husband/wife involved in the family business? Which is his/her role? Does he/she participate in CSR initiatives?
- Who are the family members directly involved in the business? Which are their roles?
- Are there any family members who are not involved in the family business?
- Which generation is at the helm? Are you considering making a generational change?
- Which are the common values, shared among family members?
- When your commitment to CSR started?
- Why? Is it more an inner desire or a necessity? Is there any particular motivation to accomplish CSR activities, e.g. ethics, image, effectiveness, stakeholders' satisfaction, relationship benefits, external pressures?
- Do you hold institutional positions in civic, sports, or cultural associations?
- Is your firm's reputation linked to your family's reputation?
- Is there anyone in the firm who is in charge of CSR issues?
- Which are the most critical stakeholders, among employees, family members, non-family managers?
- Which are the most influential stakeholders?
- Which are the CSR initiatives towards employees' protection? Is there any particular issue you face, e.g. safety, employees' health, equal opportunities, fair compensation, irregular work?
- Are there any CSR activities towards family members?
- Is CSR important for the success of your business? Is it possible to exploit CSR as a competitive advantage?

Family member:

- Do you share the firm's mission and values?
- Are you going to pursue the same aims?
- Are you going to take care of the future of the business?
- Are you proud of your business?
- Are you willing to put more effort than usually required in order to help the firm to be successful?
- Are you going to change the CSR activities, for example on different areas of interest? Why?
- Does it exist a well-defined career path for you in the business?
- Are there any incentives based on non-economic outcomes?

- Are you involved in the CSR activities? Which is your role?
- Do you hold institutional positions in civic, sports, or cultural associations?
- Is there any particular motivation to accomplish CSR activities, e.g. ethics, image, effectiveness, stakeholders' satisfaction, relationship benefits, external pressures?
- Which is the most significant CSR area of interest for your business?

Employee:

- Which is your role in the business?
- Is the level of compensation satisfactory?
- Are benefits provided?
- Does it exist a well-defined career path for you in the business?
- Are there any arrangements or facilities?
- Are there policies to protect against all forms of discrimination both in the workplace and at the time of recruitment?
- What about safety, health, racial integration, contracts?
- Are there any incentives based on non-economic outcomes?
- Is it possible to work from home or with flexible hours?
- Is there any attention paid to non-working and family issues of the employees?
- Are there mechanisms of control, coordination, and communication?
- How are employees involved in CSR activities?

4. Family Involvement and Corporate Social Responsibility in Private Small- and Medium-Sized Family Firms: A Social Embeddedness Perspective

Abstract

This study investigates how family involvement affects the perception that corporate social responsibility is a relevant strategy in private small- and medium-sized family firms. In particular, we hypothesized and tested the effects of family ownership concentration, family ownership dispersion, the involvement of family managers with respect to the number of family members who work in the firm, and the generational involvement on the relevance of corporate social responsibility. Based on the information collected through a survey, we performed hierarchical regression logit models, and empirical findings confirm the hypotheses built relying on theoretical arguments related to reputation and altruism considerations. Among the concluding remarks, we provided implications for theory and practice, limitations, and future research directions.

Keywords

Corporate Social Responsibility, Family Business, Family Involvement, Survey, Small- and Medium-sized Enterprises.

4.1. Introduction

Corporate social responsibility is an evolving corporate strategy, that has an increasing importance among the firm activities (Carroll and Shabana, 2010). In management studies, the focus is especially on the analysis of the factors determining the extent to which firms engage in socially responsible practices. The first and most discussed factor is size and a number of studies focus on the differences between large corporations and small- and medium-sized enterprises (SMEs), for instance, in 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). It is however difficult to compare studies on large corporation and small- and medium-sized enterprises, since there have been adopted different theoretical frameworks. In addition, it is worth noting that SMEs usually suffer from the dearth of resources useful to introduce the appropriate CSR instruments, the lack of information on the relationship between CSR engagement and economic results, and what is even surprising is the lack of awareness of the concept of CSR among SMEs (Murillo and Lozano, 2006). Thus, recently a debate has arisen on the relevance of a number of factors affecting the commitment of SMEs towards corporate social responsibility (CSR). Many firms, although they are actually involved in some socially responsible activities, do not know the definition and the language related to CSR (Russo and Perrini, 2010), and it thus seems that they do not perceive it as part of their strategy, or at least as a relevant activity for the sustainability of the firm.

