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Impact of CSR on Firm Performance: The Moderating Role of Family Ownership in Individualistic & Collectivistic Countries

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Abstract

The objective of this study is to have a cross-country examination of the moderating role of family ownership on the corporate social responsibility (CSR) - financial performance (FP) relationship, also understanding how the moderating effect is influenced by cultural dimensions of collectivism and individualism. The study thereby incorporates views from both the Stakeholder theory and the Institutional theory. The study employs the one-way fixed effects regression analysis. Firm-year observations for the period of 2013 to 2022 of 439 firms across 35 countries are included. The magnitude of the interaction term is then inspected across the deemed collectivistic and individualistic cultures. The study finds that the degree of family ownership positively moderates the CSR-FP relationship and this moderation effect is stronger for collectivistic countries. The study is a novel approach to taking the CSR-FP subject with the family ownership moderating effect in a cross-country setting and it uniquely measures family ownership, not as the usual binary or subjective construct. The results of the study yield an interesting insight on the appropriate ownership structure for family members, and the status of legitimacy and trust family businesses can leverage with CSR to improve FP.

Keywords: collectivism; corporate social responsibility (CSR); family ownership; financial performance (FP); individualism

1. Introduction & Motivation

This is a cross-country study of family ownership in businesses in Collectivistic and Individualistic nations to see how it moderates the influence of Corporate Social Responsibility (CSR) on Firm Performance (FP). Recently, tensions between stakeholders and managers have increased as a result of the belief that profits should be the only goal. To counter the conflicts, in recent years, a new pattern has emerged in the capital markets that coalesces profit-making with upholding connections with the other stakeholders (He et al., 2015). This new pattern of CSR could be referred to actions that apparently serve some social good, over and beyond the company's objectives and the law's requirements; therefore, not discriminating against women and minorities might not be suggestive of a CSR initiative but merely abiding the law (McWilliams & Siegel, 2001).

Strategies intended to highlight CSR are receiving more attention (Brown & Dacin, 1997) as for instance, some businesses prioritize corporate philanthropy, employing and cultivating a diverse workforce, community involvement, and sponsorship of cultural events. Some noteworthy examples of CSR initiatives include progressive HR administration, non-animal testing practices, recycling, alleviating pollution and supporting local companies (McWilliams & Siegel, 2001). Owing to the 'focused on customers' point of view of CSR, companies that actively support CSR are assumed to

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be more reliable and to provide higher quality goods, particularly those in the case of food products[1] (McWilliams & Siegel, 2000).

With more than two-thirds respondents of a comprehensive global study (Environics International, 1999)[2] stating that they would like businesses to support societal purposes other than shareholder income, CSR has grown in prominence as a societal concern (Kitzmueller & Shimshack, 2012). The function of trust and alternatively opportunistic behavior[3] in corporate interactions, and in particular how trust might reduce problems with information asymmetries, are topics that have been extensively studied in the literature in economics, strategic management, and organization theory; CSR in this light is a sign of a morally upright attitude (Flammer, 2018).

Unlike in the extant literature on CSR-FP relationship, rather than framing a discussion to choose one between social and economic responsibility, priority must be given to impactful and meaningful fulfilment of both, to avoid incurring agency costs (Shammari et al., 2022). Managers are frequently under pressure to allocate resources to CSR by various stakeholder groups viz. customers, employees, governments and particularly institutional shareholders (McWilliams & Siegel, 2001). While some businesses heed these demands of CSR, there are others which resist, claiming that doing so would conflict with their goals of increasing profits (McWilliams & Siegel, 2000). If businesses believe that investing in 'green' initiatives will increase the wealth of their owners, they are likely more to do so (Cordeiro & Tewari, 2015); in contrast, the absence of a strong correlation between FP and sustainability numbers is more likely to discourage businesses and also impede the transition to a sustainable future.

One of the most discussed subjects among the many studies on a variety of topics in the context of CSR is the CSR-FP relationship (He et al., 2015). Customers prefer relationships and transactions with socially responsible enterprises because such a reputation is valued in and of itself (Roberts & Dowling, 2002). Many businesses have developed compensation-related reporting systems for environmental, safety and health issues (Baron, 2008); companies' social performance incentives inevitably interact with their FP incentives. Baron (2008) opines that incentives for FP, for instance, affects the incentives for social performance if CSR spending has an impact on consumer demand for a company's goods. Conversely, providing incentives for social performance could have an impact on FP as well as on the business' operations consequently.

Prior research suggests that family and non-family businesses have different business characteristics and management styles, particularly for Asian businesses[4]; while non-family controlled businesses aim to maximize profits, family-controlled businesses prioritize preserving the company's existence for descendants; also, the top manager is responsible for determining whether and how much the company will participate in CSR, and a family-controlled business will have an impact on the relationships between the top manager traits and CSR success (He et al., 2015). Managers who perceive oneself and/or their families to be strongly identified with the firms they own and manage may be more willing to promote CSR than those who think they can labor and enjoy firm benefits in an anonymous manner and need not accept accountability for the firm's poor behavior (Dyer & Whetten, 2006). This study thereby focusses on the examining the family owned firms' propensity of engaging in CSR and whether that affects the firm's financial performance.

For this study, panel data for a period between 2013 to 2022 entailing various aspects which indicate the penchant of a firm for CSR initiatives like ESG Score, presence (or absence) of a CSR Committee, CSR Strategy Score and amenity of ESG based compensation for executives are collated along with financials like Tobin's Q (a parameter indicative of a firm's FP), Revenue, Leverage, Asset size, Market Capitalization, Return on Assets for 439 firms across 35 countries. Each firm is evaluated for the degree of family ownership and then a panel data regression analysis provides an empirical overview of the moderating effect of the family ownership on the CSR-FP relationship. A more detailed overview of the variables, method adopted and rationale behind the choice of variables or the period of analysis for this study is mentioned in the section of Methodology, Data & Model.

Over the past few decades, the global economy has undergone significant upheaval. Emerging economies have experienced a rapid integration into the international economic system, including India (Q. Wang et al., 2016). Additionally, for instance, the Companies Act of 2013 in India requires that big, profitable companies invest 2% of their net income in CSR initiatives (Cordeiro et al., 2023). Moreover, the motivation to engage in CSR is rooted in social pressures and conventions within geographic communities, even if the key pressure groups in most cases appear to be employees, consumers, and even activists and governments (Kitzmueller & Shimshack, 2012). Therefore, this stakeholder theory-based analysis would then be extended to be viewed with the lens of Normative institutions under Institutional theory.

The resource-based benefits of family businesses may be strengthened by cultural traits of collectivism/individualism, power distance, and uncertainty avoidance (Dow & McGuire, 2016). Individualism, according to Hofstede, is the degree to which individuals feel independent rather than interdependent as parts of bigger wholes (collectivism). Given that CSR promotes social good, the cultural aspect of collectivism

[1] Products marketed as "free range" meat are said to be of superior quality and also signify a more humane treatment of animals (McWilliams & Siegel, 2000).

[2] Environics International (1999) was the global survey cited by authors Kitzmueller and Shimshack in their article "Economic Perspectives on Corporate Social Responsibility" (2012).

[3] Opportunistic behavior or Opportunism according to Oliver E. Williamson is the term for a lack of honesty in business dealings, including the cunning pursuit of one's own interests (Gorringe, 1987).

[4] This is an important point to consider counting towards analysis from the normative institutions point of view, the second part of this study.

is likely to be connected to the three primary aspects of management values important to CSR decision making i.e. shareholder, stakeholder and community welfare (Waldman et al., 2006).

Y. Wang et al. (2020) posit that there is a variance in the attitudes of employees regarding CSR as per their respective national culture and that the association between perceived social responsibility and job contentment, and innovation is positively moderated by a collectivistic culture. A company's product reviews are improved by a good CSR linkage, according to consumer's cognitive associations, and more favorable reviews should result in higher revenues for the firm (Brown & Dacin, 1997). These cognitive associations of CSR are more positive in collectivistic countries (Hur & Kim, 2017).

This study therefore looks at the aforementioned tendency of family-owned enterprises to engage in CSR, in the context of how this interaction term (CSR*Family Ownership) differs in the nations classified as collectivistic and individualistic, given the rationales of family businesses striving for pride and reputation in general, the positive perceptions of employees and consumers regarding CSR in collectivistic nations and an overall 'We before Me' attitude of collectivism. For this, countries of the firms (based on origin/headquarters) were categorized into individualistic (or collectivistic) countries by means of comparing the global collectivism practice score and the respective country's collectivism practice score. The country wise interaction terms are then presented on a map plot view to have an outlook of how culture affects the moderating role of family ownership on CSR-FP relationship.

Further, terms like family-controlled company, family firm, family business, family-owned company and terms in similar lines indicating that a firm is owned and managed by a family are interchangeably used.

2. Literature Review

2.1. Corporate Social Responsibility and Financial Performance

Amongst numerous investigations over a long period of time in the broader spectrum of CSR context literature, the topic of the effect of CSR on FP has drawn the interest of many researchers (Yeon et al., 2021). One of the conclusions of the study by J. Lee and Roh (2012) is that the companies which evidently reflect a socially responsible behavior, makes them less likely to encounter events which could be detrimental to the company affairs. Extant literature on this CSR-FP relationship provides us with findings which generally show a positive correlation, however the overall insights reveal mixed results (Petrenko et al., 2016).

