Journal of Business Ethics (2011) 99:565–585
DOI 10.1007/s10551-010-0669-9
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A Stakeholder Identity Orientation Approach to Corporate Social Performance in Family Firms

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ABSTRACT. Extending the dialogue on corporate social performance (CSP) as descriptive stakeholder management (Clarkson, Acad Manage Rev 20:92, 1995), we examine differences in CSP activity between family and nonfamily firms. We argue that CSP activity can be explained by the firm's identity orientation toward stakeholders (Brickson, Admin Sci Quart 50:576, 2005; Acad Manage Rev 32:864, 2007). Specifically, individualistic, relational, or collectivistic identity orientations can describe a firm's level of CSP activity toward certain stakeholders. Family firms, we suggest, adopt a more relational orientation toward their stakeholders than nonfamily firms, and thus engage in higher levels of CSP. Further, we invoke collectivistic identity orientation to argue that the higher the level of family or founder involvement within a family firm, the greater the level of CSP toward specific stakeholders. Using social performance rating data from 1991 to 2005, we find that family and nonfamily firms demonstrate notable differences in terms of social initiatives and social concerns. We also find that the level of family and founder involvement is related to the type and frequency of a family firm's social initiatives and social concerns.

KEY WORDS: corporate social performance, family firms, stakeholder theory

Family firms – companies in which members of a family exert significant influence through controlling ownership and/or management – are unique as a result of family member involvement in decisions regarding corporate social performance (CSP) and the management of important stakeholders (Sharma, 2004; Zellweger and Nason, 2008). Family firms possess a ''strong social element affecting the decisions that determine a firm's strategy, operations, and administrative structure'' (Chrisman et al., 2005, p. 238). The management literature is paying increased attention to the CSP activity of and the relationship between family firms and their stakeholder beneficiaries (Gomez-Mejia et al., 2007; Sharma, 2004; Zellweger and Nason, 2008). Whether family firms engage in more CSP activity than nonfamily firms and the conditions under which family firms engage in socially responsible initiatives *vis-à-vis* certain stakeholders, however, remain fundamental questions for researchers interested in better understanding family firms.

Past research that examines CSP from a family firm perspective has yielded contrasting theoretical arguments and empirical results. Some research suggests that family firms appear to espouse strong and focused stakeholder management approaches toward their constituents. For example, family firms give significantly to philanthropies (Ylvisaker, 1990) and often build charitable arms within their organizations to further the social goals of their constituents (Danco and Ward, 1990). On the other hand, some scholars argue that family business owners desire to protect their parochial interests and therefore may be less attuned to external stakeholders and, thus, are less likely to behave in a socially responsible manner (Margolis and Walsh, 2003; Morck and Yeung, 2004). These inconclusive findings have prompted calls for additional research to ''explore and understand the conditions that would encourage family firms to support CSP initiatives'' (Dyer and Whetten, 2006, p. 796).

Our objective in this article is to extend current understanding of whether and why family firms engage in more CSP than nonfamily firms. Specifically, we examine whether family firms, *vis-à-vis* nonfamily firms, benefit specific stakeholders and

how the level of family and founder involvement in family firms induces CSP activity. We provide a framework to explicate the situations in which family firms are more likely than nonfamily firms to engage in CSP activity. We employ organizational identity theory (Albert and Whetten, 1985; Ashforth and Mael, 1996; Dutton and Dukerich, 1991; Pratt and Foreman, 2000) and identity orientation theory (Brickson, 2005, 2007) to argue that firms' CSP activities may be explained by their assumed identity orientations toward stakeholder beneficiaries. We contend that nonfamily firms are less likely than family firms to engage in CSP, because nonfamily firms espouse individualistic identities, positioning stakeholders as transactional partners in value-creating initiatives that extend the firm's own aims. In contrast, family firms' CSP activities are explained by relational and collectivistic identity orientations, where firms forge more intimate or communal links between themselves and relevant stakeholders who align with the central, distinctive, and enduring attributes of the family firm (Albert and Whetten, 1985).

Our aim is to provide a more integrated view of family firm stakeholder management and to offer additional evidence that may aid in reconciling disparate findings regarding the CSP of family-controlled firms. We extend previous empirical work by incorporating external (i.e., comparing family vs. nonfamily firms) and internal (i.e., comparing level of family and founder involvement within firms) comparative approaches. We empirically examine our hypotheses in the S&P 500 (the 500 large, public companies that have their common stock included in a capitalization index of high-market value stocks actively traded in the United States) during the period of 1991–2005. We used category ratings from the Kinder, Lydenberg, and Domini (KLD) social performance database to evaluate firm CSP. The theory and results of this study expand our understanding of organizational identity in stakeholder management and provide key insights into the nature of CSP activity in family firms.

Theoretical development

Corporate social performance and stakeholder management

Researchers have advanced numerous approaches to defining and studying CSP (e.g., Margolis and Walsh, 2003; McWilliams and Siegel, 2001; Orlitzky et al., 2003; Wartick and Cochran, 1985; Whetten et al., 2001). Most approaches involve some evaluation of a firm's voluntary corporate actions to improve social conditions (Mackey et al., 2007). A more extensive view of CSP conceptualizes firms as an amalgam of relations among different constituencies, including employees, suppliers, consumers, shareholders, and society – all considered stakeholders (Bowen, 1953; Clarkson, 1995; Freeman, 1984). Stakeholders are individuals or groups that have (or claim) ownership, rights, or interests in a business and its activities resulting from interactions with or actions taken by the corporation. We invoke Bowen's (1953, p. 6) definition of CSP, which suggests that firms, in addition to maximizing profits, should voluntarily seek to "pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society." CSP, then, becomes a comprehensive assessment of the firm's voluntary actions to improve conditions with associated stakeholder groups.