The dichotomy between large and small firms has also been criticized, even if there is no evidence that does not support the relevance of size as determinant of the CSR engagement in the business sector. A number of additional factors are counted and may be considered as significative dimensions that drive CSR activities, as highlighted by Blombäck and Wigren (2009): a crucial role in explaining CSR engagement is played by contextual factors, such as the industry in which the firm operates, whether the firm under investigation is specifically aimed to business or consumer markets, the country of origin, and whether the firm works in the developing or industrialized world. The authors call for further research also considering the relationship between factors linked to ownership and governance of the firm and CSR engagement. A number of studies, instead, consider the family involvement of the 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). Several arguments, based on different theoretical premises, are provided in order to assess family firms behavior towards CSR, to discuss if they are more or less ethical or socially concerned than non-family firms, and to understand whether and why family firms are a heterogeneous sample with respect to CSR.

Although few in number, it emerges from the papers reviewed, that, not only size, but also other factors may be counted as antecedents of CSR engagement; however, results are contrasting and, to our best knowledge, studies that simultaneously consider more dimensions are still lacking.

This study aims at investigating which is the impact of the degree of involvement of the family into the business on the perception that CSR is relevant for the business success. In the next section, we provide the theoretical arguments on which we rely 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 provides a discussion. The last section summarizes the conclusions, lists the limitations of the study, and draws future research directions.

4.2. Theoretical and Hypotheses Development

Literature on corporate social responsibility in family business has been rooted on different and contrasting theoretical underpinnings. 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.

Agency theory and stewardship theory are traditionally opposed in explaining the behavior of family firms (Chrisman et al., 2007), since they rely on assumptions that lie on different backgrounds, the first on self-interest as the leading motivation, based on the economic view of business actors (Bertrand and Schoar, 2006; Claessens et al., 2002; Morck et al., 2005); the second one on the idea that corporate entities behave in a manner that benefits the business itself, thus emphasizing a psychological view of business actors (Arregle et al., 2007; Habbershon and Williams, 1999; James, 2006, Miller and Le Breton-Miller, 2005).

Leveraging on the concept of social embeddedness, this trade-off has been faced, considering the role of family involvement in explaining the emergence of stewardship or agency rationales (Le Breton-Miller and Miller, 2009; Le Breton-Miller et al., 2011). Indeed, through sociological considerations, scholars assert that the more an organization is socially embedded in a family, the more likely will family owners aim at increasing self-serving family utility, even at the expense of the company and the other stakeholders (Granovetter, 1985; Uzzi, 1996).

The element that may affect the extent to which a business is considered as socially tied to the family is therefore family involvement, that widely ranges in terms of ownership concentration and dispersion, involvement in management, and generation contributing to the business, thus making family firms be considered as a heterogeneous set of firms.

Hence, whether a number of considerations have been regarded in the ongoing debate on family business social conduct, a deeper understanding can emerge with an in-depth analysis of the theoretical rationales and the empirical evidence focused on a sample of lone family firms.

Reputation

One of the main arguments supporting the thesis that family firms have an incentive to engage in corporate social responsibility is related to the building and maintenance of their reputation.

Corporate reputation theory predicts that 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. 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) a positive reputation is assigned to firms that have character traits that are highly valued since they may be considered as predictors of the firms' future behavior (Fombrun and Van Riel, 2004); (ii) a 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 importance 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 et al., 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 has to 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, 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 that they are heterogeneous with respect to their attitudes towards social issues (Deniz and Suarez, 2005).

Self-interest

A second element that plays an important role in explaining family firms social conduct is related to the phenomenon of altruism. Rooted in the agency theory, from a utilitarian point of view, altruism serves as a connection between the welfare of one individual to that of others (Schulze et al., 2003). It is a concept that well suits family firms, where parents exhibit high levels of munificence 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 were they to act less benevolently (Karra et al., 2006).