The focus of researchers Roberts and Dowling (2002) was on comprehending how business reputation affects the trajectory of future financial performance. According to them, corporate reputation is a general organizational characteristic that shows how much the firm's external stakeholders perceive it as 'good' rather than 'bad'. They break down each company's reputation into two parts: a financial reputation component that is predicted by its prior FP, and a residual reputation component that is 'left over'. The evidence for a lasting reputation is then taken into account. They assert that, because ceteris paribus, employees desire to work for high reputation organizations and should thus put in more effort or accept lesser pay, a company with a good reputation may also have a cost advantage. Additionally, as suppliers are less concerned about contractual risks when doing business with reputable companies, having a good reputation should also result in cheaper contracting and monitoring expenses. Their analysis suggested that reputation building initiatives (like Phillips' anti-smoking campaign or McDonald's homes for sick children) might not necessarily improve the current FP of the firm, they are still very important as they create reputational assets that enable superior profits to last over time.

Brown and Dacin (1997) attempted to distinguish between two different categories of corporate affiliations, one being the firm's ability to produce output (product or service) and the other was the CSR aspect of the firm, and explore the potential effect that each might have on the assessments of new products by a consumer. The results state that, the consumers primarily use their knowledge of the firm's manufacturing ability to evaluate a product, especially the level of sophistication or the extent to which the product reflects the latest technological advancements. However, consumers also use their CSR perceptions of the firm to fill out the gap created by missing product attributes, more specifically when the product is new. The authors conclude that positive CSR associations result in better evaluations of the product and logically, the negative CSR perceptions are detrimental.

Extending the above discussion, Kitzmueller and Shimshack (2012), who sought to synthesize the economic perspectives on CSR, and Baron (2008), whose study is about the remuneration structures that take social performance into account, argue that when consumers reward CSR, the increased demand for social goods strengthens managers' profit incentives and that their remuneration will be positively connected with social expenditure. As a result, managers are driven to spend money on the community because demand, profits, and their income will all increase. Further, the ability of managers to balance CSR and earnings is also rising. Kitzmueller and Shimshack (2012) also assert that firms utilize CSR to differentiate, have better product positioning or foster brand loyalty. Lastly, in the absence of customer choices, shareholder preferences govern CSR.

Further, the organizational research by Shammari et al. (2022), on 137 S&P 500 publicly listed firms from 2004 until 2013 in North America states that the influence of CSR on FP is positive. The findings imply that the highest performing organizations are those with a high degree of social and economic accountabilities as well as status. Importantly, this research gauged a company's skills in R&D, operations, and marketing using stochastic frontiers analysis. The study elaborates on the CSR-FP relationship to be stronger for higher levels of R&D.

Yeon et al. (2021) also indicate that in context to researches having looked on the lack of a distinct and unilateral CSR-FP relationship, academics have begun to think about the possible variables that could affect this association.

2.2. Important attributes that affect the CSR-FP relationship

Although the CSR-FP link is a long talked about topic, the prior empirical researches reflect indefinite inferences (J. Chen & Liu, 2022; Cordeiro & Tewari, 2015; Q. Wang et al., 2016). Especially in the light of investor reactions, firm characteristics are an important parameter to be considered in order to better understand the CSR-FP relationship, like the bigger firms have more visibility and probably they benefit more (better FP) from CSR (Cordeiro & Tewari, 2015). Cordeiro and Tewari (2015) recorded investor response to the Newsweek Green Rankings[5] of 2009, hereby employing event study. The researchers' findings support the notion that rating services like Newsweek provide useful informational service by helping investors in higher ranked companies anticipate higher future cash flows as a result of more favorable responses from environmentally conscious clients, staff members, NGOs, and regulators, resulting to the companies' stocks rising in value. The authors further add that superior rankings are more advantageous to larger companies, given their heightened visibility and susceptibility to shareholder influence.

The firm characteristics affect company's ability to engage successfully in CSR and reaping improved FP benefits by minimizing the issues tied to institutional voids (Cordeiro et al., 2023). The authors of the study examine whether family ownership (ownership structure and governance aspects in that sense) in businesses could help overcoming the institutional voids in Indian firms. Interestingly, the results indicate that even in the face of institutional voids, Indian businesses that consistently gain the influence of stakeholders eventually persuade the stakeholders of the benefits of their CSR initiatives, which raises the FP. They also advise managers to consider long-term measurement of their CSR investments on their FP as CSR requires initial investments that are likely to decrease the FP in short term, bearing fruits in the more later stages.

Petrenko et al. (2016) contend that a leader's individual desire for spotlight and image reinforcement could be met by CSR. However, according to their study, which used a unique media-based gauging technique that leverages third-party ratings of characteristics of CEOs of Fortune 500 companies via endorsed psychometric scales, narcissistic CEO traits weaken the CSR-FP link. The authors also say that CEOs may draw attention to themselves through the CSR initiatives of their companies, just like celebrities do by taking part in charity events. Moreover, when it comes to the social actions of their companies, CEOs are frequently the target of compliments or criticism.

For decisions on Environmental protection especially, He et al. (2015) argue that it is important to consider the academic background of the Top managers (as compared to work experience, as this seldom affects the governance aspects) to better gauge the CSR performance. Their study overall suggests that the CSR performance of organizations will be linked to the educational backgrounds, professional experiences and family or non-family oriented organizational cultures of their top managers. Additionally, their findings based on the study of firms in Taiwan, imply that family controlled businesses are not always negative structures, and that the favorable impact of highly educated top manager in a family controlled firm on its CSR performance is considerably stronger.

A family that owns a business with its name being the identity of the business may find it more difficult to give away the controls and may thus feel more pressure to make sure the company doesn't do anything to harm the family's reputation (Dyer & Whetten, 2006).

2.3. Family Ownership

As it maintains their general interests in corporate reputation and long-term direction, CSR is especially important to family businesses (Yeon et al., 2021). Rees and Rodionova (2015) in their investigation on the effect of family equity positions on the three pillars (ESG rankings) of a company's CSR reflect upon the extant literature that family owners can dodge governance and preserve their influence irrespective of the governance system; family owners have a long term outlook and are concerned about their relationships with stakeholders to ensure survival. Further, the difference(s) in the CSR intensity between family-controlled firms and the counterpart is mainly because family owned companies are projected to be under the influence of emotional relationship(s), attributes, status and family norms (He et al., 2015).

Comparing family firms and non-family firms, J. Chen and Liu (2022) in their meta-analysis of 58 related studies state that a family firm is believed to accept the norms of a socially responsible behavior, which aligns with the stakeholders' desire of a humane-oriented culture. The researchers aimed at synthesizing the evidence on the impact of family ownership on CSR of the firm and how the respective national culture moderates this relationship. Overall, their meta analysis reflects that the CSR performance of family firms is better as compared to the non-family firms. They also highlight that family firms are more considerate of the cultural factors because of the social and capital advantages they have over their counterparts.

Authors Miller et al. (2013) have examined Fortune 1000 companies from institutional and strategic viewpoints, and their main contention is that whoever owns and manages a company will have a significant impact on its performance and competitive strategies. The significance family enterprises attach to Socioemotional wealth (SEW)[6] can be used

[5] Newsweek Green Rankings is a noteworthy, multifaceted development in rating companies' environmental CSR performance in the recent years (Cordeiro & Tewari, 2015).

[6] Socioemotional wealth (SEW) are representative of the non-economic externalities resulting from informal institutions (J. Chen & Liu, 2022).

to analyze the institutional justification for family involvement in ownership and management. SEW can manifest in a variety of ways, including the capacity to secure careers and financial stability for both present and future generations, social standing and visibility, and even tranquility within the family.

Also, family firms strive for long-term continuity and practice the 'know-how' to ensure the same (Konopaski et al., 2015). The authors Konopaski et al. (2015) in their research attempt to answer the question on endurance and survival mechanisms family businesses employ to maintain continuity across generations. The interview transcripts of the respondents from family businesses in Canada helped the authors to interpret that family businesses pave way for their survival through strong family ties and most importantly via intergenerational participation where the new members start at the periphery and slowly gain legitimacy. More importantly, acknowledging the fact that family members automatically may not acquire the abilities, competence and conduct that give rise to fruitful business practices. Lastly, they assert that this strive for continuity and endurance is a result of them having a better understanding of how their family business runs, its conventions, customs, commitments as supposed to giving it all in the hands of a non family member.

Furthermore, a family's influence in the firm, the propensity to pass the torch to the next generation, to create a positive image for the family are the factors that strengthen the family-firm identity fit and the corporate reputation focus (Block & Wagner, 2014).

2.4. Influence of Family Ownership on the CSR-FP relationship

The effect of Famliy ownership on CSR performance is positive and the effect is strong in CSR aspects that are significant to a family's identity and small or non-existent in CSR dimensions that are less relevant (Block & Wagner, 2014). This study by Block and Wagner (2014) gathered relevant evidences from large US firms to study the effect of family ownership on the various dimensions of CSR. The authors argue that the family firms can be both responsible and irresponsible when it comes to executing CSR initiatives. Their results indicate that there is a negative correlation between family ownership and community-related CSR performance but the impact of family ownership is positive when it comes to diversity, environment and employee related aspects. The largest positive effect however, is seen for product related components.

The reputation of a firm is one of its intangible assets that influences other perspectives within the company, as examined by organizational researchers (Yeon et al., 2021). Yeon et al. (2021) state that the literature on the moderating role of family ownership on CSR-FP relationship is very scant, however, their study of hospitality sector in the US in the period between 1994 to 2018 finds that family ownership (along with management and degree of family members in the board of control) positively moderates the CSR-FP relationship. They also refer to the agency theory in concluding that a higher involvement of family members could prevent exploitation of CSR initiatives by the non-family member executives for their own gain and hence reduce agency cost, which subsequently could lead to better FP. Further, they also state that the positive moderating effect of the family ownership on the CSR-FP relationship is simply due to family owned businesses outperforming their counterparts in CSR initiatives. Finally, they also implicate a perspective supporting involvement of family members in strategic decisions since there is in fact a positive effect because of their involvement in CSR based decisions on FP.

