The socially responsible performance in family firms: moderators and consequences on tax aggressiveness and earnings management

PhD Program

DOCTORADO INTERUNIVERSITARIO EN CIENCIAS ECONÓMICAS, EMPRESARIALES Y JURÍDICAS

Author: Eva López González

Directors: Emma García Meca

Jennifer Martínez Ferrero

Cartagena, 2019

Universidad Politécnica de Cartagena

DT-16

CONFORMIDAD DE SOLICITUD DEAUTORIZACIÓN DE DEPÓSITO DE TESIS DOCTORAL POR EL/LA DIRECTOR/A DE LA TESIS

D/Dª. **EMMA GARCÍA MECA** y **JENNIFER MARTÍNEZ FERRERO** Directora y Co-Directora de la Tesis doctoral **THE SOCIALLY RESPONSIBLE PERFORMANCE IN FAMILY FIRMS: MODERATORS AND CONSEQUENCES ON TAX AGGRESSIVENESS AND EARNINGS MANAGEMENT**

INFORMA:

Que la referida Tesis Doctoral, ha sido realizada por D/Dª. **EVA LÓPEZ GONZÁLEZ**, dentro del Programa de **DOCTORADO INTERUNIVERSITARIO EN CIENCIAS ECONÓMICAS, EMPRESARIALES Y JURÍDICAS**, dando mi conformidad para que sea presentada ante el Comité de Dirección de la Escuela Internacional de Doctorado para ser autorizado su depósito.

La rama de conocimiento en la que esta tesis ha sido desarrollada es:

- ☐ Ciencias
- ☐ **Ciencias Sociales y Jurídicas**
- ☐ Ingeniería y Arquitectura

En Cartagena, a 22 de ENERO de 2019

LA DIRECTORA DE LA TESIS — LA CO-DIRECTORA DE LA TESIS

MARIA EMMA GARCIA MECA

Fdo.: Emma García Meca — Jennifer Martínez Ferrero

COMITÉ DE DIRECCIÓN ESCUELA INTERNACIONAL DE DOCTORADO

Universidad
Politécnica
de Cartagena

DT-17

CONFORMIDAD DE DEPÓSITO DE TESIS DOCTORAL
POR LA COMISIÓN ACADÉMICA DEL PROGRAMA

D. **CARMELO REVERTE MAYA**, Presidente de la Comisión Académica del Programa **DOCTORADO INTERUNIVERSITARIO EN CIENCIAS ECONÓMICAS, EMPRESARIALES Y JURÍDICAS**.

INFORMA:

Que la Tesis Doctoral titulada **"THE SOCIALLY RESPONSIBLE PERFORMANCE IN FAMILY FIRMS: MODERATORS AND CONSEQUENCES ON TAX AGGRESSIVENESS AND EARNINGS MANAGEMENT"** ha sido realizada, dentro del mencionado Programa de Doctorado, por Dª. **EVA LÓPEZ GONZÁLEZ**, bajo la dirección y supervisión de las Dras. **EMMA GARCÍA MECA** y **JENNIFER MARTÍNEZ FERRERO**.

En reunión de la Comisión Académica, visto que en la misma se acreditan los indicios de calidad correspondientes y la autorización del Director/a de la misma, se acordó dar la conformidad, con la finalidad de que sea autorizado su depósito por el Comité de Dirección de la Escuela Internacional de Doctorado.

La Rama de conocimiento por la que esta tesis ha sido desarrollada es:

- Ciencias
- **Ciencias Sociales y Jurídicas**
- Ingeniería y Arquitectura

En Cartagena, a 15 de ENERO de 2019

EL PRESIDENTE DE LA COMISIÓN ACADÉMICA

CARMELO|
REVERTE|MAYA

Firmado digitalmente por CARMELO|REVERTE|MAYA
Nombre de reconocimiento (DN): cn=CARMELO|
REVERTE|MAYA, serialNumber=
givenName=CARMELO, sn=REVERTE MAYA,
ou=Ciudadanos, o=ACCV, c=ES
Fecha: 2019.01.15 16:36:54 +01'00'

Fdo: CARMELO REVERTE MAYA

COMITÉ DE DIRECCIÓN ESCUELA INTERNACIONAL DE DOCTORADO

AGRADECIMIENTOS

This might be the most difficult part of the paper to write, not only because I might forget some of the people who have made this research possible but because it is also the most emotional part of it. However, I want to thank all of them for making this come true and for being there once and every time I have needed it.

First of all, I would like to thank my two directors Emma García Meca and Jennifer Martínez Ferrero for not only transferring their knowledge to me, using their time with me or teaching me everything I needed for this paper to became true, but they have also been there when I thought I could not go further, when I was so afraid that I did not believe on myself or when words did not come out of my mind. I want to thank them because they had to stand that "I could write a whole article in one week or not being able to write a single sentence in two months". They have supported me in every step of the way, even in my hard personal times, and I want them to know that I appreciate the personal relationship we have built along this period of time and not only the professional one. It has been a pleasure to work with both of them and I truly believe they deserve all the recognition for this research.

I also want to thank to my partner in this journey that lifetime is for supporting me from the beginning until the end, for letting me use his shoulder for crying, more than once or twice or even three times (whoever knows me well can deeply believe this), for taking care of me when the "inspiration" had come and I could not even cook some food for myself. Thank you Koenraad for standing by my side every minute and believing that I could do this and even more, thanks for holding me when I could not even hold myself. Thanks for being you all the time.

I cannot forget and I have to thank as well every single member of my family for encouraging me to choose this path in life, the path of feeding my mind with as much knowledge as possible, of improving my professional career and therefore my personal satisfaction. Papá and mamá thanks for making this possible and standing by mi side, thanks to my sisters, grandparents, my great-grandmother, aunts and uncles for taking

care of me and supporting me on the journey. I hope I can be a future reference point for all future generations in my family. From here I encourage them to fight for their desires and don't ever let the fear of not being good enough win the match, because as far as you make an effort and believe on yourselves, all your wishes will come true. Thanks also to my family in law for being there always for me in this, at the beginning, unknown country for me that Belgium was.

I do not want to forget my friends. I am not going to write all your names one but one, but I want you to know that I remember all of you and I thank you for being there even in the distance, for understanding that my time was limited and for supporting me as well on this part of my life. I would also like to thank at this point my partners in the office, for making my days, funny days, even when they were not.

Finally, I would like to thanks also the Institutions that have made this possible and all people involved on them. Although they might not read this lines, I want to thank the girls from the "Negociado de Posgrado y Doctorado" for being so nice every time I needed them. I also want to thank Annelies Roggeman, from Ghent University, for her support and advice on the development of the second article of this research and for treating me so good at my stay at the University. I would also like to thank Bruno Vandenbussche for his help and his kindness all along the stay.

"No intentes ser útil. Intenta ser tú: eso basta, y en eso reside tu razón de ser"
"Al pasar por un período difícil, recuerda: aunque hayas perdido grandes batallas, has sobrevivido y estás aquí"

Paulo Coelho.
El manuscrito encontrado en Accra.

CONTENT INDEX

ABSTRACT/RESUMEN 9

CHAPTER I. THEORETICAL FRAMEWORK AND EMPIRICAL DESIGN 11

I.1. GENERAL APPROACH FOR THE RESEARCH 13

I.1.1. Introduction 13

I.1.2. Motivation 16

I.2. OBJETIVES 17

I.3. THEORETICAL FRAMEWORK: FAMILY BUSINESS AND CORPORATE SOCIAL RESPONSIBILITY 18

I. 3.1. Corporate social responsibility: Stakeholders theory, Legitimacy Theory and Signalling Theory. 18

I.3.2. Family firm: agency theory and socio-emotional wealth theory 25

I.4. EMPIRICAL DESIGN: TECHNIQUE OF ANALYSIS 29

I.4.1 Sample and Data 30

I.4.2 Variables measurement: family ownership and CSR 33

I.4.3 Models and technique of analysis 42

I.5. PHD STRUCTURE 44

I.5.1. Chapter 2 44

I.5.2. Chapter 3 45

I.5.3. Chapter 4 46

I.6 CONTRIBUTIONS 47

CHAPTER II. CORPORATE SOCIAL RESPONSIBILITY IN FAMILY FIRMS? A CONTINGENCY APPROACH 49

II.1. INTRODUCTION 51

II.2. THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESES 53

II.2.1. CSR performance in family firms 53

II.2.2. Contingency as moderating factors 58

II.2.2.1. Governance 58

II.2.2.2. Environment 61

II.3. METHOD 65

II.3.1. Sample 65

II.3.2. Measures 66

II.3.3. Control variables 68

II.3.4. Method and technique of analysis 68

II.4. RESULTS 70

II.4.1 Descriptive results 70

II.4.2. Regression results on CSR of family firms under contingency factors 73

II.4.3. Sensitive results: GMM estimator of Arellano and Bond (1991) for solving endogeneity, multicollinearity and heterocedasticity 78

II.5. DISCUSSION OF RESULTS 81

II.6. SYNTHESIS 83

CHAPTER III. DOES CORPORATE SOCIAL RESPONSIBILITY AFFECT TAX AVOIDANCE? EVIDENCE FROM FAMILY FIRMS 85

III.1. INTRODUCTION 87

III.2. THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESES 89

III.2.1. Corporate social performance and tax avoidance 89

III.2.2. The moderation effect of family ownership 92

III.3. METHOD 95

III.3.1. Sample 95

III.3.2. Measures 95

III.3.3. Control variables 96

III.3.4. Method and technique of analysis 96

III.4. RESULTS 98

III.4.1 Descriptive results 98

III.4.2. CSR and tax avoidance: the moderation plays by family ownership 99

III.5. DISCUSSION OF RESULTS 102

III.6. SYNTHESIS 104

CHAPTER IV. DOES CORPORATE SOCIAL RESPONSIBILITY AFFECT EARNINGS MANAGEMENT? EVIDENCE FROM FAMILY FIRMS 107

IV.1. INTRODUCTION 109

IV.2. THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESES 111

IV.2.1. Corporate social performance and earnings management 111

IV.2.2. The moderation effect of family ownership 113

IV.3. METHOD 115

IV.3.1. Sample 115

IV.3.2. Measures 116

IV.3.3. Control variables 118

IV.3.4. Method and technique of analysis 119

IV.4. RESULTS 120

IV.4.1 Descriptive results 120

IV.4.2. CSR and earning management: evidence on family-owned firms 122

IV.5. DISCUSSION OF RESULTS 124

IV.6. SYNTHESIS 126

CHAPTER V. CONCLUSIONS 129

REFERENCES 141

ANNEX I. SPANISH SUMMARY 167

ANNEX II. LIST OF TABLES AND FIGURES PER CHAPTER 181

ABSTRACT

This research examines the determinants and consequences of corporate social responsibility performance in family firms. Concretely, it has two closely related objectives. First, to examine how family firms behave towards social and environmental performance considering governance and environmental aspects as contingency factors. Second, to examine how corporate social responsibility impacts on tax avoidance and earnings management practices and how, family ownership and management could moderate these relationships. This research makes use of an international sample for the period 2006-2014 and proposes several regression models for panel data.

The evidence reported is as follows. First, the results support family firms behave towards corporate social responsibility, aiming to preserve their socioemotional wealth. Moreover, the socially responsible behavior of family firms is greater: (i) under the large presence of family members on the management team and family directors on the board of directors (governance factors) and (ii) in munificent contexts (environment factor).

Regarding the second objective, two main evidence is reported. On the one hand, social and environmental performance is negatively related with tax avoidance so that firms with a greater socially responsible performance show a lower tax saving practices. However, this negative relation is lower in family-owned firms, what suggests that despite the fact that family firms show a greater socially responsible behavior aimed to preserve their socioemotional endowments, family ownership is positively associated with tax avoidance practices. On the other hand, evidence is opposite by examining earnings management practices. At this respect, social and environmental performance is positively related with earnings management; firms with a greater socially responsible performance show a higher discretionary behavior by promoting actions that mask the real financial and economic performance of the firm. But, again, this positive relation is lower – moderated - in family-owned firms, mainly because of the fact that family firms show a greater socially responsible behavior aimed to preserve their socioemotional endowments and are negatively associated with earnings management practices.

RESUMEN

Esta investigación se centra en analizar los determinantes y las consecuencias del rendimiento socialmente responsable en la empresa familiar. Concretamente, se diferencian dos objetivos altamente relacionados. En primer lugar, examinar el comportamiento de la empresa familiar hacia el desempeño social y medioambiental, considerando factores de contingencia como moderadores, asociados a aspectos de gobernanza y del entorno. En segundo lugar, examinar cómo la responsabilidad social corporativa impacta en las prácticas de evasión de impuestos y manipulación contable y cómo, la propiedad y la gestión familiar podrían moderar estas relaciones. Esta investigación hace uso de una muestra internacional para el período 2006-2014 y propone varios modelos de regresión para datos de panel.

La evidencia obtenida es la siguiente. Primero, los resultados respaldan la mayor orientación de la empresa familiar hacia el compromiso socialmente responsable con el objetivo de preservar su riqueza socioemocional. Además, el comportamiento socialmente responsable de la empresa familiar se ve reforzado: (i) cuando es mayor la presencia de miembros de la familia en el equipo directivo y en el consejo de administración (factores de gobernanza) y (ii) en contextos munificentes (factor ambiental).

Respecto al segundo objetivo, se documentan dos evidencias principales y opuestas. Por un lado, el desempeño social y medioambiental está relacionado negativamente con la evasión fiscal y positivamente con prácticas de manipulación contable; las empresas socialmente más responsables muestran una menor orientación hacia prácticas de ahorro fiscal, pero también un comportamiento discrecional al promover acciones que enmascaran el rendimiento financiero y económico real de la empresa. No obstante, la principal evidencia es el efecto moderador de empresa familiar. La relación negativa y positiva entre responsabilidad social y prácticas de evasión de impuestos y mayor comportamiento discrecional al promover acciones que enmascaran el rendimiento financiero y económico real de la empresa, respectivamente, es moderada por la la propiedad y gestión familiar. La propiedad y gestión familiar está asociada positivamente con prácticas de evasión fiscal y negativamente con prácticas de manipulación contable.

CHAPTER I

THEORETICAL FRAMEWORK AND EMPIRICAL DESIGN

I. GENERAL APPROACH FOR THE RESEARCH

I.1.1. Introduction

Within the framework of worldwide firms and the existing current environmental, financial and economic situation, the main aim of this project is to analyze the possible existing relationship among Corporate Social Responsibility (CSR), tax avoidance and earning management (EM), as well as the moderating role that the inclusion of family firm can play on these relationships.

Organizations, nowadays, find themselves under an increasing scrutiny from the society in terms of behavior and commitment to the existing legal rules, environmental attitude, conduct patterns and all those non-written specifications that they must follow. Companies must adopt different strategies to engage environmentally friendly and social activities. These activities let them maintain their legitimacy and image in markets and societies. It is generally known that there exists a growing concern about improving social and environmental performance, which leads companies to the use of CSR activities in order to influence the general public perceptions of themselves.

In addition, there is also a balance between societal objectives and economic concerns in order to maximize shareholders' wealth. That is why in this vein and leaving aside social and environmental matters, concern about the percentage that taxes represent in corporate costs is gaining importance. At this moment, companies and intellectuals start to use the term tax avoidance. Although there are several definitions, according to Chen et al. (2010) tax avoidance is defined as a "downward management of taxable income through tax planning activities"; while, Frischmann et al. (2008) defined it, in a simpler way, as the act of "engaging in significant tax positions with relatively weak supporting facts".

There exist a high range of opportunities for research on tax avoidance because of the field is very fertile. But, what's more, there exist a wide focus of attention not only from tax authorities but there exists also a broad target of audience, as for example managers, investors and other regulators (Beng et al., 2016), that might also focus their attention on the level of CSR commitment that tax aggressive companies approach in order to account for their financial and economic results.

When we analyze this term along with CSR behavior, we can defend that it has been clarified along various and numerous studies that socially responsible firms have incentives or motivation to maintain their good reputation and image; therefore, because of the consequences that tax avoidance may have on their reputation, socially responsible firms might therefore be less tax aggressive. Nevertheless, this is not always the case and some firms, apparently, behave in a socially responsible way even when they engage in tax avoidance activities (e.g., Preuss, 2010; Sikka, 2010). Because of this lack on homogeneous results, we research on this field in order to fill the gap.

What's more, there have been a substantial number of accounting and financial scandals, all along the years, which have derived from manager decision-making. Generally, this wrong decision-making from managers is caused by their willing of meeting their own interests and needs instead of the shareholders' ones. In order to do so they might achieve different activities, among which we can find the fact that they might modify the accountancy with the aim of masking their discretionary behavior. These activities are usually named as earning management (EM).

In this respect, managers may also release information with the objective of improving social and environmental performance or they might also use CSR activities to influence the general perceptions that third parties may have regarding their behavior within the company (Dowling and Pfeffer, 1975). It has also been previously suggested by different authors (Salewski and Zülch, 2014; Martínez-Ferrero et al., 2015, among others). As these authors state, companies with such managers may mask earning management, indeed, by providing huge quantities of CSR information and, therefore, ensure their legitimacy, all this in order to compensate for their poor quality financial information. However, in this sense, as there exist opposite streams and given the importance of earning management potential damage (Chih et al., 2008), our aim with this research is try to shed light on such mixed results.

Thus, as explained above, the aim of this PhD study is to research on the field of CSR in connection or related to some other concepts such as tax avoidance and earning management, that we have briefly seen above and we will deeply see further on this study. We will try to fill those gaps in the literature where the relationships mentioned are not clear, give rise to misunderstandings or are uncertain.

Furthermore, all of the previous mentioned has been analyzed as well from the family firm perspective due to the enormous importance that this type of organization possesses on the current moment due to the fact that family firms represent the majority of all businesses in all countries (IFERA, 2003). Moreover, it has also been taken into account those practices related to internal and external stakeholders, and to several contingency factors. The first ones include behavior towards employees and governance through the board of directors and the external stakeholders include the companies' relationship with the environment, human rights and stakeholders, considered as customers and suppliers.

As the main contribution, we include moderating contingent factors, which are based on governance and environment. These factors take into consideration variables such as family managers and directors – as governance aspects - and munificence, defined as the ability of a company to be able to use the resources in an industry to support their growth, and long term orientation of the society – as environmental aspects -.

So, following from here, in the following chapters we will focus on the relationship between the mentioned concepts as well as their individual effect, including the analysis of the moderation role that family ownership can play in every analysis. Nevertheless, prior to this chapters in this introductory one, our aim is to briefly introduce the issue that we will address along the thesis, explain the motivational environment that surrounds this research. Afterwards we will conceptualize and determine the following elements that surround the theoretical framework: CSR and family firms and all the theories that support this research. Then, the general objectives are presented. At the end of this first chapter the methodological tools and designed used are explained. Chapters 2, 3 and 4 develop the objectives of this thesis. Finally, Chapter 5 analyses the general conclusions of this PhD as well as limitation and possible future research in this environment.

I.1.2. Motivation

The concept of Corporate Social Responsibility has found a high support over the years by researchers and practitioners involved in business (Gallardo-Vázquez and Sánchez-Hernández, 2014; Fernández-Feijoo et al., 2014 among others). Its application and the disclosure of accounting and tax information is highly correlated on terms of reliability of the information provided by CSR practices. Companies may adopt different strategies for achieving and maintaining their legitimacy (Suchman, 1995) and their image in markets and society. These practices mentioned before, CSR and information disclosure, are the key for companies to be able to gain the trust of all the community where their activity is settled.

In the same line, the concept of family firm has been analyzed in many cases during the last few decades and although there is no universal definition of a family firm (Miller et al., 2007), generally, it refers to management, ownership or secession-related issues. According to Chen et al. (2008) the typical family business has been characterized as a firm in which one or more family founders operate in a top managerial position and control a large portion of at the company's shares or participate as a board member. Nowadays, however, as family firms represents the majority of all businesses (IFERA, 2003) we found it interesting to research deeply on the effect that family ownership might have on company's socially responsible behavior as well as the consequences towards tax avoidance and earning management, due to the lack of homogenous results on this field.

Thus, previous literature has suggested along the years that family firms can have both a greater or a smaller compromise towards CSR activities, however, as we were saying, there exist a lack of homogeneity on all these results, there exist no definitive answer for the payed out question. However, even though there can exist a relationship, there can also exist different factors, what we call contingency factors, that can determine the previous relationship. What's more, even if we could confirm that there is a relationship between CSR and family firms, our objective is to analyze which is the aim that all these firms pursue which the use of such activities oriented to CSR. It is in this moment when we brought up the idea of finding variables that can be affected or that, in deed, previous literature has found a link with the effects or consequences of

CSR, but nevertheless there is again no unanimity on the results. We are referring to the concepts of tax avoidance and earning management, which have as well gain importance in the last years due to the pressure that companies have to face on terms of disclosure of information and clarity and frankness on it.

Therefore, different questions have arisen in this regard: are companies in favor of developing CSR activities? Do these companies, which meet their socially responsible obligations, meet at the same time their economic responsibilities regarding tax payments? Do these socially responsible companies disclosure their true information or it is under-covered? Above all this questions, does the fact of family ownership change in any way their behavior? These are, among others, the questions that motivate our study on this field.

I.2. OBJETIVES

The doctoral thesis is composed by three objectives related in between them, all of them examined providing theoretical and empirical analyses that support the relationships. The main line of this objective is analyzing whether there exists a difference in the family firm spectrum or if they behave in the same line than non-family firms. Overall, specifically talking, the objectives of this research are as follows:

1. To examine the family firm behavior towards CSR approaches and, therefore, their focus on social and environmental friendly activities, including the effect on internal and external stakeholders. At the same time, we focus our analysis on the moderation that this relationship may experience regarding different contingency factors related to governance and environmental stages.
2. To examine the moderating effect of family business on the impact of CSR performance on tax avoidance, due to the existence of mixed results on this field and in particular in the family firm framework. This issue is analyzing also the balance between economic objectives and social and environmental activities. As in the previous objective, we also examine the moderation that family ownership may exhibit in the relationship.

3. To examine the moderating effect of family business on the impact of CSR performance on earnings management. Is it responsible commitment really ethical? This research question has been included in order to understand the effect that socially responsible commitment reflects on earning management practices and with the aim as well of reinforcing the gap that exist as well about the moderating effect of the family spectrum.

These research issues have been examined with an internal sample of analysis composed of 6,442 firm-year observations from 2006 to 2014. Methodologically, several panel-data regressions for panel data are proposed for all cases. Results in all three situations support that the inclusion of the family ownership in the main relationship analyzed works as a moderation role among them. This is, when the inclusion of the family variable is done, the analysis results change and therefore, we can state that the family firm objectives, behavior and decision-making process clearly differ from non-family firms, in these studied terms.

I.3. THEORETICAL FRAMEWORK: FAMILY BUSINESS AND CORPORATE SOCIAL RESPONSIBILITY

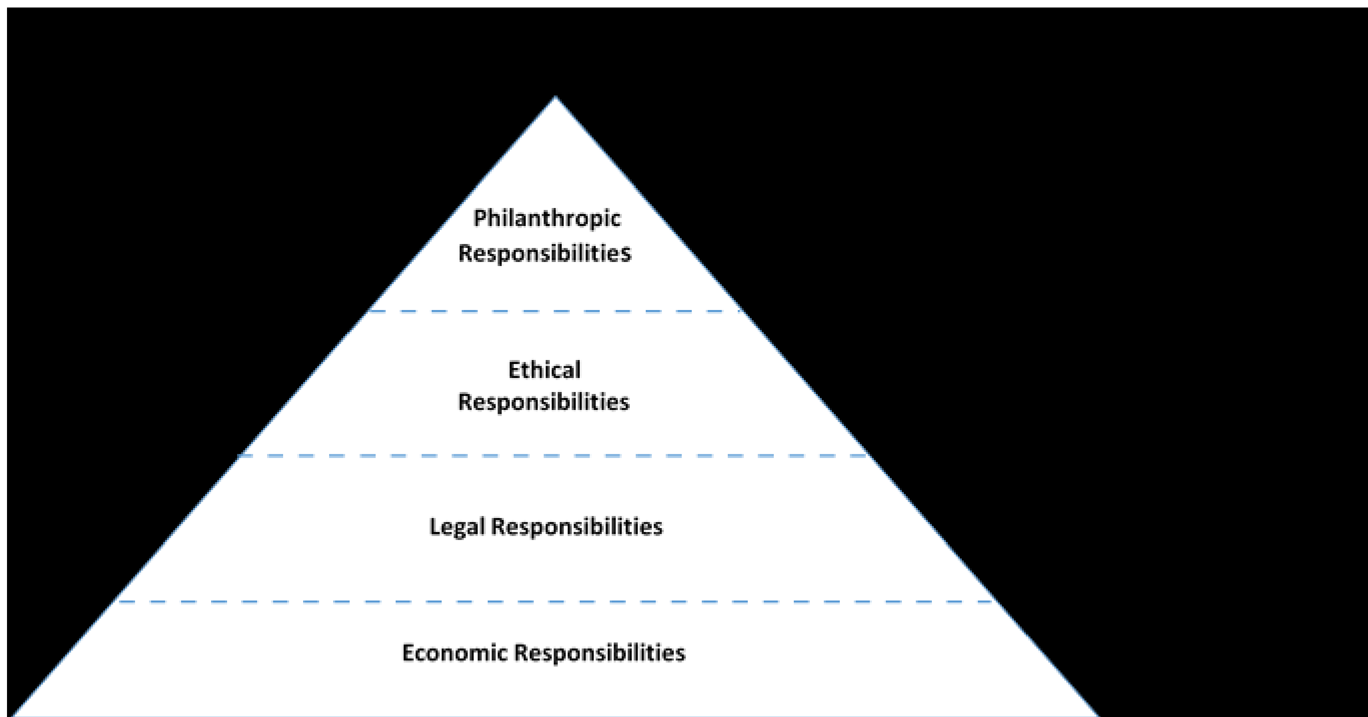
This doctoral thesis is framed on the stakeholders' theory (Freeman, 1984) in the grounds of distortion between companies' objectives and society's objectives or, what it is to say, corporate ethics and society's objectives. In the line of this theory, we also found of great importance to mention the legitimacy and the signaling theory, which allows us to understand the importance of information outgoing from all companies. Finally, we also explain the theories linked to the family ownership structure of the company and the attachments that the family members might have with it. We are talking about the agency theory and the socio-emotional wealth theory.

On what follows, we are going to give a brief explanation of these theories, to be able to realize the background of this research, which allowed us to develop this doctoral thesis.

I.3.1. Corporate social responsibility: Stakeholders theory, Legitimacy Theory and Signalling Theory.

What is considered as Corporate Social Responsibility? CSR has been explained by many scholars since the beginning of the nineteenth century. CSR refers to strategies where firms conduct their business in a way that is ethical and society friendly and can involve a variety of activities starting on working in partnership with local communities, socially sensitive investment, developing relationships with employees, customers and their families, as well as involving in activities for environmental conservation and sustainability. Despite of the great number of studies around the issue of CSR, there is still not a general and consensual definition of CSR. In 1953, Bowen initially introduced the concept of CSR in the field of business management, stating that companies have an ethical duty to act in a socially responsible way towards society and for future generations (Capron and Quairel-Lanoizelée, 2004). The European Commission defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." In the same line, Maller Baker in 2004, an expert on CSR matters, stipulated that "CSR is about how companies manage the business processes to produce an overall positive impact on society".

However, we have focused our explanation for this term on Carrol (1979) who defined it as those responsibilities integrated in the company encompassing legal, ethic, economic and philanthropic expectation that the society looks for in organizations. The author introduced the idea of a "CSR pyramid" – Figure I.1 -, where each expectation should be taken into account in the daily basis of the company as those are the requirements that society and third parties expect from the firm. The economic level of the pyramid refers to the ability of the company to sustain itself and be profitable. The legal level encompasses all those rules and sanctions that the society establishes for all companies. The ethical level includes all those standard or norms that are not included in the law but that the society expects from the company to achieve. Finally, the philanthropic level, the top level of the pyramid, refers all those voluntary activities that the company carries out, not required by law and not expected from the business but, however, important in an ethical sense.



Once the concept of CSR that we make use of is clear we would like to introduce, as we said before, different theories that, accompany this term and that were analyzed before by those researchers who studied this concept: stakeholders' theory, legitimacy theory and signaling theory.

Stakeholders Theory

Before any possible explanation about the Theory, we should be able to understand the meaning of the term "stakeholders". This term was firstly introduced by Freeman in 1984, who stated that stakeholders are "individuals or groups of individuals who affect companies' activity and objectives, but who are also affected by them". The list of possible stakeholders is wide, as their nature and classification - which can be modified and determined by the company's characteristic-, among others we can enumerate: clients, suppliers, competitors, society, community, local government, labour unions, etc. Clarkson (1195) split the collective of stakeholders in two sub-groups in order to assist companies when facing the identification of these stakeholders, due to the different peculiarities and interests that each of them have. He explained that (i) primary stakeholders are "those without whose continuous participation the company could not

outlast". On the other hand, he defined (ii) secondary stakeholders as those who "influence, affect, or are influenced and affected by the company, but do not operate with it and are not essential for its survival".

Once the definition of a stakeholder has been made we can state that the Stakeholders theory was set up in order to give an answer to the demands of a new strategic direction that satisfies the interests of employees, clients, suppliers and society, as well as, of course, of stakeholder (Freeman, 1984; Boatright, 1994; Jones, 1995). This theory did also find necessary all those groups who create and distribute economic value (Asher et al., 2005).

This theory has created an idea that understands companies as pluralistic organizations and makes the crossing between corporate ethics and society's objectives possible (González-Esteban, 2007). Thus, there is no single frame were companies can be classified, understanding this frame as two different spheres were the main agent is shareholders or another one where the support of values and principles is a dual relationship between owner and manager. The basis of this theory, as Donaldson and Preston (1995) stated, is a descriptive and instrumental sphere. Where the descriptive point of view faces companies as groups of competitiveness and cooperative interests (González-Esteban, 2001) and stakeholders are described in terms of different attributes (as power, urgency and legitimacy) (Navarro, 2008). However, the instrumental point of view works on the way that relationships between organizations and stakeholders function. In this case, the objectives and interests are mainly focused on all different stakeholders and frames them into the corporate strategy. This second focus does not consider stakeholders' interests a way to maximize shareholders' interests, which are legitimately legend and the company should act in an ethical and moral responsible way towards them.

From the above, it can be deduced that the correct functioning, growth and expansion opportunities, business competitiveness and all the other companies' strategic debates depend not only on shareholders, but on each and every stakeholder. Companies' long-term survival and existence depends on a large group of stakeholders.

Furthermore, the basic concern of the Stakeholders Theory is the treatment towards stakeholders, which should be ethical, because they can moderate any

company's economic objective, leading the company to keep in mind their role in the society and the numerous social effects that they have in citizens and society in general (Stone and Winstanley, 2001).

The idea of this Theory is that there exists a group of collectives to whose needs companies must be able to respond, so they do not operate in an empty sphere but with a whole group of interest. They must be able to show these groups their ability to adapt to the environment that is continuously updating and creating new needs or modifying the existing ones.

Overall, we could say that this theory states that companies' ability to raise sustainable wealth is arranged by their relations with the huge range of relevant stakeholders, and not only with one single agent, the society (Freeman, 1984; Carroll, 1989; Donalson and Preston, 1995). This can be understood as the idea that disclosing sustainable information could be regarded as a way of disguising stakeholders' demands. Therefore, companies are able to obtain the support of different agents, long-term results, their strategy can be accepted and, ultimately, survive (Gray et al, 1995). Thus, the objective of this theory is trying to align owners' objectives with the different involved agents' objectives, due to the fact that the company is considered an organization with interdependent parts that have opposite interests (Gray et al. 1995, Deegan, 2002). So, in conclusion, CSR practices are considered an instrument used by companies to face stakeholders' demands, which guarantees their support and restrains their activism (Adams, 2002).

Legitimacy Theory

As previously, we consider important to understand the term underlying this theory. The basis is found on the definition that states that legitimacy is considered as a generalized perception or assumption that all different actions of a company are desirable or appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman's, 1995). What's more, legitimacy is a concept dealing with the social system where the company is framed, in a particular moment and in certain place. Although this moment and place are "fixed" the set of rules, values, beliefs

and definitions is not and, therefore, companies must be able to arrange changes to adapt themselves to the environment where they work.

Therefore, it has been previously mentioned by literature that this Legitimacy theory is based on the idea that there exists a "social contract" between the organization and the society where it operates (Deegan and Unerman (2011). This is the reason why, companies try to legitimize their corporate actions by reporting their CSR information in order to be approved by the society and be able to continue operating successfully, acting within the bounds and norms that society identifies as socially responsible behavior. According to authors like Maignan and Ralston (2002) legitimacy of a firm depends on the reciprocal relationship with its stakeholders, taking into account that the company has moral obligations as well. We could say that it is a dependence to guarantee the company's medium and long-term survival.

The "social contract" previously mentioned is very difficult to establish, but it is linked to a large range of society's implicit and explicit expectations in terms of the way companies should carry out their activities (Deegan, 2000). The first type of expectations refers to those not codified and variable depending on people due to the perception of each of them and the explicit ones are all those requirements imposed by the law. These expectations have varied all along the years and have been adapted to the changing environment. Particularly, social expectations have been deeply modified, they are not static.

As all the "social contracts" of all the implied agents must be satisfied, the Legitimacy Theory goes beyond only economic objectives but it also includes social and environmental ones, where CSR practices are used to satisfy the society's and shareholders' expectations and to guarantee the survival and growth of the organization (Lindblom, 1993; Archel et al., 2009). What's more, this theory is the most used one to justify the reason of sustainable information disclosure. O'Donovan (2002) stated that this theory is based on companies' objective of a satisfactory and successfully continuation, always operating inside the limits that society considers socially acceptable. Suchman (1995) considers the principles of this theory to be reflected by information disclosures. Among those principles, the disclosure of information allows

investors to know if all strategies and actions developed by organizations are inside those considered as desirable limits.

Companies are considered legitimate when they operate within a series of objectives, rules, values and principles that move according to social rules and behaviors approved by the society. In this sense, Nasi et al. (1997) state that "a corporation is legitimate when it is judged to be support worthy" (Dowling and Pfeffer, 1975). Legitimacy Theory, unlike Stakeholders Theory, is focused not only on stakeholders' need but on values, principles and the moral system coherent all of them with the society. Legitimacy Theory must be constantly adapting to social changes and the environment and, in particular, to behaviors and patterns.

Signaling theory

A signal can be defined as those mechanisms that broadcast information on a constant basis and in equilibrium from those who possess more information to those who possess less of it (Spence, 2002). This Signaling theory is based on the asymmetries between the information available to managers and stakeholders, as well as the way they communicate or interpret, in each case, the information provided or received.

Thus, the Signaling theory, which is closely related to agency theory (Watson et al., 2002), is about the study of the signals of sellers that might influence the market price of a good or service. In this sense, the mechanism utilized to control managers may be used as signals to capital markets and as a way of reporting good management behavior and decreasing the information asymmetry that often exists between managers and other individuals with the aim of optimizing financial costs and increasing as well corporate value. It provides companies with incentives to divulge information quality in their CSR reporting. Therefore, Spence (1973) argued that one party can use observable mechanisms, such as diplomas, to demonstrate its unobservable characteristics, such as productivity or efficiency. Inspired by this idea, many scholars have used this theory to explain the potential benefits for firms of adopting CSR practices (Montiel et al. 2012; Ramchander et al. 2012)

In this sense, CSR practices may be a signal that reveals additional information to relevant stakeholders, especially in the so-called emerging economies. Adopting CSR practices meets two conditions for a quality signal (Spence 1973). First of all, it's costlier and takes more effort to adopt CSR practices for those low- capability firms than for high-capability firms. Second, the premium for firms to engage in CSR is only sufficient for compensating the costs for high-capability firms.