Morck and Yeung (2004) assert that family firms, since they want to protect their own interests, are basically self-interested. Such arguments lead to consider that their conduct may result in behaviors such as nepotism that could disadvantage company employees and other stakeholders, or competing in the marketplace in ways that could be harmful to the greater social good (Schulze et al., 2001). Family altruism may thus be deleterious to the firm, when the interests of family and friends are in front of the others, even at the expense of the business when, for example, the family hires and holds unqualified managers and employees (Schulze et al., 2003). Moreover, since holding control of the business is one of the main goals, families usually are risk-averse. They have, in fact, their wealth tied to the firm performance because of the family investment in the business and thus have a lot to lose in case of failure (Beatty and Zajac, 1994; Le Breton-Miller et al., 2011). Another possible negative outcome, however, is that also their strategy may be influenced, restricting their innovation and growth investments, considered as extremely risky (Bloom and Van Reener, 2007). Finally, entrenchment in key positions may be a direct consequence of the willing to retain control, so that the business can be damaged in terms of incompetent managers hired from a limited group (Volpin, 2002).

In sum, there are contrasting arguments in literature that try to outline and describe family business behavior and conduct. In this paper, the aim is to find out whether and at what extent the different involvement and goals of family members in the business affect the social conduct and the role of CSR in family firms.

Hypotheses

The arguments examined above suggest that family owners and managers will be loss averse and entrenched in key positions, but they are also more attentive to their reputation among external stakeholders with respect to non-family firms. What is still lacking is the analysis of the impact that the degree of involvement of the family in the business may have on the corporate social responsibility attitude.

The degree of family involvement in ownership affects the perception of relevance of CSR and thus the relationships with stakeholders. Even if it has been stated that the presence of the family within the shareholders pool increases the importance of reputation of the family itself in the community, whether the family controls a small or

large fraction of the business makes a difference. When family concentration is low, the family itself is not the only actor to shape strategy, and there may be different goals resulting in owner-owner agency costs, that is where family owners exploit their information and pursue their own interests at the cost of other shareholders (Bertrand and Schoar, 2006; Morck et al., 2005; Wasserman, 2006). Therefore, business interests are prior with respect to family control goals, family owners are less susceptible to family relationships, and thus more likely to create robust connections with other business stakeholders (Le Breton-Miller et al., 2011). CSR becomes a means to build and hold such relationships, and this results also into the way they care about business goals and thus avoid potential conflicts with other shareholders. Where the family control of votes is significant, instead, family owners may no longer feel any pressure to meet external stakeholders' claims (Miller et al., forthcoming), and they can put in practice the strategies that better suit their own parochial interests (Morck et al., 2005). In fact, with very high family concentration, family ties among firm owners have priority over ties with organizational stakeholders such as employees, customers, suppliers and competitors (Granovetter, 1985; Uzzi, 1996), since, because of strong structural ties among family members, family identity, values, and goals will definitively affect business conduct (Stryker, 1987). CSR in this case loses its importance and it is thus more likely that family firms with very high concentration of shares even do not know the concept of corporate social responsibility in its formal sense.

Hypothesis 1. In family firms, the higher the family involvement in ownership, the lower the likelihood that CSR is perceived as relevant.

As regards the dispersion of family ownership, the consequences of altruism have to be considered since they may affect the social conduct of family firms. Indeed, where a single owner has all the shares, there is a strong link, nurtured by parental altruism, between the controlling owner's wealth and that of the family (Schulze et al., 2001), since one of her or his main goals is to maximize both the family's and the firm's welfare. In addition, a relevant share of family wealth is tied to its firm, so it is more likely to invest to generate further wealth (Wiklund, 2006). A family business with highly concentrated ownership, in fact, has a long-term perspective because there is usually a great propensity for the owner to pass a healthy activity to the offspring

(Miller and Le Breton-Miller, 2005). Family wealth, career opportunities and corporate reputation are all linked with the firm success, so that there might be a great attitude for family owners to care about the long-term interests of all the stakeholders, and not only those of the family. 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 there may emerge risks for their reputation in the community (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 problems may hinder the performance of small private 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).