The slightly greater impact of family ownership on ESG scores at higher levels of ESG suggests that there is causality from ownership to ESG (Rees & Rodionova, 2015). Rees and Rodionova (2015) have categorized the firms they studied into a CME-LME classification to also understand the effect of institutional systems. The authors infer that Family ownership has a slight negative correlation with ESG, however in the coordinated market economies (CMEs) as opposed to the liberal market economies (LMEs)[7], the negative effect is far less pronounced.

2.5. How culture affects in this scenario?

Kitzmueller and Shimshack (2012) postulate that the institutional context and widely held standards, opinions, and values are what could compel businesses to behave in a particular way. Additionally, cultural-cognitive forces, social-normative forces, as well as institutional forces are variables that may be influencing the type and the degree of CSR in a society. Baron (2008) adds to this discussion by giving an example from one of his prior researches. Let's take Firm A which takes voluntary action to remove externalities caused by its output, charging a higher price to draw customers who value externality mitigation. Firm B on the flip side, is a self-interested company, which would only resolve the externalities when put under undue pressure, charging a lower price, drawing customers who do not value the expenses on moral actions highly. One of the two firms may be the target of citizen-funded activism using social pressure, and if the public doesn't distinguish between moral management and CSR brought on by social pressure, Firm A, because of its eagerness to act ethically would be a more vulnerable target than Firm B.

Waldman et al. (2006) in their longitudinal study analyzed data from 561 companies across 15 countries to examine the values that managers use to guide their decision making, together with cultural and leadership factors. They contend that managers in societies with greater institutional collectivistic ideals place an emphasis on long-term relationships with stakeholders viz. clients and employees and also they acknowledge that they would consider the welfare of the community when making choices.

[7] CMEs are types of economies which have a high emphasis on society welfare in general as compared to LMEs striving for investor protection and stakeholder activism (Rees & Rodionova, 2015).

Thanetsunthorn (2015) looked at how several cultural factors, such as power distance, masculinity, individualism, and uncertainty avoidance, affected the CSR performance of the corporations. The results indicated that companies with a higher power distance are much worse at CSR as evidently people accept disparity and are more willing to tolerate it. Additionally, businesses with headquarters in societies that are characterized by an individualistic culture - where people tend to prioritize their own interests over those of the group – and that are biased towards masculine values like assertiveness and material rewards, tend to perform less in terms of CSR. Conversely, companies in cultures with high uncertainty avoidance tend to have better CSR ratings.

Marques et al. (2014) investigate whether the degree of engagement in CSR activities is based on values, like that of collectivism, by examining the heterogeneity of family enterprises using SEW and stewardship theory. The aforementioned ideals like collectivism (and altruism for that matter) have been linked to the distinctive behavior of family businesses, specifically their business strategies, including the CSR components. In their meta analysis, J. Chen and Liu (2022) too find that the CSR-FP relationship is significantly affected by cultural norms, particularly as their results on CSR-FP were heavily moderated by humane orientation, in-group collectivism and a long term orientation. The authors also point out that the moderating effects of cultural values were stronger where there was low cultural tightness[8].

Culturally tight workplaces scored low on team creativity too and this was more evident in cultures with low levels of collectivism (Gedik & Ozbek, 2020). Gedik and Ozbek (2020) assert that collectivism nourishes the practices of achieving a common objective through collaboration and consensus and not just one individual trying to stand-out, as the latter thought also discourages risk taking and divergent thinking.

One more point relevant to the context of institutional theory is that given the lack of community awareness and engagement in CSR, firms in countries like India may also bear the corrective expenses of information provision (Cordeiro et al., 2023).

3. Theoretical Foundation & Hypotheses

3.1. Corporate Social Responsibility and Financial Performance

For firms to pursue innovative and sustainability based strategies, internal stakeholders' perceptions of CSR are critical; L. Lee and Chen (2018) posit that top managers take steps to improve CSR in order to satisfy their employees' psychological needs, which consequently exerts positive effects on individual employee performance. Positive CSR perceptions with a high level of fulfilment of Relatedness, Existence and Growth needs amongst the employees leads to high job satisfaction rate and retention intention. By taking the Resource Based View (RBV) theory's developing insights, a firm's CSR could help it form and sustain healthy relationships with a number of stakeholders. Such relationships based on trust, consequently reduce transaction costs and improve gains (Shammari et al., 2022).

Elongating this point further, J. Lee and Roh (2012) argue that social responsibility being one of the four attributes[9] of corporate reputation contributes positively to a firm's inimitable assets that enhances maket and financial performance. Businesses that do better have a better likelihood of continuing to perform well over time if they also have generally positive reputations (Roberts & Dowling, 2002). Higher social spending and strong FP are positively associated, and that even if the shareholders may not appreciate social expenditures, they are nonetheless made since they enhance FP when customers reward the company for its social actions (Baron, 2008).

In context to 'E' amongst the three pillars of ESG, Cordeiro and Tewari (2015) conclude that according to the owners of the company, i.e. the stockholders, taking part in environmental CSR does appear to benefit businesses in terms of their market performance. There would be no conflict between the pursuit of shareholder value and the pursuit of environmental CSR, despite the fact that the size of the market reaction (to the CSR initiatives) might not be very large when compared to mergers, earnings announcements and other significant corporate events. They also suggest that firms could leverage from the positive reactions on their CSR performances to compensate for any inferiority in their legitimacy in the financial market[10].

According to taxonomic views on CSR by Kitzmueller and Shimshack (2012), the more the cause (any CSR initiative) suits a company's primary markets, products and service, the greater the marketing benefits will be. When CSR is a good fit, it can prevent halo effects and protect the company from bad PR and activist activity. The benefits of CSR help a company to not only distinguish their products (or services) alongside establishing a positive reputation but also help steer clear of any criticism from private politics like activists, NGOs, etc. Further, CSR could also be used to invoke the cyclical nature of enforcement and regulation, i.e., to enhance regulatory relations today in order to obtain preferential treatment tomorrow, such as ease of getting licensed or less prosecution from the relevant agency.

Building on the public politics and governments' POV, Flammer (2018) asserts that a number of factors such as a firm's reputation and other credible signals of a firm's trustworthiness affect governments' perspective of trust and consequently the firm's prospects of winning government contracts. CSR acts as an indication of reliability and therefore as

[8] Culturally tight countries can be identified with rigorous and strong norms, and low tolerance on deviance (Gedik & Ozbek, 2020).

[9] The other three attributes of Corporate Reputation according to J. Lee and Roh (2012) are innovativeness, quality of products and services, and overall reputation.

[10] This legitimacy is a measure that is based on previous financial results (Cordeiro & Tewari, 2015).

a component in building assurance and trust. Thereby, Flammer (2018) posits that, with all other factors being equal, businesses with better CSR have a higher probability of being awarded government contracts. Thus, from both Kitzmueller and Shimshack (2012) and Flammer's (2018) assertions, one can deduce that CSR not only would ensure that a business is safeguarded from the negative press, which consequently could lead to stable (if not better) sales alongside being less affected by changes in regulations, but also increase in the propensity of getting more contracts from governments too, ensuring better FP.

Findings from another meta analysis of 42 studies on CSR-FP link by Q. Wang et al. (2016) reflect a positive CSR-FP association. Operating efficiencies, risk management, capital market advantages, higher-quality profitability, fewer lawsuits and several other stakeholder-derived advantages, all have links to CSR as per recent researches (Cordeiro et al., 2023).

3.2. Advantages of family ownership

Out of the possible attributes while considering family ownership, the focus here is firstly to understand that the construct of family ownership is not binary for this study, like whether a firm is family owned or not, but more about what is the ownership status (in percentage or voting rights, etc.) and thereby to what extent does the founding (and running) family still influence the decisions. This is unlike a few studies in the extant literature where researchers depict that the construct had been defined in a subjective way (whether the general population feels if a firm is family owned or not), a Yes/No situation (Yeon et al., 2021). There are arguments attributing to superior performance of family-controlled firms that can be referred through researches in agency theory, transaction cost perspectives, the RBV and stewardship theory; family-controlled firms benefit from lowered agency costs and the resource-based perspectives of social, human & financial capital give them an advantageous position (Danes et al., 2009; Dow & McGuire, 2016).

According to systematic studies, family owned businesses really outperform their public counterparts in a variety of ways (Miller & Le Breton-Miller, 2003); they benefit from adaptibility, internal cohesiveness, continuity and external connections. These benefits work together to give the family owned firms a competitive edge as well as tremendous adaptibility and ambidexterity. Family owned enterprises have prospered for decades, outperforming their rivals and altering not only the business environment but also fundamental business practices. Miller and Le Breton-Miller (2003) deduce an argument for this thrive which are as follows:

Adaptibility: the presence of an independent command, the leader, due to ownership and family ties, has an abundance of power and status. The leaders are more liberated and determined to act in a way that will benefit both internal and external stakeholders in the long run as there are no number obsessed stockholders or managers with the capacity to stifle innovation or compel uniformity.

Continuity: families continue to operate for generations due to their family passion, like a mission which could be intimately tied to family ethics, values, or even religion, with family members often considering this family passion a 'sacred duty'.