By disclosing CSR activities companies are signalling that they are 'doing the right thing'. Signalling theory argues that the company gives signals to the shareholders and stakeholders in order to enhance its' value. In a first moment the signalling theory was developed in order to clarify the information asymmetry in the labor market (Spence, 1973) but as time has passed it has been used to explain voluntary disclosure in corporate reporting (Ross, 1977). Therefore, answering to the information asymmetry problem, companies signal certain CSR information to investors to prove their better outcomes than other companies' ones in the market in order to attract investments and enhancing a favorable reputation (Verrecchia, 1983). CSR disclosure is one of the signaling means, where, although it is not required by laws and regulations, companies disclose more CSR information in order to signal that they are better than the rest in the market (Mahoney, 2012; Thorne et al., 2014).

I.3.2. Family firm: agency theory and socio-emotional wealth theory.

What is a family firm? Although, as we have previously mentioned, there is no general definition of what a family firm is (Miller et al., 2007), generally, it refers to all those issues in firms related to management ownership or succession-related issues. Usually, a family business has been characterized as an organization where one or more family founders operate in a top managerial position and have the control of a proportion of the company's shares or is present on the board of directors (Maury, 2006). Previous literature has suggested that not all family firms operate in the same way in terms of initiatives and risk facing (Miller, Le Breton-Miller, Lester and Cannella, 2007; Boling, Pieper and coven, 2014; Chrisman and Patel, 2012) due to the particular idea that these type of companies have of preserving their wealth or because of differences with other top members of the company.

It is in this moment when we can analyze those theories that were pioneer on this area but now have been deeply investigated by many scholars and which have now a strong and deep base on this family firm atmosphere. Those are the agency theory and the socioemotional wealth theory.

Agency theory

This theory arises when there exists a separation between ownership and control, as generally occurs in these family firms. This separation leads to a conflict of interests between the demands of the owners and demands of company managers. Nevertheless, this theory can also be applied to all stakeholders, as a part of the agents implied in this relationship, and not only to owner and shareholder. Young et al. (2008) noted that this separation can also exists in different situations from separation of ownership and control but as a principal-principal conflict. In this case, there exists a strong ownership concentration and a week situation of those minority shareholders, which are not correctly protected.

The aim of the Agency Theory is solving the conflicts that arise as a consequence of the agency relationships. First of all, the differences between the principals' and the agents' interests and the attitude that the show towards risk (Eisenhardt, 1989). This main differences were groups by Jensen and Meckling (1976) as follows: (i) the agency conflict is generated because of the differences in objectives and motivations between both of them, (ii) each of them operates in different conditions and with different amounts of information and (iii) the risk aversion of each one is heterogeneous. What's more, the main idea of this Theory is trying to find the most efficient contract for the principal-agent relationship.

From the above, in terms of family ownership, three branches of the agency theory were created (Shukla, Carney and Gedajlovic, 2014). First of all, the principal-agent approach, which focuses on the economic actors' intereactions; secondly, the principal-principal approach, which focuses on ownership issues (Morck and Yeung, 2003); and, finally, the behavioral agency model, which focuses on risk preferences.

Deeply developing these three branches, the principal-agent one is the most common agency problem and focuses on the information conflicts between the principal (owner) and the agent (manager) (Jensen and Meckling, 1976). There are three main sources of agency costs in this perspective: costs of monitoring agents, alignment costs and the remaining ones for the non-efficient practice of diverging costs.

The principal-principal perspective analyses agency costs when arising through conflicting interests when more owners, being in equal authorization, or majority and minority shareholders are involved. It is generally a problem of publicly listed family firms (Anderson and Reeb, 2003). It can as well arise problems in the determination of the one responsible or with power to control and make decisions (Morck and Yeung, 2003).

Finally, the behavioral agency model or BAM focuses on the fact that family owners have different risk levels or preferences than investors in non-family firms. It is based in the assumption that risk preferences of decision makers are not consistent and depend on the situation (Wiseman and Gómez-Mejía, 1998). The fact of being loss-averse suggests that self-interested individuals are more likely to prefer diminishing current losses over the idea of maximizing future gains (Shukla et al., 2014). For family firm owners, long-term considerations play an important role, possibly in such a loss-averse risk preference.

It is in this theory when literature suggests that conflicts of interests arise in family firms between majority and minority shareholders. Private benefits are expropriated by the family, which acts as a controlling shareholder, at the expense of the minority shareholders (Shleifer and Vishny, 1986).

The manager as agent might profit from information asymmetries and might exploit or expropriate business resources, whether using the firm's assets for private use, coordinating budget/bonus relationships, or including private expenses as firm ones. The presence of a large shareholder, mainly the family might reduce this agency costs and might enhance company value (Morck, Shleifer & Vishny, 1988). Owner management generally is considered to reduce agency costs and to align the interests of the owner and the manager (Jensen & Meckling, 1976). Owner-managed firms should save costs by not needing control mechanisms to handle management.

It is important to mention that this Agency Theory is highly correlated with the socioemotional wealth theory (Gómez-Mejía et al., 2007), which we will develop in the following paragraphs, which focuses on the importance of the social and emotional interests of family firms.

Socio-emotional wealth theory

In this theory, it is highlighted the role of emotions on influencing a family firm's management. Besides emotions, the preservation of the family firm plays a very important role in the family. Handler (1990) and Casson (1999) noted that family values and the family dynasty would be preserved in the family firm. Other authors pointed out that culture is very important to the owner family (Astrachan, Klein & Smyrnios, 2002), and that altruism is as well supposed to be an important factor.

SEW was introduced by Gomez-Mejia et al. in 2007 and represents the main reference point for understanding family strategic decision making and dealing with the uniqueness of family firms. The risk of undertaken to preserve the endowment is balanced by the gains of the family SEW, even though the transaction may have uncertain economic benefits. Literature has widely provided that family firms' owners are more likely to achieve social performance, even when there is no clear economic profitability in the activity undertaken, however, they give more importance to the socioemotional rewards that it implies to the family.

SEW has five different dimensions, summarized as FIBER (Berrone, Cruz & Gomez- Mejia, 2012): (i) family control and influence, (ii) identification of family members with the firm, (iii) binding social ties, (iv) emotional attachment of family members and (v) renewal of family bonds to the firm through dynastic succession.

Family control and influence are the major component of the SEW and the key point is that family members have significant control over the firm's strategic direction (Chua et al., 1999). This can arise when family members are part of the management or supervisory board. The control can come from both a single person or from a dominant family coalition.

Regarding the identification of the family members with the firm, it provides family members the proudness of the company as an extension of the family center. It can happen that the firm and the family have the same name, giving rise to a unique family firm identity (Berrone et al., 2010; Dyer & Whetten, 2006) and therefore, the family is eager to maintain a positive image and reputation.

Binding social ties, the third dimension, relates to social relationships. This ties can exist not only internally, members enjoying the feeling of being closed to other members and benefiting from the solidarity among the group, but also with external groups as suppliers or costumers (Uhlaner, 2006) and the community

Emotional attachment of family members points out the fact that emotions, positive or negatives, and affections in family firms are likely to be more complex than in other firms (Flechter, 2000), even though they are part of every organization they are more pronounced in family businesses. The family firm is the place where the needs for belonging, affect and intimacy are met (Kepner, 1983) and the firm is part of the family legacy; thus, a potential loss could be translated into a highly emotional situation for the owners (P. Sharma and Manikuti, 2005; Shepherd et al., 2009).

Finally, the renewal of family bonds to the firm through dynastic succession ends with the explanation about the SEW theory. The time horizon of family firms compared to non-family firms is longer and, furthermore, it has important implication for the decision making process in the company. In this case, the family members do not consider the firm an asset that can be easily sold (Casson, 1999; Tagiuri & Davis, 1992). The main aim of the family is to keep and maintain the business for future generations (Kets de Vries, 1993; Zellweger, Kellermanns et al., 2011). Two points are crucial in the family firm: the preservation of the dynasty and the continuation of the family's values.

I.4. EMPIRICAL DESIGN: TECHNIQUE OF ANALYSIS

The objective of this section, which is previous to the research itself, is avoiding the duplication of the methodological aspects to measure variables and the sample, as well as to detail the main models of analysis included in Chapter II to IV. With the aim of providing our research results with more consistency and of unifying the different

sections of our research, the sample used is constant and formed by international companies that will be described below.

I.4.1 Sample and Data

The data for the doctoral thesis are the result of a combination of information availability in two databases for a period of analysis from 2006 to 2014: (a) Thomson One Analytics, for the accounting and financial information (such as business classification, balance sheets, income and cash flow statements, stock data, global ratios, analyst estimates, corporate actions and events, officers and directors, corporate governance and ownership, activism, and other fields) provided in consolidated financial statements; and (b) the Ethical Investment Research Service4 (EIRIS) database, for CSR data.

The following sample procedure was used. First, in Thomson Reuters Eikon, we took into consideration information for all the firms from the global benchmark stock indices from America, Europe, the Middle East, Africa (EMEA) and Asia, comprising of 3,594 companies from 31 stock indices once duplicated companies were removed. Second, we combined the firms' social and environmental performance from the Ethical Investment Research Service (EIRIS) database, a database that compiles information on social and environmental performance for more than 30,000 firms.

After excluding observations with missing financial, economic and CSR information, a final sample of 6,442 firm-year observations (956 firms)—spanning nine years (from 2006 to 2014)—was available to test the hypotheses. The sample was unbalanced, because not all companies were represented in all periods (6,442 observations in nine years instead of 8,604 if it was a balanced panel data). As Table I.1 shows, the firms were engaged in activities in different sectors and were from 28 different countries (i.e., Australia, Belgium, Bermuda, Canada, China, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, Macau, Mexico, Netherlands, New Zealand, Norway, Papua New Guinea, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, the United Kingdom (UK) and the United States (US)). Table 1 represents the sample distribution by year, country and industry.

Table I.1. Sample distribution by year, country and industry

	Freq.	Percent
Panel A. Year		
2006	457	7.09
2007	554	8.6
2008	625	9.7
2009	694	10.77
2010	729	11.32
2011	790	12.26
2012	840	13.04
2013	868	13.47
2014	885	13.74
Panel B. Country		
Australia	497	7.71
Belgium	9	0.14
Bermuda	6	0.09
Canada	502	7.79
China	135	2.1
Denmark	9	0.14
Finland	9	0.14
France	203	3.15
Germany	181	2.81
Hong Kong	181	2.81
Ireland; Republic of	89	1.38
Italy	9	0.14
Japan	644	10
Jersey	9	0.14
Luxembourg	4	0.06
Macau	5	0.08
Mexico	6	0.09
Netherlands	93	1.44
New Zealand	30	0.47
Norway	16	0.25

Papua New Guinea	6	0.09
Russia	28	0.43
Singapore	145	2.25
South Africa	31	0.48
Spain	114	1.77
Sweden	126	1.96
Switzerland	113	1.75
United Kingdom	523	8.12
United States of America	2,719	42.21
Panel C. Industry		
Automobiles & Components	146	2.27
Capital Goods	733	11.38
Commercial & Professional Services	193	3
Consumer Durables & Apparel	238	3.69
Consumer Services	214	3.32
Diversified Financials	161	2.5
Energy	584	9.07
Food & Staples Retailing	172	2.67
Food, Beverage & Tobacco	313	4.86
Health Care Equipment & Services	277	4.3
Household & Personal Products	110	1.71
Insurance	25	0.39
Materials	751	11.66
Media	194	3.01
Pharmaceuticals, Biotechnology & Life S	268	4.16
Real Estate	261	4.05
Retailing	301	4.67
Semiconductors & Semiconductor Equipmen	146	2.27
Software & Services	322	5
Technology Hardware & Equipment	190	2.95
Telecommunication Services	194	3.01
Transportation	256	3.97
Utilities	393	6.1

N= 6,442 firm-year observations.

I.4.2 Variables measurement: family ownership and CSR

The main subject of this doctoral thesis is focused on two fundamental questions that will be addressed in the next chapters: family business and CSR performance. The aim of this sub-section is to determine the measurement of all the variables and to explain them in detail in order to avoid duplications along the following empirical chapters.

Family Business

According to O'Boyle et al., (2010, p. 311), 'family involvement represents a substantial family presence in ownership, governance, management, succession, and/or employment'. Among these aspects, we focus on family ownership. Although other studies use not only family ownership but also other indicators of family control, such as the frequent involvement of family members in management (Block and Wagner, 2013; Dyer and Whetten, 2006; Gomez-Mejía et al., 2007; Marques et al., 2014), which are strongly correlated with the percentage of equity ownership held by the family (Berrone et al., 2010).

Thus, a family business is most commonly measured by means of the percentage of voting rights held or the ownership and threshold values applied, including 5% (Berrone et al., 2010; Chen et al., 2008), 10% (Mok et al., 1992) and even 25% (Chau and Leung, 2006). Among the ample range of possibilities, in our study, the explanatory variable of ownership concentration is taken as '**Family'**, a dummy variable (Kashmiri and Mahajan, 2010; Landry et al., 2013) that takes the value of one (1) if the largest shareholder is a family member with more than 20% of the votes and, otherwise, zero (0) (Cruz et al., 2014; Martínez-Ferrero et al., 2016b; Rodríguez-Ariza et al., 2017). A dichotomous measure of family control has been used in numerous family business studies (Berrone et al., 2012). Also, the 20% cut-off should be interpreted in light of a long stream of research on control of large publicly traded firms that use an ownership threshold as low as 5% to proxy a principal's capacity to exert major influence over the firm's affairs (Hambrick and Finkelstein, 1995).

Table I.2 represents the distribution of the sample and of the family firms, by industry and country. The 6.77% (436 observations out of 6,442) of the companies were

family business. Regarding their distribution, the countries with the highest percentages of family business were France, Germany, Spain and Hong Kong while the country with the lower presence, among the ones that had presence of family firms, was Japan. Regarding the industries, there is no presence of family firms in several industries but, among those which had, the highest presence lays on Automobiles and components (23.97%) and the smallest presence on Materials (2.66%).

Table I.2. Descriptive statistics of family by industry and country

	Non family firms		*Family firms*	
	Absolute	**Relative (%)**	**Absolute**	**Relative (%)**
Total	6.006	93.23%	436	6.77%
Panel A. Industry				
Automobiles & Components	111	76.03%	35	23.97%
Capital Goods	687	93.72%	46	6.28%
Commercial & Professional Services	193	100%	0	0.00%
Consumer Durables & Appearel	226	94.96%	12	5.04%
Consumer Services	206	96.26%	8	3.74%
Diversified Financials	154	95.65%	7	4.35%
Energy	568	97.26%	16	2.74%
Food & Staples Retailing	136	79.07%	36	20.93%
Food, Beverage &Tobacco	240	76.68%	73	23.32%
Health Care Equipment & Services	269	97.11%	8	2.89%
Household & Personal Products	87	79.09%	23	20.91%
Insurance	25	100%	0	0.00%
Materials	731	97.34%	20	2.66%
Media	175	90.21%	19	9.79%
Pharmaceuticals, Biotechnology & Life Science	244	91.04%	24	8.96%
Real Estate	229	87.74%	32	12.26%
Retailing	264	87.71%	37	12.29%
Semiconductors & Semiconductor Equipment	146	100%	0	0.00%
Software & Services	322	100%	0	0.00%
Technology Hardware & Equipment	190	100%	0	0.00%
Telecommunication Services	186	95.88%	8	4.12%
Transportation	245	95.7%	11	4.3%
Utilities	372	94.66%	21	5.34%
Panel B. Country				

Australia	497	100%	0	0.00%
Belgium	9	100%	0	0.00%
Bermuda	6	100%	0	0.00%
Canada	424	84.46%	78	15.54%
China	135	100%	0	0.00%
Denmark	9	100%	0	0.00%
Finland	9	100%	0	0.00%
France	163	80.3%	40	19.7%
Germany	147	81.22%	34	18.78%
Hong Kong	149	82.32%	32	17.68%
Ireland; Republic of	89	100%	0	0.00%
Italy	9	100%	0	0.00%
Japan	636	98.76%	8	1.24%
Jersey	9	100%	0	0.00%
Luxembourg	4	100%	0	0.00%
Macau	5	100%	0	0.00%
Mexico	6	100%	0	0.00%
Netherlands	85	91.4%	8	8.6%
New Zealand	30	100%	0	0.00%
Norway	16	100%	0	0.00%
Papua New Guinea	6	100%	0	0.00%
Russia	28	100%	0	0.00%
Singapore	142	97.93%	3	2.07%
South Africa	31	100%	0	0.00%
Spain	93	81.58%	21	18.42%
Sweden	126	100%	0	0.00%
Switzerland	105	92.92%	8	7.08%
United Kingdom	491	93.88%	32	6.12%
United States of America	2.551	93.82%	168	6.18%

N= 6,442 firm-year observations.

CSR performance: External and internal stakeholders

Following Fabrizi, Mallin, and Michelon (2014) and Martínez-Ferrero et al. (2016a,b), CSR performance is measured using a multidimensional construct that addresses all the activities carried out by the firms in question, especially with regard to social and

environmental aspects (Carroll, 1979). CSR information was compiled from the EIRIS database, following many previous studies in this field (e.g., Dam and Scholtens, 2012; Fabrizi et al, 2014; Martínez-Ferrero et al.; 2016b). The EIRIS process starts with the information disclosed by companies. Then, targeted questionnaires are sent to companies regarding areas in which the public data are unclear. These result in considerable focused dialogue with companies that helps to clarify any concerns and refine their opinion. Sector specialists within each team review the research before the score is released. EIRIS gathers data annually through questionnaires and surveys across six different areas: environment, governance, human rights, positive products and services, stakeholders' issues and ethical concerns. EIRIS assigns grades to specific attributes in such different areas (Table I.3). As Martínez-Ferrero et al. (2016) stated, "this procedure might involve a subjective assessment of relevant corporate practices, but the topics addressed and the questions posed are designed in such a way as to enable a reasonable assessment of the activities evaluated".

Moreover, EIRIS research is based on a fully transparent and holistic research methodology, which is certified according to external industry quality standards. EIRIS combines the broadest range of environmental and socio labour data points to assess how companies are responding to the various sustainability challenges that they face. It looks for corporate leadership in tackling environmental and social challenges through policies, systems, reporting and demonstrated performance improvements. The ratings also consider how companies deal with public controversies when they arise – companies with a higher score will have taken steps to mitigate the impacts. They also take into account each company's sector, business activities and geographical location.

To obtain the level of CSR of companies, we make use of an aggregate measure that takes into consideration a range of important issues (i.e., environmental, human rights, stakeholders, employees and ethical) across companies, according to the 26 issues shown in Table I.3. Similar to Fabrizi et al. (2013) and Martínez-Ferrero et al. (2016b), we transform the EIRIS criteria rating for each measure into a numerical rating. According to the scoring criteria of EIRIS (i.e., inadequate, weak, moderate, good and exceptional), we assign five values: 0, 1, 2, 3 and 4. Overall, companies are considered socially responsible with regard to a specific aspect when the score is above the

threshold of 2 and are otherwise not considered sustainable. Because '**CSR'** is determined based on the non-weighted sum of these 26 items, it ranges from 0 to 104.

Moreover, as observed in Table I.3 and in accordance with Cruz et al. (2014), the SEW perspective requires us to consider two groups of stakeholders: internal (i.e., employees and ethical issues) and external (i.e., the environment, stakeholders and human rights issues). Accordingly, our 26 items were grouped following the design used by these authors: orientation of the company towards internal stakeholders, including behavior towards employees and ethical issues (**'Int_CSR'**), and orientation towards external stakeholders, including strategies related to the environment, human rights and stakeholders, such as customers and suppliers (**'Ext_CSR'**). More concretely, Table I.3 reflects the composition of the internal and external stakeholders based on the items related to the CSR strategy. Following the criteria of Cruz et al. (2014), **'Ext_CSR'** covers procedures, policies and systems related to: (a) human rights (items 1 to 3), (b) environmental issues (items 4 to 8), (c) customer-supplier issues (items 9 and 10) and (d) stakeholders´ concerns (items 11 to 16). Meanwhile, **'Int_CSR'** covers strategies and issues related to: (a) employee policies, procedures and systems (items 17 to 22) and (b) governance practices (items 23 to 26).

Table I.3. Corporate social responsibility according to external and internal stakeholders.

External Stakeholders	*Inadeq*	*Wea*	*Mode*	*Go*	*Exceptio*
What is the extent of policy addressing human rights issues?	0	1	2	3	4
What is the extent of systems addressing human rights issues?	0	1	2	3	4
Does the Company report on human rights issues?	0	1	2	3	4
How does EIRIS rate the Company's environmental management	0	1	2	3	4
How does EIRIS rate the Company's environmental policy system?	0	1	2	3	4
How does EIRIS rate the Company's environmental reporting system?	0	1	2	3	4
What level of improvements in environmental impact can the	0	1	2	3	4
Does the Company have policies on maintaining good relations with	0	1	2	3	4
How clear is the evidence of systems to maintain good relations with	0	1	2	3	4
How many stakeholder issues have been allocated to board	0	1	2	3	4
How clear is the Company's commitment to community or charitable	0	1	2	3	4
What level of engagement with stakeholders is disclosed by the	0	1	2	3	4
How good are the Company's policies towards its stakeholders	0	1	2	3	4
How good is the Company's quantitative reporting on stakeholder	0	1	2	3	4
How good are the Company's management systems for stakeholders	0	1	2	3	4
Values for External Stakeholders	*0*	*15*	*30*	*45*	*60*
Internal Stakeholders	*Inadeq*	*Wea*	*Mode*	*Go*	*Exceptio*
How good is the Company's policy on equal opportunity and diversity	0	1	2	3	4
How clear is the evidence of systems and practices to support equal	0	1	2	3	4
How clear is the evidence of health & safety systems?	0	1	2	3	4
How clear is the evidence of systems to manage employee relations?	0	1	2	3	4
How clear is the evidence of systems to support employee training	0	1	2	3	4
How clear is the evidence of systems and practices to advance job	0	1	2	3	4
Does the Company have a code of ethics and, if so, how	0	1	2	3	4
Does the Company have a system for implementing a code of ethics	0	1	2	3	4
What is the extent of the Company's policy for countering bribery?	0	1	2	3	4
What is the extent of the Company's system for countering bribery?	0	1	2	3	4
What is the extent of the Company's reporting on countering bribery?	0	1	2	3	4
Values for Internal Stakeholders	*0*	*11*	*22*	*33*	*44*
Values for CSR	***0***	***26***	***52***	***78***	***104***

In addition, several studies adopt a similar instrument for measuring CSR performance, but scarce are those that examine reliability of their instrument. In this vein and following Rhaman and Post (2012) and Pérez and Rodríguez-del-Bosque (2013), among others, it is necessary to examine the validity of our CSR performance.

As was pointed out in the description of it, for measuring CSR performance, a total of 26 statements. First, items 1 to 3 refer to CSR activities oriented to human rights issue; items 4 to 7 refer to CSR activities oriented to environmental issues; and items 8 to 15 refer to activities oriented to stakeholder´s issues. Following Cruz et al. (2012), human rights, environmental and stakeholders´ items refer to CSR actions related to external stakeholders. Second, items 16 to 21 refer to CSR oriented to employees and items 22 to 26 refer to ethical issues. Again following the above authors, employees and ethical issues refer to CSR actions related to internal stakeholders.

Several studies adopt a similar instrument for measuring CSR performance, but scarce are those that examine reliability of their instrument. As Rhaman and Post (2012) and Pérez and Rodríguez-del-Bosque (2013) recommend and employ, we test for reliability for the proposed CSR measured by using the Cronbach alpha for the items within each of the five categories of our CSR instrument: human rights, environmental, stakeholders, employees and ethical issues.

The results of this analysis (Table I.4) support the adequacy of the classification of CSR performance into five dimensions that then, will composed CSR internal and CSR external dimensions: human rights, environmental, stakeholders, employees and ethics. Ethical issues accounts for 14.255% of the variance in the analysis, while the values in the rest of dimensions are somewhat lower: human rights (11.406%), environmental (13.576%), stakeholders (13.878%) and employees (13.346%). Moreover, the KMO test and Barlett´s sphericity test were 0.943 and 53,327.584 (p =0.000), respectively, indicating sampling adequacy.

Accounting for reliability, it is also adequate for each dimension and the global scale (α Cronbach = 0.949). These values offer convincing evidence of internal consistency reliability of our proposed CSR instrument as they are over the minimum

recommended by Hair et al. (2010) of 0.70 for the Cronbach alpha[1]. Thus, the Cronbach´s alpha values indicate good reliability for the research instrument: 0.879 for the first factor (human rights-3 items), 0.851 for the second (environmental-4 items), 0.899 for the third (stakeholders-8 items), 0.767 for the fourth (employees-6 items) and 0.852 for the fifth (ethics-5 items). In addition, we have examined the Cronbach alpha if the item is eliminated and in neither case does the overall value increase.

[1] For Gliem and Gliem (2003), values of the Cronbach alpha above 0.7 are acceptable, above 0.8 are good and above 0.9 excellent, for ensuring the reliability of the tool.

Table I.4. Exploratory Factor Analysis: Reliability of CSR instrument

Items	Human	Environmental	Stakehold	Employees	Ethics
What is the extent of policy addressing human rights issues?	,683				
What is the extent of systems addressing human rights issues?	,731				
Does the Company report on human rights issues?	,767				
How does EIRIS rate the Company's environmental		,654			
How does EIRIS rate the Company's environmental policy		,683			
How does EIRIS rate the Company's environmental reporting		,514			
What level of improvements in environmental impact can the		,669			
Does the Company have policies on maintaining good relations			,407		
How clear is the evidence of systems to maintain good relations			,415		
How many stakeholder issues have been allocated to board			,752		
How clear is the Company's commitment to community or			,516		
What level of engagement with stakeholders is disclosed by the			,452		
How good are the Company's policies towards its stakeholders			,742		
How good is the Company's quantitative reporting on			,522		
How good are the Company's management systems for			,507		
How good is the Company's policy on equal opportunity and				,435	
How clear is the evidence of systems and practices to support				,405	
How clear is the evidence of health & safety systems?				,333	
How clear is the evidence of systems to manage employee				,711	
How clear is the evidence of systems to support employee				,555	
How clear is the evidence of systems and practices to advance				,746	
Does the Company have a code of ethics and, if so, how					,797
Does the Company have a system for implementing a code of					,717
What is the extent of the Company's policy for countering					,663
What is the extent of the Company’s system for countering					,607
What is the extent of the Company’s reporting on countering					,575
% Variance	11.406	13.576	13.878	13.346	14.255
Total %					66.461
α Cronbach	0.879	0.851	0.899	0.767	0.852
Number of ítems	3	4	8	6	5
Barlett´s sphericity test X^2					53,327.584 (p =0.000)
KMO index					
α Cronbach (26 items)					0.949

I.4.3 Models and technique of analysis

This research has three main purposes related to the three general objectives described in previous sections:

1. Examining the CSR commitment of family firms accounting internal and external stakeholders; in addition, examining the moderating effect of the several contingency factors associated to governance and environment aspects.

2. Examining how CSR performance could affect tax avoidance and the moderating effect of family ownership under the premise that they exhibit a greater CSR commitment and performance and higher tax avoidance.

3. Examining how CSR performance could affect earning management and the moderating effect of family ownership under the premise that they exhibit a greater CSR commitment and performance and lower earning management behavior.

For the first aim, these associations may be represented by Eq. 1, Eq. 2 and Eq.3 as follows:

$$\text{CSR} = \text{f(family ownership, control variables)} \text{ [Eq.1]}$$

$$\text{CSR_internos/CSR_externos} = \text{f(family ownership, control variables)} \text{ [Eq.2]}$$

$$\text{CSR/CSR_internos/CSR_externos} = \text{f(family ownership, governance} - \text{environment factors, family ownership} * \text{governance} - \text{environment, control variables)} \text{[Eq.3]}$$

For the second aim, these associations may be represented by Eq. 4 and Eq. 5 as follows:

$$\text{Tax Avoidance} = \text{f(CSR, control variables)} \text{ [Eq.4]}$$

$$\text{TaxAvoidanc}e = \text{f(CSR, familyownership, CSR} * \text{familyownership, controlvariables)}$$

[Eq.5]

For the third aim, these associations may be represented by Eq. 6 and Eq.7 as follows:

$$\text{Earnings Management} = f(\text{CSR}, \text{control variables}) \text{ [Eq.6]}$$

$$\text{EarningsManagement} = f(\text{CSR}, \text{family ownership}, \text{CSR} * \text{family ownership}, \text{control variables}) \text{ [Eq.7]}$$

Analysis of the propositions could be tested by estimating the corresponding 7 regression models. All models will incorporate a firm-specific effect, $\boldsymbol{\eta_i}$, which controls the unobservable heterogeneity that affects firms' decision-making processes, while $\boldsymbol{\mu_{it}}$ represents the disturbance term.

The econometric models used will be based on dependence techniques for panel data (i.e., repeated observations of the cross-section of companies over time). As noted, our sample is composed of 6,442 firm-year observations (i.e., 956 firms, observed from 2006 to 2014). The use of a panel data set allows us to overcome the limitations of cross-sectional (i.e., several companies in a period) and time-series (i.e., one company for several periods) analyses, especially those related to low explanatory capacity, which are closely linked to the period of analysis considered.

Panel data models provide greater consistency and explanatory power by considering several periods (Petersen, 2009). In addition, this technique allows us to control for unobservable heterogeneity, which refers to the particular behavior and characteristics of each company included in the sample. These characteristics differ among companies but are invariant over time, making it difficult to measure them, because they are unobservable to researchers. However, if we do not consider them, the results could be biased. Thus, unobservable heterogeneity is controlled for by modelling it as an individual effect, $\boldsymbol{\eta_i}$, which is then eliminated by taking the first differences of the variables.

Moreover, panel data allow us to study the dynamics of cross-sectional firms as well as to eliminate the bias of aggregation that arises when time-series analyses are used to characterize the behavior of individuals. Panel data methodology has additional advantages that enhance the possible econometric specifications as well as the parameter estimations;

for example, more informative data, greater variability, less collinearity among variables, more degrees of freedom and greater efficiency than cross-sectional or time-series methods (Martínez-Ferrero and García-Sánchez, 2016a, b).

It must be recognized that we will apply different regression models to the panel data, with the decision regarding which analytic technique to use, depending on the nature of the dependent variable and the type of function that is proposed to relate X and Y. For continuous variables, the dynamic panel estimator proposed by Arellano and Bond (1991), based on the generalized method of moments (GMM). For censured variables, using the maximum likelihood method, Tobit models provide efficient and consistent estimates of coefficients, because when the likelihood function is maximized, it incorporates information from both censored and uncensored observations. These technique of analysis will be explained in detail in the corresponding chapter.

I.5. PHD STRUCTURE

The general structure of this doctoral thesis is made up by an introductory chapter where we give a general idea of this research and we show the theoretical grounds on which our research is focused. Afterwards the development of the three main chapters is addressed, where we deal with the main implications that the inclusion of family ownership may exhibit in different spheres of the social and economic environment. Finally, we give an end to this research with a chapter where the main conclusions for the overall analysis are made and where we also expound the main limitations and future lines of investigation in this area of study.

I.5.1. Chapter 2

CSR is nowadays one of the most important or studied variables in literature in terms of ethical compromise since the beginning of the nineteenth century. What’s more, according to the IFERA 2003, family firms represent the majority of all business around the world. Taking these two statements into considerations, CSR and family firms are the main two variables that appear all along the doctoral thesis and they are both two terms that remain constant in all

chapters. This is the reason why, we started introducing them in the first chapter for later on analyze them including some other variables in the matter of research. So, in chapter two we examine the family firms' behavior towards CSR activities and the possible moderating role that several contingency factors based on governance and environmental aspects may exhibit.

In this sense, the mentioned variables were settled as follows: from the government factors we used family directors and family managers, and from the environment factors we took into account munificence level of the market and long term orientation of the society. In this analysis it should not be forgotten that we have always kept a differentiation between internal and external stakeholders.

With the previous understanding, in this chapter we try to give an answer to three different questions:

1. How do family firms behave towards CSR actions?
2. Are there any differences in the CSR commitment of family firms towards internal and external stakeholders?
3. How can contingency factors moderate the relationship analyzed?
4. Do family firms behave differently from non-family firms?

I.5.2. Chapter 3

Once the relationship between CSR and family firms has been analyzed, including all hints, in this chapter, we try to shed light on the effect of CSR in terms of tax avoidance. Although previous authors have analyzed the relationship of CSR and tax avoidance (Landry et al., 2013; Laguir et al., 2015; Lin et al., 2017), the existence of mixed results particularly on the family firm framework, concretely in the area of ownership structure, has taken us to delve into this three dimensional relationship. It is in this moment when we start talking about the agency conflict, trying to figure out if there appears any different in behavior when the implication of the family is made on the ownership structure, as we were mentioning before. In this chapter, the variables that have been taking into account in the tax sphere where, the effective tax rate (ETR) and the cash effective tax rate (CETR).

The questions that we address with the development of this chapter are the following:

5. Do socially responsible companies meet their economic responsibilities regarding tax payments?
6. Considering that outcomes of companies vary from each other's, is there a difference according to family ownership?

I.5.3. Chapter 4

According to the existence of mixed results between CSR and earning management (Kim et al., 2011; Gargouri et al., 2010; Shen and Chih, 2005) and particularly within the family framework, where evidence is scarce, the aim of this chapter is reinforcing the understanding of the effect played by socially responsible commitment in earning management (EM), understanding them as those accounting results that do not correspond to those actually achieved (Kim et al., 2012). It is as well the aim of this chapter to explore the research gap found on the moderating effect of family business in the mentioned relationship of this chapter.

In this case, with the support of the results from the first chapter regarding the moderation that family ownership plays on CSR, we try to understand if, indeed, the fact that family firms tend to be more socially responsible might lead them to show, as well, a fair lower level of earning management in the development of their activities or, in the contrary, if they try to mask earning management activities with the outcome of using CSR practices.

Therefore, this chapter let us find an answer to the following issues:

7. Do socially responsible companies follow more earning management practices?
8. Are family firms a moderation between CSR and earning management practices because they try to be more socially responsible and show lower earning management level? Or the use of CSR activities is only with the aim of masking the use of earning management practices?
9. Is socially responsible commitment really ethical?

I.6. CONTRIBUTIONS

As have been described in previous sections, the present research will examine several closely related issues in the family business sphere. The first objective is to bring evidence the conditions that compromise towards CSR from family firms also by accounting for internal and external stakeholders. We examine how several contingency factors associated to governance and environment aspects could play a moderating role. The second objective is to shed light on the effect of CSR on tax avoidance and examine whether family ownership affects tax avoidance practices by socially responsible performance. The third objective is to examine how CSR performance could affect earning management and analyze the moderating role played by family ownership.

Briefly, the main contributions of this research to academia are the following. First, this research is focused on the family firms´ sphere. We focus on family business as prevalent among listed companies around the world (Burkart et al., 2003). But also, because

Second, this PhD aims to bring evidence about the non-conclusive topic of CSR in family firms, due to the fact that there are contradictory results in this area; ones in favor of the moderation role that family firms represent on CSR schemes and opposite to it. Although the influence of the family ownership on CSR has been examined in prior literature (Berrone et al., 2010; Cruz et al., 2014; Gómez-Mejía et al., 2011), results are not clear and provide mixed evidence. By examining the relationship between family firms and CSR, we provide more generalized results for an international sample of analysis.

Third, one of the novelties of our research, regarding existing literature in this field, is the inclusion of the moderation role of contingent factors in the analysis of the CSR commitment of family firms. We follow the argument that Minichilli et al. (2010) introduced regarding the involvement of the family in the management team. We contribute to this by examining how governance and environment conditions impact CSR performance, conditioning to the family ownership. This chapter thus contributes to the literature by providing new insights into socially responsible behavior as result of contingent conditions.