Then, when family ownership gets further dispersed among multiple members of the extended family, these family owners usually occupy different roles and thus have diverse incentives and goals. 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 or his wealth in the family firm (Gersick, 1997). In this situation, the family firm must respond to the claims of both family owners involved and those not involved in the business, which may thus be driven by different motivations. It may indeed be more difficult to run the business because of all the possible conflicts that make family issues, politics and agreements be the priority over the corporate activities (Pratt and Foreman, 2000). CSR may thus be overshadowed in these cases, despite the importance of reputation for the family.

Hypothesis 2. In family firms, the higher the dispersion of ownership among family members, the lower the likelihood that CSR is perceived as relevant.

In the light of the predictions expected when there are different degrees of family involvement in both ownership concentration and ownership dispersion, it is extremely interesting to consider what can happen at different degrees of family involvement in management. As the number of family members involved in key managerial positions increases, there is high possibility for interaction between family and non-family managers (Le Breton-Miller et al., 2011). The presence of a high number of family managers has an effect on both the family impact and the family agenda. In order to

avoid to be labeled as a product of nepotism and birthright, instead of professional competencies, from important stakeholders (Claessens et al., 2002; Morck et al., 2005), and in order therefore to meet all stakeholders' expectations, these family members may consider to adopt a socially responsible conduct for their business. They can thus, in a sense, justify themselves (Miller et al., forthcoming) and increase the reputation of their family business in the eyes of the external community.

Hypothesis 3. In family firms, the higher the involvement of family members in the Top Management Team, the higher the likelihood that CSR is perceived as relevant.

Finally, the involved family generation may be an important element that affects the relevance of CSR within the firm. Generational involvement, first, implies the increase of the number of family members taking part in the business activities, but more notably, it entails the presence of emotional linkages among family members (LeBreton-Miller et al., 2011). Especially in the first generation, where there are close personal relationships between parents and offspring or siblings, family issues are more likely to assume high priority than business concerns. In this case, reputation is expected to be extremely important, since it can make the family (and the firm) be labeled as a good corporate citizen; the founder is committed to build a solid and profitable business to be transferred to her/his offspring, 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 passed to the second generation. Therefore we expect a high attention paid by the founder to socially responsible practices in building a good reputation for the business and the family and in creating and holding good relationships, in particular with proximate stakeholders. 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 and principles of their fathers and/or mothers, and thus have even more interest in perpetuating what the founder generation started up. They are emotionally attached to the business, and this in some cases may be a double-edged sword, since siblings may have quite different ideas for the future avenues their business has to follow. There is, however, a strong feeling to carry out what they have inherited: even 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 a good 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. Instead, family members in later-generations are usually less emotionally attached, 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 effort towards social activities. In this situation CSR may be perceived as less relevant with respect to the previous stages of ownership and management.

Hypothesis 4. *In family firms, when later generations are involved in the firm, there is a lower likelihood that CSR is perceived as relevant.*

To summarize, our hypothesized conceptual model is presented in Figure 1, which proposes the four effects of family involvement in the business on the perception of CSR relevance.

Insert Figure 1 about here

4.3. Methodology

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). 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.

The survey was conducted as a self-administered questionnaire e-mailed to the contact list. The survey instrument was designed from 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 (α) 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 was comprised of questions that sought to obtain general business and demographic information about the firm, that were then triangulated through a research of the firms in the Amadeus database. Section 2 queried respondents on characteristics specific to family-owned firms, including the percentage of business ownership shared by family members, number of family members employed full time in the business, number of family managers in the top management team (TMT), and generation of 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).

Variables

The dependent variable is the perception of relevance of CSR, that we measured as the knowledge of the CSR definition, spread in Italy through the Green Book, a document provided by the European Commission. It is specifically provided 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*", conveyed in Italy through its translation into Italian. Each firm's respondent was asked in the survey if (s)he knows that definition, so that we have a dummy variable that represents a proxy of the perception of the relevance of CSR within the firm. We also checked that in all the cases who answered the survey was involved in the governance or top management of the firm.