Internal Cohesiveness: family businesses function as clans, with employees being motivated by shared ideals than by short-term financial rewards. These are more focused on values, more caring of their employees and indoctrination concerned.

External relationships: family businesses prioritize connections over transactions. They are aware that when they make a commitment, their family's future and generations worth of reputation are at risk, they are also believed to reliably safeguard partners' secrets.

3.3. Degree of family ownership & its interaction with CSR propensity

Miller et al. (2013) assert that family executives engaged as prominent public figure heads are not uncommon in major public enterprises and that the family name or reputation being linked to the business can also be a strong deterrent to strategically non-conforming behaviors. They also found support for their hypothesis that many family leaders are convinced that the appropriate behavior is essential to their own security and reputation, especially for the next generations. Owing to this, family firms strongly adhere to the industry norms and practices than non-family firms.

In their study, Dyer and Whetten (2006) very briefly conclude that families which are bothered about their name and image would prefer to avoid being branded as being socially irresponsible, as such business practices frequently end-up in newspapers and television. Such negative press or prominent lawsuits can seriously harm the family's reputation, tarnish a carefully constructed image and most importantly, the family is dragged in the public court, regardless of the outcome of the lawsuit. Such a reputational blowback can have detrimental effect on the family's fortune and hence to maintain their good name family businesses act in a socially responsible manner. Comparing this behaviour to their counterparts, the authors state that since the reputation of their families and their personal image would not be affected to the same extent by society appraisals of the actions of the companies they manage, managers in non-family organizations are less likely to be concerned about these factors.

Yeon et al. (2021) hereby argue that understanding the governance structure is crucial as top executives who are not a member of the business owing family may use CSR activities as a way to strengthen their own personal interests and reputations, trying to make a stronger claim for holding on to that position, whereas, family members executives have a long term vision regarding the CSR activities and they like to enhance the brand positioning and reputation, which further contribute to yield better FP. Marques et al. (2014) contend that higher family ownership has been linked to higher CSR participation as greater family participation increases the SEW worries and a loss-aversion behavior, which ultimately encourages CSR – to prevent losses in SEW caused by failing to meet stakeholder demands.

Investigators using data from rating services have found that family firms have fewer CSR concerns as compared to their counterparts but interestingly, the family firms are no different to the non-family firms regarding the count of CSR initiatives (Block & Wagner, 2014). Block and Wagner (2014) also argue that the their (owing family's) pride in the firm and the efforts to maintain a positive image amongst the masses positively influence a family firm's CSR performance. In contrast to their non-family counterparts, family firms show a curvilinear CSR-FP relationship (Cordeiro et al., 2023) as family firms are more likely to invest at or above the Stakeholder influence capability (the capacity of an organization to spot, seize and benefit from opportunities to utilize CSR to enhance stakeholder relationships) threshold as well as to experience a positive financial return on their investment.

It is thus hypothesized that:

H1. The CSR-FP relationship is positively moderated by higher degree of family ownership.

3.4. Role of culture in the CSR-FP relationship

Kim and Kim (2010) in their study of the effect of Hofstede's cultural dimensions on the perceptions of CSR in South Korea imply that although conscience or business ethics may not always imply active CSR engagement, active CSR can be viewed as a type of ethical action on the part of firms. Social responsibility refers to shared ethical principles, and it is closely related to the vital role that public relations practitioners play in assisting businesses in becoming more socially responsible. People from various cultures and countries must have varied social responsibility policies and perspectives on the responsibility that firms play in the society. Their analysis showed that while individualism was negatively correlated to the CSR models, collectivism, confucian dynamism, femininity were all inextricably linked with CSR models.

The role of national culture is of immense importance in relevance to corporate decisions on CSR strategies as it significantly 'influences the attitudes' behind the decisions, also corporations located in different geographies exhibit differences in their CSR performance (Thanetsunthorn, 2015). Governance in a family corporation entails both the administrative and the resource baskets, and country specific circumstances moderate how these baskets offer a competitive advantage to the firm (Dow & McGuire, 2016).

Family firm's propensity to participate in CSR is moderated by the national culture and that the effect of the cultural values are stronger for family firms as compared to the non-family firms, this is primarily out of the Socioemotional wealth (SEW) concerns of the family firms (J. Chen & Liu, 2022). MNCs risk public relations catastrophes if they disregard the local ethical standards upheld by their cross-cultural collaborators, suppliers, financiers, distributors and customers (Q. Wang et al., 2016).

3.5. Collectivism versus Individualism and their effects on the above hypothesis.

Stakeholder relations and state welfare CSR concerns are more favorable in societies that place a strong emphasis on collectivistic principles (Waldman et al., 2006); this is due to the fact that managers in cultures that value collectivism (especially institutional collectivism) emphasize deferring present demands or fulfilment in favor of future objectives and concerns, and they encourage the consideration for managerial decisions which relate to greater community causes.

Building on L. Lee & Chen's (2018) viewpoint of focussing on employees' satisfaction, Y. Wang et al. (2020) in their meta analysis of 65 studies focussed on the effect of individualism (alongside age and gender) on employees' perceived CSR. They find that employees from nations with a low level of individualism tend to resonate with CSR initiatives, be more attentive towards the firm's benefits and are more willing to go the extra mile to fulfil their responsibilities, as compared to highly individualistic country employees. Their findings also suggest that employees in collectivistic countries had more strengthened relationship between perceived CSR and job satisfaction, creativity, organizational citizenship behavior and overall performance.

According to the study on the quality of CSR disclosure in the Asia-Pacific by Jian et al. (2017), individualistic societies have lower than average CSR disclosure quality. The authors posit that according to the legitimacy and stakeholder theory, stakeholders from societies with a high individualism culture, being more self-oriented and prioritizing self-interests, do not have high expectations for and put little pressure on businesses regarding CSR initiatives, which ultimately has a negative impact on the quality of businesses' CSR disclosure. A national culture that leans more towards collectivism is crucial to improving the standards of CSR disclosure.

The relationship between the family firms and CSR is strengthened by ingroup collectivism, humane and future orientation, further, the embedded collectivistic culture is in line with the stakeholders' desire of CSR, as being beneficial to all involved (J. Chen & Liu, 2022). Owing to the topic of how the consumers perceive a company, Hur and Kim (2017) argue that collectivistic consumers have positive impressions of the companies practicing CSR because of their innate values for community solidarity. Corporations in more individualistic nations perform less in terms of workforce-related, community-related and environment-related CSR (Thanetsunthorn, 2015).

Dekker and Hasso (2016) in their study about family firms in Australia, a less collectivistic country (GLOBE Project, 2020), infer that the family firms have lower environmental performance focus than non-family firms. However, this propensity of being considerate towards environmental performance is conditional to the degree of social embeddedness of the firm within its local vicinity. Interestingly, when compared to non-family enterprises with high social embeddedness, family firms with higher social embeddedness exhibit more environmental performance focus.

Findings on the study of Austrian (an individualistic country as per GLOBE Project) firms by Kuttner et al. (2021) show that family enterprises rarely comply with social, environment, and economic criteria within the idea of CSR solely because the term of CSR wasn't widely used. The family firms have lately made conscious efforts to use the term CSR when working in a socially or environmentally responsible manner.

On the other hand, Yu et al. (2015) in their study about CSR in Taiwan, a more collectivistic country (GLOBE Project, 2020), state that the family firms outperform the non-family firms in CSR performance. The authors posit that theoretically, governance structures are interwoven with SEW as a force that catapults family principles towards non-economic results. In accordance with the financial computation logic, non-family firms may minimize spending to maximize financials whereas, family firms typically give more consideration to social consequences in order to maintain SEW, as also stated in the above sections by J. Chen and Liu (2022), who also have re-inforced the fact that family firms on the outset are more inclined towards collectivism in general.

L. Chen et al. (2021) in their study of Family businesses in China (a collectivistic country as per GLOBE Project (2020)), write that even though the number of family firms that have successfully completed a line of descent is not very significant because many family businesses there only emerged after the country's economy was liberalized, family businesses (operating independent from state control) provide the most economic contribution. Family firms tend to have higher environmental pollution control levies as a percentage of sales than their non-family counterparts. One major factor could be that family firms receive a very significant amount of limelight which makes them perceive a central space in the society, family's long term orientation and the willingness to pass it down to the generations.

It is thus hypothesized that:

> *H2.* The moderating role of family ownership in the CSR-FP relationship is stronger in Collectivistic countries as compared to the Individualistic ones.

4. Methodology, Data & Model

4.1. Data and variables

The annual data of publicly traded firms all across the globe has been used in this study. Specifically, top grossers from the Thomson Reuters (Refinitiv) database have been worked upon. As this is a panel data regression study, variables (see Table 2) for the past decade (from FY 2013 to FY 2022) are extracted using the Screener feature of the Refinitiv Eikon Database ("ESG Scores Methodology Document", 2022). The rationale behind choosing the recent decade is not only influenced by the fact that there would be a better chance of complete financials of companies being available (especially, ESG scores) but also due the aspect of culture. Recent analyses reveal that within a span of 10 years, socioeconomic developments have resulted in increase in individualistic practices (Henri et al., 2017). Therefore the period of the data analysis is consistent with the second hypothesis of this study.

The first elimination check for companies in the list of the top grossers is referring to the Period End Date of Balance Sheet. Companies with closures before that of FY 2022 are striked off from the list. The elimination criterion then checks for SOE – State Owned Companies. These are also striked off the list to eliminate any influence of Government control in the study. A more robust analysis of the ownership of each of the company is done to check for any direct influence of Government control. The final elimination criterion is to check for Blanks or N/A fields. These 3 steps ensure a total of 439 companies across the globe (end period date of FY 22, no government influence and no blanks) for this study and thus, a total of 4390 firm-year observations have been analysed. These also account for 35 countries with a diverse set of industries.