Fourth, we try to fill the gap between opposite results in the analysis of the relationship between CSR and family firms, extending the analysis introducing the differentiation made by Cruz et al. (2012). So, we also make a difference between internal and external stakeholders in this analysis; family businesses act differently, not only depending on the above-mentioned contingencies but also on the type of stakeholders (i.e., internal versus external).

Fifth, our research also advances in the consequences of the agency conflict between majority and minority family shareholders by examining tax avoidance strategies and earning management actions in family firms. At this respect, we again contribute by clarifying how CSR is associated to tax avoidance strategies where previous evidence is not conclusive. Moreover, the analysis of the moderating role played by family ownership enriches this perspective. Mainly because as far as we know, this is the first study that examine the relationship between CSR and tax avoidance in the family firms' context. We contribute so by examining how family ownership could reinforce or limit the tax saving actions of firms in accordance with their CSR commitment.

Sixth, this PhD also sheds some light on the two streams do not previously established by several authors in the family business context: CSR performance and earning management activities. The above relationship has been examined by previous studies (e.g. Prior et al., 2008; Kim et al., 2011). Our research contributes by clarifying this relationship where evidence offers mixed results and by providing additional evidence about the link between CSR and earning management through the moderating analysis of family ownership.

Finally, and as subtler contribution, we highlight the use of an international sample of analysis composed by 28 countries. Most of previous studies focused on a single country or region of analysis; mainly, USA, United Kingdom, Canada, Australia and Japan. But, scarce are the studies that examine and develop a cross-country analysis. Moreover, our evidence will be obtained by regressing several dependency models for panel data. In contrast with some previous studies that propose and discuss evidence by descriptive statistics, surveys or other univariate analysis, we propose and test our research hypotheses by using technique of analysis for panel data; for instance, regressing panel data models using Tobit as technique of analysis.

CHAPTER II.

CORPORATE SOCIAL RESPONSIBILITY IN FAMILY FIRMS: A CONTINGENCY APPROACH

II. 1. INTRODUCTION

As some scholars like Cruz et al. (2014), Le Breton-Miller and Miller (2016), Berrone et al. (2010) and Campopiano and De Massis (2014) have extensively studied, CSR is increasing its importance at the forefront of firms' agendas—specifically at family firms. In all countries, family firms represents the majority of all businesses (IFERA, 2003). Thus, during the last few decades, family business literature has received consistent attention by examining their ethical compromise, not only being developed as itself but also compared with those companies that differ in composition: non-controlled family firms (Boling et al., 2016; Cruz et al. 2014; Marqués et al., 2014; Sánchez-Medina and Díaz-Pichardo, 2017). However, despite the analysis of prior literature, there is still a lack of information on whether they are more socially responsible or not, due to controversial results.

As was pointed out, some authors focus on the role of family firms in the engagement of social activities to pursue their socioemotional wealth (SEW) and maximize shareholders' value (Cennamo et al., 2012). Despite general opinion, however, others have stated that family firms could not be focused on arranging CSR (Burak and Morante, 2007; Morck and Yeung, 2004): some of them due to the opportunism that emerges in public family firms when they reach certain positions (Le Breton-Miller and Miller, 2016). Berrone et al. (2012) proposed that those differences on results are based mainly in the distinction family firms may make along their life; that is, giving more importance to protecting their image and reputation or letting their control-power and influence in the company surpass their SEW. Similarly, the differences among the governance and environmental factors of family firms can influence the engagement of family firms towards CSR activities. For instance, some authors (e.g., Le Breton-Miller and Miller, 2016) propose what they call 'moderating contingencies', which make family firms behave towards a more sustainable approach.

Thus, attending to those authors, the contingencies analyzed will be associated with: (i) the presence of family directors and members on the board; and (ii) the influence of the environment in which the firm operates—in relation to the level of munificence and the long-term orientation of the country. Respectively, prior literature has mentioned that the efforts to ensure CSR are higher when the family is completely involved in the company business

(Chrisman et al., 2005); whereas, Tan and Litschert (1994) found evidence regarding the change of behavior that companies experience when they stay in munificent markets, and Hofstede and Hofstede (2005) introduced the idea of long-term orientation as the connection between the past and the future of the company.

Attending to the lack of unanimity on the issues of family firms' compromise towards CSR and the need of exploring those contingencies that moderate such compromise, our chapter focuses on the following. First, this chapter analyses the effect that family firms may have on their behavior towards CSR approaches and, thus, their focus on social and environmental friendly activities. Second, we also focus our analysis on the moderation that the family firms-CSR relationship may experience on the presence of different contingency factors regarding governance and environmental stages. According to Berrone et al. (2012) family businesses act differently, not only depending on the contingency factors but also on the type of stakeholders; therefore, we then examine the differentiation between internal and external stakeholders.

In summary, this chapter addresses the following questions: (1) How do family firms behave towards CSR actions?; (2) Are there any differences in the CSR commitment of family firms towards internal and external stakeholders?; and (3) How can contingency factors—governance and environment aspects—moderate the relationship between family firms and CSR? These research questions are examined for an internal sample of analysis, from 2006 to 2014. Methodologically, several Tobit regressions for panel data are proposed.

The main evidence of the chapter supports the notion that family firms conduct their activities on the path of social and environmental behaviours, showing a greater CSR commitment with external and internal stakeholders. Moreover, the greater CSR commitment of family firms is even superior: (i) under the large presence of family members on the management team and family directors on board of directors (i.e., as governance factors) and (ii) in munificent contexts (i.e., as an environment factor).

The remainder of this chapter is structured as follows. In Section 2, we describe the theoretical background that supports our research hypotheses. Section 3 describes the

research model, data and sample. Finally, Sections 4 and 5 present the results obtained and the conclusions drawn, respectively.

II. 2. THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESES

II. 2.1. CSR performance in family firms

Along the first pages of this research we have highlighted that the concept of CSR has increased interest over prior years for both economic researchers and practitioners involved in business (e.g. Gallardo-Vázquez and Sánchez-Hernández, 2014; Fernández-Feijoo et al., 2014). CSR has been thoroughly explained by many scholars since the beginning of the nineteenth century. At this regard, Carrol (1979) defined CSR as the responsibilities integrated in the company encompassing legal, ethic, economic and philanthropic expectations that the society expects from organizations, which is called the "CSR Pyramid" (Carrol, 1991). Form the Carrol´s perspective of CSR Pyramid, the "economic" responsibility to the society is based on the idea that the society is expecting the company to be able to sustain itself and, therefore, it needs to be profitable and have resources to continue with its activity. Regarding the "legal" expectation, it is understood as the legal basis or rules that the society has establish for the companies to operate as well as the sanctions that they may have in case of breaking the rules. The "ethical" expectation regards the attainment of the company to activities, standard or norms that are expected from the society but not guided or codified by the law, but expected nevertheless. Finally, the "philanthropic" expectation includes activities that the company voluntarily carries out, that are not required by the law or expected from the business, in an ethical sense.

Later in time, Freeman (1984) proposed the notion of stakeholders which became essential on the implementation of CSR by companies. This author defined a stakeholder as a group or single identity that may be taken into account in the objectives of an organization but who can also be affected by them. Within the stakeholder theory framework, firms must not only to serve the interests of shareholders, but also have responsibilities towards society and the manager's role is to search for a balance between the needs and demands of multiple stakeholders and Freeman (1984).

In the same vein but years later, the European Community Commission stated in 2001 that the voluntary integration of social and environmental practices in a company's daily transactions and relationships with stakeholders can be defined as CSR. Thus, the main purpose of a company is to create value for its owners and stakeholders, while contributing to the welfare of the society. In this vein, several benefits are associated with CSR performance[2], such as superior performance (Orlitzky et al., 2003), lower cost of capital (El Ghoul et al., 2011), greater company value (Petersen and Vredenburg, 2009) and greater customer attraction and brand reputation (Mason and Simmons, 2013)—among a large list of positive CSR outcomes. Moreover, most of the previous studies agree that one of the most important consequences of developing proactive CSR performance is the increase in the firm´s reputation, which leads, above all, to the increase of the favorable general level of perception that the stakeholders have on the company: driving to their considerable increase in the trust towards the company relative to other companies and their own expectations (Deephouse and Carter, 2005; Fombrun et al, 2000; Young and Marais, 2011).

Indeed, there is a great focus of research regarding CSR on the field of family firms. Although there is no universal definition of a family firm (Miller et al., 2007), in general, it usually refers to management, ownership or succession-related issues. The typical family business has been characterized as a firm in which one or more family founders operate in a top managerial position and control a large proportion of the company's shares or participate as a board member (Chen et al., 2008).

[2] Meta-analyses, such as those performed by Margolis and Walsh (2003) and Orlitzky et al. (2003), have shown inconclusive results regarding the relationship between CSR and firm value or shareholder wealth. Numerous authors state that the benefits of CSR are often intangible, long-term, uncertain and difficult to obtain (e.g. Harrison et al., 2010). In this sense, some authors defend the possible promotion of CSR to obtain managerial benefits at the shareholders' expense and therefore reflect an agency problem (Barnea and Rubin, 2010), decreasing shareholders value (Hillman and Keim, 2001). However, there are other authors that argue that socially responsible strategies' expenditures improve firm performance and shareholder satisfaction (Matten and Moon, 2008) and value (Flammer, 2015). Similarly, Godfrey et al. (2009) find that CSR strategy could at times create shareholder value for their secondary stakeholders, if this strategy is public knowledge and creates a reasonable and credible declaration of unselfish intention. What's more, authors like Fonseca and Ferro (2006) found a positive association between social performance and financial performance, also in studies conducted on SMEs

In many cases, family ownership is characterized by large investments in company capital and by the presence of family members on the board (Maury, 2006). In this vein, prior research has shown that family and non-family firms operate in different ways (Miller, Le Breton-Miller, Lester and Cannella, 2007; Miller, Minichilli and Corbetta, 2013; among others) regarding entrepreneurial initiatives (Boling, Pieper and Covin, 2014) and risk taking (Chrisman and Patel, 2012) because of their different priorities to preserve their wealth. But it is not only because of this but family ownership has a moderation role due to, among other things, their performance and non-financial goals (Anderson and Reeb, 2003; Naldi, Cennamo, Corbetta and Gómez-Mejía, 2013, Kotlar and De Massis, 2013), planning horizons (Kellermanns and Eddleston, 2006; Lumpkin et al., 2010), resource allocation (Carnes and Ireland, 2013) and certain strategic postures (Sciascia, Mazzola and Chirico, 2013; Short, Payne, Brigham, Lumping and Broeberg, 2009).

Nevertheless, family firms possess unique capabilities and resources (i.e., human, social and relational capital) that differentiate them from non-family firms and lead them to have competitive advantages. In that respect, prior literature analyses the fact that family firms act in a different manner according to economic and environmental points of view, in order to properly focus on their 'responsibilities towards society': CSR. In fact, some studies have found that companies in which the family is completely involved, the efforts made to ensure CSR is larger (Aronoff and Ward, 1995; Chrisman et al., 2005). As mentioned before, the attainment of CSR leads to the creation of a favorable reputation. In terms of family firms, according to several authors, this reputation means the attraction of both more competent family members—leading to a greater possibility of a family firm's survival (Deephouse et al., 2013)—and more external candidates with a higher level of quality in different aspects (Collins and Ham, 2004; Turban and Cable, 2003; Williamson et al., 2010). It can also be considered as a way to help companies to achieve their socioemotional objective of continuity of the family employment (Gómez-Mejía et al., 2011; Schulze et al., 2003), as well as a way of escaping from the institutional pressures related with the improved enforcement of competitors (Reay, 2009).

One of the reasons that support the engagement of CSR activities in family firms is supported by the SEW approach (Berrone et al., 2012; Cruz et al., 2014; Gomez-Mejía et al., 2000). The SEW Theory is an extension of the Behavioral Agency Model or BAM (Wiseman & Gomez- Mejia, 1998; Gomez-Mejia et al., 2000), where the principal of the BAM, key decision-makers, are the reference point for firm choices in order to preserve endowment inside the firm; it is transferred to or applied in the family firm environment, where they make decisions based on socioemotional points and not only in economic ones. Gomez-Mejía et al. (2007) applied it to the special case of family agents or principals and stated that upholding socioemotional endowment is the main reference point for understanding family strategic decision making and dealing with the uniqueness of family firms. In fact, they also affirm that when the family is willing to make a decision, they are usually driven by the risk undertaken to preserve the endowment. According to Berrone et al. (2010), although some theories (e.g., the agency or stewardship theory) have contributed to explain the behavior of family firms, the SEW theory represents the main reference point for understanding family strategic decision making and dealing with the uniqueness of family firms. Moreover, they also stated that the risk is balanced by the gains of the family SEW, although the transaction has uncertain economic benefits. Thus, literature has proven that owners of family firms are more likely to go further with social performance, even though there is no clear economic profitability in the activity undertaken; however, they appreciate the socioemotional reward that it implies to the family.

Due to the fact that family firms are, usually in most cases, concerned with taking care of their SEW through their image and their reputation, they are highly more responsible to demands of the external stakeholders than non-family firms (Berrone et al., 2012). The traditional view is that family firms are usually characterized by non-financial aims, such as identity, reputation, longevity and the preservation of a positive image in the public domain (Anderson and Reeb, 2003; Berrone et al., 2010), and that they tend to be more responsive to social issues and stakeholders than are non-family firms (Van Gils et al., 2014). Thus, a family business is traditionally expected to be proactive in developing connections with stakeholders, acting as a good steward in the community in which it is operating and caring for employees' welfare and the working environment (Bammens et al., 2014; Gómez-Mejía et al., 2007).

In addition, Cruz et al. (2014) evidenced that family owners give different priority to stakeholders' demands and concerns, according to those stakeholders that are vital to the continuance and survival of the firm (Berrone et al., 2010). Cruz et al. (2014) classify those stakeholders as: (i) internal, such as shareholders, employees and suppliers (Clarkson, 1995); and (ii) external, such as the local community, media or environment.

According to existing research that addresses concerns about corporate reputation, family businesses should be particularly keen to meet the demands of internal stakeholders by following responsible work actions (Zellweger et al., 2012). In the CSR context, Berrone et al. (2010) support the notion that family owners show a greater preference for promoting a socially responsible strategy, focusing on internal stakeholders that are vital for the survival of family firms and allowing family owners to have perpetual and direct or indirect control and influence. Thus, literature frames socially responsible performance associated with internal stakeholders as essential for legitimizing family firms (Mayo et al., 2016). Meanwhile, compromise with external stakeholders allows family firms to create confident relations with them (Cennamo et al., 2009; Laplume et al., 2008) that favour a good reputation, image and other intangible assets (Aragón-Correa and Sharma, 2003).

In view of the controversies about the family firms orientation towards internal and external stakeholders, we expect that family firms could be more focused on promoting CSR independently associated with dimensions for internal and external stakeholders, ensuring the preservation of their SEW and their corporate reputation (Cennamo et al., 2012); that is, family owners and managers avoid any action that could lead to a loss of legitimation and that could conceptualize them as not responsible (Deephouse and Jaskiewicz, 2013) without showing a greater preference for internal or external stakeholders´ demands. Based on the above arguments, the following hypotheses are proposed, breaking down into internal and external stakeholders:

H1: family firms show a greater effort in developing CSR performance activities.

H1a: family firms show a greater effort in developing internal CSR performance activities.

H1b: family firms show a greater effort in developing external CSR performance activities.

II. 2.2. Contingency as moderating factors

Le Breton-Miller and Miller (2016), in their research, proposed certain contingency factors (i.e., ‘moderating contingencies’) that are focused on the organizational structures of the government and the company’s contextual situations that may make families channel their behavior towards a more sustainable approach. They divided these forces into four different streams, starting from the main aspect of these types of companies: the family and its educational background. From this, they questioned if the involvement of ethical standards during the childhood played a crucial role once the person has taken part in the company. In the same line of analysis, parenting and educational experiences were studied. From thereon, the remaining three forces were related to explicit issues belonging to the company at hand: governance, environment and organization.

The governance characteristics taken into account in this chapter are similar to those these authors introduced by Le Breton-Miller and Miller (2016), regarding the structure of the management department and the board of directors of the company. Likewise, in the environmental aspect, those authors were considering, among others, the scarcity and hostility of the contextual framework. However, apart from these, we contribute to their study by testing the level of munificence as an environmental condition and the long-term orientation of the society in which a firm may have on its CSR improvement. In the following, we detail each contingency factor as well as its possible moderating effect.

II. 2.2.1. Governance

Governance encloses several aspects that may have an impact on whether a family firm tends to be more or less proactive in CSR activities. Governance factors in the family firms’ field are associated to the presence of family members on the managerial team as well as the family presence on the board of directors (Le Bretton-Miller and Miller, 2016). At this regard, it is necessary to remark the previous literature about the concept called ‘*familiness*’, which assesses the involvement that a family has in a corporation and the resources and capabilities

arising from that relationship (Habbershon et al., 1999). Some authors stated that this term (i.e., '*familiness'*) has two different views or approaches: one regarding the essence of the involvement, and the other regarding the components of this family involvement—contending the ownership and the management or control of a family business (Chrisman et al., 2005). In this last approach, we focus our governance analysis by examining management and control.

On the one hand, in family firms, the governance of a firm is influenced by a member of a family group, among other determinants (Déniz-Déniz and Cabrera-Suarez, 2004). In this regard, there are some studies that support the idea that employees who belong to the family group have better condition of promotion and responsibilities than those non-family employees (Beehr et al., 1997; Poza et al., 1997) or job security and flexibility (Cromie and Sullivan, 1999). All of it, even considering that some of those employees who are part of the family group do not have the qualification to run the business (Chua et al., 2009).

In order to measure involvement in firms, some authors have used family presence on the governing team, both in management and on the board of directors (Chen et al., 2008; Shanker and Astrachan, 1996). Berrone et al. (2010) showed that families who are involved in decision making direct their firms to pursue SEW: the main argument for the greater CSR commitment of a family firm. According to the agency theory (Eisenhardt, 1989; Jensen and Meckling, 1976), managers are the firm's agents that have the right to decide, but they do not bear the consequences of their own decisions. Young et al. (2011), in their research, took the consideration of this theory upon studying the managerial ownership, posing that there exists a positive relationship between ownership in hands of the management team and CSR engagement. Likewise, empirical data prove that family firms pursue more environmental-focused activities, due to the reward that this means to the family name (Berrone et al., 2010).

Similarly, Sharma and Sharma (2011) confirmed that, no matter the financial considerations that their actions hold, family owners tend to be more environmentally focused (i.e., CSR concentrated) when they control the company. Moreover, as CSR activities may derive into a favorable reputation of the family firm, family members in the management team may be proud of the fact that they have taken the firm to a glorious status (Cialdini et

al., 1976) and given it a so-called prestige (Bergami and Bagozzi, 2000). On the contrary, if they do not achieve this ethical and responsible goal, they may feel ashamed of their managerial mistakes (Berrone et al., 2010).

It is also important to reiterate some previous family firms literature, which suggest that there was a direct relationship between the family involvement in the management team or, what Minichilli et al. (2010) called the 'top management team' (TMT). TMT deals with goals as the reputation of the firm (Deephouse and Jaskiewicz, 2013), SEW preservation (Gómez-Mejía et al., 2007) and CSR (Dyer and Whetten, 2006); this last strategy supports the maintenance of control and prevents the loss of the existing SEW within the firm. Gathering all the above mentioned in mind, in the following we proposed the second set of hypotheses for the first governance and contingency factor:

> H2: The presence of family members in the management team moderates the association between family firms and CSR performance.
>
> H2a: The presence of family members in the management team moderates the association between family firms and internal CSR performance.
>
> H2b: The presence of family members in the management team moderates the association between family firms and external CSR performance.

On the other hand, among the distinct spheres of the company, we cannot forget the board of directors: it works on providing advice, connections, expertise and encouraging the company towards innovations and strategic change, but it also monitors the management on behalf of the principle and the minority shareholders (Hiller et al., 2011; Johnson et al., 1996). The composition of the board of directors has previously been studied by Voordeckers et al. (2006), integrating several dimensions of the family firms component into their model, as Corbetta and Salvato (2004) and Dyer (2003) introduced. Thus, when boards are dominated by family members—or family directors—there may appear insularity, which may leave the company aside of the current market situation (Ward, 2006) and lead to ignorance of the actual social responsibilities that the society requires in such a moment.

Despite the contradictory literature about the family directors and the CSR compromise of the firm, some authors (e.g., Block and Wagner, 2014), affirmed that family members in board posts have a deep influence on CSR performance because of their strong knowledge about the company and their powerful as owners. Again, Berrone et al. (2010) showed that the presence of family members on boards also implies pursuing SEW goals in their decision making. Deephouse and Jaskiewcz (2013) also supported the idea that if there is only one family member on the board of directors, there exist a positive relationship with CSR. In addition, other authors supported that, over financial considerations, the presence of family members on the board emphasizes the preservation of the existing SEW in the company (Gómez-Mejía et al., 2011; Minichilli et al., 2014) and avoid diluting the control of the firm trying to preserve it (Basco and Calabró, 2017; Feldman et al., 2016). Therefore, in the line with the above arguments, the following set of hypotheses are proposed:

H3: The presence of family members on the board moderates the association between family firms and CSR performance.

H3a: The presence of family members on the board moderates the association between family firms and internal CSR performance.

H3b: The presence of family members on the board moderates the association between family firms and external CSR performance.

II. 2.2.2. Environment

In recent years, the interest of scholars to determine the role that the business environment plays on CSR has been enormous. In this regard, from the perspective of the institutional theory, it has been proven that organizations operating in similar contexts adopt uniform corporate behavior to ensure their institutional legitimization as a key factor in their survival (DiMaggio and Powel, 1987). Reinforcing prior literature about the business environment and CSR and expanding to the family firms context, we focus on two environment aspects: munificence (Liu et al., 2013; Tan and Litschert, 1994) and the long-term orientation of the firm’s country of origin (Chrisman and Patel, 2012; Cruz and Nordqvist, 2012; García-Sánchez et al., 2015).

On the one hand, prior research argues that the effect that the external context of an industry has on organizational structure, risk taking and different strategic decisions (Dess and Beard, 1984; Keats and Hitt, 1988; Walters et al., 2010) can be extrapolated to the CSR strategy (Chen et al., 2017; Martínez del Rio et al., 2015). In addition, the CSR compromise is a consequence not only of the need to legitimize itself to guarantee their survival but also of the need to adapt to those characteristics of the business environment that can favor or restrict the continuous growth of an organization (Goll and Rasheed, 2004). Then, as Goll and Rasheed (2004) and Chen et al. (2017) propose, CSR could respond to industry contexts. In this context, we respond to the research proposal of Young and Thyill (2014), which also explores the interrelationships between CSR and the industrial contexts, in particular, examining munificence as an environmental factor. Thus, we expand prior research by focusing on the family firm sphere.

First of all, munificence has been defined in prior literature as a critical aspect of a firm's operating environment (Liu et al., 2013), the scarcity or abundance of resources within an environment (Randolph and Dess, 1984) as well as the ability of the environment to support sustained growth of an organization (Aldrick, 1979). This ability helps companies to be able to face external and internal hostilities and to accumulate slack resources (Cyert and March, 1963). Munificence can also help companies to notice the opportunities that may not exist for other firms that operate in lesser munificent contexts (Kirzner, 1979). Indeed, some scholars support the idea that slack of resources offers management the necessary autonomy to pursue a wide range of profitable activities (Amit and Schoemaker, 1993; Cyer and March, 1963; Grant, 1991). Moreover, others state that slack may also help companies prepare for possible environmental turbulences that may appear during the firms' life and help them in economic hardship (Chen and Kesner, 1997; Meyer, 1982; Thompson, 1967).

At this respect, Rosenbusch et al. (2013), Martínez-del-Río et al. (2015), and Chen et al. (2017), among others, evidenced that munificent contexts— those rich in critical resources—favor the development of proactive environmental and social performance: performance that also occurs in dynamic but not complex contexts. As Martínez-del-Río et al. (2015) argue, in a lower munificent context, resources are limited, and the relative cost of

investing in environmental proactive strategies is greater when munificence is higher. Similarly, Goll and Rasheed (2004) argue that higher munificence firms are more likely to engage in socially responsible behaviour than are environments with scarce resources, whose economic conditions are deteriorating. That is, lower munificent contexts reduce the marginal profit that companies can obtain (Miller and Friesen, 1983) and offers fewer opportunities for growth will cause companies to be less focused on being socially responsible, even to the minimum degree expected by stakeholders, since positive economic returns are not guaranteed (Chen et al., 2017).

Meanwhile, regarding the family firms´ behavior towards CSR in munificent contexts, it must be noted that the lack of munificence buffers a lower or null organizational slack and, then, a threat to the firms' survival (Liu et al., 2013). The survival and growth of a family firm is influenced by munificence as environmental conditions. Therefore, family firms that perceive their environments to be supportive of survival, growth and preservation of their SEW behave differently from those that operate under hostility (Tan and Litschert, 1994). Gómez-Mejía et al. (2011) suggest how family firms can adopt strategies that lead to accepting more business risks—as in the case of lesser munificent markets—for the sake of protecting their SEW.

In other words, in lesser munificent markets, family firms may be more focused on searching for resources and ensuring their survival and growth. There, family firms may be more inclined to promote more performance on CSR as a means of gaining legitimacy and, then, ensuring their continued control over the company. Thus, gathering all of these ideas in mind, regarding our subject of analysis, we state the following set of hypotheses:

H4: The level of market munificence moderates the association between family firms and CSR performance.

H4a: The level of market munificence moderates the association between family firms and internal CSR performance.

H4b: The level of market munificence moderates the association between family firms and external CSR performance.

Another side of the environment that we analyzed in this chapter is the long-term orientation of the country of origin. Some authors have studied this orientation within the company, but we are going to focus this research on the analysis of the country's long-term orientation dimension of the society that could be interpreted as the links of society with the past and the future. This dimension, among others previously studied, was introduced by Hofstede and Hofstede (2005), focusing on societies with a clear idea on future rewards and the adaptation to changes in the surrounding circumstances, among others. Societies with a long-term orientation believe that truth depends on situations, context, time and taking a more pragmatic approach. However, societies with a short-term orientation exhibit great respect for traditions, and they view changes with suspicion (Hofsede and Hofstede, 2005).

In this sense, as an effect that the temporary orientation of a society may have on the behavior of a firm and also taking into account the way companies adapt to the environment, it could also be interesting to bear in mind the previous researches made on the long-term orientation of a society. This long-term orientation dimension was also studied by Garcia-Sanchez et al. (2015), who found that there is a positive relationship between the long-term orientation of a country with CSR, posing that this makes sense due to the fact that this strategy is highly demanded by the society in which the company is located. According those authors, a company that follows a long-term orientation dimension is more focused on CSR performance and prefers a sustainability report form—as it informs them about the firm's social and environmental behavior and their impact on our common future. Regarding CSR investments, Falck and Heblich (2007), also stated that these investments are more likely to generate a reward in the long run. It was also pointed out by Young et al. (2011) that long-term investors look for an increase in the future company's CSR rating. Nevertheless, individuals who are long-term orientated state that there is no real truth regarding all of these because it entirely depends on the context and time. However, at the end, they will expect transparency and good government.

Moreover, one can think, as Cruz and Nordqvist (2012) or Chrisman and Patel (2012), that family firms focus more on the long term orientation than non- family firms due to the creator's desire of the continuity of the company, so future generations can heritage a healthy

(James, 2006), profitable and viable firm. In line with this orientation, Miller and Le Breton-Miller (2005) stated that family firms, in order to endure the lifespan of the business, adopted specific strategies to achieve such objective. The authors supported that these firms used to create favorable links with all the parties involved in their transaction so 'everybody win' at the end: subsequent generations, stakeholders (Arregle et al., 2007) and the future-maintained society.

Accordingly, we expect that societies with a short-term orientation are more worried about traditional reports and more focused on financial issues; thus, it is expected that family firms in societies with a long-term orientation will be more focused on commitment, sustainability and transparent governance—leading to an orientation towards good behavior and CSR activities. These environmentally focused activities, afterwards, would be translated to investors and stakeholders to clarify the company's long-term prospects, in their efforts to manage a greater transparency (Hofstede and Hofstede, 2005). Therefore, based on the above arguments, the following set of hypotheses are proposed for analyzing the moderating effect of a society's long-term orientation on the family firms -CSR relationship:

> H5: The extent of a society's long-term orientation moderates the association between family firms and CSR performance.
>
> H5a: The extent of a society's long-term orientation moderates the association between family firms and internal CSR performance.
>
> H5b*:* The extent of a society's long-term orientation moderates the association between family firms and external CSR performance.

II. 3. METHOD

II. 3.1. Sample

As was described in Chapter I, a sample of 6,442 firm-year observations (956 firms)—spanning nine years (from 2006 to 2014) and from 28 countries—was available to test the hypotheses.

II. 3.2. Measures

CSR performance: External and internal stakeholders

Chapter I contains the description of the CSR performance measure in detail. As was described, to obtain the level of CSR of companies, we make use of an aggregate measure that takes into consideration a range of important issues (i.e., environmental, human rights, stakeholders, employees and ethical) across companies, according to 26 issues; '**CSR**' is determined based on the non-weighted sum of these 26 items, it ranges from 0 to 104. Moreover, our 26 items were grouped following the design used by these authors: orientation of the company towards internal stakeholders, including behaviour towards employees and ethical issues ('**Int_CSR**'), and orientation towards external stakeholders, including strategies related to the environment, human rights and stakeholders, such as customers and suppliers ('**Ext_CSR**').

Family firms

Again, as was described in previous chapter, among the ample range of possibilities, in our chapter, the explanatory variable of ownership concentration is taken as '**Family**', a dummy variable (Kashmiri and Mahajan, 2010; Landry et al., 2013) that takes the value of one (1) if the largest shareholder is a family member with more than 20% of the votes and, otherwise, zero (0) (Cruz et al., 2014; Martínez-Ferrero et al., 2016; Rodríguez-Ariza et al., 2017).

Contingency factors

Governance

Governance goes along with the ownership structure of the business, the quality of its executives and the nature of the board of directors (Le Breton-Miller and Miller, 2016). Cruz et al. (2014), defined the governance category as the disclosure of policies and procedures, board independency and diversity, attention to stakeholders, compensation of executives and the evaluation of the company's ethical behavior. Moreover, some authors considered the governance indicator as the independent variable of their research and denoted it as a dummy variable, which took into account the existence of a CEO who belongs to the family circle

(Laguir et al., 2014; Berrone et al., 2010). However, we are going to focus this in the analysis of the composition of the management team and the board of directors, not only the CEO. Regarding these variables and interconnecting them with social responsibilities, Jones et al. (2008) stated that the board and the management members are selected by the family ownership, which can lead to a favorable reputation protected by the family members pursuing CSR strategies (Deephouse and Jaskiewicz, 2013). In this way, we propose two indicator variables: (1) **'Fam_Managers'**, which corresponds to the proportion of managers that belong to the family circle; and, equally measured, (2) **'Fam_Directors'**, which is used to measure the number of family members that are included in the firm board of directors.

Environment

Munificence refers to the abundance of resources in an industry that supports growth, typically measured as the industry growth rate (Chen et al., 2017). Similar to Goll and Rasheed (2004), Withers and Fitka (2016), Lester et al. (2006), and Chen et al. (2017), among others, we use the measure of Keats and Hitt (1988)—originally developed by Dess and Beard (1984)—for operationalizing munificence. Following Keats and Hitt (1988), the five-year industry growth rate in net sales in one industry was designated as the indicator for munificence.[3] To calculate it, we regress the natural log of industry sales on an indicator of years as an independent variable. The antilog of the regression slope coefficient was used as the measure for munificence ('**Munificence**') as the average growth (or decline) in an industry.

Meanwhile, we base our environmental aspect, related to cultural dimensions, on some of those proposed by Hofstede (2011), who developed them to explain the general similarities and dissimilarities in cultures around the world. At this stage, following the dimensions proposed by Hofstede (2011), the cultural index adopted refers to long-term orientation. It describes the link of every society with its own past while dealing with the challenges of the present and future. In line with the above, the cultural dimension variable is the following (the data are available on the Geert Hofstede™ Cultural Dimensions website): '**Long_Term**', which is a numerical variable that represents the orientation of a society towards the future.

[3] We acquired the total sales for each two-digit standard industrial classification (SIC) by year from the Thomson Reuters Eikon database.

II. 3.3. Control variables

We also include a set of variables in the analyses to account for possible alternative explanations. These control variables were included in our regression models, according to previous CSR studies (Cascino et al., 2010; Cruz et al., 2014; Goll and Rasheed, 2004; Gómez-Mejía et al., 2011). Regarding firm aspects, '**Leverage**' represents firm leverage as the natural logarithm of the ratio of total debt to total equity; '**Performance**' represents firm performance by using Tobin's Q, calculated based on the most usual proxy: the book value of total assets minus the book value of common equity plus the market value of common equity divided by the book value of total assets. '**Size**' represents firm sales and was measured as the natural logarithm of sales. '**R&D_intensity**' represents the research and development investment effort as the ratio of research and development expenses to total assets. Finally, we also control for the industry, year and country by using dummy variables. '**Industry$_j$'** is a dummy variable, where *j* represents the different sectors of activity in which the companies in the sample operate; '**Year$_n$'** is a dummy variable, where *n* represents the years of the sample; and '**Country$_k$'** is a dummy variable, where *k* represents the different countries in the sample.

II. 3.4. Method and technique of analysis

This research examines conditions that compromise towards CSR from firms in general, and from family firms in particular. Moreover, in the family firms' sphere, we examine whether they exhibit a different level of compromise towards CSR associated with internal and external stakeholders. For these aims, in Model I, CSR is regressed on the family business indicator and control variables. In Models II and III, our internal and external stakeholders´ indicator replaces CSR, respectively.

$$\mathrm{CSR/CSR_int/CSR_ext} = \beta_1 \mathrm{Family}_{it} + \beta_2 \mathrm{Leverage}_{it} + \beta_3 \mathrm{Performance}_{it} + \beta_4 \mathrm{Size}_{it} + \beta_5 \mathrm{RD_Intensity}_{it} + \sum_{j=6}^{14} \beta_j \mathrm{Industry}_i + \sum_{n=15}^{22} \alpha_n \mathrm{Year}_t \; 3 \sum_{k=24}^{52} \alpha_n \mathrm{Country}_i + \mu_{it} + \eta_i$$

(Models I, II and III, respectively)

Once we have regressed our basic models, we aim to examine the moderating effect of the several contingency factors associated to governance and environment aspects. At this

respect, for Models I, II and III, respectively, we regressed our dependent variable ('**CSR**', '**CSR_int**' and '**CSR_ext**') on our family business indicator, the moderating effect (i.e., the contingency factor examined) and the interaction between both variables for examining the joint effect. The following parent model is proposed for each contingency factor and for Models I, II and III, attending to the dependent variable. For instance, for family managers as a governance aspect, the following models are proposed:

$$\begin{aligned} &\mathrm{CSR/CSR_int/CSR_ext} \\ &= \varphi_1 \mathrm{Family}_{it} + \varphi_2 \mathrm{Fam_Managers}_{it} + \varphi_3 \mathrm{Family} * \mathrm{Fam_Managers}_{it} \\ &+ \varphi_4 \mathrm{Leverage}_{it} + \varphi_5 \mathrm{Performance}_{it} + \varphi_6 \mathrm{Size}_{it} + \varphi_7 \mathrm{RD_Intensity}_{it} \\ &+ \sum_{j=8}^{16} \varphi_j \mathrm{Industry}_i + \sum_{n=17}^{24} \varphi_n \mathrm{Year}_t + \sum_{k=25}^{54} \varphi_n \mathrm{Country}_i + \mu_{it} + \eta_i \end{aligned}$$

(Models Ia, IIa and IIIa, respectively)

All models incorporate a firm-specific effect, $\boldsymbol{\eta_i}$, which controls the unobservable heterogeneity that affects firms' decision-making processes, while $\boldsymbol{\mu_{it}}$ represents the disturbance term. The firm is represented by **i**, and **t** refers to the time period. β and φ are the parameters to be estimated. The econometric models used are based on dependence techniques for panel data.