Among the independent variables we counted family firm measures. Family involvement in ownership is operationalized through two alternative measures. The first measure is 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. All firms that do not satisfy the ownership and control criteria abovementioned 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 family owners, that is used as a proxy of the dispersion of ownership among the members of the family.

To operationalize family involvement in management we adopted the ratio between the number of family managers and the number of family members involved in the firm, namely the hierarchical family involvement ratio, that is introduced in order to understand which is the impact of a higher number of family managers with respect to the active family members, since a high number of family managers may let the family agenda have a high priority; indeed to avoid to be labeled as a product of nepotism and to meet all stakeholders' expectations, they may adopt a socially responsible conduct for their business, in order to justify themselves and increase the reputation of their family business. We also 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 and managed by the founder, and 0 otherwise; the second one takes value 1 when there is the second generation who owns and manages the family firm, and 0 otherwise; and finally, the last one takes value 1 when the owning generation is greater or equal to 3, and 0 otherwise.

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 log 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.

Data analysis

Descriptive statistics and correlations for the variables used in this study are shown in Table 1.

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 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.

4.4. Results

Table 2 presents the results using Perception of CSR Relevance as dependent variable.

Insert Table 2 about here

Hypothesis 1 proposes that family firms with higher ownership concentration are less likely to perceive CSR as relevant within their firm. Evidence significantly supports

this hypothesis, using the continuous measure of family involvement in ownership ($\beta = -1.24, p < .01$). As regards the effect of ownership dispersion among family members, we find a significant negative effect on the likelihood the CSR is perceived as relevant ($\beta = -.06, p < .01$), thus supporting hypothesis 2. According to hypothesis 3, the number of family members involved in the TMT of the family firm has a positive impact on the dependent variable, and the results provide strong support to this hypothesis ($\beta = .60, p < .01$). Finally, even the generation involved in the ownership and management of the business proves to be a significant variable 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 the perception of CSR as relevant, is significant and positive ($\beta = 1.13, p < .01$). It is notable that the regression coefficient is higher for second generation stage than for the founder generation stage; we therefore perform also the regression using the first-generation dummy variable as the base case, but the regression result is not significant ($\beta = 0.34, .10 < p < .15$).

Robustness Checks

On the whole, our analyses support all the hypotheses. Nevertheless, to ensure the robustness of the findings, we conduct 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, the 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 provides no significant effect.

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.

4.5. Discussion

The analysis presented herein supports the existence of a significant direct relationship between the degree of family involvement and the perception of CSR relevance. The findings indicate that the relationship between the involvement of the family in the firms and the engagement in corporate social responsibility is not easy to be drawn, and that different configurations of family firms affect the perception that CSR is an important practice to be accomplished.

The results contribute to add new insights to previous findings, in the attempt to answer to the rising call for further and detailed research on the topic (Deniz and Suarez, 2005; Wiklund, 2006). The analyses suggest that the impact of the presence of the family in the ownership and management structure of the firm on the perception of CSR as a relevant strategy for the sustainability of the business is not trivial at all and is multidimensional in scope. Therefore, on the one hand, the share of control by the family and, on the other hand, the involvement of family members with different roles in the firm, significantly affect, as hypothesized, the importance of CSR for the firm.

As discussed previously, it seems plausible to consider that a high concentration of family ownership entails a higher importance of family issues over business interests, and thus lower concern and effort to build formal relationships with stakeholders, especially those ones distant from the daily activities of the family firm. The results, indicating a higher likelihood to perceive CSR as relevant when family ownership is concentrated, suggest that family business owners indeed act in the sense described above. Moreover, the fact that firms with dispersed ownership appear not to be concerned about CSR issues implies that altruism and agency arguments 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 family owners and the

perception of CSR as relevant within their firms mean that family owners care about the long-term interests of all the stakeholders, and not only those of the family, since family wealth, career opportunities and corporate reputation are all linked with the firm success.