The variable to track the CSR performance in this study is the 'ESG Combined Score'. This a consolidated score across the three pillars of Environmental, Social and Governance. Further, these scores are adjusted for the controversies in the market, thereby a good grasp of the overall social reputation of the firm, a term heavily discussed until now, especially for family firms. Further, the industry specific benchmarks for Environmental and Social scores with country specific scoring for Governance ("ESG Scores Methodology Document", 2022), means that a firm for instance, from mining sector, simply because of its 'controversial nature', would not necessarily have a lower score than other sector firms. Thereby, this study attempts to provide important insights into the landscape of CSR performance by taking into account a wide range of sectors, making it relevant for a large audience.

The variable to denote family ownership is not a binary construct, as discussed before in this study. Instead, a score from 0 to 4 is assigned to the variable depending upon the ownership status of the founding (and running) family in the firm (as detailed in Table 1). Family Ownership is not available in the Screener template of Refinitv Eikon as a readily downloadable time series data. However, the ownership tab of each and every company is referred to. The ownership status, although primarily indexed using the Refinitiv Database, cross-referencing is done with Bloomberg.com and the Global Family Business Index (Robertsson et al., 2023). The Global Family Business Index is a joint study on world's largest family businesses, released every 24 months by Ernst & Young (EY) along with University of St.Gallen, a triple accreditation university.

The Global Family Business Index (Robertsson et al., 2023) considers that a publicly listed firm is deemed a family firm only if atleast 32% of the decision making authority is with the family, in case otherwise the influence isn't very

Table 1: Family Ownership Score

Ownership Score	Criteria
0	If the business is not family owned OR even if the business was started by the family, it is no longer influenced by it.
1	Family Ownership 30 % or less.
2	Family Ownership between 30 to 55 %.
3	Family Ownership between 55 to 80 %.
4	Family Ownership 80 % or more.

substantial. In continuation with the same notion and as the family ownership construct isn't binary, the score of 1 is assigned to those family owned companies who do own 30% or less stakes and therefore aren't deemed directly as non-family (a score of 0), as also argued by L. Chen et al. (2021).

Further, degree of family ownership can significantly modulate various aspects of decision making in a firm, given the fact that a firm with 80% or more stake with the owning (& managing) family will have a very different point of view regarding the firm's approach to risk taking, strategic decisions (and non-economic results like that of CSR), and most importantly succession planning, as compared to a firm with around 50% family ownership, as with the dilution of the stakeholding there is a room for stronger negotiations and interventions from external (non-family) investors, who might not have the same long term view and risk aversive behavior (especially reputation wise) like that of the family members (Dyer & Whetten, 2006; Rees & Rodionova, 2015). As more dilution takes place towards 30% or less family ownership, one can deduce that not only the influence of the family and thereby the urge to serve its pride on the decision making will reduce but also the risk taking might increase and more importantly the leadership transitions would see a stronger fight for a merit-based succession than a lineage based succession. In lines similar to that of family's long term goals as against personal accomplishments (by non-family members), analysis by Yeon et al. (2021) indicated that the propensity of a firm to engage in CSR increases with the number of family members in the top executive positions and by having more control of the board. The managerial implications section of this study also provides support to this approach of measuring the degree of family ownership.

Results from the research of Marques et al. (2014) showed that the intensity of CSR initiatives in a firm was more in firms with higher degree of family involvement stating that greater family participation increases SEW oriented behaviors which subsequently increases CSR practices to avoid dissatisfaction of the stakeholders.

Therefore, this study intends not to view the construct of family ownership as a binary variable to avoid neglecting the interventions and voting rights effects of other non-family owners.

4.2. Method

4.2.1. For *H1*: CSR-FP relationship moderated by Family Ownership

To fulfil the objective of the current study, the study examines the relationship between CSR & FP using panel data regression analysis. For robustness, the study runs two regression tests, one to confirm the historic influence with Revenue as the dependent variable and the other as a predictive model with Tobin's Q as the dependent variable. The rationale here is basically to check whether the companies have had any impact on the year-on-year revenues and also trying to predict the CSR-FP relations with a more dynamic variable like Tobin's Q. Tobin's Q is arguably the more suited variable for the predictive analysis as it being an expression of the market value and the replacement costs of the assets for a firm Hayes et al. (2021), is a reflection of both the current and the future market perspectives (Lang & Stulz, 1994).

Models (as also referred from Yeon et al. (2021)) for analyses are as follows:

$$\begin{aligned}\text{Tobin's } Q_{(it)} =& ß_0 + ß_1\text{CSR}_{(it)} + ß_2\text{Family Ownership}_{(it)}+\\ & ß_3\text{CSR}_{(it)} * \text{Family Ownership}_{(it)}+\\ & ß_4\text{Market Cap}_{(it)} + ß_5\text{Total Assets}_{(it)}+\\ & ß_6\text{Revenue}_{(it)} + ß_7\text{ROA}_{(it)} + ß_8\text{Leverage}_{(it)}+\\ & ß_9\text{CSR Strategy Score}_{(it)}+\\ & ß_{10}\text{ESG Based Compensation}_{(it)}+\\ & ß_{11}\text{CSR Committee}_{(it)} + \varepsilon_t.\end{aligned}$$

$$\begin{aligned}\text{Revenue}_{(it)} =& ß_0 + ß_1\text{CSR}_{(it)} + ß_2\text{Family Ownership}_{(it)}+\\ & ß_3\text{CSR}_{(it)} * \text{Family Ownership}_{(it)}+\\ & ß_4\text{Market Cap}_{(it)} + ß_5\text{Total Assets}_{(it)}+\\ & ß_6\text{CSR Strategy Score}_{(it)}+\\ & ß_7\text{ESG Based Compensation}_{(it)}+\\ & ß_8\text{CSR Committee}_{(it)} + \varepsilon_t.\end{aligned}$$

The variable$_{(it)}$ denotes the value of the variable for firm i in the year t.

The Model with Tobin's Q being a predictive model and the dependent variable encapsulating the investors' viewpoints, has the independent variables CSR (in terms of ESG Scores) & Family Ownership with the interaction term

Table 2: Variables for this study

Variable	Classification	Type	Meaning / Remark
Tobin's Q	Dependent	Continuous	Market Cap / Book Value of Assets (Investopedia)
ESG Score	Independent	Continuous	Consolidated ESG score adj. for Controversies
Famil Own.	Independent	Categorical	Scale of 0 to 4 (refer Table 1)
Market Cap	Control	Continuous	In Bn USD, counting for Company size[a]
Total Assets	Control	Continuous	In Bn USD, counting for Company size
Revenue	Control[b]	Continuous	In Bn USD
ROA	Control	Continuous	% Return on Assets
Leverage	Control	Continuous	Debt to Asset ratio, accounting for the risk factor
CSR Committe	Control	Categorical	Available as True(False) taken 1(0) if the firm has (no) a CSR Committee in the board.
CSR Strategy Score	Control	Categorical	Available as A+ (to D-), taken as 4 (to 0), with 4 (A+) accounting for highest scores.
ESG based Compensation	Control	Categorical	Available as True(False) taken 1(0) if the firm has (no) such a policy for executives

[a] Market capitalization is considered (alongside Total Assets) to account for the size of the firms, especially the ones with high intangible assets.
[b] Revenue (in Bn USD) is taken as a control variable to account for earnings and growth factors for the Predictive Model, however, the study also checks for Historic Influence of CSR on FP with Revenue as the dependent variable.

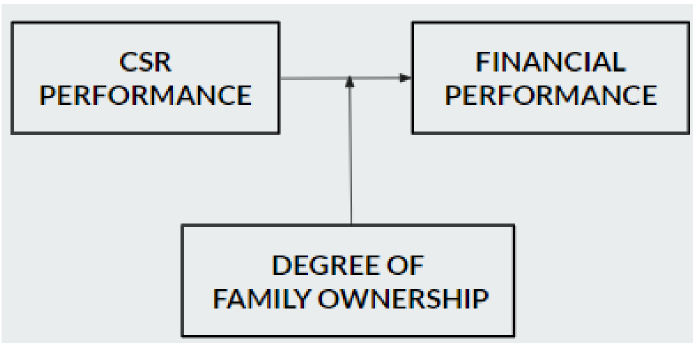

Figure 1: Model for Regression Analyses

CSR*Family Ownership to be main focus of the study. Alongside, to also account for firm size (for both firms with high tangible assets and intangible assets) the study has considered Market Size and Total assets; Revenue & Return on Assets (ROA) account for the sales / profitability / growth factors and, Leverage tracking the Debt to Assets ratio considers the solvency and risk factors.

As the study is focussed on propensity of CSR activities, fields like whether a firm has a CSR Committee in the board and whether there are incentives for executives for higher ESG scores have very high importance as control variables to gauge personal motivations of the top manager (family or non-family member) (Yeon et al., 2021). Similarly, Refinitiv CSR Strategy Scores have been included in similar lines, focussing also on governance aspects of both family and non-family firms.

However, for the model checking the Historical influence, the events in the past with Revenue as the dependent variable, the factors like solvency (Leverage) are excluded. Further, the causality is from revenue to ROA and not the other way and therefore, ROA has been excluded from this regression model.