We apply different regression models to the panel data, with the decision regarding which analytic technique to use, depending on the nature of the dependent variable and the type of function that is proposed to relate X and Y. In this case, because the dependent variables in this research (i.e., **CSR**, **Ext_CSR** and **Int_CSR**) take values in a specific range (i.e., 0–104 for **CSR**, 0–60 for **Ext_CSR** and 0–44 for **Int_CSR**), it is left- and right-side censored. Using the maximum likelihood method, Tobit models provide efficient and consistent estimates of coefficients, because when the likelihood function is maximized, it incorporates information from both censored and uncensored observations. The basic Tobit model supposes that there is a latent variable (y_{it}^*) that can be explained by observable variable(s) (x_{it}).

II. 4. EMPIRICAL RESULTS

II. 4.1. Descriptive results

Table II.1 presents the mean, standard deviation and correlation of the variables used in this chapter. Panel A reports the descriptive statistics where the mean value for CSR performance, also taking into account the division made between the types of stakeholders, and it shows that these strategies are more socially responsible in family firms than in their non- family firms counterparts (e.g., 33.1481 as the CSR mean for non-family firms vs. 37.1399 as the CSR mean for family firms). The greater socially responsible commitment of family firms remains when strategies are oriented towards external and internal stakeholders. Regarding the governance factors among family firms, there is not a great difference between positions in the managerial team or in the board of directors of family-owned firms; their means are 0.9014 and 1.5344 with a standard deviation of 1.2674 and 1.4436, respectively. With respect to the remaining variables, there is no big variation from non-family firms to family firms; although, in general, superior mean values are observed for family firms with respect to firm leverage, size, performance and R&D intensity, for example.

The correlation matrix, shown in Panel B, reports low or moderate correlation among variables, except for industry, country and year dummies used in our models as controls. In no cases are high values obtained for the coefficients between the dependent and independent variables or between the independent variables. Multicollinearity among these variables is, therefore, not a severe problem.

Table II.1. Descriptive statistics and bivariate correlations by family and non-family firms

Panel A. Descriptive statistics

	Total		*Non-family firms*		*Family firms*	
	Mean	**Std. Dev.**	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**
CSR	33.4212	15.0183	33.1481	14.9675	37.1399	15.2302
Ext CSR	18.9761	11.2405	18.7786	11.1994	21.6973	11.4633
Int CSR	14.3294	4.5229	14.2476	4.5245	15.4427	4.3559
Family	0.06768	0.2512	-	-	1	0
Fam_Managers	0.9032	1.2560	-	-	0.9014	1.2674
Fam_Directors	1.5248	1.4322	-	-	1.5344	1.4436
Munificence	1.0621	0.0180	1.0621	0.0182	1.0621	0.0156
LongTerm	43.5912	23.2813	43.5229	23.5258	44.5275	19.6218
Leverage	0.5784	0.1914	0.5782	0.1926	0.5812	0.1746
Performance	0.6682	0.1463	0.6681	0.1488	0.6700	0.1065
Size	22.4426	1.4885	22.3965	1.4885	23.0675	1.3417
R&D_Intensity	0.0285	0.1315	0.0295	0.1358	0.0144	0.0375

Panel B. Bivariate correlations

	1	2	3	4	5	6	7	8	9	10	11	12
1. CSR	1.00											
2. Ext_CSR	0.98	1.000										
3. Int CSR	0.88	0.779*	1.000									
4. Family	0.06	0.065*	0.067	1.000								

5. Fam_Managers	0.28	0.285*	0.252	0.011*	1.000							
6. Fam_Directors	0.27	0.302*	0.155	0.050 *	0.611*	1.000						
7. Munificence	0.16	0.173*	0.118	0.001***	0.005*	0.096	1.000					
8. LongTerm	0.28	0.324*	0.116	0.011*	0.107*	0.023	0.125**	1.000				
9. Leverage	0.18	0.173*	0.191	0.004*	0.161*	0.152	0.158**	0.064*	1.000			
10. Performance	0.16	0.159*	0.162	0.003*	0.049*	0.066	0.081**	0.059*	0.632**	1.00		
11. Size	0.43	0.451*	0.314	0.114***	0.162*	0.171	0.222**	0.193*	0.332**	0.37	1.0	
12. R&D_Intensity	0.03	0.023*	0.044	0.029**	0.198*	0.290	0.109**	0.046*	0.106**	0.04	0.1	1.000

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01

II. 4.2. Regression results on CSR of family firms under contingency factors

Before examining the effect that all the contingency factors explained above have on the CSR performance within family firms, we examine the commitment of these firms towards CSR attending to the classification of internal and external stakeholders developed by Cruz et al. (2014). At this respect, Table II.2, Model Ia shows that the family firms indicator has a positive and significant effect on '**CSR'** (coef. 6.422, $p < 0.01$). These results are similar for Models IIa and IIIa by classifying stakeholders as internal and external (Cruz et al., 2014). Then, Models IIa and IIIs report a positive and significant effect of family firms towards CSR associated with external (coef. 4.90, $p < 0.01$) and internal stakeholders (coef. 1.56, $p < 0.01$). This result leads us to support the set of hypotheses 1; that is, family firms behave towards sociable responsibilities, with all its parties.[4] Family firms show a greater likelihood of promoting CSR, aiming for preserving their SEW and any reputational costs and for ensuring the family firms´ survival and growth. However, from our previous results for socially responsible dimensions associated with external and internal stakeholders, it is not possible to infer differences by comparing coefficients as a result of the different values for dependent variables that allow us to examine the set of hypotheses a and b (i.e., 0–60 for **Ext_CSR**; 0–44 for **Int_CSR**)[5].

[4] We would like to point out that our evidence is robust by alternative measure of family firms that consider the 50% of voting rights as threshold.

[5] Results are robust by accounting for each CSR area: environmental, human rights, stakeholders, employees and ethical issues.

Table II.2. Regression results on CSR and family firms

Dependent Variable	CSR		External Stakeholders		Internal Stakeholders	
Variables	Coef.	Std. Error	Coef.	Std. Error	Coef.	Std. Error
Main effects						
Family	6.422***	0.785	4.899***	0.576	1.560***	0.287
Control variables						
Leverage	5.294***	1.081	4.172***	0.785	1.079***	0.402
Performance	7.617***	1.651	6.676***	1.207	6.450	0.605
Size	4.582***	0.179	3.507***	0.132	1.114***	0.063
R&D_Intensity	2.074**	0.841	1.667***	0.614	4.610	0.318
Industry dummies	Included		Included		Included	
Year dummies	Included		Included		Included	
Country dummies	Included		Included		Included	
sigma_u	12.517***	0.311	9.569***	0.236	3.787***	0.963
sigma_e	5.044***	0.050	3.676 ***	0.037	1.942***	0.194
Rho	0.86	0.006	0.871	0.006	0.792	0.009

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01
The results are robust according to another alternative measure that considers 50% ownership.

Supported the greater CSR commitment of family firms, in the following, we show the results of examining the possible moderating effect of several contingency factors: governance factors (reported in Table II.3), and environmental factors (reported in Table II.4). As we describe in Section 3, in moderating models, we include the family firms indicator variable, each contingency effect and the interaction between both, which allows us to examine the moderation exerted.

Table II.3, shows the moderating role that governance factors have on the relationship between CSR and family firms, attending to family managers and directors. Again, results of Model Ib (Panel A) show the positive and significant impact of family firms on CSR commitment (coef. 2.236, $p < 0.01$). However, the main results are the support of the moderation of family members. The interaction '**Family*Fam_Managers**' show a positive and significant effect on '**CSR**' (coef. 2.233, $p < 0.01$). Operating with coefficients, the impact of family firms on CSR is greater when the proportion of family members is larger (2.236 + 2.233 = 4.469) than when the presence of them is lower (coef. 2.236).

Table II.3. Regression results on CSR, family firms and contingency factors: governance factors

Panel A. Family Managers						
Dependent Variable	CSR		External Stakeholders		Internal Stakeholders	
Variables	Coef.	Std. Error	Coef.	Std. Error	Coef.	Std. Error
Main effects						
Family	2.236***	182.489	1.455***	128.425	7.739***	78.131
Moderating effects: Governance, Family Managers						
Fam_Managers	2.237***	183.139	1.453***	128.932	7.765***	78.273
Family*Fam_Managers	2.233***	183.146	1.45***	128.938	7.757***	78.275
Control variables						
Leverage	9.576**	4.029	7.677***	2.845	2.403	1.650
Performance	11.829**	5.603	5.616	3.95	5.85	2.340
Size	0.504	0.450	0.335	0.321	0.197	0.175
R&D Intensity	12.714	25.178	9.246	18.038	4.704	9.286
Industry dummies	Included		Included		Included	
Year dummies	Included		Included		Included	
Country dummies	Included		Included		Included	
sigma_u	13.362***	1.280	10.024***	0.960	3.719***	0.362
sigma_e	3.931***	0.147	2.763***	0.104	1.699***	0.064
Rho	0.920	0.015	0.929	0.014	0.827	0.030
Panel B. Family Directors						
Dependent Variable	CSR		External Stakeholders		Internal Stakeholders	
Variables	Coef.	Std. Error	Coef.	Std. Error	Coef.	Std. Error
Main effects						
Family	2.244***	182.399	1.46***	128.337	-7.768***	78.153
Moderating effects: Governance, Family Directors						
Fam_Directors	2.247***	183.088	1.46***	128.86	7.796***	78.311
Family*Fam_Directors	2.244**	183.063	1.456***	128.843	7.793***	78.300
Control variables						
Leverage	9.195**	4.022	7.444***	2.840	2.162	1.650
Performance	11.868**	5.605	5.626	3.950	5.907**	2.345
Sales	0.469	0.452	0.307	0.321	0.195	0.177
R&D Intensity	11.111	25.334	7.763	18.093	5.174	9.443
Industry dummies	Included		Included		Included	
Year dummies	Included		Included		Included	
Country dummies	Included		Included		Included	
sigma_u	13.557***	1.294	10.094***	0.963	3.806***	0.369
sigma_e	3.930***	0.147	2.762***	0.104	1.699***	0.064

Rho	0.922	0.015	0.930	0.013	0.834	0.029

N= 6,442 firm-year observations. Significance levels: * p<.10. **p<.05. ***p<.01

Similarly, Model Ic (Panel B) shows the positive impact of family firms on CSR (coef. 2.244, $p < 0.01$). Meanwhile, the effect of the interaction, '**Family*Fam_Directors**', shows a positive and significant effect on '**CSR**' (coef. 2.244, $p < 0.05$). Operating with coefficients, the impact of family firms on CSR is greater when the proportion of family directors on the board is larger (2.244 + 2.244 = 4.488) than when the board has lesser directors with family ties (coef. 2.244). Results are similar for external and internal stakeholders, reporting the moderating effect of family managers on the impact of family ownership on CSR behavior. We cannot infer differences attending to the type of stakeholder. From the above, we support the moderating effect of family managers and directors as contingency governance factors on the impact of family firms towards CSR that we propose in the set of hypotheses 2 and 3.

Our hypotheses 4 and 5 are analyzed in Table II.4, in which we summaries the effects that the environment can have on the relationship between family firms and CSR. Once again, we can observe in Model Id (Panel A) the positive and significant impact of family firms on CSR (coef. 89.687, $p < 0.05$). Nevertheless, we have to pay attention to the results of the moderating effect of the contingent factor associated with munificence. First, we must highlight that '**Munificence**' has a negative and significant impact on CSR (coef. -79.724, $p < 0.05$); firms located in munificent contexts show a lower orientation towards CSR practices. The interaction, **'Family*Munificence',** shows a negative and significant effect on CSR (coef. -82.111, $p < 0.10$). Operating with coefficients, the impact of family firms on CSR is smaller when the family firm is located in munificent environments (89.687 – 82.111= 7.576) than in lesser munificent ones (coef. 89.687). When making a differentiation between external and internal stakeholders, the relationship is more or less the same in the case of external stakeholders (coef. -54.664, $p < 0.05$); however, the interaction in the case of internal stakeholders shows no significant results. This is to say that when the company is focused on satisfying external stakeholders desires, if the family firm is established in munificent environments (60.251 – 54.664 = 5.587), their impact on CSR is smaller than in lesser munificent ones (60.251). Thus, the level of munificence, as an environment contingency factor, moderates the orientation and behavior of family firm towards CSR activities – particularly those oriented to external stakeholders - as we proposed in hypothesis 4 and sub-hypothesis 4b.

Table II.4. Regression results on CSR, family firms and contingent factors: environment factors

Panel A. Munificence						
Dependent Variable	CSR		External Stakeholders		Internal Stakeholders	
Variables	Coef.	Std. Error	Coef.	Std. Error	Coef.	Std. Error
Main effects						
Family	89.687**	45.627	60.251**	34.401	9.664	19.837
Moderating effects: Environment, Munificence						
Munificence	-79.724***	27.216	-58.070***	20.502	-112,207***	10.131
Family* Munificence	-82.111*	42.931	-54.664**	32.369	-7.707	18.656
Control variables						
Leverage	2.543***	0.895	2.233***	0.668	0.722**	0.398
Performance	4.834***	1.384	4.690***	1.040	0.380	0.603
Size	1.895 ***	0.169	1.650***	0.127	0.949***	0.066
R&D Intensity	1.255*	0.685	1.093**	0.516	0.456	0.311
Industry dummies	Included		Included		Included	
Year dummies	Included		Included		Included	
Country dummies	Included		Included		Included	
sigma_u	13.285***	0.333	10.111***	0.251	4.189***	0.128
sigma_e	4.055***	0.041	3.054***	0.031	1.879***	0.020
Rho	0.915	0.004	0.916	0.004	0.833	0.009
Panel B. Long Term Orientation						
Dependent Variable	CSR		External Stakeholders		Internal Stakeholders	
Variables	Coef.	Std. Error	Coef.	Std. Error	Coef.	Std. Error
Main effects						
Family	5.234***	1.999	3.377**	1.467	1.661**	0.730
Moderating effects: Environment, Long Term Orientation						
LongTerm	0.066***	0.019	0.066***	0.014	0.016***	0.006
Family* LongTerm	0.027	0.042	0.035	0.031	-0.003	0.015
Control variables						
Leverage	5.105***	1.084	4.207***	0.786	1.035***	0.403
Performance	7.505***	1.652	6.520***	1.205	0.611	0.605
Size	4.418**	0.182	3.342***	0.134	1.149***	0.064
R&D Intensity	2.010**	0.841	1.606***	0.614	0.471	0.318
Industry dummies	Included		Included		Included	
Year dummies	Included		Included		Included	
Country dummies	Included		Included		Included	
sigma_u	12.327***	0.308	9.361***	0.232	3.770***	0.096
sigma_e	5.047***	0.051	3.675***	0.037	1.941***	0.019

Rho	0.856	0.007	0.866	0.007	0.791	0.009

N= 6,442 firm-year observations. Significance levels: * p<.10. **p<.05. ***p<.01

Equally, Model Id (Panel B) shows the positive impact of the main relationship of this research: family firm on CSR performance (coef. 5.234, $p < 0.01$); an effect that remains for internal and external CSR strategies. However, the effect of the interaction, **'Family*LongTerm',** is not significant in neither of the cases, including also the differences attending to the type of stakeholders. Then, we cannot support our set of hypotheses 5.

Similar to the results obtained by Tan and Litschert (1994), we can support the idea that companies who stand in munificent environments behave in a different way than those who develop their activity in hostile environments. Family firms' attainment of more proactive CSR activities is smaller when companies are located in munificent contexts. This is to say, when there are more available resources in the environment, family firms are less proactive to support CSR activities. However, as we have seen in the results, the long-term orientation of a company makes no difference on whether a company may achieve more CSR-focused activities or not, as the information obtained is not significant.

II. 4.3. Sensitive results: GMM estimator of Arellano and Bond (1991) for solving endogeneity, multicollinearity and heterocedasticity

Regarding the method, previously, we have proposed Tobit regressions for panel data. However, we must be aware that our regression models may suffer from multicollinearity and heteroscedasticity problems. In order to check them and initially, a fixed- or random-effects estimator could be used to estimate our proposed models, but the errors must be conditionally homoscedastic and not serially correlated. Thus, first we test whether our model presents heteroscedasticity and serial correlation problems using the Breusch–Pagan test and the Wooldridge test, respectively. The p-values obtained for each test are 0.0000, which means that we must reject the null hypotheses of homoscedastic errors and no serially correlated errors.

But, another problem, namely endogeneity, could appear in our models, due to reverse causality (Wooldridge, 2010); these econometric problems could biased our results (Hillier et al., 2011). Instrumental variables (IVs) may solve endogeneity, but the conventional IV estimator (although consistent) is inefficient in the presence of heteroscedasticity (Baum et al., 2003). The dynamic panel estimator proposed by Arellano and Bond (1991), based on the generalized method

of moments (GMM) introduced by Hansen (1982), overcomes this limitation. More concretely, we use the two-step estimator of Arellano and Bond (1991). Suitable instruments adopted in GMM are the lagged values of the right-hand side variables included in the model as instruments, because they are uncorrelated with the error term when deriving the estimator (Arellano and Bond, 1991). The closest lags are the most appropriate as the furthest do not contain information on the current value of the variables; specifically, t-2 for the lagged value of the dependent variable and t-1 for the remaining explanatory variables that are not strictly exogenous (Rodríguez-Ariza et al., 2017; Villarón-Peramato et al., 2018; Martínez-Ferrero et al., 2016).

Thereon, accounting for these econometric issues and in order to examine the robustness of our previous findings, we again regress our proposed models by using the GMM proposed by Arellano and Bond (1991). Results obtained by using the GMM estimator of Arellano and Bond (1991) – Table II.5 -provides robust evidence that family firms behave towards corporate social responsibility, aiming to preserve their socioemotional wealth and the firm´s survival. Moreover, results also report that several contingency factors moderate on this commitment. Concretely, the socially responsible behavior of family firms is greater: (i) under the large presence of family members on the management team and family directors on the board of directors (i.e., as governance factors) and (ii) in munificent contexts (i.e., as an environment factor). In other words, we robustly evidence the moderating effect of family managers and directors on the impact of family ownership on CSR behavior and how the level of munificence, as an environment contingency factor, moderates the orientation and behavior of family firm towards CSR activities[6].

[6] We would like to point out that our evidence is robust by accounting for internal and external stakeholders.

Table II.5. Sensitive Results by using the GMM estimator of Arellano and Bond (1991)

Dependent Variable	CSR. Model I		Model Ia.		Model Ib. Family		Model Ic. Munificence		Model Id. Long Term Orientation	
Variables	Coef.	Std.	Coef.	Std. Error	Coef.	Std.	Coef.	Std.	Coef.	Std. Error
Main effects										
Family	1.615***	0.570	7.998***	3.049	14.971**	6.088	53.653***	11.182	24.409***	7.213
Moderating effects: Governance, Family Managers and Directors										
Fam_Managers/Fam_Directors			*omitted because of collinearity*							
Family*Fam_Managers/Fam_Directors			1.347***	0.312	1.281**	0.513				
Moderating effects: Environment, Munificence and Long Term Orientation										
Munificence/LongTerm							*omitted because of collinearity*			
Family*Munificence/LongTerm							-	10.546	-49.687***	10.546
Control variables										
Leverage	-1.153	1.555	34.381***	0.312	45.782***	4.099	11.656***	1.077	0.717	1.435
Performance	7.607***	2.663	33.777***	2.027	45.908**	5.664	.331***	1.670	8.402***	2.668
Size	0.652***	0.222	3.359***	3.146	2.774**	0.273	6.365***	1.422	1.549***	0.249
R&D_Intensity	0.383***	0.146	46.729***	0.193	49.899***	14.064	4.623***	0.338	0.840*	0.487
Industry dummies	Included		Included		Included		Included		Included	
Year dummies	Included		Included		Included		Included		Included	
Country dummies	Included		Included		Included		Included		Included	
Arellano-Bond test for AR(2) in first differences	z = 0.41 Pr > z = 0.680		z = -0.20 Pr > z = 0.843		z = -0.39 Pr > z = 0.698		z = 0.66 Pr > z = 0.509		z = -0.47 Pr > z = 0.635	

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01

II. 5. DISCUSSION OF RESULTS

Overall, the empirical evidence of this chapter allows us to confirm that family firms have a positive impact on CSR performance, on the grounds of the SEW theory. It also allows us to pose that there exists a moderating effect of some contingency factors; concretely, the presence of family members in the management team and on the board of directors and the level of munificence in the firm's market.

On the basis of these, we can discuss the following results. Regarding the positive impact of the family in CSR, our results are in accordance with the SEW theory proposed by Gómez-Mejía et al. (2007). That is, we support the greater commitment of family firms regarding social and environmental matters and towards the satisfaction of the necessities of all stakeholders. We can affirm it because CSR allows them to guarantee the legitimacy and the survival of the company (Deephouse et al., 2013); moreover, as some authors state (e.g., Fombrun et al., 2000; Young and Marais, 2011), CSR increases the stakeholders' general perception of the company leading to a greater confidence towards it and helps the firm to provide family employment and achieve their socioemotional objectives (Shulze et al., 2003; Gómez-Mejía et al., 2011).

Thus, in line with Gomez-Mejía et al. (2014) and Minichelli et al. (2016), our finding supports that there exists a greater CSR commitment in family firms. Our results, however, behave against some previous results that determined that family firms paid less attention or were less focused on CSR performance; for example, Morck and Yeaung (2004) or Le Breton-Miller and Miller (2016) mentioned it regarding the emerged opportunism when firms reached a certain level in the society.

Our main evidence and contribution to prior literature confirms the moderating effect of several contingency factors associated with the governance and environment factors. Concretely, our evidence documents the moderation played by family managers and family members on the board of directors in the relationship between family firms and CSR. We support the effect that was partially founded by Sharma and Sharma (2011) or Berrone et al. (2010): they stated that families who are involved in decision making and that take part in the board of directors show a greater commitment in pursuing and ensuring their SEW. The positive effect that the family involvement on the board has on

the relationship between family firm and CSR was also found by Deephouse and Jaskiewcz (2013). As these authors defend, due to their deep knowledge about the functioning of the society and their attachment to it, family members on the board influence the practice of CSR activities (Block and Wagner, 2014) even if there is only one member of the family on the board (Deephouse and Jaskiewez, 2013). Therefore, we can also affirm that family members on the management team and also on the board of directors creates an environmentally friendly company, which channel its transactions and activities towards CSR. Our results are in line with the reward argument that these provides to the family name, proposed by Berrone et al. (2010); the proud that taking the company to a glorious status can cause (Cialdini et al., 1976) and honor that causes giving it a good prestige (Bergami and Bagozzi, 2000).

Moreover, as we have previously mentioned in the explanation of the results, the level of munificence—as an environmental contingency factor—also moderated the impact of family ownership on their CSR commitment. At this regard, as previous authors have stated (Tan and Litschert, 1994), the effect that the environment has on the relationship between family firms and CSR makes an inference on the behavior of family firms, in regard to CSR activities. The fact that the market where the company works on presents a munificent environment, moderates the effect of family firms on CSR, implying that as the munificence increases the effort that the family makes on pursuing these activities decreases. Based on our findings, a higher munificence minimized the CSR orientation of a family firm. In munificent contexts, where a firm has superior growth opportunities and survival in the long-term, a family firm shows a lower commitment to the development of a proactive CSR strategy. These results are opposed to some previous literature, such as Rosenbusch et al. (2013), Martínez-del-Río et al. (2015) and Chen et al. (2017). Those authors posed that, in fact, the existence of munificent contexts (i.e., plenty of resources) allowed companies to develop their activities towards social and environmental activities.

However, as Tan and Litschert (1994) stated and we evidence, companies that develop their activities in munificent markets behave differently than those who stand in hostile environments, in terms of CSR strategies. This can be explained by the fact that, the survival is set aside because one of the characteristics of munificent markets is

that the survival of the company is guaranteed, due to the fact that there exist more resources available for the company and less competence; thus, that is the reason why companies may not pay attention to the practice of CSR activities to ensure this objective, and our results encompasses this reasoning. In addition, the existence of abundant resources in munificent environments that improve and ensure the survival of the company reduce the need to seek additional resources (e.g., those obtained from CSR). Recall that all family firms aims to ensure and strengthen their SEW (Gomez-Mejía et al., 2007); our results confirm that in munificent environments, where survival is guaranteed (i.e., one of the SEW aspects), they may pursue additional objectives, leaving aside the importance of CSR activities for this aim.

On the other hand, we cannot confirm the moderating effect that a society's long-term orientation may have on the family relationship and CSR. It could be logical to think that this orientation may vary the behaviour of family firms towards social and environmental activities, as García-Sanchez et al. (2015) suggested or Hofstede and Hofstede introduced in 2005. Nevertheless, with our results, we can only confirm that there is not a moderating effect when the firm stands in this type of orientated society.

II. 6. SYNTHESIS

For an international sample from 2006 to 2014, this chapter provides the following evidence. According to the proposals of the SEW model, family firms show a greater focus on the promotion of a socially responsible strategy in order to preserve their socioemotional endowments and to avoid any loss of reputation and image caused by non-responsible strategies. Family firms are more focused on social and environmental performance as a means of supporting their survival under hostile environments. In addition, several contingency factors are found as moderating on this commitment. Concretely, the socially responsible behavior of family firms is greater: (i) under the presence of a large number of family members in management and family directors on the board of directors (i.e., as governance factors) and (ii) in munificent contexts (i.e., as an environment factor).

This chapter makes a number of contributions to academia. First of all, it sheds some light on the non-conclusive topic of social responsibility in family firms, due to the

fact that there are contradictory results in this area; ones in favor of the moderation role that family firms represent on CSR schemes and opposite to it. So, trying to shed light in this respect, similar to Gómez-Mejía et al. (2014), we report how family firms will act to preserve their SEW, avoiding any potential SEW losses and supporting a greater CSR orientation. De Massis et al. (2012) and Campopiano and De Massis (2015) highlighted that family scholars have only recently investigated the socially responsible behavior of family firms (Sánchez-Medina and Díaz-Pichardo, 2017). However, as we said before, the results are not clear and provide mixed evidence, it is true that although recently, the influence of the family ownership on CSR has been examined in prior literature (Berrone et al., 2010; Cruz et al., 2014; Gómez-Mejía et al., 2011).

Secondly, one of the novelties of our research, regarding existing literature in this field, is the inclusion of the moderation role of contingent factors in the analysis of the CSR commitment of family firms. We follow the argument that Minichilli et al. (2010) introduced regarding the involvement of the family in the management team. We contribute to this by examining how governance and environment conditions impact CSR performance, conditioning to the family ownership. This chapter thus contributes to the literature by providing new insights into socially responsible behavior as result of contingent conditions.

Third, as a new inclusion in the literature, we try to fill the gap between opposite results in the analysis of the relationship between CSR and family firms, extending the analysis introducing the differentiation made by Cruz et al. (2012). So, we also make a difference between internal and external stakeholders in this analysis. Thus, we contribute to prior literature that examines the family firms that are responsive to external and internal stakeholders (Berrone et al., 2010; Cruz et al., 2014); family businesses act differently, not only depending on the above-mentioned contingencies but also on the type of stakeholders (i.e., internal versus external).

CHAPTER III

DOES CORPORATE SOCIAL RESPONSIBILITY AFFECT TAX AVOIDANCE? EVIDENCE FROM FAMILY FIRMS

III.1 INTRODUCTION

In previous chapter II, we have clearly evidenced the greater socially responsible commitment in family firms. However: do socially responsible companies meet with their economic responsibilities regarding tax payments? Considering that not all organizations behave in the same way, does this balance between economic and ethical objectives vary according to family ownership?. These are the research questions examined in this chapter with the aim of reinforcing the understanding about the role played by socially responsible commitment in tax saving practices and with the aim of exploring the research gap about the moderating impact of family business.

It is generally known that one of the most important or significant cost in firms is taxes; being object of a stream of previous literature (e.g. Moore et al., 2017). Taxes are directly correlated with profitability and shareholders value. In this vein, Graham (2003) enumerated a large number of taxes effects on firm decision-making process. There are several studies regarding the incentives to adopt discretionary strategies for minimizing taxes (Sikka, 2010; Shleifer and Vishny, 1986). However, there are also others who support the idea that, instead of minimizing them, firms prefer to pay as much as it should; with it, firms could conserve their public image and reputation (Randøy and Goes, 2003; Schulze, Lubatkin and Dino, 2003; Zahra, 2005; Steijvers and Niskanen, 2014).

At this regard, during years, prior literature agrees in supporting how firms caring about their CSR performance are more prone to ensure and preserve their good reputation/image (Dyer and Whetten, 2006; Godfrey, 2005). In fact, these companies build their reputation based on that effect; therefore, their greater CSR reputation constitutes ones of the most important aspects for them (Fombrun, 2001). Because tax avoidance activities may have negative consequences that can damage a company’s image, socially responsible companies should not undertake tax saving activities. However and from an opposite perspective, tax avoidance actions are even adopted when companies appear to be socially responsible (Sikka, 2010; Preuss, 2010). At this respect, evidence have offered contradictory results being a growing debate about whether and how socially responsible firms behave in terms of tax payment.

The debate around CSR-tax avoidance merges with the research gap found in grounds of ownership structure; concretely, for family ownership. In general, and as we have found in previous chapter II, previous literature agrees in supporting the greater CSR commitment of family firms (e.g. Berrone et al., 2010; Cruz et al., 2014); family firms show higher social and environmental performance by meeting stakeholder's demands and preserving their socioemotional endowments (Gómez-Mejía et al., 2007; 2010; Cruz et al., 2014). However, firms may have differences in their involvement regarding tax avoidance activities. In family-owned firms, tax aggressiveness/avoidance is originated, generally, under agency conflicts where managers behave opportunistically and extract rents from tax saving, even by expropriating minority shareholders´ wealth (Desai and Dharmapala, 2006). Tax saving strategies could exacerbate conflicts of interests and create managerial opportunities from majority shareholders to engage in activities to deceive investors (Desai and Dharmapala, 2008); such disputes between majority – owners - and minority shareholders derive in rent extractions (Shleifer and Vishny, 1986). Nevertheless, other studies provide quite opposite results, stating that companies prefer to perpetuate their existence and their image, reputation or family name; thus, they are less proactive to undertake hazardous actions as tax avoidance practices pursuing CSR activities (James, 1999; Jensen and Meckling, 1976; Steijvers and Niskanen, 2014; Chen et al., 2010).

According to the existence of mixed results on the link between CSR and tax avoidance (Landry et al., 2013; Laguir et al., 2015; Lin et al., 2017) and in particular, within a family firm's framework (Chen et al., 2010; Steijvers and Niskanen, 2014; Moore et al., 2017; Gaaya et al., 2017), our chapter examines on the following. It brings evidence about the impact that CSR could have on corporate tax avoidance and, thus, the balance between economic objectives and CSR activities. Moreover, we also include the analysis on the moderating effect that family ownership may cause in the relationship of CSR and tax avoidance practices.

As was tested in Chapter II, these relationships are examined for the same sample of 6,442 firm-year observations from 2006 to 2014. Briefly, the results show that firms with higher CSR commitment and performance are less tax aggressiveness; the greater social and environmental performance, the lower the level of tax

aggressiveness/avoidance. The main evidence supports the moderating effect played by family ownership. Family ownership is positively associated with a greater CSR commitment but also with firm tax avoidance practices. These findings suggest that family-owned firms find in CSR actions a tool for tax saving, expropriating wealth to minority shareholders. Overall, this chapter confirms the moderating role played by family ownership on the positive relation between CSR performance and tax avoidance.

The remainder of this chapter is structured as follows. In section two, we describe the theoretical background that supports our research hypotheses. Section three describes the research model, data and sample. Finally, Sections four and five present the results obtained and the conclusions drawn, respectively.

III.2. THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESES

III.2.1 Corporate social performance and tax avoidance

According to the agency theory, a company can be defined as an agreement or contract between shareholders and managers, with the single objective of shareholder´ wealth creation (Jensen and Meckling, 1976). Nonetheless, society concerns about social and environmental issues have increased during the last decades; these concerns have also been transposed to companies, where it is expected a behavior focused on friendly and socially environmental activities. Over last years and opposite to Friedman´s (1970) premise[7], the number of firms engaging in voluntary CSR strategies has increased greatly, attracting considerable attention from the research community (e.g. Hoi et al., 2013; Chen et al., 2017; Lin et al., 2017).

Among the possible range of CSR definitions reported in previous chapters, literature agrees in presented CSR strategy as an emerging alternative management model and considers the company as a set of relationships, not just between owners and managers, but also with parties or groups interested in the evolution of the

[7] Friedman (1970) argued that "engaging in CSR is symptomatic of an agency problem or a conflict between the interests of managers and shareholders". The author also affirmed that CSR engagement is employed by managers aimed to obtained private benefits, going over the shareholders' interests and demands. Note that Friedman (1970) clearly defended that the main firm objective is the shareholder´ wealth maximization.

company: employees, customers, suppliers, competitors, the environment and society in general (Adams, 2002). Meanwhile, the World Business Council for Sustainable Development (2000) define CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. Moreover, previous studies (Orlitzky et al., 2003; Petersen and Vredenburg, 2009; Mason and Simmons, 2013) agree in defending that one of the most important consequences of a proactive CSR strategy is increasing firm´s reputation. This reputation/image leads to a positive reinforce of the stakeholders´ perception and confidence about the firm (Deephouse and Carter, 2005; Fombrun et al, 2000; Young and Marais, 2011).

But, the balance between societal objectives and economic concerns is always given by the need of maximizing shareholders´ wealth. In this vein and beyond the CSR concerns, there is also a growing concern about the percentage that taxes represent in corporate costs because of they could imply a reduction on shareholders´ wealth. In this vein, there is a considerable growth in the literature concerning CSR and tax avoidance/aggressiveness; however, academic researchers that empirically examined both topics are limited and even, without finding a consensus in their relationship (Landry et al., 2013; Laguir et al., 2015; Lin et al., 2017). The source of the relationship may be positive or negative attending to the agency perspective adopted (Laguir et al., 2015).

On the one hand, previous researches suggests that CSR and tax avoidance can also be aligned. Here, this approach for the agency theory focuses on a stakeholders’ perspective and constitutes the first literature or stream about the association between CSR and tax avoidance. Hoi et al. (2013) and Laguir et al. (2015) refer to this perspective in their studies. Although the main firm objective is the maximization of shareholder’s´ value, these authors confirm that firms should try to meet all the stakeholders´ demands for increasing their image and reputation (Hill and Jones, 1992; Meiseberg and Ehrmann, 2012). Freeman and Reed (1983) were the first ones to realize and clarify the importance of groups and individuals as local communities, environmentalists, governments, competitors and the social media, among others. They emphasized the importance of

the management of stakeholders for ensuring firm´s survival and the achievement of corporate goals. At this regard, some academics (Mahon, 2002; Preuss, 2010; Sikka, 2010) found that even when companies behave tax aggressively they seem to be ethically and socially responsible. Huseynov and Klamm (2012) confirm it by reporting that even when firms are tax aggressive by developing tax saving strategies, they are also committed to reinforce their social and environmental performance. From this approach, previous researched support a positive connection between CSR and tax saving strategies.

Nevertheless, as Lin et al. (2017) argue, it is necessary an adjustment between economic, social and environmental goals. At this respect, the second literature stream posits that corporate taxes can only be associated with social and environmental performance when their payment implies benefits for the society. In fact, tax avoidance runs against this approach because tax saving actions might be contrary to society interests. What's more, tax avoidance behavior may generate a negative effect on a company´s reputation, a fundamental firm´s asset (Landry et al, 2013)[8]. Note that as was premised in the agency theory, reputation and/or political are the associated costs to the implementation and development of a CSR strategy (Chen et al., 2010). In this vein, Landry et al (2013) affirmed that tax savings resulting from avoidance strategies planning can be way less than the cost of loss of reputation that these activities may imply. These authors confirm it by supporting how tax assessment may encourage the managerial team to make fiscal decisions that benefit shareholders in the short-term (Owens, 2005). CSR could increase the shareholders´ value because the negative effects that tax avoidance may lay on shareholders can be compensated by CSR activities (Laguir et al., 2015; Hoi et al., 2013); but, they still prefer to support tax savings and therefore increasing their wealth. Thus, a negative relationship between CSR and tax avoidance is supported by this approach. The greater CSR commitment, the lower corporate tax avoidance.