As regards family involvement in management, the presence of a high number of family members appointed in key managerial positions proves to be relevant, suggesting that reputation plays a significant role. Indeed, results support the idea that, for the same number of family members who work in the firm, as family members act as managers, they are willing to demonstrate that business issues are prior with respect to the family ones, and that they are not appointed only because of their familial status in those positions. CSR concerns and especially stakeholders' claims are faced in a formal way, so that it is straightforward that their actions are accomplished for the firm's sake.

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 the business changes the behavior and thus also the attitude towards CSR. Indeed, through generations the emotional attachment to the firm is lowered so that family members involved in the business are more concerned about driving the business to success than to transfer it to the following generation, reputation becomes only a means to compete and it is thus less associated to the family reputation, and thus CSR loses its relevance to their eyes.

4.6. Conclusions

This study has shown that family involvement in the business has a direct effect on the relevance of corporate social responsibility. In particular, empirical evidence has demonstrated that the effects of the degrees of control and management of families on the perception of CSR relevance are diverse: ownership concentration and dispersion have a negative effect, while the number of family managers with respect to the number of family members directly involved in the business positively affects the variable of interest. Theoretical arguments, related to reputation on the one hand, and altruism on the other hand, are used to explain the behavior predicted by the models tested through the regression analysis.

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. This study has thus provided evidence on the relationship between the family involvement, declined in its various dimensions, and the relevance of CSR. The results of the regression analysis enabled us to identify which is the sign of these relationships and thus infer on family firms' behavior, supported the empirical findings. The involvement of the family in the organization represents a unique trait of family firms (Zellweger and Nason, 2008), and our study shows that every dimension plays a crucial role in explaining the relevance of CSR within the family firm. Indeed, the importance of reputation among their stakeholders and the altruism that often characterizes this kind of firms seem to be really determinant, predicting an opposite and sometimes also counter-intuitive behavior when comparing family owners and family managers.

Second, this study represents a very important issue 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 at how family involvement in ownership and management of the organization they work in could affect the effectiveness of these good practices and how they should be revised to best suit its distinctive characteristics.

Finally, the 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 favoring the development of economies across the world (Villalonga and Amit 2009; La Porta et al. 1999). In this respect, the research achievements 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 to be cautious and consider that these results are valid in a specific regional context, and their generalization cannot be taken for granted.

Limitations and future research directions

Our findings are original with regard to previous studies in that they untangle the direct effects of family involvement and also show the configurations of family ownership, family ownership dispersion, and family involvement in the management of the firm that are most favorable or adverse to the perception of the relevance of CSR of small private family firms. Yet, as with all research, our results should be interpreted with caution.

First, the sample used to perform the empirical analyses is modest in size, so that it is not straightforward to generalize the present findings to all small private family firms, and there is therefore room for additional studies to confirm them. Second, the present 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 of the level of the family involvement in the firm affects the perception of the relevance of CSR in small private family firms.

In light of the results of our study and the abovementioned limits that are still to be addressed, further investigation of the ways in which family involvement affects the perception of the relevance of CSR in small private family firms deserves further research. First, beyond the knowledge and diffusion of CSR within family firms, the availability of additional information on the social performances of the studied firms may provide more detailed information on family firms behavior towards CSR. Specifically, it would be interesting to find whether the accomplishment of socially responsible initiatives affects both social and economic performances. Second, the replication of this empirical analysis on other countries than Italy may be useful. In particular, a cross-country study may enhance our understanding of the behavior of small private family firms towards CSR, allowing to identify potential country-specific features. We hope that this study will encourage future work contributing to this new field at the intersection of CSR and family business.

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Figures and Tables

Figure 1. Proposed theoretical model.