Before the regression analysis, the data is checked for the Linear Regression assumptions of Linearity, Heteroscedasticity, Normality and Multicollinearity. All other assumptions except for Normality are met. For instance, the Variance Inflation Factor (VIF) is used to check for Multicollinearity. All the variables have the VIF score of less than 4 which is statistically well under the concern limit (10 or more). The Data is then using log transformations normalized, categorical data which contained values like 0 are normalized using the 'normalize' function in the R Studio statistical software. The study then also focusses on identifying and eliminating outliers and following the study of Yeon et al. (2021), the firm-year observations which have absolute studentized residuals greater than 3 are removed from the model. This step results in a total of 4327 firm-year observations for the predictive model and 4350 firm-year observations for the model checking Historic Influence.

The models are consistent with the 'within-firm' relationships model, where the company and year fields are dummy coded and are of no particular interest (Bliese et al., 2020), as the focus is more about understanding the relationship between CSR-FP and moderating effect of the Family Ownership. The Hausman test is referred to conclude whether a fixed-effects model or a random-effects model is to be chosen for the panel data regression. According to Hausman (1978), the choice should be via two considerations, one logical (what fits the theory best) and the other statistical. Hausman (1978) has suggested that for any model where the independent variable is questionable on violating the orthogonality criterion, the fixed-effects model is more consistent. Further, the model in the study may be susceptible to omitted variables and the fixed-effects model is a consistent estimator (Bliese et al., 2020). Statistically, with $p<0.05$ for both the models, the one-way fixed-effects model was considered for this study[11].

4.2.2. For *H2*: Collectivism vs Individualism and their effect on the interaction term

For the second hypothesis, the study incorporates a categorical classification of the countries of the firms (based on the origins & country of headquarters) into collectivistic and individualistic ones using the GLOBE Project with some cross referencing with the one of the six Dimensions of National culture from Hofstede. The average of the two scores of Institutional collectivism[12] practice and In-group collectivism[13] practice of the firm is compared to the Global averages from the GLOBE Project. The rationale for choosing the practice score as against the score for value is that practices reflect more the current perspectives whereas the values represent an ambition (Waldman et al., 2006), thereby an indication of what a specific culture has actually been following. Countries with the average score very close to the mid-range or for which data is not available from the Globe study are cross-referenced with the Hofstede Dimension scores and then classified as either Individualistic or Collectivistic. The Global average thereby is found to be 4.69 and with this rationale, Germany with a score of 4.04 is classified as an Individualistic country and South Korea with a score of 5.37 is classified as a Collectivistic country (country-collectivism score).

The average of the interaction term of the $CSR_{(it)}$*Family $Ownership_{(it)}$ were then compared to infer on H2.

[11] The Two-way fixed effects model also yielded a p-value<0.05 for the Historic Influence Model but the R2 value with One-way fixed effects was superior and thus explained more variance and, thereby selected.

[12] Institutional collectivism is defined as "the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action" (GLOBE Project, 2020).

[13] In-group collectivism is defined as "the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families" (GLOBE Project, 2020).

5. Results

5.1. Precursor – Effect of Family Ownership and other control variables on ESG Scores

Before running the panel data regression analysis for H1, the study would first view the effect of variables like Family Ownership and Leverage along with the other variables inherently indicating a firm's penchant for CSR initiatives viz. CSR Strategy Score, ESG Based Compensation for executives (Yes/No?) and presence of a CSR committee. The results of the Hausman tests for this precursor analysis, also consistent with the models for H1 prompted the analysis to be conducted by the Fixed effects model ($p < 0.05$) and a better R-squared result made way for the One-way fixed effects model to be used.

The regression result indicates that unlike in the literature review and the theoretical foundations, the ESG scores are negatively correlated to the degree of Family Ownership with although a weaker statistical significance of $p < 0.1$. One plausible reason for this as stated by Rees and Rodionova (2015) could be that families that have invested private capital in the company and which have long-term adherence to this investment will be motivated more by personal rewards and less by ESG considerations, deeming ESG investments as value destroying since it doesn't bring personal benefits. Further, although the significance is not very strong for the negative correlation between heavy debts incurred by the firm and the ESG propensity, the relationship is very immanent and understandable as any firm with a high burden of debt might first look to spend only as far as operations demand. The positive correlations between ESG intensity and the presence of CSR Committee, whether a firm has ESG based compensations for executives and the CSR Strategy Score are also very intrinsic and with very strong statistical significance.

5.2. For *H1* – One Way Fixed effects model regression analysis for Historic Influence Model

The regression results indicate that Revenue is positively correlated to the ESG scores, however the effect is not statistically significant. Further, the grossings of the firms show a reduction when the family ownership increases and this is statistically significant with a $p < 0.005$. Finally, the Revenue is seen to be positively correlated to the interaction term of CSR*Family Ownership with a co-efficient of ~ 0.25 and with a statistical significance of $p < 0.01$. The co-efficient although seems a small one at the onset but is substantial considering that the revenue has been plotted in units of Bn USD. Further, the Revenue is also seen to be positively moderated when the firm has a CSR Committee in place and has governance ensuring stronger fits for CSR strategies. The variable ESG based compensation policy also affects the dependent variable in similar lines. It is therefore definitely evident that firms have grossed high when the ESG Scores are high and the interaction term has positively moderated the CSR-Revenue relations.

Table 3: Regression results for ESG and Family Ownership

Residuals:	Min.	1st Qu.	Median	3rd Qu.	Max.
	-0.381846	-0.060879	0.006614	0.065216	0.372383

Coefficients:

	Estimate	Std. Error	t-value	Pr(>|t|)
Fam Own	-0.0828617	0.0478351	-1.7322	0.0833093
CSR Strategy Score	0.2207281	0.0104293	21.1642	< 2.2e-16 ***
ESG Based Comp?	0.0207392	0.0060487	3.4287	0.0006127 ***
CSR Committee?	0.0559976	0.0081309	6.8870	6.603e-12 ***
Leverage	-0.0108519	0.0286264	-0.3791	0.7046447

Significance codes: **0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1**

Total Sum of Squares: 55.12	Residual Sum of Squares: 45.324
R-Squared: 0.17772	Adj. R-Squared: 0.085406
F-statistic: 170.57 on 5 and 3946 DF	p-value: < 2.22e-16

Table 4: Regression results for Historic Influence Model

Residuals:	Min.	1st Qu.	Median	3rd Qu.	Max.
	-3.8132215	-0.0776350	0.0053377	0.0818204	1.2263768

Coefficients:

	Estimate	Std. Error	t-value	Pr (>|t|)
ESG	0.0271331	0.0346816	0.7823	0.434057
Fam Own	-0.3128582	0.0999777	-3.1293	0.001765 **
Market Cap	0.1800848	0.0094603	19.0358	< 2.2e-16 ***
Total Assets	0.5356015	0.0130416	41.0686	< 2.2e-16 ***
CSR Committee?	0.0315868	0.0150549	2.0981	0.035960 *
CSR Strategy Score	0.1321866	0.0206959	6.3871	1.889e-10 ***
ESG Based Comp?	0.0203645	0.0111567	1.8253	0.068030
ESG: Fam Own	0.2449253	0.0908046	2.6973	0.007021 **

Significance codes: **0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1**

Total Sum of Squares: 323.15	Residual Sum of Squares: 148.98
R-Squared: 0.53896	Adj. R-Squared: 0.48654
F-statistic: 570.626 on 8 and 3905 DF	p-value: < 2.22e-16

5.3. For *H1* – One Way Fixed effects model regression analysis for Predictive Model

The regression results indicate that the Tobin's Q is negatively correlated to the ESG scores however the effect is not statistically significant. Further, the FP shows a reduction when the family ownership increases and this is statistically significant with a $p < 0.05$. Finally, the FP is seen to be positively correlated to the interaction term of CSR*Family Ownership with a co-efficient of ~ 0.0002 and with a statistical significance at threshold of $p < 0.05$. The co-efficient although seems a small one at the onset but is substantial considering that the Tobin's Q is a future oriented market perspective (Lang & Stulz, 1994) and that many other factors like R&D expenses (Petrenko et al., 2016), characteristics of the top manager (He et al., 2015; Shammari et al., 2022) and marketing communications enveloping CSR initiatives (Hur & Kim, 2017) also play a crucial role in investor's perspectives.

It is therefore not incorrect to argue that firms could have high Tobin's Q when the ESG Score are high and the interaction term positively moderates the CSR-FP relation.

Cumulatively, results from the Historical influence model and the predictive model support H1.

5.4. For H2 – The CSR*Family Ownership interaction for Collectivism vs Individualism

Figure 2 denotes the average CSR*Family Ownership interaction term values for firms in collectivistic vs individualistic countries. The interaction term fairly suggests that the moderation effect is slightly more for the firms in the Collectivistic countries than for the counterpart firms.