[8] As Mahon (2002) defined, firm reputation is the result along time of a complex combination of interrelationships and exchanges between the firms and its stakeholders. As Freeman (1984) stated, this individuals and groups can negatively stress these relationships, and thus interfere in the company's outcome and management.

Despite of the mixed previous evidence, it is clear that a connection between CSR and tax avoidance depends on the conflicts between stakeholders and shareholders´ interests (Lin et al, 2017). We argue that firms should take care of their CSR activities in order to ensure/create a good image (Godfrey, 2005) and positive relations with stakeholders that lead to greater firm and shareholder´ value. We also expect a balance between economic and social/environmental benefits by propping that CSR responsible firms are less tax aggressive; socially responsible firms avoid any hazardous action that could compromise the firm reputation and image. The following hypothesis is proposed:

H1: CSR performance negatively affects corporate tax avoidance.

III.2.2 The moderation effect of family ownership

Understanding the relation between CSR and tax avoidance leads to examine this research in the family firms´ sphere; they are greater contributors to the economic activity around the world (Duh et al, 2009; IFERA 2003). It cannot be forgotten that not all organizations respond in the same way to CSR performance and tax avoidance strategies. According to Berrone et al. (2010), this variability may respond by whomever controls the firm (ownership structure and concentration) and how much value these agents give to social and environmental dimensions rather than to economic dimensions.

We must not forget that as was reported in previous chapters, Chen et al. (2008) clearly pointed out how family founders continue in a top managerial position, are present on the board, or are able to act as blockholders. This means that they have great power and hold fundamental positions that affect the management and decision-making processes; then, the CSR commitment and tax avoidance practices.

Regarding the promotion of CSR strategies in family business, the inherent argument of the greater orientation of them to socially responsible behavior responds to the SEW model proposed by Wiseman and Gómez-Mejía (1998) and Gómez-Mejía et al. (2007) and previously discussed in Chapter I and II. These authors defend that decisions made within family firms respond primarily to the preservation of social-

emotional endowment, which becomes the reference point for management decisions. There has also been empirical evidence documented a lower compromise towards CSR practices of family business or the lack of differences among family and non-family companies (Hirigoyen and Poulain-Rehm, 2014). Nonetheless, the general approach and our previous evidence agree in suggesting that family business are more prone to meet with non-financial aims; for instance, reputation, survival, image (Anderson and Reeb, 2003; Berrone et al., 2010; Marques et al., 2014). Building upon the SEW perspective, family firms usually are more responsible towards CSR issues and stakeholders´ demands (Marques et al., 2014; Gómez-Mejía et al., 2014).

However, the impact of family ownership and management on firm tax avoidance finds support in two different perspectives. Regarding the family ownership impact on tax avoidance, two opposite arguments arise from an agency perspective. On the one hand, a section of previous literature that bases their premise on the maintenance of the family firm reputation for future successors (James, 1999). Family firms are concerned about fines, penalties and all types of costs in which they may incur. As a general rule, family firms are less proactive to undertake risky actions as tax avoidance positions due to their concern about their "family name". Family shareholders admit firm name and reputation as a heritage to transmit to their descendants (James, 1999). In this way, they are clearly aware about the long-term existence of their patrimony, instead of their short-term profitability or benefits. At this respect, Jensen and Meckling (1976) affirmed that the agency costs between management and ownership are limited by the presence of a substantially high family ownership and long term investment horizons (Fama and Jensen, 1983). Some authors have referred as the alignment hypothesis; it posits that family firms behave acting in a less opportunistic way, are likely to avoid any short of risk activity including those focused on tax avoidance (Steijvers and Niskanen, 2014). In this vein, Chen et al. (2010), based on the agency approach, found that family business are less tax aggressive than non-family business. Previously, Anderson and Reeb (2003) supported this alignment idea of management and ownership. Ang et al (2000) stated that families can be classified into the most efficient way of organization with low agent costs.

Under the above perspective, in family firms the owners' and firm objectives are the same (Randøy and Goes, 2003; Zahra, 2005; Schulze, Lubatkin and Dino, 2003). But, they differ from non-family firms in part because of their concerns about their SEW. From a SEW perspective, they adopt policies, strategies and decisions that are not based only in the economic consequences for the firm (Berrone et al., 2012; Gómez-Mejía et al., 2007, 2010; Chrisman and Patel, 2012; Zellleger et al, 2012). Family firms usually avoid risky decisions that could endanger their SEW and family endowment, even though this actions may not give direct or short term economic benefits (Chrisman and Patel, 2012). Thus, they do not want to assume the risk of being caught for not clear tax activities. In this line of research, Dyer and Whetten (2006) stated that family members' firms bet for a tradition of socially responsible businesses, avoiding activities that may disgrace the firm's image and, thus, the family name. All these actions are focused on preserving or enhancing SEW. Thereon, family firms is expected to be negative related to tax saving actions for preserving and ensuring their SEW.

On the other hand, family firms, indeed, endeavor tax avoidance practices. According to this view, disputes of interests arise in family firms between majority and minority shareholders. Under this conflict, private benefits are expropriated by the family, which acts as a controlling shareholder, to the detriment of the minority ones (Shleifer and Vishny, 1986). Although some studies have not found evidence of this rent extracts of managers (Blaylock, 2015), several authors document how firms use tax avoidance to cover losses or any type of rent extraction; with it, they delude minority investors, even though these type of activities generate high level of potential costs (Kim et al, 2011; Desai and Dharmapala, 2006).

This agency approach has been previously examined by other academics (Desai and Dharmapala, 2006; Desai et al., 2007); for them, the rent extraction by managers and shareholders is considered to be included in the benefits we were talking about. Because of the high family ownership, rent extraction becomes more opportunistic and families are likely to increase the benefits provided by this activity (Gaaya et al., 2017). At this point we refer to the called entrenchment hypothesis; it states that, because of their high voting rights, families as majority shareholders could increase their power in the company to entrench themselves. Moreover, they can expropriate benefits from the

owners with less shareholder representation (La Porta et al, 1999) or to extract higher rents due to their engagement to tax-saving positions (Steijvers and Niskanen, 2014). Thereon, it is expected a positive relationship between family ownership and tax avoidance strategies.

From the above, previous literature is not quite clear about the relationship between family firms and tax avoidance. We aim to reinforce and clarify the understanding of this relationship. But, we have based our premise on two issues: (i) the greater CSR commitment of family firms; and (ii) the greater agency conflict between owners with greater and lesser shareholder representation that lead to greater tax avoidance practices. Thus, the following hypothesis is proposed about the moderation plays by family ownership:

> H2: Family ownership moderates the negative relationship between CSR performance and corporate tax avoidance.

III.3. METHOD

III.3.1 Sample

As in previous empirical chapter, the sample of 6,442 firm-year observations (956 firms) spanning nine years (2006–2014) was available to test the hypotheses (see Chapter I for more details).

III.3.2 Measures

Tax avoidance

In line with Dyreng et al. (2010), Chen et al. (2010) and Badertscher et al. (2013), we are confident on proxies of tax avoidance based on effective tax rates, discussing below each measure in turn.

The first measures is the effective tax rate “**ETR**” widely used by prior literature (Chen et al., 2010; Steijvers et al., 2014; Gaaya et al., 2017; Lin et al., 2017). It is represented as the total income tax expense divided by pretax book income. As Chen et al. (2010, p. 46) suggest “this measure reflects aggressive tax planning through

permanent book-tax differences". More tax aggressive firms have lower effective tax rates (Steijvers et al., 2014).

$$\mathrm{ETR_{it}} = \frac{\mathrm{TotalTaxExpenses_{it}}}{\mathrm{Pre-taxIncome_{it}}}$$

The cash effective tax rate "**CETR**" previously employed by Dyreng et al. (2010), Chen et al. (2010), and Moore et al. (2017) is the second measure used. It is defined as the ratio of cash taxes paid over pretax income:

$$\mathrm{CETR_{it}} = \frac{\mathrm{TotalCashTaxesPaid_{it}}}{\mathrm{Pre-taxIncome_{it}}}$$

Corporate social responsibility performance and family firms

Again, the measurement of CSR and family firms remain the same detailed along this PhD. "**CSR**" is determined based on the non-weighted sum of 26 items (Table I.3, Chapter 1), it is in the range 0 to 104. While, "**Family**" is a dummy variable that takes the value 1 if the largest shareholder is a family member with more than 20% of the votes, and 0 otherwise.

III.3.3 Control variables

As in Chapter II, we also include a set of variables in the analyses to account for possible alternative explanations according to previous studies (Chen et al., 2010; Steijvers et al., 2014; Laguir et al., 2015; Lin et al., 2017; Moore et al., 2017). Regarding firm aspects, "**Leverage**"; "**Performance**"; "**Size**"; "**R&D_intensity**"; and "**Loss**" is an indicator variable coded 1 if income before extraordinary items is less than zero and 0 otherwise. Finally, we again control for industry, year, and country using dummy variables.

3.4 Method and technique of analysis

As Figure III.1 shows, this research examines how CSR performance could affects tax avoidance. Even more, in the family firms´ sphere, we examine the moderating role played by family ownership.

Figure III.1. Research hypotheses

For these aims, in Model Ia and Ib, tax avoidance through the different measures "**ETR**" and "**CETR**" is regressed on CSR indicator and control variables, respectively.

$$\mathrm{ETR/CETR_{it}} = \beta_1\mathrm{CSR_{it}} + \beta_2\mathrm{Leverage_{it}} + \beta_3\mathrm{Performance_{it}} + \beta_4\mathrm{Size_{it}} + \beta_5\mathrm{RD_Intensity_{it}} + \beta_6\mathrm{Loss_{it}} + \sum_{j=7}^{15}\beta_j\mathrm{Industry_i} + \sum_{n=16}^{23}\alpha_n\mathrm{Year_t} + \sum_{k=24}^{52}\alpha_n\mathrm{Country_i} + \mu_{it} + \eta_i$$

(Model Ia and Ib, respectively)

Once we have regressed our basic models, we aim to examine the moderating effect of family ownership under the premise that family firms exhibit a greater CSR commitment and performance and lower tax avoidance. At this respect, for Model IIa and IIb respectively, we regressed our dependent variables of tax avoidance on CSR indicator variable, on our family business indicator and the interaction between both variables for examining the moderation effect.

$$\mathrm{ETR/CETR_{it}} = \varphi_1\mathrm{CSR_{it}} + \varphi_2\mathrm{Family_{it}} + \varphi_3\mathrm{CSR/CSR_int/CSR_ext} * \mathrm{Family_{it}} + \varphi_4\mathrm{Leverage_{it}} + \varphi_5\mathrm{Performance_{it}} + \varphi_6\mathrm{Size_{it}} + \varphi_7\mathrm{RD_Intensity_{it}} + \varphi_8\mathrm{Loss_{it}} + \sum_{j=9}^{17}\varphi_j\mathrm{Industry_i} + \sum_{n=18}^{25}\varphi_n\mathrm{Year_t} + \sum_{k=26}^{55}\varphi_n\mathrm{Country_i} + \mu_{it} + \eta_i$$

(Model IIa and IIb, respectively)

We again propose econometric models based on dependence techniques for panel data. In this chapter, the dynamic panel estimator proposed by Arellano and Bond

(1991), based on the generalized method of moments (GMM) is used. Concretely, we use the two-step estimator of Arellano and Bond (1991).

III. 4. EMPIRICAL RESULTS

III.4.1 Descriptive results

Table III.1, presents the mean, standard deviation, and correlation of the variables used in this chapter. Panel A reports the descriptive statistics. The mean data of "**ETR**" and "**CETR**" are 0.3025 and 0.1866, respectively. But, the main result is that this values are lower in family firms sub-sample. The lower the "**ETR**" and "**CETR**" values, the higher tax avoidance practices. This result offers a first approximation about the greater tax avoidance of family firms. The rest of the variables have been described in previous chapter. Again, a low or moderate correlation among variables are obtained (Panel B).

Table III.1. Descriptive statistics and bivariate correlations

Panel A. Descriptive statistics

	Full Sample		*Non-family firms*		*Family firms*	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std.
ETR	0.3025	1.9191	0.3086	1.9774	0.2193	0.7430
CETR	0.1866	2.4616	0.2248	0.3616	0.1838	2.5476
CSR	33.4211	15.0183	33.1480	14.9675	37.1399	15.2302
Family	0.0676	0.2512	-	-	-	-
Leverage	0.5783	0.1914	0.5781	0.1926	0.5811	0.1746
Performance	0.6682	0.1463	0.6681	0.1488	0.6699	0.1064
Size	22.9522	1.2420	22.9209	1.2461	23.3825	1.0978
R&D Intensity	0.0284	0.1315	0.0294	0.1357	0.0143	0.0374
Loss	0.9219	0.2683	0.9202	0.2709	0.9449	0.2283

Panel B. Bivariate correlations

	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1. ETR	1.0000								
2. CETR	0.6016	1.0000							
3. CSR	-0.0143	0.0177	1.0000						
4. Family	-0.0117	0.0042	0.0671	1.0000					
5. Leverage	0.0143	0.0068	0.1870	0.0040	1.0000				
6. Performance	-0.0259	-0.0353	-0.1651	0.0032	-0.6322	1.0000			
7. Size	0.0028	0.0047	0.4578	0.0934	0.2694	-0.1996	1.0000		
8. R&D Intensity	-0.0133	-0.0032	-0.0317	-0.0288	-0.1055	0.0453	-0.0644	1.0000	
9. Loss	-0.0481	-0.0136	-0.0240	0.0231	-0.0757	0.0020	0.0064	-0.1002	1.0000

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01

III.4.3 CSR and tax avoidance: the moderation plays by family ownership

This research examines the following questions: does CSR affect corporate tax avoidance?; how is this relationship in family-owned firms?. The possible moderation effect of family ownership in the relationship between CSR and tax avoidance is based on the premise that these firms exhibit a greater CSR commitment but also a higher corporate tax avoidance.

In the following, we move forward to find an answer for our hypotheses. In this regard, Table III.2 shows the results of the relationship between CSR and tax avoidance. Model IA shows that the "**CSR**" indicator has a positive and significant effect on **"ETR"** (coef. 0.0054, p < 0.01); while, Model IB also reports a positive and significant effect of "**CSR"** towards "**CETR"** (coef. 0.0053, p < 0.01). The positive connection between CSR and these indicators – negative association with tax avoidance actions – shows support for hypotheses 1; that is, the greater social and environmental performance is negatively associated tax avoidance activities.

Table III.2. Regression results on CSR and tax avoidance

Dependent Variable	Tax Avoidance "ETR" Model IA		Tax Avoidance "CETR" Model IB	
Variables	Coef.	Std. Error	Coef.	Std. Error
Main effects				
CSR	0.0054***	0.0013	0.0053***	0.0016
Control variables				
Leverage	0.0791	0.0726	0.2779***	0.0470
Performance	-0.4185***	0.1498	0.4480***	0.0877
Sales	0.1240***	0.0260	-0.1035***	0.0239
R&D_Intensity	-0.2376***	0.0107	0.0048	0.0051
Loss	-0.4905***	0.0289	-0.2388***	0.0300
Industry dummies	Included		Included	
Year dummies	Included		Included	
Country dummies	Included		Included	
AR(2) Arellano-Bond test	Pr > z = 0.955		Pr > z = 0.834	
Hansen test	Prob > chi2 = 0.106		Prob > chi2 =0.244	

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01

Supporting our hypothesis 1 about the smaller tax avoidance commitment of companies that engage CSR activities, then, we discuss the findings of analyzing the moderating effect of family ownership in this relationship. Table III.3 shows the relationship of CSR and family firms with tax avoidance as well as their interaction. Once

again, “**CSR**” has a positive and significant effect on the “**ETR**” and “**CETR**” indicators (coef. 0.0059, $p < 0.01$ and coef. 0.0056, $p < 0.01$, respectively). That is, CSR is negatively related to tax avoidance actions.

Accounting for the association between CSR and tax avoidance and the moderation played by family ownership implies operating with coefficients. In Model IIA, the interaction “**CSR_Family**” shows a negative and significant effect on “**ETR**” (coef. -0.0034, $p < 0.10$) and “**CETR**” (coef. -0.0033, $p < 0.10$); thus, greater tax avoidance actions. Operating with coefficients, we can conclude the following. There is a moderating impact of family ownership on the relationship CSR-tax avoidance because those firms showing a greater social and environmental performance that, in fact, show a lower “**ETR**” value, which means higher tax avoidance practices, change their behavior depending on their property. Thus, in family-owned firms “**ETR**” is greater (coef. 0.0059 + (-0.0034) = 0.0025) than in non-family firms (coef. 0.0059). In other words, despite of firms exhibit a lower tax saving actions when CSR performance is greater, family ownership modifies this behavior by being more tax aggressiveness. Overall, the results allow us to empirically support our hypothesis 2 about the moderating role played by family ownership on the relationship between CSR and tax avoidance strategies. Results are similar for the additional “**CETR**” indicator of tax avoidance.

These findings contribute by advancing in the understanding about the impact of family ownership on tax saving strategies, where there are two opposite streams. At this respect, we clearly support the “entrenchment hypothesis” from which family firms exhibit greater tax saving actions. Family – as majority shareholders – behave opportunistically by extracting rents from minority shareholders using tax avoidance strategies.

Table III.3. Regression results on CSR and tax avoidance and the moderating effect of family ownership

Dependent Variable	Tax Avoidance "ETR" Model IIA		Tax Avoidance "CETR" Model IIB	
Variables	Coef.	Std. Error	Coef.	Std. Error
Main effects				
CSR	0.0059***	0.0013	0.0056***	0.0017
Family	0.0931	0.0699	0.1616**	0.0815
CSR_Family	-0.0034*	0.0020	-0.0033*	0.0019
Control variables				
Leverage	0.0843	0.0726	0.2783***	0.0474
Performance	-0.4161***	0.1499	0.4357***	0.0885
Sales	0.1232***	0.0261	-0.1032***	0.0242
R&D_Intensity	-0.2375***	0.0107	0.0045	0.0052
Loss	-0.4920***	0.0289	-0.2386***	0.0301
Industry dummies	Included		Included	
Year dummies	Included		Included	
Country dummies	Included		Included	
AR(2) Arellano-Bond test	Pr > z = 0.955		Pr > z = 0.835	
Hansen test	Prob > chi2 = 0.105		Prob > chi2 =0.114	

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01

III.5. DISCUSSION OF RESULTS

The main findings of this chapter show that firms that have a higher CSR commitment and performance are less prone to adopt tax avoidance strategies; the greater social and environmental performance, the lower the level of tax aggressiveness/avoidance. The main evidence supports the moderating effect played by family ownership. The results also show that family ownership is positively associated with a greater CSR commitment but also with firm tax avoidance practices. This result suggest that family-owned firms find in CSR actions a mechanism for tax saving, appropriating shareholder wealth of minority shareholders. Overall, this chapter confirms the moderating role

played by family ownership on the positive relation between CSR performance and tax avoidance.

First, the main results support that firms highly focused on promoting CSR activities are likely to reduce their tax avoidance activities; in line with the argument of Dyer and Whether (2006) and Godfrey (2005), firms aim to preserve their reputation and image. At this regard, we can affirm that a positive reputation may increase shareholders value; thus, firms find in their CSR commitment and behavior a powerful strategy that allows them to maintain their good image (Godfrey, 2005) and reputation. Thereon, our chapter supports the perspective that Freeman and Reed stated in 1983, when they defend the importance of stakeholders (communities, social medial…) for ensuring the survival of the firm. This is the reason why some other authors (Laguir et al., 2015; Hoi et al., 2013), emphasized the importance of CSR activities to maintain their reputation in front of these group of people. This idea was also promoted by some other authors (Hill and Jones, 1992; Meiseberg and Ehrmann, 2012) highlighting the importance of corporate decisions based on this social and environmental issues. The results are also in accordance with the perspective adopted by Lin et al. (2017) who support the necessary balance between social and environmental and economic issues. Concretely, we confirm previous – although limited – evidence about how firms engage in CSR activities to maintain their reputation, through minimizing tax avoidance activities (e.g. Godfrey, 2005). Similar to Chen et al. (2010), Landry et al. (2013) and Lin et al. (2010), we document that tax saving resulting from avoidance practices are lower when firms show a greater CSR performance; firms avoid any action that could affect to their firm reputation and image.

Second, the moderating role played by family ownership on the connection between CSR and tax avoidance is in accordance with previous evidence about how majority shareholders expropriate rents from minority shareholders by tax saving actions (in line with the findings of Desai and Dharmapala (2006), Blaylock (2015), Stejvers and Niskanen (2014), Gaaya et al. (2017), among others). In this vein, we support that the greater tax avoidance in family firms arise from the conflict of interests between majority and minority shareholders (in line with the premise of Shleifer and Vishny [1983]). Our results, thereon, are opposite to those reported by previous studies

that found how family ownership and management are related to less tax aggressive (e.g. Steijvers and Niskanen (2004); Anderson and Reeb (2003) and Dyer and Whetten (2006). Some of them defended that family firms avoid any action that could damage their reputation, image, survival and the transmission of legacy to their descendants. However, our evidence is quite opposite. Even though the use of tax avoidance methods generates high levels of potential costs, family firms are more prone to adopt tax avoidance activities to cover losses or any type of rent extractions (Kim et al, 2001; Desai and Dharmapala, 2006; Steijvers and Niskanen, 2014).

Our results again support the greater social and environmental commitment of family firms. We confirm how family firms are more incentive to invest in CSR strategies for responding to the preservation of their SEW (in line with evidence reported by Wiseman and Gómez-Mejía [1998), Gómez-Mejía et al. [2007; 2014], Marques et al. [2014] and Cruz et al. [2014], among others). We clearly shed light to the positive association between family ownership and social and environmental performance.

III.6. SYNTHESIS

The objective of this chapter was to shed light of the effect of CSR performance on firm tax avoidance. It also examines whether family ownership impacts tax avoidance practices by socially responsible performance. Using a sample composed by 956 international firms from 2006 to 2014, we applied several GMM regressions models for panel data.

This chapter provides the following evidence. Firms with great commitment to CSR activities show a greater focus on the reduction of tax avoidance activities, achieving a balance between social/environmental and economic objectives and avoiding any loss of reputation and image caused by non-responsible practices. However, family ownership moderates this effect. That is, family owned companies showing a greater commitment to CSR, are proactive to tax avoidance activities. For them, benefits obtained from these activities are higher or more important than the possible reputational loss. We support then, that family owners as majority group expropriate

wealth from minority shareholders by tax saving actions. Thereon, our results suggest that, in the sample of family firms chosen, it is true that family-owned firms engage in CSR activities according to the SEW perspective; however, they also adopt tax aggressive positions as result of the greater agency conflict between shareholders depending on their volume of ownership.

We contribute then to prior literature by advancing in the consequences of the higher agency conflict. As we evidenced, the main shareholders' objective is achieving the maximum profit as possible. In order to do so, they turn to extract rents from the minority shareholders (as Shleifer and Vishny (1986) defended) and to diminish their tax payments (Steijvers and Niskanen, 2014). Family-owned firms are highly tax aggressiveness even though these types of activities generate high levels of potential costs (Kim et al., 2001). For this reason, family-owned firms find in CSR practices a possible greenwashing strategy for their tax saving actions; CSR avoids yielding negative outcomes that can highly affect their SEW and therefore on family's name and reputation. In this vein, it would be interesting to study whether there is a threshold from which this situation changes and the family would be, in deed, more worried about reputational and image costs instead of tax costs.

CHAPTER IV

DOES CORPORATE SOCIAL RESPONSIBILITY AFFECT EARNINGS MANAGEMENT? EVIDENCE FROM FAMILY FIRMS

IV.1. INTRODUCTION

Building upon our results of Chapter II and III, family-owned firms engage in CSR activities according to the SEW perspective; however, they also adopt tax aggressive positions given of the higher agency problem between majority and minority shareholders. However: do socially responsible companies follow the same behavior around earning management (EM) practices? Considering that not all organizations behave in the same way, does this balance vary according to family ownership? Are there any difference in the family firms behavior towards tax avoidance and EM?. These are the research questions examined in this chapter, with the aim of reinforcing the understanding of the effect played by socially responsible commitment in EM practices – understood as the reporting of financial and accounting results that do not correspond to those actually achieved (Kim et al., 2012) - and with the aim of exploring the research gap about the moderating effect of family businesses.

As we have discussed along this research, firms can take different strategies for enhancing and maintaining their legitimacy (Suchman, 1995) and their image in markets and society. They may also release information with the aim of improving CSR performance (Lindblom, 2010); they could also use CSR to influence the society and stakeholders' perceptions regarding their behavior (Dowling and Pfeffer, 1975). A stream of prior literature suggests that companies may mask their EM practices by providing loads of CSR information (Salewski and Zülch, 2014). What's more, Martinez-Ferrero et al. (2015) argued that companies might use CSR information to ensure and enhance their legitimacy, aimed to alleviate the lower financial reporting quality. Investors are interested in financial information and CSR one (Anderson and Frankle, 1980; Dhaliwal et al., 2014); therefore, according to Gavana et al (2017) those companies which are involved in EM activities may be more predisposed to provide CSR information as an expectation for the investors and markets to receive a good image of the company and, in this way, minimize the risk of financial monitoring. Given the importance of EM potential damage (Chih et al., 2008), it is quite relevant to examine the connection between CSR performance and EM as an unethical strategy that masks the real financial and economic data of the firm.

Moreover, this chapter also contributes by focusing on family ownership; the aim is to examine if it acts as mechanism of control and supervision that affects the relationship CSR-EM (La Porta et al., 1998). Previous studies agree in defending that the presence of family blockholders in a firm constitute a mechanism that limits EM practice (La Porta et al., 1998; Surroca and Tribó, 2008). But also and in general, previous literature and our evidence of Chapter II support the greater CSR commitment of family firms (e.g. Berrone et al., 2010; Cruz et al., 2014); family firms show higher social and environmental performance by meeting stakeholder's demands and preserving their socioemotional endowments (Gómez-Mejía et al., 2007).

A large number of previous studies have addressed on the moderating effect of family business in several aspects by comparing whether they behave differently from non-family firms. Although family firms have several similarities with non-family owned firms (Sharma, 2004), they are characterized by other features that make them unique and, therefore, explains the attention paid to this type of organizations.

According to the existence of mixed results on the link between CSR and EM (Hong and Andersen, 2011; Kim et al., 2011; Gargouri et al, 2010; Shen and Chih, 2005; Shleifer, 2004; Prior et al., 2008) and in particular, within the family firm framework where evidence is scarce (Nekhili et al, 2017; Martin et al.,2016; Achleitner et al. 2014; Pazzaglia et al, 2013; Fisher et al., 2001), our chapter focuses on the following. First, this research analyzes the effect that CSR may have on EM; is socially responsible commitment really ethical? Second, we also focus on the moderating role played by family ownership in the connection between CSR and EM practices; are family firms moderating the relationship between CSR and EM mainly because they tend to be more socially responsible and show lower EM?

These propositions are examined for the sample composed of 6,442 observations for the period 2006 to 2014. The results show that more socially responsible firms are more proactive to make use of EM activities. In addition, the main evidence supports the moderating role played by family ownership. The findings also document that family ownership is negatively related with a greater EM commitment, also its interaction with corporate socially responsible practices. This result suggests that

family-owned firms are more conscious in terms of maintaining their wealth and image in the society by “making well”, by means of responsible actions and a correct disclosure of their accountancy states. Overall, this chapter confirms the moderating role of family ownership on the positive relation between CSR and EM practices.

The remainder of this chapter is structured as follows. In Section 2, we describe the theoretical background that supports our research hypotheses. Section 3 describes the research model, data and sample. Finally, Sections 4 and 5 present the results obtained and the conclusions drawn, respectively.

IV.2. THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESES

IV.2.1 Corporate social performance and earnings management

As we discussed in Chapter III, several authors defend the higher firm´s reputation that results from a CSR strategy (e.g. Orlitzky et al., 2003; Petersen and Vredenburg, 2009; El Ghoul et al., 2011; Mason and Simmons, 2013). With it, firms also benefit from an enhancement of the stakeholders´ perception of and confidence in them (Fombrun et al, 2000; Young and Marais, 2011). In fact, in order to achieve this perception, financial transparency and accountability are becoming more crucial for CSR, being able to reduce the power that insiders have over outsiders, using their information advantage (Chih et al., 2008). In order to bear in mind for later analysis, firms communicate stakeholders the way they are responding to CSR activities by disclosing it, because it does affect their perceptions and they seem to believe that it is useful (Dierkes and Antal, 1985; Gray, Kouhy and Lavers, 1995).

On the other hand, given the importance that financial transparency and accountability have for CSR, we analyze several issues concerning EM. EM can be understood as those activities carried out in an intentional way by firm’s managers to report accounting results that do not disclose a reliable image or situation of the firm (Garcia-Osma et al., 2005). In this regard, two streams – opposite - coexist in the literature on the possible link between CSR and EM. What’s more, authors like Chih et al. (2008) explained that the association between CSR and EM could be positive, negative or even no existing.

On the one hand, firms have started to take care or pay attention to the adoption of different mechanisms of behavior, whose aim is to reconcile business with ethical or social goals. In this regard and in our matter of chapter, different authors (Hong and Andersen, 2011; Kim et al., 2011; Shen and Chih, 2005; Shleifer, 2004) have found a good connection between CSR practices and the level of EM; these authors state that these practices are less common in companies with a great commitment to responsible practices, on accounting of their emphasis on providing a reliable and confident image of the firm and its management. Moreover, several studies have found that companies have accepted their social obligations and, therefore, managers feel the need of doing what is right; to carry transparent and honest management activities (Phillips et al., 2003; Jones, 1995). This is the reason why, a smaller use of EM actions from managers that behave more ethically and transparent responsible could be expected. Therefore, CSR is used to win support and protection from stakeholders, trying to show the market their good behavior, providing an extensive disclosure of information (Gelb and Strawser, 2001).

Thus, as Chih et al. (2008) argue, for high CSR firms, in order to maintain financial transparency, they must not promote EM or, at lease, engage less, which could be translated into a negative relationship between these variables. However, while the support for the negative relationship between CSR and EM has recently gained value, there also exists a different point of view, stating that CSR practices may hide managers' behavior, because they try to hide the fact that they are focused on EM activities (Gargouri et al, 2010; Prior et al., 2008). In this line, studies have adopted, the traditional agency problem, playing an important role for managers (agents) to make use of opportunistic actions, whose objectives might be different from those of shareholders (principals). In this context, it has been noted that CSR can enhance agency conflicts and disputes (Leuz et al., 2003) and motivate managers to use the information they possess to make decisions according to their personal interests, even they are against the interests of external groups.

In this vein, Chih et al. (2008) state that if socially responsible firms are prone to meet the multiple stakeholders´ demands; they can damage their financial performance, and therefore, manage EM in order to upward the expected results. Meanwhile, Riahi-

Belkaoui (2004) also found that more socially responsible firms made use of more EM actions.

Building our hypothesis under the above argument we analyze the effect that CSR has on EM and propose the following hypothesis:

H1: CSR performance positively affects EM.

IV.2.2 The moderating effect of family firms

Once the possible relationship between CSR and EM has been proposed, we continue examining this relationship within the family business sphere. In general, along previous literature, several are the authors that argue how family blockholders and their presence on a firm could be a control mechanism that limits and avoids discretionary behaviors (La Porta et al., 1998; Surroca and Tribó, 2008). Thus, family ownership could moderate the expected positive relationship between CSR and EM.

According to Chua et al. (1999) and Déniz ad Cabrera (2005), one of the uniqueness of a family firm is the influence of a family or family group on ownership, management, governance and succession, and on the definition of the objectives and strategies. We suggest there are two strategies that are closely affected by the family: the use and final objective of CSR practices and the attitude towards managerial control of earnings, i.e. the likelihood of managers can use in their decision-making process their discretionary behavior in order to satisfy their own interests.

Furthermore, in regard to the institutional theory, it can be said that one of the main mechanism that firms utilize to show their behavior to the society or stakeholders, or even to affect their perception, is CSR. Therefore, as was previously suggested, CSR information disclosure might be disclosed as a mechanism to manage the risk of reputational losses and prevent doubts about unethical practices (Bebbington et al., 2008).

The motivations which could be under CSR information revealing (Campopiano and Massis, 2015) from an unethical conduct - EM included - (Martin et al., 2016; Pazzaglia et al., 2013) in family firms, have been effectively managed in line with the

SEW approach. In other words, the moderating role played by family ownership responds to this perspective.

Regarding this perspective, the behavior of family business is focused on financial or economic objectives, but it is also affected by the family wish to maintain and ensure the SEW; this concept is translated into those factors that meet the affective needs of the family itself (Gomez-Mejia et al., 2007). According to Kepner (1983), talking about belonging and affect, the place where family members satisfy their needs is the family firm. What's more, in line with Berrone et al. (2012), these firms constitute a tool for perpetuating their dynasty, by inheriting the business, family values and reputation.

As far as we know, previous studies have not addressed the relationship between CSR and EM in the family firm sphere, although some studies suggest the difference CSR and EM practices between family and non-family companies for each of them separately.

Regarding EM, there is a stream which supports the idea that family managers and owners – as majority - may be incentive to use EM practices for maintaining the owning family's wealth in detriment of the minority shareholders' wealth (Fan and Wong, 2002). It might manage EM downwards as a way of reducing taxation and/or dividends, keeping their self-finance and, so, the family control (Achleitner et al. 2014). Even, they can also manage earnings upwards to decrease the capability of incrementing debt financing and to avoid lenders interfering with appointments of the members of the board or covenant restrictions, which might all put the influence and control of the family in a risky position (Prencipe et al., 2008; Stockmans et al., 2010). Nonetheless, a vast of prior literature agree on defending that, in general family firms appoint a family member as CEO or director, exerting more control over the board and thereby reducing the incentives to manipulate earnings in their own interests (Ali et al., 2007). It is logical to think that in family firms, any member will be in favor of avoiding unethical practices like EM because of the close relation of the owners with the firm. The lower level of EM practices protects the family firms´ reputation, and consequently the family, from the possible detrimental effects that these practices may lay on the firm's reputation (Pazzaglia et al, 2013). This argument was also found by Martin et al. (2016), who stated

that family firms are companies characterized by show a high risk aversion than non-family firms to be detected using EM; therefore, they are not likely to engage in EM practices that cause any detrimental effect of firm's value, performance, image and so on. Being caught like this can cause the loss of SEW and the damage of their image and, what's more it would get them to further economic implications for the family because their wealth is highly concentrated in the firm's asset. So, in this sense and with respect to the agency theory, for some researchers (Khan et al., 2013; Landry et al., 2013), family ownership can be seen as the mechanism that restricts the use of managerial earnings by decreasing the classical agency conflict.

Regarding the promotion of CSR strategies in family firms, the inherent argument that we have defended along this research corresponds to the orientation of family firms to socially responsible behavior arises from the SEW model proposed by Wiseman and Gómez-Mejía (1998) and Gómez-Mejía et al. (2007). These authors argue that decisions made within family businesses respond primarily to the preservation of social-emotional endowment, which becomes the reference point for management decisions particularly those related to social and environmental concessions. As theoretically supported by SEW theory, they tend to be more responsive to social issues and stakeholders than non-family firms (Marques et al., 2014; Gómez-Mejía et al., 2014).

From the above, we base our premise on two issues: (i) the greater CSR commitment of family firms; and (ii) that family firms exhibit a lower level of EM. Thus, we analyze the effect that CSR has on EM, in family business and propose the following hypothesis.