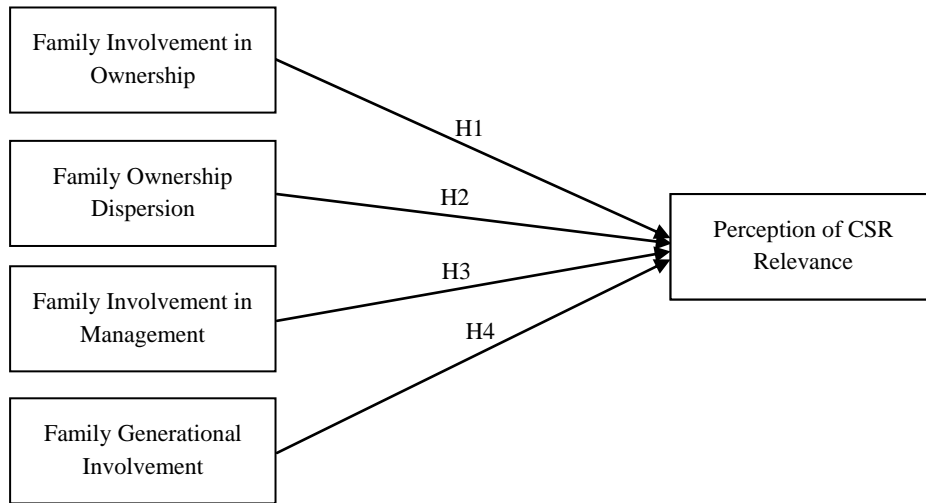


Table 1. Means, Standard Deviations, and Correlations.

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12
1 Family Ownership (%)	0.93	0.17												
2 Hierarchical Family Involvement Ratio	0.73	0.27	.02											
3 Family Ownership Dispersion	3.32	2.11	.09	-.19										
4 First Generation (dummy)	0.26	0.44	-.07	-.07	.02									
5. Second Generation (dummy)	0.54	0.50	.14	-.05	.03	-.63								
6 Age (log)	3.34	0.57	-.03	.02	.20	.08	-.09							
7 Firm Size (log)	9.03	1.10	-.01	.14	.19	-.04	-.02	.27						
8 Industry (dummy)	0.71	0.45	-.06	-.11	-.01	-.04	.03	-.01	-.05					
9 Performance	-15.16	113.96	.10	-.06	.01	-.05	.13	-.07	-.00	.04				
10 Adoption of flexible hours	3.42	1.10	.01	-.18	.01	.08	-.23	.07	.01	-.05	.07			
11 Adoption of box of ideas	3.79	1.06	-.03	-.03	-.18	.06	-.22	.10	.01	.04	-.01	.08		
12 Agreement with Family Goals	4.10	0.96	-.16	-.01	.11	-.02	-.05	.17	.05	-.07	.02	.02	.02	
13 Perception of CSR Relevance	0.63	0.48	-.10	.07	-.05	.01	.06	.12	-.03	-.06	.09	.07	.12	.06

Table 2. Hierarchic Logit Regression for Perception of CSR Relevance in Family Firms.

Variable	Perception of CSR Relevance				
	I	II	III	IV	V
Age	0.326*** (0.0592)	0.324*** (0.0523)	0.348*** (0.0624)	0.320** (0.134)	0.306* (0.160)
Firm Size	-0.0420 (0.133)	-0.0463 (0.145)	-0.0348 (0.149)	-0.101 (0.177)	-0.0802 (0.173)
Performance	-0.00395** (0.00180)	-0.00398* (0.00208)	-0.00419** (0.00213)	-0.00371* (0.00194)	-0.00492** (0.00205)
Adoption of flexible hours	0.110*** (0.0381)	0.112** (0.0526)	0.120** (0.0610)	0.139*** (0.0480)	0.251*** (0.0199)
Adoption of box of ideas	0.221* (0.117)	0.219** (0.106)	0.200* (0.119)	0.234** (0.0925)	0.341*** (0.0886)
Agreement with Family Goals	0.102*** (0.00140)	0.0672*** (0.0123)	0.0785*** (0.00824)	0.0553** (0.0223)	0.0964** (0.0375)
Family Ownership (%)		-1.244*** (0.0720)	-1.197*** (0.0916)	-0.997*** (0.0730)	-1.434*** (0.0432)
Family Ownership Dispersion			-0.0569*** (0.0143)	-0.0351*** (0.00666)	-0.0358** (0.0152)
Hierarchical Family Involvement Ratio				0.597*** (0.159)	0.898*** (0.0378)
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)	-0.583 (2.841)	-2.271 (2.514)
Observations	128	128	128	126	126

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1