Table 5: Regression results for Predictive Model

Residuals:	Min.	1st Qu.	Median	3rd Qu.	Max
	-3.5236e-08	-1.8463e-10	-2.4730e-12	1.8968e-10	3.3627e-08

Coefficients:	Estimate	Std. Error	t-value	Pr (>|t|)
ESG	-2.7091e-10	2.9117e-10	-9.3040e-01	0.35222
Fam Own	-1.9259e-09	8.3044e-10	-2.3191e+00	0.02044 *
Market Cap	1.0000e+00	8.8157e-11	1.1343e+10	< 2e-16 ***
Total Assets	-1.0000e+00	1.3944e-10	-7.1714e+09	< 2e-16 ***
Revenue	-1.4727e-10	1.3872e-10	-1.0617e+00	0.28846
ROA	5.1509e-11	7.5475e-10	6.8200e-02	0.94559
Leverage	-4.9100e-11	4.6951e-10	-1.0460e-01	0.91672
CSR Committee?	-1.5494e-10	1.2631e-10	-1.2266e+00	0.22004
CSR Strategy Score	2.1967e-10	1.7359e-10	1.2655e+00	0.20577
ESG Based Comp?	3.4936e-11	9.4241e-11	3.7070e-01	0.71088
ESG: Fam Own	1.4409e-09	7.5722e-10	1.9028e+00	0.05713

Significance codes: **0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1**

Total Sum of Squares: 475.56	Residual Sum of Squares: 1.0257e-14
R-Squared: 1	Adj. R-Squared: 1
F-statistic: 1.6342e+19 on 11 and 3877 DF	p-value: < 2.22e-16

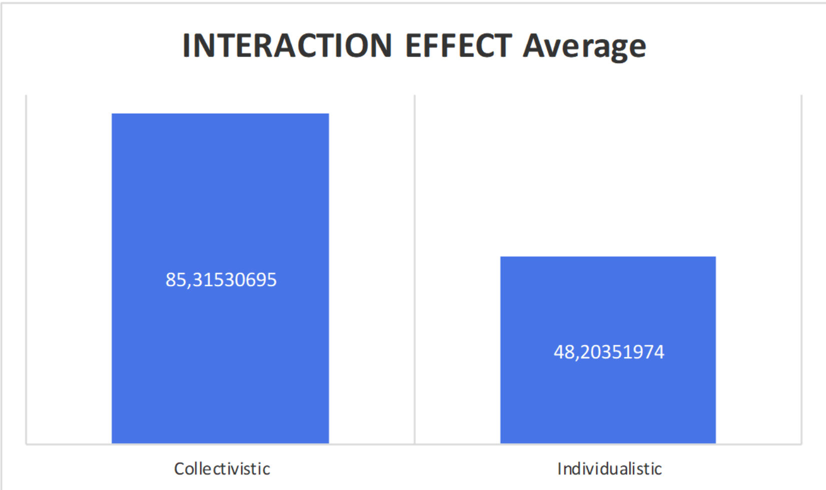

Figure 2: Interaction term averages

Figures 3 & 4 give us a good measure of the map plot of the country-wise interaction terms with that of the map plot of Individualism & Collectivism from Hofstede's 6D Model of national culture webpage (Hofstede et al., n.d.). Figures 3 & 4 depict a lot of similarities in terms of the color grading, where the Individualistic countries are shaded darker and the shade gets lighter as countries score high on collectivism, the same pattern can be recognised in the interaction map plot as well. Countries scoring low on the moderating effect are dark shaded whereas the shade gets lighter as the CSR*Family Ownership interaction term increases. The study on the onset lacks data for firms from the African continent.

One very visually evident exception to the above comparative analysis is for China. Where on one hand China is deemed Collectivistic country, scoring high on Collectivism as compared to India for example (GLOBE Project, 2020), the shade in the interaction map plot is darker. One of the biggest possibilities for this is the fact that out of the 439 firms and 35 countries matrix (country-firm count), only 14 firms belonged to China, as compared to the count of 20 from Germany for that matter. Evidently, the number is very small considering the size of China. This study tries to find to one probable reason for this lower count of Chinese firms.

Although Family businesses are one of the most important elements of private economy in China, a very limited number of empirical studies on their overall economic contribution is

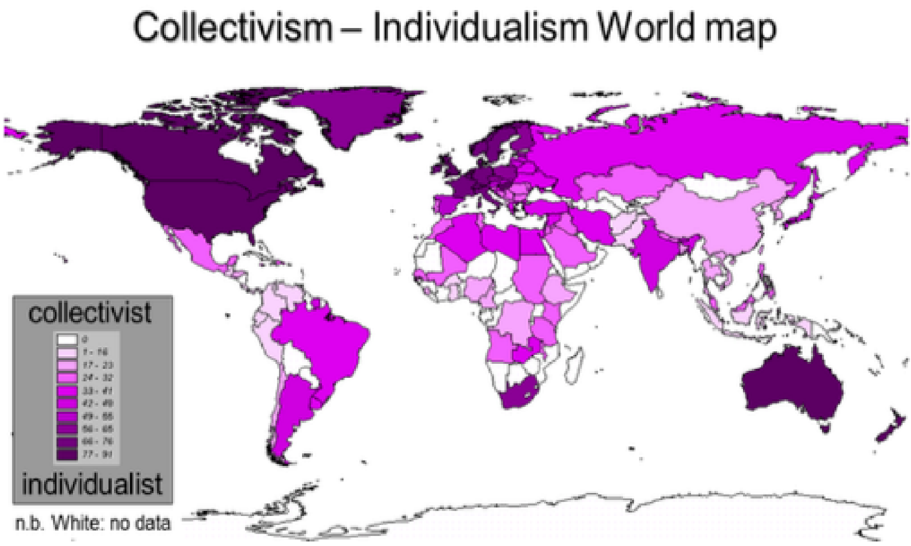

Figure 3: Collectivism-Individualism World map (Hofstede et al., n.d.)

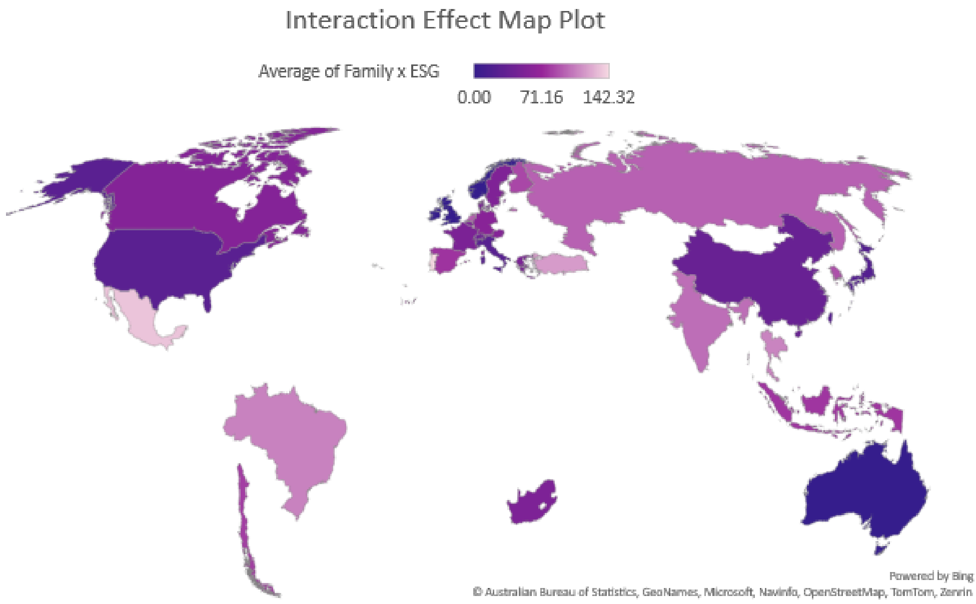

Figure 4: Map plot of the interaction term

available (L. Chen et al., 2021). The authors L. Chen et al. (2021) in the second chapter of the Book 'Family Business in China' state that only a few family businesses in China publicize and disclose their financial and organizational information. Astonishingly, about 90% of China's total economy is accounted by Family firms. Another interesting fact however is that although China is the world's largest Greenhouse Gas emitter (about 23% of global emissions), researchers say that a majority of the Chinese firms concealed environmental reports and even research on CSR strategies or reporting is very low (Weber, 2014).

Therefore, it can be argued that with the concentration of family firms in China and the amount of social (or atleast Environmental) responsibilities that Chinese firms have, reporting and disclosing of the information should improve firstly the count of Chinese firms for research, secondly the interaction term average for China. Thereby, the map plot comparisons and the slight discussion above for Chinese firms support H2.

6. Conclusion and Discussion

6.1. Conclusion

The literature review, theoretical foundation of this study and the empirical analysis of the proposed model yield slightly contrasting results but give a very interesting insight, particularly to the interests of top managers of family owned businesses. Given the rationales of SEW, pride and

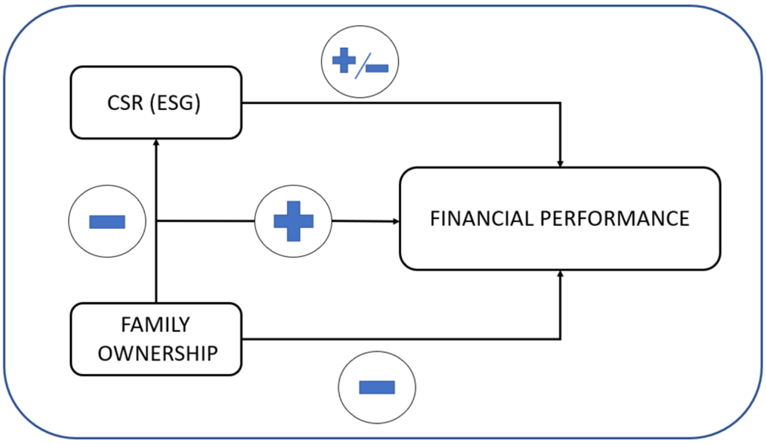

Figure 5: Interplay between Dependent, Independent & Moderating variables in H1

reputation of the firm from the literature review and theoretical foundation, a positive correlation is expected between family ownership and CSR propensity. However, the empirical analysis, although with a slightly weaker statistical significance, states that the association between degree of family ownership and CSR penchant is negative. Further, the analysis yields a mix result in the case of the CSR-FP relationship, a statistically significant and positive association with Revenue in the historic influence model and a negative link for the predicitve model with Tobin's Q, for which as earlier stated, the statistical significance (weak in this case) is of a lower importance.