> H2: Family ownership moderates the positive relationship between CSR performance and corporate tax avoidance.

IV.3. METHOD

IV.3.1 Sample

Again and as in previous empirical chapters II and III, a final unbalanced sample of 6,442 firm-year observations spanning nine years (2006–2014) was available to test the hypotheses (see Chapter I for more details).

IV.3.2 Measures

Earnings Management

Following previous studies about the topic, the discretionary component of accrual adjustment is adopted as proxy of EM. Accrual adjustments are defined as the difference between profit and cash flows from operations and in view of the inherent difficulty of manipulating cash flows, the use of accrual adjustments would be the most feasible means for managers to modify the accounting result.

As postulated by Garcia-Osma et al. (2005), it is necessary to differentiate the discretionary part from the non-discretionary one in order to determine EM. The study by Jones (1991) represented a landmark in this line of research.

The model applied in the present analysis is a modification of that proposed by Jones. All models include dummy variables identifying the country of origin, because the sample size precludes estimating models by sector and country, following Prior et al. (2008).

Jones (1991) proposed that the components of accrual adjustments should be separated using a linear regression model. This model accounted for the total adjustment in terms of two variables: the change in sales and gross fixed assets.

Subsequently, Defond and Jiambalvo (1994) corrected the main drawback of the standard Jones model, concerning its use of time series and the need for a large number of observations per firm, by proposing that the model should be obtained using annual cross-sectional data, grouping firms by sectors. Methodologically, following Jones (1991) and Dechow et al. (1995), total accrual adjustments (TAA) are defined as:

$$\mathrm{TAA_{it}} = [(\Delta \mathrm{CA_{it}}) - (\Delta \mathrm{CASH_{it}})] - [(\Delta \mathrm{CL_{it}}) - (\Delta \mathrm{RLTP_{it}})] - \mathrm{DA_{it}} \quad (1)$$

where $\Delta \mathrm{CA_{it}}$ is the change in current assets, $\Delta \mathrm{CASH_{it}}$ is the change in cash held and short term financial investments, $\Delta \mathrm{CL_{it}}$ is the change in current liabilities, $\Delta \mathrm{RLTP_{it}}$ is the

change in reclassified long term obligations, and DA_{it} is the depreciation and amortization.

Building upon in previous equation (1), accruals are obtained by adopting an explanatory model. The difference between actual and expected accrual adjustments is the discretionary component of accrual; then, EM. The standard Jones model uses the following steps to separate discretionary from non-discretionary accruals:

$$\frac{TAA_{it}}{A_{i,t-1}} = \propto_{1,t}\left(\frac{1}{A_{i,t-1}}\right) + \propto_{2,t}\left(\frac{\Delta Sales_{it}}{A_{i,t-1}}\right) + \propto_{3,t}\left(\frac{PPE_{it}}{A_{i,t-1}}\right) + \varepsilon_t \quad (2)$$

where TAA_{it} is the total accrual adjustments; $A_{i,t-1}$ is firm´s assets; $\Delta Sales_{it}$ is the change in sales; PPE_{it}represents the property, plant and equipment.

$\propto_{1,t}\left(\frac{1}{A_{i,t-1}}\right) + \propto_{2,t}\left(\frac{\Delta Sales_{it}}{A_{i,t-1}}\right) + \propto_{3,t}\left(\frac{PPE_{it}}{A_{i,t-1}}\right)$ represents the non-discretionary component while ε_t the discretionary one as the residuals.

Non-discretionary accruals (NDAA) are calculated by replacing the coefficients in equation (2) with the values obtained by OLS.

The modified Jones model (Dechow et al., 1995, equation 3) is the most common method for calculating EM. In it, it is assumed that not all sales are necessarily non-discretionary and that this will depend on the item to be received. The modified equation is as follows:

$$\frac{TAA_{it}}{A_{i,t-1}} = \propto_{1,t}\left(\frac{1}{A_{i,t-1}}\right) + \propto_{2,t}\left(\frac{\Delta(Sales - A*R)_{it}}{A_{i,t-1}}\right) + \propto_{3,t}\left(\frac{PPE_{it}}{A_{i,t-1}}\right) + \varepsilon_t \quad (3)$$

where A*R represents accounts receivable, and the other variables are as defined in equation 2. Again, the DAA are the residuals of this calculation an as termed as "**EM_Dechow**".

In order to include robust analyses in the present chapter, we also calculate the DAA using other models, such as Kothari et al. (2005). Following Prior et al. (2008), Sun et al. (2010) and Kim et al. (2012), we use the Kothari et al. (2005) model to determine the performance effect within DAA, thus improving the Jones model modified by

Dechow et al. (1995).

This model provides resolves the doubts about differences in DAA can respond to differences in performance. As follows:

$$\frac{TAA_{it}}{A_{i,t-1}} = \propto_{0,t} + \propto_{1,t}\left(\frac{1}{A_{i,t-1}}\right) + \propto_{2,t}\left(\frac{\Delta(Sales - A*R)_{it}}{A_{i,t-1}}\right) + \propto_{3,t}\left(\frac{PPE_{it}}{A_{i,t-1}}\right) + \propto_{4,t}\left(\frac{ROA_{it}}{A_{i,t-1}}\right) + \varepsilon_t \quad (4)$$

The NDAA are obtained by removing the coefficients in equation (5) for those obtained from equation (4).

$$NDAA_{it} = \hat{\propto}_{0,t} + \hat{\propto}_{1,t}\left(\frac{1}{A_{i,t-1}}\right) + \hat{\propto}_{2,t}\left(\frac{\Delta(Sales - A*R)_{it}}{A_{i,t-1}}\right) + \hat{\propto}_{3,t}\left(\frac{PPE_{it}}{A_{i,t-1}}\right) + \hat{\propto}_{4,t}\left(\frac{ROA_{it}}{A_{i,t-1}}\right) \varepsilon_t \quad (5)$$

The DAA are then obtained by subtracting the NDAA from the TAA value obtained in equation (1), as shown in equation (6). The DAA is termed as “**EM_Kothari**”.

$$DAA_{it} = TAA_{it} - NDAA_{it} \quad (6)$$

Corporate social responsibility performance and family firms

Again, the measurement of CSR and family firms remain the same detailed along this PhD. “**CSR**” is determined based on the non-weighted sum of 26 items, it is in the range 0 to 104. While, “**Family**” is a dummy variable that takes the value 1 if the largest shareholder is a family member with more than 20% of the votes, and 0 otherwise.

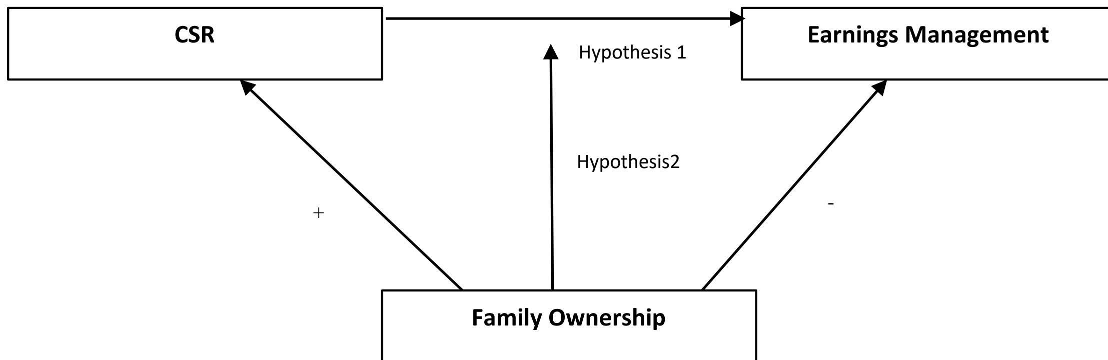
IV.3.3 Control variables

As in Chapter II and III, we also include control variables according to previous studies (Prior et al., 2008; Surroca and Tribó, 2008; Kim et al., 2012; Laguir et al., 2015; Lin et al., 2017; Moore et al., 2017). Again, we include as controls: firm leverage “**Leverage**”; firm performance “**Performance”**; firm size “**Size**”; the research and development investment “**R&D_intensity**”*;* and an indicator of firm losses “**Loss**”. Finally, we again control for industry, year, and country using dummy variables.

IV.3.4 Method and technique of analysis

This chapter examines how CSR performance could affect EM. Even more, it also examines the moderating effect of family ownership, as Figure IV.1 summarizes:

Figure IV.1. Research hypotheses



For these aims, in Model Ia and Ib, EM through the different measures "**EM_Dechow**" and "**EM_Kothari**" is regressed on CSR indicator and control variables, respectively.

$$\text{EM_Dechow/EM_Kothari}_{it} = \beta_1 \text{CSR}_{it} + \beta_2 \text{Leverage}_{it} + \beta_3 \text{Performance}_{it} + \beta_4 \text{Size}_{it} + \beta_5 \text{RD_Intensity}_{it} + \beta_6 \text{Loss}_{it} + \sum_{j=7}^{15} \beta_j \text{Industry}_i + \sum_{n=16}^{23} \alpha_n \text{Year}_t + \sum_{k=24}^{52} \alpha_n \text{Country}_i + \mu_{it} + \eta_i$$

(Model IA and IB, respectively)

The objective is also to analyze the moderating effect of family ownership. At this respect, for Model IIA and IIB respectively, we regressed our dependent variables of EM on CSR indicator variable, on our family business indicator and the interaction between both variables for examining the moderation effect.

$$\text{EM_Dechow/EM_Kothari}_{it} = \varphi_1 \text{CSR}_{it} + \varphi_2 \text{Family}_{it} + \varphi_3 \text{CSR} * \text{Family}_{it} + \varphi_4 \text{Leverage}_{it} + \varphi_5 \text{Performance}_{it} + \varphi_6 \text{Size}_{it} + \varphi_7 \text{RD_Intensity}_{it} + \varphi_8 \text{Loss}_{it} + \sum_{j=9}^{17} \varphi_j \text{Industry}_i + \sum_{n=18}^{25} \varphi_n \text{Year}_t + \sum_{k=26}^{55} \varphi_n \text{Country}_i + \mu_{it} + \eta_i$$

(Model IIA and IIB, respectively)

As in previous chapters, the above models used are based on dependence techniques for panel data. Similar to regression models proposed in Chapter III for examining tax avoidance as dependent variable, we use the two-step estimator of Arellano and Bond (1991) as technique of analysis.

IV.4. EMPIRICAL RESULTS

IV.4.1 Descriptive results

Table IV.1 reports the mean, standard deviation, and bivariate correlation of the variables of this chapter. The mean values of "**EM_Dechow**" and "**EM_Kothari**" are -0.002 and 0.001, respectively. But, the results change if we examine the family and non-family firms sub-sample. This result offers a first approximation of the lower use of EM activities in the environment of family firms in comparison with the non-family counterparts. The rest of the descriptive values have been discussed in previous chapters. The correlation matrix shown in Panel B reports that in no cases are high values obtained for the coefficients.

Table IV.1. Descriptive statistics and bivariate correlations

Panel A. Descriptive statistics

	Full Sample		***Non-family firms***		***Family firms***	
	Mean	**Std. Dev.**	**Mean**	**Std. Dev.**	**Mean**	**Std. Dev.**
EM_Dechow	-0.002	0.025	-0.002	0.025	-0.001	0.024
EM_Kothari	0.001	0.025	0.000	0.025	0.002	0.024
CSR	33.421	15.018	33.148	14.968	37.140	15.230
Family	0.068	0.251				
Leverage	0.578	0.191	0.578	0.193	0.581	0.175
Performance	0.668	0.146	0.668	0.149	0.670	0.106
Size	22.952	1.242	22.921	1.246	23.383	1.098
R&D_Intensity	0.028	0.132	0.029	0.136	0.014	0.037
Loss	0.922	0.268	0.920	0.271	0.945	0.228

Panel B. Bivariate correlations

	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
1. EM_Dechow	1							
2. EM_Kothari	0.994***	1						
3. CSR	0.042***	0.068***	1					
4. Family	0.014	0.021	0.067***	1				
5. Leverage	-0.091***	-0.069***	0.187***	0.004	1			
6. Performance	0.039**	0.012	-0.165***	0.003	-0.632***	1		
7. Size	-0.100***	-0.062***	0.458***	0.093***	0.269***	-0.199***	1	
8. R&D_Intensity	0.039**	0.028*	-0.032**	-0.029**	-0.106***	0.045***	-0.064***	1
9. Loss	0.017	0.028*	-0.24*	0.023*	-0.076***	0.002	0.006	-0.100***

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01

IV.4.2 CSR and earnings management: evidence on family-owned firms

This research examines the following questions: does CSR affect EM?; how is this relationship in family-owned firms?. The possible moderating effect of family ownership in the relationship between CSR and EM is based on the premise that family firms exhibit a greater CSR commitment and lower EM**.**

We move forward to find answers to our hypotheses 1 and 2. In this regard, Table IV.2 provides the results of the relationship between CSR and EM. Model IA shows that the "**CSR**" indicator has a positive and significant impact on "**EM_Dechow**" (coef. 0.001, p<0.01); Model IB also reports a positive and significant effect of "**CSR**" towards "**EM_Kothari**" (coef. 0.001, p<0.01). The positive link between CSR and these indicators allows us to support hypotheses 1; that is, the higher the EM engagement the higher the use of CSR practices.

Table IV.2. Regression results on CSR and EM

Dependent Variable	Earnings Management "EM Dechow" Model IA		Earnings Management "EM Kothari" Model IB	
Variables	Coef.	Std. Error	Coef.	Std. Error
Main effects				
CSR	0.001***	0.001	0.001***	0.001
Control variables				
Leverage	-0.005	0.004	-0.007*	0.004
Performance	-0.019***	0.006	-0.029***	0.006
Size	-0.005***	0.001	-0.005***	0.001
R&D_Intensity	0.002	0.001	-0.002*	0.001
Loss	0.001	0.002	0.002	0.001
Industry dummies	Included		Included	
Year dummies	Included		Included	
Country dummies	Included		Included	
AR(2) Arellano-Bond test	Pr > z = 0.373		Pr > z = 0.337	
Hansen test	Prob > chi2 = 1.000		Prob > chi2 = 1.000	

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01

Supporting our hypothesis 1 about the greater level of EM actions in firms highly committed to CSR, we also show the findings of the examination of the possible moderating effect of family ownership in this relationship. Table IV.3 shows the relationship of CSR and EM with family firms, focusing on the interaction term between CSR and family ownership. Once again, "**CSR**" has a positive and significant impact on the "**EM_Dechow**" and "**EM_Kothari**" indicators (coef. 0.001, $p< 0.05$ and coef. 0.001, $p<0.01$, respectively). That is, the higher CSR performance, the higher level of EM practices. Accounting for the moderating role played by family ownership implies operating with coefficients. In Model IIA, the interaction "**CSR_Family**" shows a negative and significant effect on "**EM_Dechow**" (coef. -0.001, $p<0.01$) and "**EM_Kothari**" (coef. -0.001, $p<0.01$), so the robustness measure is fulfilled. This means the following – accounting for Dechow et al. (1995)´s measure -: the positive effect of CSR on EM practices is lower in family firms (coef. 0.001 + coef. -0.001= 0.000) than in non-family firms (coef. 0.001).

Overall, the above results allow us to empirically support our hypothesis 2; there is a moderating effect of family ownership on the connection between CSR and EM. This moderating effect responds to the lower EM and greater CSR performance in family firms. First, the agency problem is supposed to be reduced when we are in a family firm context because of the fact that the agent and principal are the same. Second, we presume and evidence the higher CSR commitment of family firms aimed to meet with the stakeholder's needs associated to CSR and then, preserving their socio-emotional endowments.

Table IV.3. Regression results on CSR and EM and the moderating effect of family ownership

Dependent Variable	Earnings Management "EM_Dechow" Model IIA		Earnings Management "EM_Kothari"	
Variables	Coef.	Std. Error	Coef.	Std. Error
Main effects				
CSR	0.001**	0.000	0.001***	0.001
Family	-0.010***	0.002	-0.010***	0.002
CSR_Family	-0.001***	0.000	-0.001***	0.001
Control variables				
Leverage	-0.004	0.004	-0.006	0.004
Performance	-0.019***	0.006	-0.024***	0.006
SIZE	-0.005***	0.001	-0.005***	0.001
R&D_Intensity	0.002	0.001	-0.002*	0.001
Loss	0.001	0.002	0.002	0.002
Industry dummies	Included		Included	
Year dummies	Included		Included	
Country dummies	Included		Included	
AR(2) Arellano-Bond test	Pr > z = 0.375		Pr > z = 0.338	
Hansen test	Prob > chi2 = 1.000		Prob > chi2 = 1.000	

N= 6,442 firm-year observations.
Significance levels: * p<.10. **p<.05. ***p<.01

IV.5. DISCUSSION OF RESULTS

Our initial evidence suggests that firms with higher CSR are those more oriented to report financial and economic data that do not correspond to those really achieved and using CSR as discretionary tool. As Gargouri et al. (2012), Prior et al. (2008) and Chih et al. (2008), we support the positive association between CSR and the level of EM. As these authors, we document how managers try to mask EM practices by CSR performance and thus, avoiding that shareholders and stakeholders identify and detect these discretionary actions which could lead to disciplinary actions by outside investors. As Chih et al. (2008), the positive impact of CSR on EM is in accordance with their multiple objectives hypothesis; that is, socially responsible firms are prone to satisfy the

interests of several stakeholders, because they can damage their financial performance, and therefore, manage EM in order to upward the expected results.

We find that firms that engage in EM practices are those more proactive to invest in CSR activities with the aim of avoiding the negative effect that those unethical practices may give to the company. So, although the support for the negative relationship between CSR and EM has recently gained value, with these results, we found ourselves in the stream that Gargouri et al. (2010) and Prior et al. (2008) proposed; these authors stated that CSR practices may hide managers' use of EM activities. This stream has adopted the traditional agency problem, where the separation of ownership and control is done. In this context, CSR can exacerbate agency problems and motivate managers to use the information to make decisions based on their own interests and against of those of external groups, using EM practices (Chih et al, 2008) and, thus, exposing all the parties of the company to the risk of legal or other disciplinary actions by outside investors (Leuz et al., 2003). Moreover, regarding the moderating effect, our results show that family ownership decreases the risk of discretionary actions being used (Fields et al., 2001; Wang, 2006; Ali et al., 2007; Landry et al, 2013).

We also document the moderating role played by family ownership on the positive association between CSR and EM. In line with Chua et al. (1999) and Déniz ad Cabrera (2005), we provide evidence that confirms the impact of family on the definition of the objectives and strategies (like CSR and EM).

On the one hand, we support previous studies around how family firms show lower EM strategies. Overall, our findings contribute by advancing in the understanding of the effect of family ownership on EM actions, where there are two opposing streams. In this respect, we provide evidence in line with the alignment effect proposed by Wang (2006); this effect defends that a higher level of managerial ownership decreases the disputes of demands between owners and managers. In line with Ali et al. (2007) and Martin et al. (2016), family firms exhibit a lower agency problem between managers and owners, showing a lower orientation to the adoption of EM practices. Our evidence allows us to support how family firms avoid any unethical practices like EM that damage

their reputation, image, and so on, and thus, their socio-emotional endowments. In line with agency theory and previous studies (like Khan et al. [2013] and Landry et al. [2013]), family ownership restricts the use of managerial earnings by decreasing the classical agency conflict.

On the other hand and along the present research, we again confirm the greater social and environmental commitment of family firms. We document how family firms are more incentive to invest in CSR strategies for responding to the preservation of their SEW (as Wiseman and Gómez-Mejía [1998), Gómez-Mejía et al. [2007; 2014], Marques et al. [2014] and Cruz et al. [2014], among others). Again, we clearly shed light on the positive association between family ownership and social and environmental performance.

IV.6. SYNTHESIS

The objective of this chapter is to examine the effect of CSR performance on firm EM and the moderating effect of family ownership. We have used an international sample composed of 956 international firms during the period 2006 to 2014.

We evidence that social and environmental performance is positively related with EM; firms with a greater socially responsible performance show a higher discretionary behavior by promoting actions that mask the real financial and economic performance of the firm. However, we find that this positive relation is lower – moderate - in family firms, mainly because of the fact that family firms show a greater socially responsible behavior aimed to preserve their socio-emotional endowments and are negatively associated with EM practices. This result suggests that family-owned firms are more conscious in terms of maintaining their wealth and image in the society by “making well”, by means of responsible actions and a correct disclosure of their accountancy states. Overall, this chapter confirms the moderating effect of family ownership on the positive relation between CSR and EM practices.

This research contributes to previous literature as follows. First, we explore the relationship between CSR and EM in family business, as prevalent among listed companies around the world (Burkart et al., 2003). Previous studies have addressed the relationship of family firms with CSR and EM, separately. However, they have found mixed evidence and, sometimes, the findings are not generalizable; a possible cause could be the lack of study of additional variables that clearly affect the relationship, like ownership concentration. Second, this research sheds some light on the two streams do not previously established by several authors in the family business context: CSR performance and EM activities. However, we clearly contribute by providing additional evidence about the link between CSR and EM by documenting how socially responsible firms are more predisposed to promote EM practices. Third, this research also contributes to the family business literature in the following ways. This research contributes to the literature by providing new insights into socially responsible behavior and, even more, into its association with earning managements.

CHAPTER V
CONCLUSIONS

As have been highlight along this research, in recent years, extensive research is related to the field of family business. Its objective has been to analyze not only its commitment and orientation towards social and environmental issues, but also to establish a comparison with respect to its non-family competitors. Although, as we indicated, there is a wide literature on this subject, it is accompanied by a diversity of results and a lack of consensus on the major or minor socially responsible commitment of family firms. That is why the main objective of this research is to respond the following question: how is the social and environmental commitment in family firms and what are their main consequences?

Several aspects have been considered in this research with the main goal of responding the abovementioned questions. Regarding the first question, the wide heterogeneity in findings is result of the possible differentiation between family firms along their life; for it, the disparities of governance and environmental factors of family firms could affect the commitment of family firms towards social and environmental practices. At this respect, this PhD addresses the analysis of the family firm commitment to CSR performance accounting for how environmental and governance characteristics influence in such behavior.

Regarding the second question proposed, it is generally known that one of the most important or significant cost in firms is taxes, which are directly correlated with profitability and shareholders' value. In this regard and under a tax saving perspective, over last years, prior literature agrees in supporting how firms caring about their CSR performance and particularly, how these firms behave towards tax avoidance policies. Again, evidence have offered contradictory results being a growing debate about whether and how socially responsible firms behave in terms of tax payment. But even, the debate around CSR-tax avoidance merges with the research gap found in grounds of ownership structure; concretely, for family ownership.

In addition, and beyond tax avoidance, other agency manifestation resulted from the separation between property and control is the risk of earnings management (EM) practices understood as discretionary actions from which financial statements do not represent the real economic and financial performance of a firm. Given the accounting

scandals and fraud over last years (e.g. Enron and Parmalat case), a large number of previous studies have been interested on examining this issues and how, earnings management could be determined by the socially responsible commitment of the firm. It is true that several are the studies that link CSR with EM by proposing a discretionary commitment of the first strategy. A stream of prior literature suggests that companies may use CSR to hide their EM practices by providing loads of socially responsible information. As was proposed, because of the importance of EM potential damage as result of CSR actions on company and shareholders´ wealth and stakeholders´ satisfaction, it is relevant to examine the link between CSR performance and EM a discretionary strategy that mask the real financial and economic data of the firm. Again, we analyze the moderating role played by family control that could act as mechanism that moderated the CSR-EM association.

From the above, we examine several closely related issues in the family business sphere. The first objective of this research is to bring evidence the conditions that compromise towards CSR from family firms. Moreover, this research also examines whether family firms exhibit a disparate scale of compromise towards CSR by accounting for internal and external stakeholders. It also examines how several contingency factors associated to governance and environment aspects could play a moderating role. The second objective of this research is to shed light on the effect of CSR on tax avoidance. We also examine whether family ownership affects tax avoidance practices by socially responsible performance. The third and last objective is to examine how CSR performance could affect earnings management (EM) accounting for different proxies. Even more, in the family firms´ sphere, we also analyze the moderating role played by family ownership, under the premise that family-owned firms exhibit a greater CSR commitment and performance and lower EM.

The above objectives are examined for a sample of analysis composed by 956 firms from 28 different countries. The period of analysis starts on 2006 and finalizes on 2016. Our results are obtained by proposing and regressing several models for panel data. Concretely, we used as technique of analysis Tobit and GMM estimators. This research brings the following evidence related to each objective. From now on, we proceed to numerate the main conclusions of this research:

Conclusion 1. Family firms positively behave towards corporate social responsibility, on the grounds of the socioemotional wealth theory, aimed to preserve the firm's survival.

Family firms, in almost countries, represent the majority of all the business world (IFERA, 2003). In our studied sample, family firms have a great commitment on social and environmental matters and, what's more, they try to achieve their objectives towards the satisfaction of all stakeholders. We can support the above because of CSR allows them to guarantee the legitimacy and the survival of the company; one of the most important consequences of developing a proactive CSR performance is the increase in the firm's reputation.

Furthermore, CSR increases the stakeholders' general perception of the company leading to a greater confidence from them towards the firm and helps to provide family employment and achieves all their socioemotional objectives. It also helps stakeholders understand the way family firms meet their social and environmental demands.

The above conclusion is clearly related to a widely accepted theoretical framework of the CSR commitment of family firms, the SEW perspective. At this respect, the SEW theory is transferred to or applied in the family firm environment, in those firms where the decision making is based in socioemotional endowment and not only in economic objectives. Therefore, when a family is willing to make a decision, they are usually driven by the risk undertaken to preserve their endowment (Gómez-Mejia et al, 2007). Sometimes, the uniqueness of family firms may be the result of considering the SEW as the key aspect in the decision-making process (Berrone et al, 2010). What's more, there are situations where there exist uncertain economic benefits or no clear economic profitability and the risk of the operation is adjusted by the gain of the SEW.

Conclusion 2. The presence of family members on the management team and on the board of directors influence the practice of CSR.

It is true that there is no clear and generalized definition of family business (Miller et al., 2007). However, we could affirm that family firms' definition usually refers to

management, ownership or succession-related issues. In this way, due to the deep knowledge that family members have about the functioning of the society and their attachment to it, they have a great influence in the practice of CSR activities.

In this regard, our results note that family members create an environmentally friendly company which channels its transactions and activities towards CSR behavior. The rewards family members feel when acting in this way derives from the consequences of CSR previously mention above. In this vein, CSR makes them feel proud of getting the company a top and prestige status and honored of the prestige that the firm might take.

These results have implications whereas we point out how family ownership impacts on CSR; family managers and directors (as governance factors) play a moderating role on this behaviour. For investors, this is useful information and should be a considered implication about how CSR could be promoted when family presence is higher in order to preserve and reinforce their socio-emotional endowments. What's more, as we discussed before, it should also serve as guidelines to investors and shareholders in order to decide about the composition of the management teams and boards that are in favor of CSR strategies. They should realize the presence of family members can provide additional advantages and benefits in CSR performance. It can be also considered an implication for stakeholders, who are able to understand now, with our findings, the benefits associated with this family presence in the firm because they meet the stakeholders' environmental demands.

Conclusion 3. The level of munificence in the firm's market reduces commitment of family firms to CSR activities.

Munificence can be considered as an environmental contingency factor. As it has been seen before by previous studies, the impact of the context makes an inference on the behavior of family business on their achievement of CSR; CSR performance is clearly influenced by environment conditions. The objective, then, was to examine how the level of munificence could moderate or impacted the CSR commitment of family firms. In munificent contexts, how is the effort that the family makes on pursuing CSR activities?. Based on our findings, a higher level of munificence in the context where the

firms operates minimizes their CSR orientation. In other words, despite of munificent contexts is clearly characterized by a higher availability of resources to be allocated in numerous projects, our evidence support he lower CSR performance in these contexts. This may be a result of in more munificent industries, companies have greater opportunities to grow and survive in a long-term horizon. Since survival is somewhat guaranteed, companies are less incentivized to invest in CSR activities due to the existence of more available resources and less competition. Thus, it reduces the need to seek for additional resources, as CSR activities.

At this respect, for investors our findings will help them in order to diversify their investments in family firms locating in munificent industries to those more socially responsible firms and for stakeholders will make them aware of paying attention to the context where their company operates and therefore, take into account the consequences of munificent environments on CSR objectives.

Conclusion 4. Family firms are responsible to external and internal stakeholders.

Along previous studies, it is clear that stakeholders represent groups of different participants that may be considered in the decision-making process of an organization but who can also be affected by them. Thus, stakeholders are indispensable on the promotion and development of a CSR strategy by companies; a proactive CSR performance might lead to an increase in the general perception that stakeholders have on the frim. Therefore, they will increase the confidence towards this firm in comparison with other firms in the market. But, along this research, a clear distinction between external and internal stakeholders have been proposed.

Our findings confirm how family owners are likely to guarantee and meet the expectations of the internal stakeholders. Family firms adopt responsible work actions and promote socially responsible strategies. Meanwhile, they also consider in their decision-making process external stakeholders. Do not forger that CSR practices associated to external users allow firms to create and maintain long relationships; with it, family firms ensure a good reputation, image and other intangible assets. This result offers an important implication for stakeholders in order to be able to understand how family controlled firms react and meet the objectives that they demand.

Conclusion 5. Those firms clearly committed towards corporate social responsibility activities are likely to reduce their tax avoidance activities.

Firms are aware of the consequences that tax avoidance activities may cause. Among the possible consequences, we cite the loss of reputation and support of stakeholders or the damage of their image, among others. Precisely, the abovementioned consequences are some of the reasons that explain why firms are in favor of the utilization of CSR activities; they clearly achieves positive outcomes. Companies find in CSR practices and behavior a number of powerful strategies that allows them to maintain their good image and reputation. What's more, this reputation may be able to increase shareholders' value. Note that, as was highlighted along the PhD and by a large amount of previous studies, CSR achieves several positive outcomes. We refer not only to the higher stakeholders' satisfaction, the lower activism of them, but also to a higher firm performance, better access to internal and external finance, lower private information, higher firm reputation and image, lower managerial discretionary behavior… And, as we support, lower incentives to develop and promote a tax saving strategy.

Conclusion 6. Family firms exhibit greater tax saving actions. This greater tax avoidance is resulted of the divergence of interests between majority and minority shareholders.

As in Conclusion 5 was pointed, our firms exhibit fewer tax saving actions when CSR performance is greater. However, the above relationship is moderated in family firms. The inclusion of family ownership moderates the negative link between CSR and tax avoidance. That is, there is a lower tax avoidance policy when CSR is higher, except when family ownership is greater. We should refer to the "entrenchment hypothesis", in which family firms exhibit greater tax saving activities. As majority shareholder, the family works in an opportunistic way by extracting rents from minority shareholders using tax avoidance strategies. We could say that this tax avoidance is result of the divergence of interests and objectives between shareholders.

Thus, at this point, because of their extensive voting rights, families as majority shareholders tend to increase their power in the company by expropriating private

benefits. Therefore, they have ensured the control of the firm; they can act even damaging the minorities´ wealth. These firms could promote tax avoidance activities to cover losses, or any type of rent extractions like the ones previously mentioned, which in fact become more opportunistic. In this sense, they relegate the interests of minority shareholders to a second position.

Conclusion 7. Socially responsible firms are oriented to increase their earnings management practices, using CSR as a discretionary tool.

In general, it is expected a negative link between CSR and EM by proposing that more socially responsible companies will behave in a transparent way. However, as opposed to what one might expect, our evidence confirms that firms with higher CSR commitment are those with a higher EM level. In other words, those companies that engage managerial accruals are those that, in fact, try to hide manager's behavior by reporting CSR performance and therefore taking the attention to another side of the company.

With this evidence, when we can discuss building upon on the traditional agency conflict that helps managers to adopt and make use of opportunistic actions. The objective of these actions are, in fact, generally different from those of shareholders. Under an agency perspective and context, CSR motivates managers to use the information they hold to take decisions which carry their own interests and not those of external groups.

Conclusion 8. However, family firms exhibit a lower use of earning management strategies.

It is logical to think that in family firms, any member of the cited firm will be in favor of avoiding EM as discretionary actions. There is a closely relationship of the owners with the firm, avoiding any action that could damage or endanger the survival of the firm. So, a low level of EM practices allows them to ensure their image and reputation. This is to say that, if the company's reputation is smeared with the idea of an unclear management, it will also smear the family's reputation and therefore it will damage the family as a whole, because the company is also their main source of income.

We could support the higher risk aversion of family firms of being detected using EM. Therefore, as we were discussing, they are not oriented to promote these type of actions because of any detrimental effect of firm's value, performance, image and so on. Precisely, if the family firm is caught like EM, some of the consequences would be the loss of the SEW and endowments; or, the damage of their image and, further economic implications for the family because of the fact that their wealth is highly concentrated in the firm's assets. So, we could consider that family ownership limits the use of EM by the lower classic agency conflict between managers and owners.

Conclusion 9. Family ownership moderates the impact of CSR on tax avoidance and earnings management.

As we have highlighted and proposed along this pages, the proposed relationships in this PhD are highly different when there exists presence of family in the company or when there is not. Thereon, as a general conclusion, the family implication changes the way that the firm behaves in CSR matters, tax activities and managerial decisions. The family firm objectives and decision-making process clearly differ from non-family firms. We can start citing the SEW endowments and perspective of managers and directors; the long horizon perspective of the firm; how these firms try to limit and restrict any action that could put at risk their survival and legitimacy, and so on. These particular characteristics make that the decision-making process and their CSR commitment vary with respect to non-family firms.

Limitations

This research is subject to certain limitations. First of all, in relation to the CSR measure, it is measured as the non-weighted sum of different indicators, which are based on numerical scales. Despite of we have tested the reliability of our instrument, we are cautious about the possible bias included in it, because it may not capture the true underlying performance. Thus, the main limitation responds to the impossibility of performing sensitive analyses based on different empirical proxies of CSR using alternative databases because we did not have access to additional data.

Second, the variable that represents family businesses is a dummy in which the companies in the sample are classified as family, or non-family-owned firms, applying a 20% cut-off point for ownership. Because of the lack of available information, it was not possible to perform a sensitivity analysis by considering alternative family firms, considering other aspects, such as succession. What's more, deriving from the previous limitation, we are not able to confirm the existence of a threshold at which point our results could be modified or could operate in a different way.

Finally, we complement prior literature with evidence drawn from an international sample beyond the predominant US analysis. However, our sample consists only of public firms from 28 countries, with a notable bias towards Anglo-Saxon countries: US (42.21% of observations from the total), UK firms (8.12% of observations from the total), Canada (7.79% of observations from the total) and Australia (7.31% of observations from the total). We must be cautious to generalize the evidence here reported. To generalize our findings, future studies must solve this limitation by including a higher representativeness of European and Asian, mainly, regions, or maybe, by developing studies focused on specific areas (e.g. European Union). However, reliable data on non-listed firms are difficult to obtain.

Future research

Future research should be carefully considered in different aspects of this study. In view of the controversy surrounding the validity of several proxies for capturing CSR along the literature, and given the lack of data availability, further research is needed to validate the results obtained here, using alternative measures. For example, by accounting for strengths and concerns of CSR (like those provided by KLD database) or by using environmental, social and governance scores (ESG, provided by Bloomberg).

Thus, regarding family aspects, future research in this regard could confirm the evidence obtained here proposing other definitions of family firms. Because of the impossibility to standardize a threshold at which our results would be modified, further research could examine if a percentage of family ownership exists or a level of family involvement that may shape the results obtained in the present research. Furthermore,

it should be also of interest to consider possible family ties within the managers or directors, the generation of the family, or, the gender diversity among family members.

Future studies could also advance in the results here obtained by increasing the period and the sample of analysis to additional countries, as well as considering some other industry-level factors, the country economic development or analyzing the possible existence of pressure from the industry where the company operates.