The relationship between the degree of family ownership and FP too is negative, with very strong statistical significance for both models. One of the attributable reasons for this negative association could be that family businesses might not be appealing to knowledgeable shareholders outside because of the overly dominant family ownership causing erosion of minority shareholders' wealth as well as over dependence on family's human and social capital could lower the firm's willingness to nurture non-family talent (Dow & McGuire, 2016). This leads to insufficient professional management, especially when people are hired on blood-ties, consequently reducing the objectivity in representing the firm's interest over that of the family (Miller & Le Breton-Miller, 2003).

But, most importantly, as hypothesized by the study, the moderating role of the degree of family ownership in the CSR-FP relationship is positive and for both the models.

At this juncture, the study proposes to lay an argument in the lines of trust and CSR being considered as a scrupulous practice (Flammer, 2018). The argument is that even though as empirically seen, family owned businesses might not be very interested in CSR initiatives, even a small step in this direction could be considered far more credible by the external investors, the governments too a certain extent but most importantly by the masses, when compared to non-family businesses. This is because, when for generations, a family firm becomes synonymous to a line of business, it automatically is discerned as a symbol of credibility as even the masses apprehend that this specific firm might not do anything wrong to damage its own generations worth of reputation. This argument is supported by Cordeiro et al. (2023) who posit that even in the midst of institutional gaps, family businesses are more probable to overcome the negative effects of distrust, insecurity and uncertainty. Further, the investments required for CSR may also be less since family businesses' socially responsible endeavors are seen as genuine by a variety of stakeholders, given their long link with significant philanthropy.

One could also argue that family firms with already a bigger reputation might not feel the need for CSR initiatives or as Rees and Rodionova (2015) suggested that family members might feel CSR to be value destroying, to be a major reason for the CSR-Family Ownership link to be negative. However, from the above section it can be asserted that it is the interaction term, the interplay of CSR*Family Ownership that takes cognizance of trust, security, genuinity and legitimacy which amongst the consumers could create positive associations leading to higher purchases (Brown & Dacin, 1997) and with the governments to win more bids (Flammer, 2018). These consequently rate very high amongst the investors of such (family) firms leading also to better stock prices (Cordeiro & Tewari, 2015).

Finally, the literature review, theoretical foundation and analysis of the CSR*Family Ownership interaction term for H2 of this study are in harmony, thereby confirming that the interaction term is stronger for Collectivistic countries as compared to the Individualistic countries. This could be easily attributed to the inherent in-group collectivistic approach by family firms (J. Chen & Liu, 2022) which could be more immanent in collectivistic countries. Further, Dow and McGuire (2016) suggest that although overly dominant family ownership could work against the family firm, family businesses are ingrained in both cultural and other informal qualities, such as fairness, as well as in the official institutions of the capital market and regulatory settings.

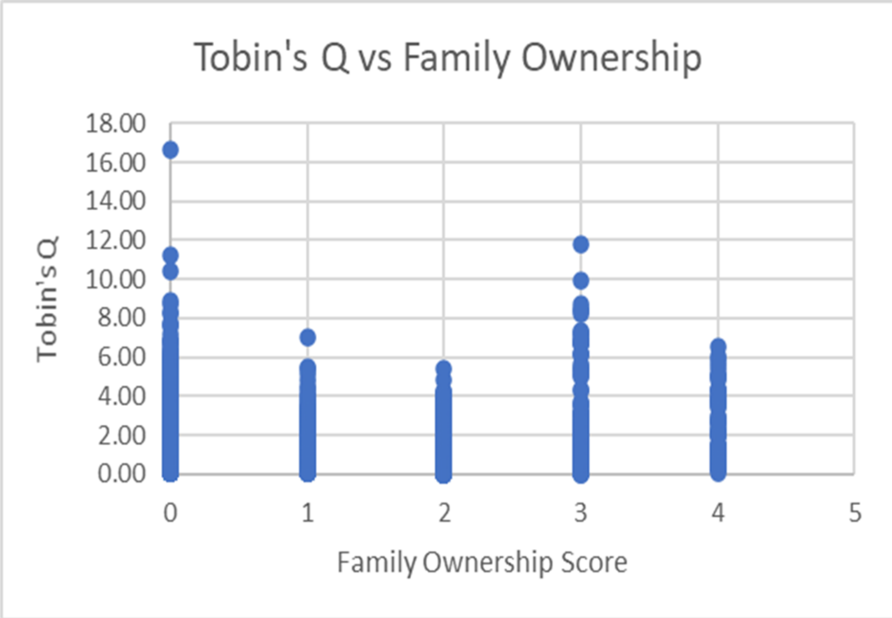

Figure 6: Scatter-plot for Tobin's Q vs Family Ownership

6.2. Managerial Implications

As evident from the above analysis, Tobin's Q is worse when the Family Ownership is more than 80% as compared to an ownership near 55% to 80%. Here, combining the conclusion about how even lesser investments in CSR by family firms are found more legitimate by the external stakeholders and consumers, and the fact that over-dominance of family ownership penalises the firm, this study proposes to insinuate a very immanent recommendation for family firms, which would be to shed-off some of their ownership to non-family members, to be supine within the 55% to 80% bracket and still be known as a family controlled firm. This could result in better negotiations, better risk-taking approaches, more objective strategy towards the benefits of the firm (over the family), merit-based selections to the top management attracting better candidates into the firm subsequently leading to innovations, attracting more wealth from outside investors, consequently improving firm's evaluations.

More importantly, (to differentiate from non-family firms, which have a similar scatter plot has score 3 firms) with the firm still being known as a family business, the firm could leverage the virtues of trustworthiness and legitimacy by boosting their CSR initiatives and thereby allowing the cognizance of the interaction term yield better FP. Also as seen in the precursor analysis, with better ESG based compensations (now with non-family member executives too), the CSR performance would further improve leading to a domino effect with better FP.

6.3. Theoretical Implications

Although there is a similar research about the moderating role of family ownership in the CSR-FP relationship by Yeon et al. (2021), their probing is limited to the hospitality sector in North America. This study not only covers a diversity of sectors (sector-firm count) but also is across 35 countries. This inclusion of a number of sectors makes this study stimulating for an extensive readership. There is also the viewpoint of culture involved wherein the research question of the study is examined across hofstede's cultural dimension of individualism and collectivism. This study thereby is a novel approach to combine both the Stakeholder theory as well as the Institutional theory. Also, this study aims at understanding the CSR*Family Ownership interaction term across the dynamics of culture in a very recent time period of analysis, i.e. the recent decade, counting on the claim of culture not being a steady phenomenon (Henri et al., 2017). Finally, the study considers not to measure family ownership as a binary construct but rather scores every firm on a scale of 0 to 4 depending upon the degree of family ownership, also giving room to understand at least on a surface level as to how overly-dominant family firms may face the grunt of the market, thereby providing a few take-aways for managers of family firms.

6.4. Limitations and Scope for future research

Acknowledging the limitations of the study, the first point in this regard would be the lack of availability of data from the Thomson Reuters database. The count of more than 439 firms post the different criteria of eliminations would have made the analysis more robust. Further, as earlier noted, Tobin's Q is a very dynamic variable to measure FP and thereby to control for more factors, the study also attempted to include data like R&D expenses and a more bifurcated view of expenses viz. operations, marketing, etc. However, the firm count reduced tremendously as the information, for instance, about R&D expenses for a lot of firm-year combinations were missing. Thereby to uplift the firm count to a substantial figure, the study withdrew from considering the aforementioned variables. Similarly, the country count, especially for the African continent is very low in the study, only one (South Africa) to be precise.

Secondly, the study has considered a more dynamic measurement of the degree of family ownership instead of a binary construct. Here, a manual approach is taken to allocate the score from 0 to 4. This potentially creates room to probe the method a little as setting cut-offs for the scores (i.e. a score of 3 for 55% to 80% ownership) means clustering of data which may lead to biased results. However, as a counter-argument, this also paves way for more research on classification methods for similar constructs.

Finally, as suggested also by Yeon et al. (2021), the Tobin's Q is susceptible to Endogeneity. However, the fixed effects model used in the study could be counted as a better estimator for such variables as suggested by Hausman (1978) and by Bliese et al. (2020).

Y. Wang et al. (2020) posit that the magnitude (and/or the direction) of the effect of CSR across empirical research will systematically vary as a result of different assessment approaches for FP. This thereby presents a scope to research for another alternative to Tobin's Q to not only confirm if and how the the relationships change but to possibly eradicate any possibility of statistical issues like Endogeneity. Further, this study approached a cross-country analysis with firms and the cultures of their respective headquarters. According to Waldman et al. (2006), a global company's stakeholder-based CSR ideals and practices may be robust, which is consistent with high collectivism and low power distance. This thereby presents the opportunity to research on the mitigation strategies to not deteriorate the CSR propensity when the subsidiaries of such global firms operate in a more individualistic and high power distance cultures.

Lastly, Dekker and Hasso (2016) opine that family businesses in their budding phase may place less emphasis on the environmental responsibilities, and emphasize more on growth and development. Therefore, this study proposes an area of scrutiny in the subject of family firms, to understand how different generations of the family approach running the business, precisely around which generations do the idea of CSR, philanthropy become more prominent for branding and reputation building. One approach in this proposal would also be to interview 1^{st} gen - 2^{nd} gen - 3^{rd} gen family business owners to have a qualitative understanding of their approach, especially when the dynamics of culture are involved.

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