REFERENCES

Adams, C. A. 2002. Internal organisational factors influencing corporate social and ethical reporting: Beyond current theorising. Accounting, Auditing & Accountability Journal 15(2): 223-250.

Aldrick, H. E. 1979. Organizations and environments. Administrative Science Quarterly, 24 (2), 320-326.

Ali, A., Chen, T. Y., Radhakrishnan, S., 2007. Corporate disclosures by family firms. Journal of Accounting and Economics, 44 (1-2), 238-286.

Amit, R., Shoemaker, P. J. H 1993. Strategic assets and organizational rent. Strategic Management Journal, 14 (1), 33-46.

Anderson, J. C., Frankle, A. W., 1980. Voluntary social reporting: An iso-beta portfolio. Accounting Review, 55, 467-479.

Anderson, R. C., Mansi, S. A., Reeb, D. M. 2003. Founding family ownership and the agency cost of debt. Journal of Financial Economics, 68, 263-285.

Anderson, R., Reeb, D., 2004. Board composition: balancing family influence in S&P 500 firms. Administrative Science Quarterly, 49 (2), 209-237.

Ang, J., Cole, R., Lin, J., 2000. Agency costs and ownership structure. The Journal of Finance, 55 (1), 81-106.

Aragón-Correa, J. A., Sharma, S. 2003. A contingent resource-based view of proactive corporate environmental strategy. Academy of Management Review, 28 (1), 71-88.

Archel, P., Husillos, J., Larrinaga, C., Spence, C., 2009. Social disclosure, legitimacy theory and the role of the state. Accounting, Auditing and Accountability Journal, 22 (8), 1284-1307

Archleitner, A. K., Günther, N., Kaserer, C., Siciliano, G., 2014. Real earnings management and accrual-based earnings management in family firms. European Accounting Review, 23, 431-461

Arellano, M., Bond, S. 1991. Some tests of specification for panel data: Monte Carlo evidence and an application to employment equations. The review of economic studies, 58(2), 277-297.

Aronoff, C. E., Ward J. L. 1995. Family-owned businesses: A thing of the past or a model for the future? SAGE Journals, 8 (2), 121-130.

Arregle, J. L., Hitt, M. A., Sirmon, D. G., Very, P. 2007. The development of organizational social capital: attributes of family firms. Journal of Management Studies, 44 (1), 73-95.

Asher C. C., Mahoney J. M., Mahoney J. T. Towards a property rights foundation for a stakeholder theory of the firm //Journal of Management and Governance, 2005, 9 (1), 5-32.

Google Scholar

Astrachan, J.H., Klein, S.B., Smyrnios, K.X. 2002. The F-PEC scale of family influence: A proposal for solving the family business definition problem. Family Business Review 15, 45–58

Badertscher, B.A., Katz, S.P., Rego, S.O., 2013. The Separation of Ownership and Control and Its Impact on Corporate Tax Avoidance. Journal of Accounting and Economics, 56(2–3), 228-250

Bammens, Y., Notelaers, G., Van Gils, A. 2014. Implications of family business employment for employees' innovative work involvement. Family Business Review, 28 (2), 123-144.

Barnea, A., Rubin, A. 2010. Corporate social responsibility as a conflict between shareholders. Journal of Business Ethics, 97(1), 71-86.

Basco, R., Calabrò, A. 2017. Whom do I want to be the next CEO? Desirable successor attributes in family firms. Journal of Business Economics, 87(4), 487-509.

Baum, C., Schaffer, M., Stillman, S. 2003. Instrumental variables and GMM: Estimation and testing. Stata Journal, 3(1), 1–31.

Bebbington, J., Larrinaga, C., Moneva, J. M., 2008. Corporate social reporting and reputation risk management. Accounting, Auditing and Accountability Journal, 21 (3), 337-361.

Beehr, T. A., Drexler Jr, J. A., Faulkner, S. 1997. Working in small family businesses: Empirical comparisons to non-family businesses. Journal of Organizational Behavior, 297-312.

Beng Wee Goh, Jimmy Lee, Chee Yeow Lim, Shevlin, T., 2016. The effect of Corporate Tax Avoidance on the Cost of Equity. The Accounting Review, 91(6), 1647–1670.

Bergami, M, Bagozzi, R. P. 2000. Self-categorization, affective commitment and group self-esteem as distinct aspects of social identity in the organization. British Journal of Social Phsychology, 39 (4), 555-577.

Berrone, P., Cruz, C., Gómez-Mejía, L. R. 2012. Socioemotional wealth in family firms: theoretical dimensions, assessment approaches, and agenda for future research. Family Business Review, 25 (4), 258-279.

Berrone, P., Cruz, C., Gómez-Mejía, L. R., Larraza-Kintana, M. 2010. Socioemotional wealth and corporate responses to institutional pressures: do family-controlled firms pollute less? Administrative Science Quarterly, 55 (1), 82-113.

Blaylock, B.S., 2016. Is tax avoidance associated with economically significant rent extraction among US firms? Contemporary Accounting and Economics, 33 (3), 1013-1043.

Block, J. H., Wagner, B. 2014. The effect of family ownership on different dimensions of corporate social responsibility: evidence from large US firms. Business Strategy and the Environment, 23 (7), 475-492.

Boatright, J. R., 1994. Fiduciary Duties and the Shareholder-Management Relation. Business Ethics Quarterly, 4 (4), 393-407

Boiling, J. R., Pieper, T. M., Covin, J. G. 2014. CEO tenure and entrepreneurial orientation within family and nonfamily firms. Entrepreneurship Theory and Practice, 40 (4), 891–913.

Bowen, H. 1953. Social responsibilities of the business man. New York, NY: Harper and Brothers.

Burak, A.,, Morante, L. S. 2007. Corporate social responsibility and firm characteristics in Sweden: Who and what makes a firm a better corporate citizen. Stolkholm School of Economics.

Burkart, M., Panunzi, F., Shleifer, A. 2003. Family Firms. Journal of Finance, American Finance Association, 58(5), 2167-2202.

Campopiano, G., De Massis, A. 2015. Corporate social responsibility reporting: A content analysis in family and non-family firms. Journal of Business Ethics, 129(3), 511-534.

Capron, M., Quairel-Lanoizelée, F. 2004. Mythes et réalités de l’entreprise responsable. Paris: La Découverte.

Carnes, C.M., Ireland, R.D. 2013. Familiness and innovation: Resource bundling as the missing link. Entrepreneurship Theory and Practice, 37, 1399–1419.

Carrol, A. B. 1979. A three-dimensional conceptual model of corporate performance. The Academy of Management Review, 4 (4), 497-505.

Carrol, A. B. 1991. The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. Bussiness Horizons, 34 (4), 39-48.

Cascino, S., Pugliese, A., Mussolino, D., Sansone, C. 2010. The Influence of Family Ownership on the Quality of Accounting Information. Family Business Review, 23 (3), 246-265.

Casson, M., 1999. The economics of the family firm. Scandinavian Economic History Review, 47 (1), 10-23.

Cennamo, C., Berrone, P, Cruz, C.,Gómez-Mejía, L. R. 2012. Socioemotinal wealth and proactive stakeholder engagement: Why family controlled firms care more about their stakeholders. Entrepreneurship Theory and Practice, 36 (6), 1153-1173.

Cennamo, C., Berrone, P., Gómez-Mejía, L. R. 2009. Does stakeholder management have a dark side? Journal of Business Ethics, 89, 491-507.

Chau, G., Leung, P. 2006. The impact of board composition and family ownership on audit committee formation: Evidence from Hong Kong. Journal of International Accounting, Auditing and Taxation, 15(1), 1-15.

Chen, C., Lin, C., Lin, Y., 2008. Audit partner tenure, audit firm tenure, and discretionary accruals: Does long auditor tenure impair earnings quality? Contemporary Accounting Research, 25 (2), 447-471.

Chen, H., Zeng, S., Lin, H., Ma, H 2017. Munificence, dynamism, and complexity: How industry context drives corporate sustainability. Business Strategy and the Environment, 26 (2), 125-141.

Chen, K. Y., Elder, R. J., Hsieh, Y. M., 2007. Corporate governance and earning management: The implications of corporate governance best-practice principles for Tawanese listed companies. Journal of Contemporary Accounting and Economics, 3(2), 73–105.

Chen, S., Chen, X., Cheng, Q., 2008. Do family firms provide more or less voluntary disclosure? Journal of Accounting Research, 46(3), 499-536.

Chen, S., Chen, X., Cheng, Q., Shevlin, T., 2010. Are family firms more tax aggressive than non-financial firms? Journal of Financial Economics, 95, 41-61.

Cheng, J., Kesner, I. 1997. Organizational slack and response to environmental shifts: the impact of resource allocation patterns. Journal of Management, 23, 1-18.

Chih, H. L., Shen, C. H., Kang, F. C. 2008. Corporate Social Responsibility, Investor Protection, and Earning Management: some international evidence. Journal of Business Ethics, 79, 179-198.

Chrisman, J. J., Patel, P. C. 2012. Variations in R&D investments of family and nonfamily firms: behavioral agency and myopic loss aversion perspectives. Academy of Management Journal, 55, 976-997.

Chrisman, J.J., Chua, J.H., Sharma, P. 2005. Trends and directions in the development of a strategic management theory of the family firm. Entrepreneurship Theory and Practice, 29, 555-575.

Chua, J. H., Chrisman, J. J., Bergiel, E. B. 2009. An agency theoretical analysis of professional family firms. Entrepreneurship Theory and Practice, 33, 355-372.

Chua, J.H., Chrisman, J. J., Sharma, P., 1999. Defining the family business by behavior. Entrepreneurship Theory and Practice, 23 (4), 19-40.

Cialdini, B., Borden, R.J., Thorne, A., Walker, M.R., Freeman, S., Sloan, L.R. 1976. Basking in reflected glory: Three (football) field studies. Journal of Personality and Social Psychology, 34, 366–375.

Clarkson, M. B. E. 1995. A stakeholder framework of analysing and evaluating corporate social performance. Academy of Management Review, 20 (1), 92-117.

Cohen, D. A. P. Zarowin. 2010. Accrual-based and real earnings management activities around seasoned equity offerings. Journal of Accounting and Economics, 50 (1), 2–19.

Collins, C. J., Han, J. 2004. Exploring applicant pool quantity and quality: the effects of early recruitment practice strategies, corporate advertising, and firm reputation. Personnel Psychology, 57, 685–717.

Corbetta, G., Salvato, C. 2004. Self-serving or self-actualizing? Models of man and agency costs in different types of family firms: A commentary on "Comparing the agency costs of family and non-family firms: Conceptual issues and exploratory evidence. Entrepreneurship Theory and Practice, 28(4), 355-362.

Cromie, S., Sullivan, S. 1999. Women as manager in family firms. Women in Management Review, 14, 76-88.

Cruz, C., Larraza-Kintana, M., Garcés-Galdeano, L., Berrone, P. 2014. Are family firms really more socially responsible? Entrepreneurship Theory and Practice, 38 (6), 1295-1316.

Cruz, C., Nordqvist, M. 2012. Entrepreneurial orientation in family firms: a generational perspective. Small Business Economics, 38 (1), 33-49.

Cyert, R. M., March, J. G 1963. A behavioral theory of the firm. Englewood Cliffs, NJ 2, 169-187.

Dam, L., Scholtens, B. 2013. Ownership concentration and CSR policy of European multinational enterprises. Journal of Business Ethics, 118(1), 117-126.

Davidson, W. N., Xie, B., Xu, W,. 2004. Market reaction to voluntary announcements of audit committee appointments: The effect of financial expertise. Journal of Accounting and Public Policy 23 (4), 279-293.

Dechow, P. M., R. G. Sloan, A. P. Sweeney., 1995. Detecting earnings management. Accounting Review 70(2), 193-225.

Dechow, P. M., S. Kothari, R. Watts., 1998. The relation between earnings and cash flows. Journal of Accounting and Economics, 25 (2), 133-168.

Deegan, C. 2000. Financial Accounting Theory (Irwin McGraw-Hill, Sydney)

Deegan, C., Unerman, J., 2011. Finanical accounting theory. McGraw-Hill, Sydney.

Deegan, C., Rankin, M., Tobin, J., 2002. An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory. Accounting, Auditing and Accountability Journal, 15 (3), 312-343.

Deephouse, D. L., Carter, S. M 2005. An examination of differences between organizational legitimacy and organizational reputation. Journal of Management Studies 42(2), 22-2380.

Deephouse, D. L., Jaskiewicz, P. 2013. Do family firms have better reputations than non-family firms? An integration of socioemotional wealth and social identity theories. Journal of Management Studies, 50 (3), doi: 10.1111/joms.12015.

DeFond, M. L., J. Jiambalvo. 1994. Debt covenant violation and manipulation of accruals. Journal of Accounting and Economics 17(1-2), 145-176.

Déniz, M. C., Cabrera, M. K., 2005. Corporate social responsibility and family business in

Spain. Journal of Business Ethics, 56 (1), 27-41.

Déniz-Déniz, M. C., Cabrera-Suárez, K 2004. Corporate Social Responsibility and Family Business in Spain. Journal of Business Ethics, 56 (1), 27-41.

Desai, M., Dharmapala, D., 2006. Corporate Tax Avoidance and high-powered incentives. Journal of Financial Economics, 79 (1), 145-179.

Desai, M., Dharmapala, D., 2008. Tax and corporate governance: an economic approach. Tax and Corporate Governance, 3, 13-30.

Desai, M., Dyck, I., Zingales, L., 2007. Theft and taxes. Journal of Financial Economics, 84 (3), 591-623.

Dess, G. G., Beard, D. W. 1984. Dimensions of organizational task environments. Administrative Science Quarterly, 29 (1), 52-73.

Dhaliwal, D., Li, O. Z., Tsang, A., Yang, Y. G., 2014. Corporate social responsibility disclosure and the cost of equity capital: The roles of stakeholder orientation and financial transparency. Journal of Accounting Public Policy, 33, 328-355.

Dierkes, M., Antal, A. B., 1985. The usefulness and use of social reporting information. Accounting, Organizations and Society, 10 (1), 29-34.

DiMaggio, P. J., Powell, W. W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. American Sociological Review, 48, 147-60.

Donaldson, T., Preston, L. E., 1995. The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. The Academy of Management Review 20 (1), 65-91.

Dowling, J., Pfeffer, J., 1975. Organizational legitimacy: Social values and organizational behavior. Pacific Sociological Review, 18, 122-136.

Duh, M., Tominc, P., Rebernik, M., 2009. The importance of Family Enterprises in Transition Economies: Is It Overestimated? Eastern European Economics, 47 (6), 22-42.

Dyer, G. W. 2003. The Family: The Missing Variable in Organizational Research. Entrepreneurship Theory and Practice, 27 (4), 401-416.

Dyer, G. W., Whetten, D. A. 2006. Corporate social responsibility and family business in Spain. Journal of Business Ethics, 56, 27-41.

Dyreng, S.D., Hanlon, M., Maydew, E.L., 2010. The Effects of Executives on Corporate Tax Avoidance. The Accounting Review, 85, (4), 1163-1189.

Eisenhardt, K. M. 1989. Building Theories from Case Study Research. The Academy of Management Review, 14 (4), 532-550.

El Ghoul, S., Guedhami, O., Kwok, C.C.Y., and Mishra, D.R. 2011. Does corporate social responsibility affect the cost of capital? Journal of Banking and Finance, 35 (9), 2388-2406.

European Community Commission 2001. GREEN PAPER. Promoting a European framework for Corporate Social Responsibility.

Fabrizi, M., Mallin, C., Michelon, G. 2013. The role of CEO's personal incentives in driving Corporate Social Responsibility. Journal of Business Ethics, 124 (2), 311-326.

Fama, E.F., Jenses, M.C., 1983. Separation of ownership and control. Journal of Law and Economics, 26 (2), 301-325.

Fan, J. P., Wong, T. J., 2002. Corporate ownership structure adds the informativeness of accounting earrings in East Asia. Journal of Accounting Economics, 33, 401-425.

Feldman, E. R., Amit, R., Villalonga, B. 2016. Corporate divestitures and family control. Strategic Management Journal, 37 (3), 429- 446.

Fernandez-Feijoo, B., Romero, S., Ruiz, S. 2014. Commitment to corporate social responsibility measured through global reporting initiative reporting: Factors affecting the behavior of companies. Journal of Cleaner Production, 81, 244-254.

Fields, T. D., Lys, T. Z., Vincent, L., 2001. Empirical research on accounting choice. Journal of Accounting and Economics, 31 (1), 255-307.

Fisher, J., Gunz, S., McCutcheon, J., 2001. Private/public interest and the enforcement of a code of professional conduct. Journal of Business Ethics, 31 (3), 191-207.

Flack, O., Heblich, S. 2007. Corporate social responsibility: doing well by doing good. Business horizons, 50, 247-254.

Flammer, C. 2015. Does product market competition foster corporate social responsibility? Evidence from trade liberalization. Strategic Management Journal, 36(10), 1469-1485.

Fletcher, D., 2000. Family and Enterprise. Enterprisa and Small Business: Principles, Practice and Policy, 155-165.

Fombrun, C. J., Gardberg, N. A., Sever, J. M. 2000. The Reputation QuotientSM: A multi-stakeholder measure of corporate reputation. The Journal of Brand management, 7(4), 241-255.

Fombrun, C.J., 2001. Corporate reputations as economic assets. In M. Hitt, Freeman, R.E., Harrison, J. (Eds.), Handbook of Strategic Management, 289-312. Oxford, UK:Blackwell.

Fombrun, C.J., Gardberg, N.A., Sever, J.M., 2000. The Reputation QuotientSM: A multi-stakeholder measure of corporate reputation. The Journal of Brand management, 7(4), 241-255.

Fonseca, L.M., Ferro, R. L. 2016. Does it pay to be social responsible? Portuguese SMEs feedback. Intangible Capital, 12 (2), 487-505.

Freeman, R. 1984. Strategic management: a stakeholder approach. Londres: Pitman Publishing.

Freeman, R., Reed, D., 1983. Stockholders and stakeholders: A new perspective on corporate governance. California Management Review, 25, pp. 88-106.

Freeman, R.E., 1984. Strategic management: A stakeholder approach. Pitman Publishing Inc.

Friedman, M., 1970. The social responsibility of business is to increase its Profits. The New York Times Magazine, 13th September 1970.

Frischmann, P. J., Shevlin, T., Wilson, R., 2008. Economic consequences of increasing the conformity in accounting for uncertain tax benefits. Journal of Accounting and Economics 46, 261–278.

Gaaya, S., Lakhal, N., Lakhal, F., 2017. Does family ownership reduce corporate tax avoidance? The moderation effect of audit quality. Managerial Auditing Journal, 32 (7), 731-744.

Gallardo-Vázquez, D., Sanchez-Hernandez, M. I. 2014. Measuring Corporate Social Responsibility for competitive success at a regional level. Journal of Cleaner Production, 72, 14-22.

García- Sánchez, I. M., Frias-Aceituno, J. V., Cuadrado-Ballesteros, B 2015. Impact of the institutional macro context on the voluntary disclosure of CSR information. Long Range Planning, 49(1), 15-35.

García-Osma, B., 2008. Board independence and real earnings management: the case

of R&D expenditure. Corporate Governance: An International Review, 16 (2), 116–131.

García-Osma, B., Gil de Albornoz-Noguer, B., Gisbert-Clemente, A., 2005. La investigación sobre "earning management". Revista Española de Financiación y Contabilidad, 34 (127), 1001-1034.

Gargouri, R. M., Shabou, R., Francoeur, C., 2010. The relationship between corporate social performance and earning management. Canadian Journal of Administrative Sciences / Revue Canadienne Des Sciences De l'Administration 27 (4), 320-334.

Gavana, G., Gottardo, P., Moisello, A. M., 2017. Earning Management and CSR Disclosure. Family vs. Non-Family Firms. Sustainability, 9(12), 2327. DOI: https://doi.org/10.3390/su9122327

Gelb, D. S., Strawser, J. A., 2001. Corporate social responsibility and financial disclosures: An alternative explanation for increased disclosure. Journal of Business Ethics 33 (1), 1-13.

Gliem, J. A., Gliem, R. R. 2003. Calculating, interpreting, and reporting Cronbach's alpha reliability coefficient for Likert-type scales. Midwest Research-to-Practice Conference in Adult, Continuing, and Community Education.

Godfrey, P. C., Merrill, C. B., Hansen, J. M. 2009. The relationship between corporate social responsibility and shareholder value: An empirical test of the risk management hypothesis. Strategic Management Journal, 30(4), 425-445.

Godfrey, P.C., 2005. The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. Academy of Management Review, 30 (4), 777-798.

Goll, I., Rasheed, A. A. 2004. The moderating effect of environmental munificence and dynamism on the relationship between discretionary social responsibility and firm performance. Journal of Business Ethics, 49 (1), 41-54.

Gómez-Mejía, L. R., Cruz, C., Berrone, P., De Castro, J. 2011. The bind that ties: socioemotional wealth preservation in family firms. Academy of Management Annals, 5, 653–707.

Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J. L., Moyano-Fuentes, J. 2007. Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. Administrative Science Quarterly, 52 (1), 106-137.

Gómez-Mejía, L. R., Melbourne, T. M., Wiseman, R. M. 2000. The role of risk sharing and risk taking under gain-sharing. The Academy of Management Review, 3, 492-507.

Gómez-Mejía, L.R., Cruz, C., Imperatore, C., 2014. Financial Reporting and the Protection of Socioemotional Wealth in Family-Controlled Firms. European Accounting Review, 23 (3), 387-402.

Gómez-Mejía, L.R., Makri, M., Kintana, M.L., 2010. Diversification decisions in family-controlled firms. Journal of Management Studies, 47 (2), 223-252.

González-Esteban, E., 2001. La responsabilidad moral de la empresa. Una revisión de la teoría de Stakeholder desde la ética discursiva. Tesis.

González-Esteban, E., 2007. La teoría de los stakeholders. Un puente para el desarrollo práctico de la ética empresarial y de la responsabilidad social corporativa. Veritas. Revista de Filosofía y Teología, 2 (17), 205-224.

Graham, J. R., 2003. Taxes and Corporate Finance: A Review. Review of Financial Studies 16, 1074-1128.

Grant, R. M. 1991. The resource-based theory of competitive advantage: implications for strategy formulation. California Management Review, 33 (3), 114-135.

Gray, R., Kouhy, R., Lavers, S., 1995. Corporate social and environmental reporting. A review of the literature and a longitudinal study of UK disclosure. Accounting, Auditing and Accountability Journal, 8(2), 47-77.

Habbershon, T. G. Y Williams, M. L. 1999. A resource-based framework for assessing the strategic advantages of family firms. Family Business Review, 12, 1-15.

Hambrick, D. C., Finkelstein, S. 1995. The effects of ownership structure on conditions at the top: The case of CEO pay raises. Strategic Managerial Journal, 16 (3), 175-193.

Hambrick, D.C., Finkelstein, S., 1995. The effects of ownership structure on conditions at the top: The case of CEO pay raises. Strategic Managerial Journal, 16 (3), 175-193.

Handler, W. C., 1990. Succession in Family Firms: A Mutual Role Adjustment between Entrepreneur and Next-generation Family Members. Entrepreneurship Theory and Practice, 15 (1).

Hansen, L. 1982. Large sample properties of generalized method of moments estimators. Econometrica, 50(3), 1029–1054.

Harrison, J. S., Bosse, D. A., Phillips, R. A. 2010. Managing for stakeholders, stakeholder utility functions, and competitive advantage. Strategic Management Journal, 31(1), 58-74.

Healy, P. M., Wahlen, J., 1999. A review of the earning management literature and its implications for standard setting. Paper prepared for discussion at the 1998 AAA/FASB Financial Reposting Issues Conference, Accounting Horizons 13, 365-383.

Hill, C.W., Jones, T.M., 1992. Stakeholder-agency theory. Journal of Management Studies, 29(2), 131-154.

Hillier, D., Pindado, J., De Queiroz, V., De La Torre, C. 2011. The impact of country-level corporate governance on research and development. Journal of International Business Studies, 42 (1), 76-98.

Hillman, A. J., Keim, G. D. 2001. Shareholder value, stakeholder management, and social issues: what's the bottom line? Strategic Management Journal, 22(2), 125-139.

Hirigoyen, G., Poulain-Rehm, T. 2014. The Corporate Social Responsibility of Family Businesses: An International Approach. International Journal of Financial Studies, 2, 240-265.

Hofstede, G. 2011. Dimensionalizing Cultures: the Hofstede model in context. Online Readings in Psychology and Culture, 2(1).

Hofstede, G., Hofstede, G.J. 2005. Cultures and Organizations: Software of the Mind, Revised and expanded 2nd edition. New York: McGraw-Hill.

Hoi, C.K., Wu, Q., Zhang, K., 2013. Is corporate social responsibility (CSR) associated with tax avoidance? Evidence from irresponsible CSR activities. The Accounting Review, 88(6), 2025-2059.

Hong, Y., Andersen, M. L., 2011. The relationship between corporate social responsibility and earning management: an exploratory study. Journal of Business Ethics, 104 (4), 461-471.

Huseynov, F., Klamm, B.K., 2012. Tax avoidance, tax management and corporate social responsibility. Journal of Corporate Finance, 18, 804-827.

International Family Enterprise Research Analysis (IFERA) 2003. Family Business Dominate.

James, H. 2006. Family capitalism: Wendels, Haniels, Falcks, and the continental European model. Harvard University Press.

James, H., 1999. Owner as manager, extended horizons and the family firm. International Journal of the Economics of Business, 6 (1), 41-56.

Jensen, M. C., Meckling, W. H. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3 (4), 305-360.

Johnson, J. L., Daily, C. M., Ellstrand, A. E. 1996. Boards of Directors: A Review and Research Agenda. Journal of Management, 22 (3), 409-438.

Jones, C. D., Makri, M., Gomez-Mejia, L. R. 2008. Affiliate directors and perceived risk bearing in publicly traded, family-controlled firms: The case of diversification. Entrepreneurship Theory and Practice, 32, 1007–1026.

Jones, J. J., 1991. Earnings management during import relief investigations. Journal of Accounting Research 29(2), 193-228.

Jones, T. M., 1995. Instrumental stakeholder theory: A synthesis of ethics and economics. Academy of Management Review 20(2), 404-437.

Kashmiri, S., Mahajan, V. 2010. What's in a name? An analysis of the strategic behavior of family firms. International Journal of Research in Marketing, 27 (3), 271-280.

Keats, B. W., Hitt, M. A. 1988. A causal model of linkages among environmental dimensions, macro organizational characteristics and performance. The Academy of Management Journal, 31 (3), 570-598.

Kellermanns, F.W., Eddleston, K.A. 2006. Corporate entrepreneurship in family firms: A family perspective. Entrepreneurship Theory & Practice, 30 (6), 809–830.

Kepner, E. (1983). The family and the firm: A co-evolutionary perspective. Organizational Dynamics, 12(1), 57-70.

Kets de Vries, M. F. R., 1993. The dynamics of family controlled firms: The good and the bad news. Organizational Dynamics, 21(3), 59-71.

Khan, I., Chad, P. V., Patel, A., 2013. The impact of ownership structure on voluntary corporate disclosure in annual reports: evidence from Fiji. Accounting and Taxation, 5 (1), 47-58.

Kim, B., Li, Y., Zhang, L., 2011. Corporate Tax Avoidance and stock price crash risk: firm-level analysis. Journal of Financial Economics, 100 (3), 639-662.

Kim, B., Yi, C. H., 2006. Ownership structure, business group affiliation, listing status, and earning management: Evidence from Korea. Contemporary Accounting Research, 23 (2), 427-464.

Kim, Y., Park, M.S., Wier, B., 2012. Is earnings quality associated with corporate social responsibility? Account. Rev. 87 (3), 761-796.

Kinney Jr, W. R., Palmrose, Z., Scholz, A., 2004. Auditor independence, non-audit services, and restatements: was the U.S. government right?. Journal of Accounting Research, 42(3), 561-588.

Kirzner, I. M. 1979. Perception, opportunity, and profit. Chicago, IL: University of Chicago Press.

Kothari, S., Leone, A. J., C. E., Wasley. 2005. Performance matched discretionary accrual measures. Journal of Accounting and Economics 39(1), 163-197.

Kotlar, J., De Massis, A. 2013. Goal setting in family firms: Goal diversity, social interactions, and collective commitment to family-centered goals. Entrepreneurship Theory & Practice, 37 (6), 1263–1288.

La Porta, R. L., Lopez-de-Silane, F., Shleifer, A., Vishny, R., 1998. Agency problems and dividend policies around the world (No. w6594). National Bureau of Economic Research.

La Porta, R., Lopez de Silanes, F., Shleifer, A., 1999. Corporate ownership around the world. The Journal of Finance, 54 (1), 471-518.

Laguir, I., Elbaz, J. 2014. Family firms and Corporate Social Responsibility (CSR): preliminary evidence from the french stock market. Journal of Applied Business Research, 30 (4), 971-988.

Laguir, I., Staglianò, R., Elbaz, J., 2015. Does corporate social responsibility affect corporate tax aggressiveness? Journal of Cleaner Production, 107, 662-675.

Landry, S., Deslandes, M., Fortin, A., 2013. Tax aggressiveness, corporate social responsibility and ownership structure. Journal of Accounting, Ethics & Public Policy, 14(3).

Laplume, A., Sonpar, K., Litz, R. A. 2008. Stakeholder theory: Reviewing a theory that moves us. Journal of Management, 34 (6), 1152-1189.

Le Breton-Miller, I., Miller, D. 2016. Family firms and practices of sustainability: A contingency view. Journal of Family Business Strategy, 7 (1), 26-33.

Lester, R. H., Certo, S. T., Dalton, C. M., Dalton, D. R., Cannella, A. A. 2006. Initial public offering investor valuations: An examination of top management team prestige and environmental uncertainty. Journal of Small Business Management, 44, 1-26.

Leuz, R., Nanda, D., Wysocki, P., 2003. Earning Management and Investor Protection: An International Comparison. Journal of Finance and Economy, 69, 505-527

Lin, K.Z., Cheng, S., Zhang, F., 2017. Corporate Social Responsibility, Institutional Environments, and Tax Avoidance: Evidence from a Subnational Comparison in China. International Journal of Accounting, 52, 303-318.

Lindblom, C.K., 1993. The Implications of Organisational Legitimacy for Corporate Social Performance and Disclosure. Critical Perspectives on Accounting Conference, New York.

Lindblom, C. K., 2010. The implications of organizational legitimacy for corporate social performance and disclosure. Social and Environmental Accounting Volume Developing the Field, Sage: London, UK.

Liu, Y., Wang L. C., Zhao, L., Ahlstrom, D. 2013. Board turnover in Taiwan's public firms: an empirical study. Asia Pac Journal Management, 30, 1059-1086.

Lumpkin, G.T., Brigham, K.H., Moss, T.W. 2010. Long-term orientation: Implications for the entrepreneurial orientation and performance of family businesses. Entrepreneurship & Regional Development, 22 (3/4), 241–264.

Mahon, J.F., 2002. Corporate reputation: A research agenda using strategy and stakeholders literature. Business and Society, 21(4), 415-444.

Mahoney, L. S., 2012. Standalone CSR reports: A Canadian analysis. Issues in Social and Environmental Accounting, 6(1/2), 4-25.

Maignan, I., Ralston, D.A., 2002. Corporate social responsibility in Europe and the U.S.: Insights from businesses' self-presentations. Journal of International Business Studies, 33(3), 497-514.

Margolis, J. D., Walsh, J. P. 2003. Misery loves companies: Rethinking social initiatives by business. Administrative Science Quarterly, 48 (2), 268-305.

Marques, P., Presas, P., Simon, A. 2014. The Heterogeneity of Family Firms in CSR Engagement: The Role of Values. SAGE Journal, 27 (3), 206-227.

Martin, G., Campbell, J. T., Gomez-Mejia, L.., 2016. Family control, socioemotional wealth and earning management in publicly traded firms. Journal of Business Ethics, 133 (3), 453-469.

Martinez-del-Rio, J., Lopez, R. A., Cespedes-Lorente, J. J. 2015. Being Green Against the Wind? The Moderating Effect of Munificence on Acquiring Environmental Competitive Advantages. SAGE Journals, 28 (2), 181-203.

Martínez-Ferrero, J., Banerjee, S., García-Sánchez, I. 2016a. Corporate social responsibility as a strategic shield against costs of earnings management practices. Journal of Business Ethics, 133 (2), 305-324.

Martinez-Ferrero, J., Garcia-Sanchez, I. M., Cuadrado-Ballesteros, B., 2015. Effect of financial reporting quality on sustainability information disclosure. Corporate Social Responsibility Environmental Management, 22, 45-64.

Martínez-Ferrero, J., Rodríguez-Ariza, L., García-Sánchez, I. M. 2016. Corporate social responsibility as an entrenchment strategy, with a focus on the implications of family ownership. Journal of Cleaner Production, 135 (1), 760-770.

Mason, C., Simmons, J. 2013. Embedding Corporate Social Responsibility in Corporate Governance: A Stakeholder Systems Approach. Journal of Business Ethics, 119(1), 77-86.

Mason, C., Simmons, J., 2013. Embedding Corporate Social Responsibility in Corporate Governance: A Stakeholder Systems Approach. Journal of Business Ethics. Advance online publication: DOI 10.1007/s10551-012-1615-9.

Matten, D., Moon, J. 2008. “Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility. Academy Of Management Review, 33(2), 404-424.

Maury, B. 2006. Corporate Performance, Corporate Governance and Top Executive Turnover in Finland. European Financial Management, 12 (2), 221-248.

Mayo. M., Gómez-Mejía, L. R., Berrone, P., Firfray, S., Villena, V. H. 2016. Leader beliefs and CSR for employees: the case of telework provision. Leadership & Organization Development Journal, 37 (5), 609-634.

Meiseberg, B., Ehrmann, T., 2010. Do corporate governance characteristics influence tax management? Journal of Corporate Finance, 16, 703-806.

Meyer, A. 1982. Adapting to environmental jolts. Administrative Science Quarterly, 27, 515–537.

Miller, D., Minichilli, A., Corbetta, G. 2013. Is family leadership always beneficial? Strategic Management Journal, 34 (5), 553–571.

Miller, D., Le Breton-Miller, I. 2005. Managing for the long run: lessons in competitive advantage from great family businesses. Harvard Business Press.

Miller, D., Le Breton-Miller, I., 2003. Challenge versus advantage in family business. Strategic Organization, 1 (1), 127-134.

Miller, D., Le Breton-Miller, I., Lester, R. H., Canella, A. A. 2007. Are family firms really superior performers? Journal of Corporate Finance, 13 (5), 829-858.

Miller, P., Friesen, P. H. 1983. Strategy-making and environment: the third link. Strategic Management Journal, 4 (3), 221-235.

Minichilli A., Corbetta G. and MacMillan 2010. Top Management team in family-controlled companies: “familiness”, “faultline”, and their impact on Financial performance. Journal of Management Studies, 47(2).

Mok, H. M. K., Lam, K., Cheung, I. 1992. Family control and return covariation in Hong Kong’s common stocks. Journal of Business Finance and Accounting, 19 (2), 277-293.

Montiel, I., Husted, B., Christmann, P., 2012. Using private management standard certification to reduce information asymmetries in corrupt environments. Strategic Management Journal, 33, 1103–1113.

Moore, J.A., Shu, S.H., Werner, E.M., 2017. Dual entrenchment and tax management: Classified boards and family firms. Journal of Business Research 79, 161-172.

Mork, R., Yeung, B. 2004. Family control and the rent seeking society. Entrepreneurship Theory and Practice, 28, 391-409.

Naldi, L., Cennamo, C., Corbetta, G., Gomez-Mejia, L. 2013. Preserving socioemotional wealth in family firms: Asset or liability? The moderating role of business context. Entrepreneurship Theory & Practice, 37 (6), 1341–1360.

Navarro, F., 2008. Responsabilidad Social Corporativa: Teoría y Práctica. ESIC Editorial. 330 páginas.

Nekhili, M., Nagati, H., Chtioui, T., Rebolledo, C., 2017. Corporate social responsibility disclosure and market value: family versus non family firms. Journal of Business Research, 77 (C), 41-52.

O'Boyle, E. H., Rutherford, M. W., J. M. Pollack, 2010. Examining the relation between ethical focus and financial performance in family firms: an exploratory study. Family Business Review, 23(4), 310-326.

O'Donovan, G., 2002. Environmental disclosures in the annual report: Extending the applicability and predictive power of legitimacy theory. Accounting, Auditing and Accountability Journal, 15 (3), 344-371.

Orlitzky, M., Schmidt, F. L., Rines, S. L. 2003. Corporate social and financial performance: A meta-analysis. Organization Studies, 24 (3), 403-441.

Owens, J., 2005. The interface of tax and good corporate governance. Tax Notes International, 37, 767-769.

Pazzaglia, F., Mengoli, S., Sapienza, E., 2013. Earnings quality in acquired and non acquired family firms: A socioemotional wealth perspective. Family Business Review, 26, 374-386.

Pérez, A., Del Bosque, I. R. 2013. Measuring CSR image: three studies to develop and to validate a reliable measurement tool. Journal of Business Ethics, 118(2), 265-286.

Petersen, H., Vredenburg, H. 2009. Corporate governance, social responsibility and capital markets: exploring the institutional investor mental model, Corporate Governance: The international journal of business in society, 9 (5), 610-622.

Petersen, M. A. 2009. Estimating standard errors in finance panel data sets: comparing approaches. The Review of Financial Studies, 22 (1), 435-480.

Philips, R., Freeman, R. E., Wicks, A. C., 2003. What stakeholder theory is not. Bussiness Ethics Quarterly 13 (4), 479-502.

Poza, E., Alfred, T. Maheshwari, A. 1997. Stakeholders perceptions of cultural and management practices in family and family firms - A preliminary report. Family Business Review 10, 135-155.

Prencipe, A., Markarian, G., Pozza, L.., 2008. Earning management in family firms: Evidence from R&D cat capitalization in Italy. Family Business Review, 21 (1), 71-88.

Preuss, L., 2010. Tax avoidance and corporate social responsibility: You cannot do both, or can you? Corporate Governance, 10, 365-374.

Prior, D., Surroca, J., J. A. Tribó. 2008. Are socially responsible managers really ethical? Exploring the relationship between earnings management and corporate social responsibility. Corporate Governance: An International Review 16(3), 160-177.

Rahman, N., Post, C. 2012. Measurement issues in environmental corporate social responsibility (ECSR): Toward a transparent, reliable, and construct valid instrument. Journal of Business Ethics, 105(3), 307-319.

Ramchander, S., Schwebach, R. G., Staking, K., 2012. The informational relevance of corporate social responsibility: Evidence from DS400 index reconstitutions. Strategic Management Journal, 33, 303–314.

Randolph, W. A., Dess. G. G. 1984. The congruence perspective of organization design: a conceptual model and multivariate research approach. Academy of Management Review, 9 (1), 114-127.

Randøy, T., Goel, S., 2003. Ownership structure, founder leadership, and performance in Norwegian SMEs: Implications for financing entrepreneurial opportunities. Journal of Business Venturing, 18 (5), 619-637.

Reay, T. 2009. Family-business meta-identity, institutional pressures, and ability to respond to entrepreneurial opportunities. Entrepreneurship Theory and Practice, 33, 1265–70.

Riahi-Belkaoui, R., 2004, .The impact of social responsibility on the informativeness of earnings and accounting choices. Advances in Environmental Accounting and Management, 2, 121-136.

Rodríguez-Ariza, L., Cuadrado-Ballesteros, B., Martínez-Ferrero, J., García-Sánchez I. M. 2017. The role of female directors in promoting CSR practices: An international comparison between family and non-family businesses. Business Ethics: A European Review, 26 (2), 162-174.

Rosenbusch, N., Rauch, A., Bausch, A. 2013. The mediating role of entrepreneurial orientation in the task environment–performance relationship. A meta-analysis. SAGE Journals, 39 (3), 633- 659.

Ross, S. A., 1997. The determination of financial structure: the incentive-signalling approach. The Bell Journal of Economics, 8 (1), 23-40.

Roychowdhury, S., 2006. Earnings management through real activities manipulation. Journal of Accounting and Economics, 42 (3), 335-370.

Salewski, M., Zülch, H., 2014. The Association between Corporate Social Responsibility (CSR) and Earnings Quality-Evidence from European Blue Chips. HHL Working Paper No. 112. Available online: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2141768

Sánchez-Medina, P. S., Díaz-Pichardo, R. 2017. Environmental pressure and quality practices in artisanal family businesses: The mediator role of environmental values. Journal of Cleaner Production, 143, 145-158.

Schulze, W. S., Lubatkin, M. H., Dino, R. N. 2003. Toward a theory of agency and altruism in family firms. Journal of Business Venturing, 18, 473–90.

Sciascia, S., Mazzola, P., Chirico, F. 2013. Generational involvement of the top management team of family firms: Exploring nonlinear effects of entrepreneurial orientation. Entrepreneurship Theory & Practice, 37(1), 69–85.

Shanker, M. C. Astrachan, J. H 1996. Myths and Realities: Family Businesses' Contribution to the US Economy— A Framework for Assessing Family Business Statistics. Family Business Review, 9 (2), 107-123.

Sharma, P., 2004. An overview of the field of family business studies: current status and directions for the future. Family Business Review, 17 (1), 1-36.

Sharma, P., Manikuti, S. 2005. Strategic divestments in family firms: Role of family structure and community culture. Entrepreneurship Theory and Practice, 29(3), 293-311.

Sharma, P., Sharma, S. 2011. Drivers of proactive environmental strategy in family firms. Business Ethics Quarterly, 21 (2), 309-334.

Shepherd, D. A., Wiklund, J., Haynie, J. M. 2009. Moving forward: Balancing the financial and emotional costs of business failure. Journal of Business Venturing, 24(2), 134-148.

Shen, C. H., Chih, H. L., 2005. Investor protection, prospect theory, and earnings management: An international comparison of the banking industry. Journal of Banking and Finance 29 (10), 2675-2697.

Shleifer, A., 2004. Does competition destroy ethical behaviour? American Economic Review, 94, 414-418.

Shleifer, A., Vishny, R., 1986. Large shareholders and corporate control. Journal of Political Economy, 94 (3), 461-488.

Short, J.C., Payne, G.T., Brigham, K.H., Lumpkin, G.T., Broberg, J.C. 2009. Family firms and entrepreneurial orientation in publicly traded firms. Family Business Review, 22 (1), 9–24.

Shukla, P. P., Carney, M., Gedajlovic, E., 2014. Economic theories of families. The SAGE handbook of family businesses, 100-108.

Sikka, P., 2010. Smoke and mirrors: Corporate Social Responsibility and tax avoidance - A reply to Hasseldine and Morris. Accounting Forum, 37 (1), 15-38.

Spence, M. 1973. Job market signaling. Quarterly Journal of Economics, 87 (3), 355–374.

Spence, M. 2002. Signaling in Retrospect and the Informational Structure of Markets . American Economic Review, 92 (3), 434-459.

Steijvers, T., Niskanen, M., 2014. Tax aggressiveness in private family firms: an agency perspective. Journal of Family Business Strategy, 5 (4), 335-396.

Stockmans, A., Lybaert, N., Voordeckers, W., 2010. Socioemotional wealth and earning management in private family firms. Family Business Review, 23, 280-294.

Stoney, C., Winstanley, D., 2001. Stakeholding: Confusion or utopia? Mapping the conceptual terrain. The Journal of Management Studies, 38(5), 603-626

Suchman, M. C., 1995. Managing legitimacy: Strategic and institutional approaches. Academic Managing Review, 20, 571-610.

Sun, N., A. Salama, K. Hussainey, M. Habbash. 2010. Corporate environmental disclosure, corporate governance and earnings management. Managerial Auditing Journal, 25(7), 679-700.

Tan, J., Litschert, R. J. 1994. Environment-strategy relationship and its performance implications: An empirical study of Chinese electronics industry. Strategic Management Journal, 15: 1-20.

Tagiuri, R., and Davis, J. A. (1992). On the goals of successful family businesses. Family Business Review, 5(1), 43-62.

Thompson, J. 1967. Organizations in action. New York: McGraw-Hill.

Thorne, L., Mahoney, L., Manetti, G., 2014. Motivations for issuing standalone CSR reports: A survey of Canadian firms, Accounting, Auditing and Accountability Journal, 27(4), 686 – 714.

Turban, D. B. and Cable, D. M. 2003. Firm reputation and applicant pool characteristics. Journal of Organizational Behavior, 24, 733–51.

Uhlaner, L. M. (2006). Business family as a team: Underlying force for sustained competitive advantage. P. Z. Poutziouris, K. X. Smyrnios, and S. B. Klein (Eds.), Handbook of research on family business, 125-144.

Van Gils, A., Dibrell, C., Neubaum, D. O., Craig, J. B 2014. Social issues in the family enterprise. Family Business Review, 27(3), 193-205.

Verrecchia, R. E., 1983. Discretionary Disclosure. Journal of Accounting of Economics, 5, 179-194.

Villarón-Peramato, Ó, Martínez-Ferrero, J., García-Sánchez, I. M. 2018. CSR as entrenchment strategy and capital structure: corporate governance and investor protection as complementary and substitutive factors. Review of Managerial Science, 12(1), 27-64.

Voordeckers, W., Van Gils, A., Van den Heuvel, J. 2007. Board Composition in Small and Medium Sized Family Firms. Journal of Small Business Management, 45 (1), 137-156.

Walters, B., Kroll, M., Wright, P. 2010. The impact of TMT board member control and environment on post-IPO performance. Academy of Management Journal, 53, 572-595.

Wang, D., 2006. Funding family ownership and earnings quality. Journal of Accounting Research, 44 (3), 619-656.

Ward, J. L. 2006. When the Family is Large. Families in Business, 25.

Watson, A., Shrives, P., Marston, C., 2002. Voluntary disclosure of accounting ratios in the UK. British Accounting Review, 34(4), 289–313.

Williamson, I. O., King, J. E., Lepak, D., Sarma, A. 2010. Firm reputation, recruitment web sites, and attracting applicants. Human Resource Management, 49, 669–87.

Wiseman, R. M., Gomez-Mejia, L. R. 1998. A behavioral agency model of managerial risk taking. Academy of management Review, 23(1), 133-153.

Withers, M. C., Fitza, M. A. 2017. Do board chairs matter? The influence of board chairs on firm performance. Strategic Management Journal, 38(6), 1343-1355.

Wooldridge, J. M. 2010. Econometric analysis of cross section and panel data. Cambridge: MIT Press.

World Business Council for Sustainable Development, 2000. Meeting changing expectations. 38 pages.

Young, S., Marais, M., 2011. CSR reporting: An Institutional perspective. Finance and Corporate Governance Conference, La Trobe University.

Young, S., Thyil, V., Steward, J., Pollard, D. 2011. A holistic approach to corporate governance: Lessons from the financial crisis and the way forward. Corporate

Governance and the Global Financial Crisis–International Perspectives, Cambridge University Press, Cambridge, 365-388.

Young, S., Thyill, V. 2014. Corporate social responsibility and corporate governance: role of context in international settings. Journal of Business Ethics, 122 (1. 1-24.

Zahra, S. A., 2005. Entrepreneurial risk taking in family firms. Family Business Review, 18(1), 23-40.

Zang, A., 2012. Evidence on the tradeoff between real manipulation and accrual manipulation. The Accounting Review, 87 (2), 675-703.

Zellweger, T. M., Kellermanns, F. W., Chrisman, J. J., Chua, J. H. 2012. Family Control and Family Firm Valuation by Family CEOs: The Importance of Intentions for Transgenerational Control. Organization Science, 23 (3), 851-86.

ANNEX I

SPANISH SUMMARY

Introducción

En un contexto empresarial a nivel internacional y dada la actual situación medioambiental, financiera y económica, el objetivo principal de esta tesis doctoral es analizar la posible relación existente entre la denominada Responsabilidad Social Corporativa (RSC), la agresividad fiscal y la manipulación contable, así como el papel moderador que la inclusión de la empresa familiar puede desempeñar en estas relaciones.

Las organizaciones, hoy en día, se encuentran bajo un creciente escrutinio por parte de la sociedad en términos de comportamiento y compromiso con las normas legales existentes, la actitud medioambiental, los patrones de conducta y todas las especificaciones no escritas que deben seguir. Las empresas deben adoptar diferentes estrategias para diseñar y promover actividades sociales, éticas y respetuosas con el medio ambiente. Estas actividades son las que les permiten mantener su legitimidad y su buena imagen en los mercados y sociedades. En general, existe en la sociedad una creciente preocupación por mejorar el desempeño social y medioambiental, lo que lleva a las empresas a utilizar las actividades de RSC con el fin de influir en las percepciones del público en general sobre sí mismas.

Así pues, también existe un equilibrio entre los objetivos sociales y medioambientales y las preocupaciones económicas a la hora de maximizar la riqueza de los accionistas. Por ello, en este sentido y dejando de lado los asuntos sociales y medioambientales, la preocupación por el porcentaje que representan los impuestos en los costes corporativos está ganando importancia desde hace ya algún tiempo. Es en este momento cuando las empresas y el mundo académico comienzan a utilizar el término agresividad fiscal. Aunque existen varias definiciones, según Chen et al. (2010) la agresividad fiscal se define como una "gestión a la baja de los ingresos imponibles a través de actividades de planificación fiscal"; mientras que, Frischmann et al. (2008) lo definieron de una manera más simple como el acto de "participar en posiciones tributarias significativas con datos de respaldo relativamente débiles".

Hoy en día, existe una gran variedad de oportunidades para la investigación sobre la agresividad fiscal debido a la fertilidad de este campo de estudio. Pero, además,

no solo las autoridades fiscales están prestando atención, sino que también goza de interés para otro tipo de audiencia, como, por ejemplo, gerentes, inversores y otros reguladores (Beng et al., 2016), que también centran su atención en términos fiscales; una atención, por otra parte, que puede orientarse a analizar el nivel de compromiso de la RSC de las empresas con mayor agresividad fiscal.

Cuando analizamos este término junto con el comportamiento de la RSC, se ha evidenciado a lo largo de varios y numerosos estudios que las empresas socialmente responsables tienen incentivos o motivación para mantener su buena reputación e imagen; por lo tanto, debido a las consecuencias que la agresividad fiscal puede tener en su reputación, las empresas socialmente responsables podrían ser menos agresivas en materia fiscal. Sin embargo, este no es siempre el caso y algunas empresas, aparentemente, se comportan de una manera socialmente responsable incluso cuando realizan actividades fiscalmente agresivas (por ejemplo, Preuss, 2010; Sikka, 2010). Debido a la ausencia de resultados homogéneos, centramos nuestra investigación en este campo para intentar llenar este gap.

Además, a lo largo de los años, ha habido un número considerable de escándalos contables y financieros derivados de la toma de decisiones del gerente y la separación entre propiedad y control. En general, esta mala toma de decisiones de los gerentes es causada por su voluntad de satisfacer sus propios intereses y necesidades en lugar de las de los accionistas. Para ello, suelen promover diferentes actividades, entre las cuales podemos encontrar el hecho de que pueden modificar la contabilidad con el objetivo de enmascarar su comportamiento discrecional. Estas actividades se denominan generalmente como manipulación contable o *earnings management*.

A este respecto, los gerentes también pueden divulgar información con el objetivo de mejorar el desempeño social y medioambiental o también pueden usar las actividades de RSC para influir en las percepciones generales que terceros pueden tener con respecto a su comportamiento dentro de la empresa (Dowling y Pfeffer, 1975). Esto ha sido sugerido previamente por diferentes autores (Salewski y Zülch, 2014; Martínez-Ferrero et al., 2015, entre otros). Como afirman estos autores, las empresas con dichos gerentes pueden enmascarar el comportamiento discrecional y las prácticas de manipulación contable; de hecho, pueden conseguirlo al proporcionar enormes

cantidades de información de RSC y, por lo tanto, garantizar su legitimidad, compensando así su información financiera de baja calidad. Sin embargo, en este sentido, dado que existen flujos opuestos y dada la importancia del daño potencial de la manipulación contable (Chih et al., 2008), nuestro objetivo con esta investigación es tratar de arrojar luz sobre tan variados resultados.

Por lo tanto, el objetivo de esta tesis doctoral es investigar en el campo de la RSC su relación con algunos otros conceptos, como la agresividad fiscal y la manipulación contable. La finalidad es resolver esos *research gap* donde las relaciones mencionadas no son claras.

No obstante, la principal contribución y foco de atención de esta tesis es su estudio desde la perspectiva de la empresa familiar debido a la enorme importancia que este tipo de organización posee en la actualidad: creación de empleo, desarrollo económico, representación empresarial, etc (IFERA, 2003). Si bien las relaciones propuestas con anteriores variables contribuyen notablemente a la literatura, esta tesis tiene como punto fuerte analizar la empresa familiar como factor moderador. Hasta la fecha, diversos estudios se han centrado en analizar y realizar una comparativa de empresa familiar vs. no familiar y aspectos de gobierno corporativo, sucesión, legitimidad, etc. Pero, escasa es la investigación previa que vincula y expande esta comparativa hacia la RSC, la agresividad fiscal y la manipulación contable.

Así, a lo largo de la tesis doctoral, los capítulos empíricos que se han desarrollado tienen por finalidad analizar los siguientes objetivos que serán expuestos a continuación.

Objetivos

La tesis doctoral tiene por finalidad dar respuesta a tres objetivos relacionados entre sí, todos ellos examinados de manera teórica y empírica. La línea principal de esta tesis es analizar si existe una diferencia en el espectro de empresas familiares o si se comportan en la misma línea que las empresas no familiares. En general, los objetivos de esta investigación son los siguientes:

1. Examinar el comportamiento de la empresa familiar hacia los enfoques de RSC y, por lo tanto, su enfoque en actividades orientadas hacia la sociedad y el medio

ambiente, incluido el efecto que existe entre acciones orientadas hacia el exterior – por ejemplo, consumidores – y hacia el interior – por ejemplo, empleados o inversores -. Al mismo tiempo, enfocamos nuestro análisis en la moderación que esta relación puede experimentar con respecto a diferentes factores de contingencia relacionados con la gobernanza y los factores del entorno.

2. Examinar el impacto del desempeño de la RSC en la agresividad fiscal, debido a la existencia de resultados mixtos en este campo y, en particular, en el marco de la empresa familiar. Al igual que en el objetivo anterior, también examinamos la moderación que la propiedad familiar puede exhibir en la relación.

3. Examinar el efecto moderador de las empresas familiares sobre el impacto del desempeño de la RSC en la manipulación contable. ¿Es el compromiso responsable realmente ético? Esta pregunta de investigación se ha incluido para comprender el efecto que el compromiso socialmente responsable ejerce en las prácticas manipulación contable y con el objetivo de reforzar la brecha existente sobre el efecto moderador del espectro familiar.

Las hipótesis y objetivos de investigación se han examinado para una muestra internacional de análisis compuesta por 6.442 observaciones para el periodo comprendido entre 2006 y 2014. Metodológicamente, se proponen diversas regresiones de datos de panel.

Conclusiones

El principal objetivo de la tesis doctoral ha sido responder a la siguiente cuestión: ¿Cómo es el compromiso social y ambiental en las empresas familiares y cuáles son sus principales consecuencias?. A este respecto, las cuestiones de investigación analizadas se corresponden con: (i) analizar el compromiso en RSC de la empresa familiar y examinar factores de contingencia que moderen esta relación – atendiendo a su naturaleza de gobierno y del entorno -; (ii) analizar cómo influye el compromiso de RSC en las prácticas de agresividad fiscal y de manipulación contable y el efecto moderador de la empresa familiar en estas relaciones.

Los objetivos anteriores se examinan para una muestra de análisis compuesta por 956 empresas de 28 países diferentes. El período de análisis comienza en 2006 y

finaliza en 2016. Nuestros resultados se obtienen proponiendo y regresando varios modelos para datos de panel. Concretamente, utilizamos como técnica de análisis los estimadores de Tobit y GMM. Esta investigación trae la siguiente evidencia relacionada con cada objetivo. A partir de ahora, procederemos a enumerar las principales conclusiones de esta investigación:

Conclusión 1. Las empresas familiares se comportan positivamente hacia la responsabilidad social corporativa, sobre la base de la teoría de la riqueza socioemocional, destinada a preservar la supervivencia de la empresa.

En nuestra muestra estudiada, las empresas familiares tienen un gran compromiso con los asuntos sociales y medioambientales y, lo que es más, intentan lograr sus objetivos para la satisfacción de todos los stakeholders. Podemos confirmar lo anterior debido a que la RSC les permite garantizar la legitimidad y la supervivencia de la empresa; una de las consecuencias más importantes de desarrollar un desempeño proactivo de RSC es el aumento de la reputación de la empresa. Además, la RSC aumenta la percepción general de la empresa por parte de los interesados, lo que lleva a una mayor confianza de ellos hacia la empresa y ayuda a proporcionar empleo familiar y logra todos sus objetivos socioemocionales. También ayuda a las partes interesadas a comprender la manera en que las empresas familiares satisfacen sus demandas sociales y ambientales.

La conclusión anterior está claramente relacionada con un marco teórico ampliamente aceptado del compromiso de RSC de las empresas familiares, la perspectiva de la SEW. A este respecto, la teoría de SEW se transfiere o se aplica en el entorno de la empresa familiar, en aquellas empresas donde la toma de decisiones se basa en la dotación socioemocional y no solo en los objetivos económicos. Por lo tanto, cuando una familia está dispuesta a tomar una decisión, por lo general se ve impulsada por el riesgo asumido para preservar su herencia (Gómez-Mejia et al, 2007). A veces, la singularidad de las empresas familiares puede ser el resultado de considerar a la SEW como el aspecto clave en el proceso de toma de decisiones (Berrone et al, 2010). Además, hay situaciones en las que existen beneficios económicos inciertos o no hay

una rentabilidad económica clara y el riesgo de la operación se ajusta por la ganancia de la SEW.

Conclusión 2. La presencia de miembros de la familia en el equipo directivo y en la junta directiva influye en la práctica de la RSC.

Es cierto que no existe una definición clara y generalizada de empresa familiar (Miller et al., 2007). Sin embargo, podríamos afirmar que la definición de empresas familiares generalmente se refiere a cuestiones relacionadas con la administración, la propiedad o la sucesión. De esta manera, debido al profundo conocimiento que tienen los miembros de la familia sobre el funcionamiento de la sociedad y su apego a ella, poseen una gran influencia en la práctica de las actividades de RSC.

En este sentido, nuestros resultados señalan que los miembros de la familia crean una empresa respetuosa con el medio ambiente que canaliza sus transacciones y actividades hacia el comportamiento de la RSC. Las recompensas que sienten los miembros de la familia cuando actúan de esta manera se derivan de las consecuencias de la RSC que se mencionaron anteriormente. En este sentido, la RSC los hace sentir orgullosos por haber hecho posible la obtención de un estatus de prestigio y honrar así a la empresa y lo que ello conlleva.

Estos resultados tienen una serie de implicaciones a la hora de señalar cómo la propiedad familiar impacta en la RSC. Los gerentes y directores de familia (como factores de gobierno) desempeñan un papel moderador en este comportamiento. Para los inversores, esto ofrece una información útil y debería considerarse como una implicación acerca de cómo podría promoverse la RSC cuando la presencia familiar es mayor para preservar y reforzar sus dotaciones socioemocionales. Además, como hemos discutido anteriormente, también debería servir como una guía para los inversores y accionistas a fin de decidir sobre la composición de los equipos de administración y las juntas directivas que están a favor de las estrategias de RSC. Hay que tener en cuenta que la presencia de miembros de la familia puede proporcionar ventajas y beneficios adicionales en el desempeño de la RSC. También se puede considerar una implicación para los stakeholders, que pueden entender ahora, con

nuestros hallazgos, los beneficios asociados con esta presencia familiar en la empresa porque satisfacen las demandas medioambientales de las partes interesadas.

Conclusión 3. El nivel de munificencia en el mercado de la empresa reduce el compromiso de las empresas familiares con las actividades de RSE.

La munificencia puede ser considerada como un factor de contingencia medioambiental. Como se ha confirmado en estudios anteriores, el impacto del contexto genera una inferencia sobre el comportamiento de las empresas familiares en el logro de la RSC. El desempeño de la RSC está claramente influenciado por las condiciones del entorno. El objetivo, entonces, ha sido analizar cómo el nivel de munificencia podría moderar o impactar el compromiso de RSC de las empresas familiares. En contextos de mayor munificencia, ¿cuál es el esfuerzo que hace la familia para realizar actividades de RSC? Según nuestros hallazgos, un mayor nivel de munificencia en el contexto en el que operan las empresas minimiza su orientación a la RSC. En otras palabras, a pesar de que los contextos munificentes se caracterizan claramente por una mayor disponibilidad de recursos para ser asignados en numerosos proyectos, nuestra evidencia apoya el bajo rendimiento de la RSC en estos contextos. Esto puede ser el resultado de que en industrias munificentes, las empresas tienen mayores oportunidades de crecer y sobrevivir en un horizonte a largo plazo. Dado que la supervivencia está ciertamente garantizada, las empresas están menos incentivadas para invertir en actividades de RSC debido a la existencia de más recursos disponibles y menos competencia. Por lo tanto, reduce la necesidad de buscar recursos adicionales, como actividades de RSC.

A este respecto, para los inversores, nuestros resultados les proporcionan información sobre cómo diversificar sus inversiones en empresas familiares ubicadas en industrias munificentes en aquellas empresas más responsables socialmente y para las partes interesadas, les ayudará a cómo prestar atención al contexto donde opera su empresa y, por lo tanto, tener en cuenta las consecuencias de los entornos urbanos en los objetivos de la RSC.

Conclusión 4. Las empresas familiares son responsables ante los interesados externos e internos.

A lo largo de los estudios previos a esta tesis, ha quedado de manifiesto que las partes interesadas –stakeholders - representan grupos de diferentes participantes que pueden considerarse en el proceso de toma de decisiones de una organización, pero que también pueden verse afectados por ellos. Por lo tanto, los stakeholders son indispensables en la promoción y el desarrollo de una estrategia de RSC por parte de las empresas; un desempeño proactivo de la RSC podría llevar a un aumento en la percepción general que los stakeholders tienen al margen. Por lo tanto, aumentarán la confianza hacia esta empresa en comparación con otras empresas en el mercado. Pero, a lo largo de esta investigación, se ha propuesto una clara distinción entre las partes interesadas externas e internas.

Nuestros hallazgos confirman cómo es probable que los propietarios familiares garanticen y cumplan con las expectativas de las partes interesadas internas – por ejemplo, empleados - . Las empresas familiares adoptan acciones de trabajo responsable y promueven estrategias socialmente responsables. Mientras tanto, también consideran en su proceso de toma de decisiones a las partes interesadas externas – por ejemplo, proveedores o clientes -. No debemos olvidar que las prácticas de RSC asociadas a usuarios externos permiten que las empresas creen y mantengan relaciones duraderas con ellos. Así, las empresas familiares garantizan una buena reputación, imagen y otros activos intangibles. Este resultado ofrece una implicación importante para los stakeholders al poder comprender cómo reaccionan las empresas controladas por las familias y cumplir con los objetivos que exigen.

Conclusión 5. Es probable que aquellas empresas claramente comprometidas con las actividades de responsabilidad social corporativa reduzcan sus actividades de agresividad fiscal.

Las empresas son conscientes de las consecuencias que pueden tener las actividades fiscales más agresivas en materia de impuestos. Entre las posibles consecuencias, citamos la pérdida de reputación y el apoyo de las partes interesadas o el daño de su imagen, entre otros. Precisamente, las consecuencias mencionadas anteriormente son algunas de las razones que explican por qué las empresas estarían a favor de la utilización de las actividades de RSC; claramente con ello logran resultados

positivos. Las empresas encuentran en las prácticas y el compromiso en RSC una serie de estrategias poderosas que les permiten mantener su buena imagen y reputación. Además, esta reputación puede aumentar el valor de los accionistas. Hay que tener en cuenta que, como se destacó a lo largo de la tesis doctoral, y por una gran cantidad de estudios previos, la RSC conduce a diferentes resultados positivos. Nos referimos no solo a la mayor satisfacción de los stakeholders, a su menor activismo, sino también a un mayor rendimiento de las empresas, un mejor acceso a las finanzas internas y externas, una menor información privada, una mayor reputación e imagen de las empresas, un menor comportamiento administrativo discrecional... Y, tal y como evidenciamos, menores incentivos para desarrollar y promover una estrategia de ahorro fiscal.

Conclusión 6. Las empresas familiares exhiben mayores acciones de ahorro fiscal. Esta mayor agresividad fiscal se debe a la divergencia de intereses entre los accionistas mayoritarios y minoritarios.

Como se señaló en la Conclusión 5, las empresas analizadas exhiben menos acciones de ahorro fiscal cuando el desempeño de la RSC es mayor. Sin embargo, la relación anterior es moderada en las empresas familiares. La inclusión de la propiedad familiar modera el vínculo negativo entre la RSC y la agresividad fiscal. Es decir, hay una política de menor agresividad fiscal cuando la RSC es mayor, excepto cuando la propiedad familiar es mayor. Deberíamos referirnos con ello a la “hipótesis del atrincheramiento”, en la cual las empresas familiares exhiben mayores actividades de ahorro de impuestos. Como accionista mayoritario, la familia trabaja de manera oportunista extrayendo rentas de accionistas minoritarios utilizando estrategias de evasión fiscal. Podríamos decir que esta agresividad fiscal es el resultado de la divergencia de intereses y objetivos entre los accionistas.

Así, en este punto, debido a sus amplios derechos de voto, las familias como accionistas mayoritarios tienden a aumentar su poder en la empresa mediante la expropiación de beneficios privados. Por lo tanto, han asegurado el control de la empresa y pueden actuar incluso dañando la riqueza de las minorías. Estas empresas podrían promover actividades de agresividad fiscal para cubrir pérdidas, o cualquier tipo de extracciones de renta como las mencionadas anteriormente, que de hecho se

vuelven más oportunistas. En este sentido, relegan los intereses de los accionistas minoritarios a una segunda posición.

Conclusión 7. Las empresas socialmente responsables están orientadas a aumentar sus prácticas de manipulación contable, utilizando la RSC como una herramienta discrecional.

En general, se espera un vínculo negativo entre la RSC y la manipulación contable al considerar que las empresas responsables socialmente se comportarán de manera transparente. Sin embargo, a diferencia de lo que uno podría esperar, nuestra evidencia confirma que las empresas con un mayor compromiso con la RSC son aquellas con un mayor nivel de manipulación contable. En otras palabras, aquellas empresas que realizan y promueven prácticas de manipulación contable son aquellas que, de hecho, intentan ocultar el comportamiento del gerente por medio de prácticas de RSC y, así, enmascarar el comportamiento discrecional del directivo.

Con esta evidencia, podemos discutir sobre el conflicto de la agencia tradicional que ayuda a los gerentes a adoptar y hacer uso de las acciones oportunistas. El objetivo de estas acciones es, de hecho, generalmente diferente de los de los accionistas. Bajo la perspectiva y el contexto de la teoría de la agencia, la RSC motiva a los gerentes a usar la información que tienen para tomar decisiones que van encaminados a la consecución de sus propios intereses y no los de grupos externos.

Conclusión 8. Sin embargo, las empresas familiares muestran un menor uso de las estrategias de manipulación contable.

Es lógico pensar que en las empresas familiares, cualquier miembro de la empresa citada estará a favor de evitar la manipulación contable como acciones discrecionales. Existe una estrecha relación de los propietarios familiares con la empresa, evitando cualquier acción que pueda dañar o poner en peligro la supervivencia de la empresa. Por lo tanto, un bajo nivel de prácticas de manipulación contable les permite garantizar su imagen y reputación. Esto quiere decir que, si la reputación de la empresa está manchada con la idea de una administración poco clara, dudosa o errónea,

también afectará a la reputación de la familia y, por lo tanto, dañará a la familia en general, porque la compañía también es su principal fuente de ingresos.

Podemos confirmar, así, la mayor aversión al riesgo de las empresas familiares de ser detectadas usando manipulación contable. Por lo tanto, no están orientadas a promover este tipo de acciones debido a cualquier efecto perjudicial del valor, el rendimiento, la imagen, etc. de la empresa. Precisamente, si la empresa familiar es señalada como empresa que promueve acciones de manipulación contable, algunas de las consecuencias serían la pérdida de la SEW y las dotaciones familiares; o, el daño de su imagen y, otras implicaciones económicas debido al hecho de que su riqueza está altamente concentrada en los activos de la empresa. Por lo tanto, podemos considerar que la propiedad familiar limita el uso de manipulación contable por el menor conflicto de la agencia entre los directivos y los propietarios.

Conclusión 9. La propiedad familiar modera el impacto de la RSC sobre la agresividad fiscal y la manipulación contable.

Como hemos destacado y propuesto a lo largo de estas páginas, las relaciones propuestas en esta tesis doctoral son muy diferentes cuando existe presencia de familia en la empresa o cuando no existe. En consecuencia, como conclusión general, la implicación de la familia modifica la forma en que la empresa se comporta con respecto a asuntos relacionados con RSC, actividades fiscales y de manipulación contable. Los objetivos de la empresa familiar y el proceso de toma de decisiones difieren claramente de las empresas no familiares. Podemos comenzar citando las dotaciones de SEW y la perspectiva de los gerentes y directores; así como su perspectiva largoplacistas. Las empresas intentan limitar y restringir cualquier acción que pueda poner en riesgo su supervivencia y legitimidad, y así sucesivamente. Estas características particulares hacen que el proceso de toma de decisiones y su compromiso con la RSC varíen con respecto a las empresas no familiares.

ANNEX II

LIST OF TABLES AND FIGURES PER CHAPTER

CHAPTER I: THEORETICAL FRAMEWORK AND EMPIRICAL RESEARCH DESIGN

Figure I.1 Carrol´s Pyramid of corporate social responsibility	20
Table I.1. Sample distribution by year, country and industry	31
Table I.2. Descriptive statistics of family by industry and country	37
Table I.3. Corporate social responsibility according to external and internal stakeholders.	38
Table I.4. Exploratory Factor Analysis: Reliability of CSR instrument	41

CHAPTER II: CORPORATE SOCIAL RESPONSIBILITY IN FAMILY FIRMS: A CONTINGENCY APPROACH

Table II.1. Descriptive statistics and bivariate correlations by family and non-family firms	71
Table II.2. Regression results on CSR and Family Firms	74
Table II.3. Regression results on CSR, family firms and contingency factors: governance factors	75
Table II.4. Regression results on CSR, family firms and contingent factors: environment factors	77
Table II.5. Sensitive Results by using the GMM estimator of Arellano and Bond (1991)	80

CHAPTER III: DOES CORPORATE SOCIAL RESPONSIBILITY AFFECT TAX AVOIDANCE? EVIDENCE FROM FAMILY FIRMS

Figure III.1. Research hypotheses	97
Table III.1. Descriptive statistics and bivariate correlations	99
Table III.2. Regression results on CSR and tax avoidance	100
Table III.3. Regression results on CSR and tax avoidance and the moderating effect of family ownership	102

CHAPTER IV: DOES CORPORATE SOCIAL RESPONSIBILITY AFFECT EARNINGS MANAGEMENT? EVIDENCE FROM FAMILY FIRMS

Figure IV.1. Research hypotheses	119
Table IV.1. Descriptive statistics and bivariate correlations	121
Table IV.2. Regression results on CSR and EM	122
Table IV.3. Regression results on CSR and EM and the moderating effect of family ownership	124

“**Breath**”

El tío Javi