As the stakeholder perspective extends the responsibility of a firm's management to a broader array of related interests (Freeman, 1984; Jones, 1995; Mitchell et al., 1997), stakeholder theory has become one of the primary lenses through which CSP is described, evaluated, and managed (Clarkson, 1995; Wood, 1991). Stakeholder theory addresses morals, values, and ethical obligations explicitly as a central feature of organizational management (Phillips et al., 2003) and is often viewed from three different taxonomic branches – normative, instrumental, and descriptive. Each branch considers the different conceptual relationships among firms and their relevant stakeholders. Much of the literature has focused on normative and instrumental approaches (for a recent review, see Agle et al., 2007).

The descriptive view of stakeholder management – which we adopt into our treatment of CSP – attempts to explain certain firm characteristics and behaviors based on how organizations view and interact with their constituencies (Donaldson and Preston, 1995). Incorporating a descriptive view allows for a novel consideration of CSP that accounts for, but extends beyond, treatments of stakeholder theory that are wholly self-interested (Jones and Wicks, 1999) or philosophical (Goodpaster, 1991).

Using a descriptive approach, we are able to consider the firm's CSP toward specific constituents and provide theoretical rationale to explain how such stakeholders may be managed on the basis of the identity orientation of the family firm. Concurrently, we strengthen the nomological network of descriptive stakeholder research (Donaldson and Preston, 1995) and organizational identity theory (Albert and Whetten, 1985; Pratt and Foreman, 2000).

Organizational identity orientation and family firms

Organizational identity is generally defined as the organization's self-conception or self-definition as characterized by organization-specific attributes. It is typified by consensual views of ''who we are as an organization'' (Albert and Whetten, 1985) and ''what we do as a collective'' (Nag et al., 2007). Organizational identity is often distinguished by what is most central, enduring, and distinctive about an organization (Albert and Whetten, 1985). This tripartite view serves as a standard that allows organizational scholars to satisfy the definitional requirements for organizational identities and to differentiate the focal firm from (and show similarities to) its organizational referents. In this way, identity serves as a means by which organizations define themselves as well as how they distinguish themselves from others (Baumeister, 1998; Freeman, 1984; Wood and Jones, 1995).

Organizational identity orientation, which is an extension of organizational identity theory, provides an integrating conceptual framework for understanding the link between firms and others – particularly the link between a firm and its relevant stakeholders (Brickson, 2005). Organizational identity orientation refers to the nature of the implicit relationships between organizations and their stakeholders and is typified by the question, ''Who are we as an organization *vis-à-vis* our stakeholders?'' (Brickson, 2007, p. 866). Organizational identity orientation assumes that firms have motivational differences for engaging certain stakeholders, and that it is these differences that influence how firms focus on a disparate set of stakeholder claims. According to this logic, orientations toward stakeholders may assume one, or a combination, of three different forms: individualistic, relational, or collectivistic (Brickson, 2005, 2007). Identity orientation forms are not mutually exclusive, nor are they meant to label firms into categorical groups; rather, they illustrate three dimensions around which firms can be compared. Each form reflects a different interpretation of how the firm enacts its relationship with stakeholders.

Firms with individualistic identity orientations are driven by self-interest. Such firms may engage in socially responsible actions with stakeholders to distinguish the firm from other entities and to maintain legitimacy as a responsible actor in a shared organizational environment. In contrast, firms that adopt a relational orientation consider the benefits to particular others, are characterized by dyadic concern and trust, and observe a sense of duty or responsibility to be a good partner with salient stakeholders. Finally, firms that espouse a collectivistic orientation are founded on a sense of common purpose, with attention to benefiting the welfare of the greater collective. Rather than emphasize efficiency or building close dyadic bonds, collectivistic firms view stakeholder relationships as a means to promoting commonly held beliefs.

We theorize that family firms' approach to stakeholder management in their CSP activities may be explained by the particular identity orientation they adopt. Doing so, we lay the foundation for a set of testable hypotheses about the CSP activities of family firms versus nonfamily firms. We first characterize nonfamily firm CSP by drawing from individualistic identity reasoning. We argue that family firms are less likely to maximize their own welfare at the expense of stakeholders and will engage in more CSP activity than nonfamily firms. Then, adopting the relational identity orientation logic that places emphasis on stakeholders with whom the organization has meaningful relationships, we consider in what ways family firms will benefit specific stakeholder beneficiaries. Finally, we draw on collectivistic identity orientation rationale to describe how the traits of a family firm are reinforced with greater family involvement and founder involvement. We underscore how more family member (and founder) involvement infuses a greater sense of collectivistic identity orientation that may heighten family firms' CSP activities toward the collective welfare of key stakeholders.

Hypothesis development

Family versus nonfamily firms and CSP: individualistic stakeholder identity orientation

From an individualistic view, stakeholders are beneficial to the extent that they are salient to the firm's core objectives. When strengthening stakeholder relationships leads to decreased transaction costs and greater financial gains, CSP activity is likely to occur (Barnett, 2007; Jones, 1995; Russo and Fouts, 1997). However, after attempts to increase organizational legitimacy or improve organizational image are met, individualistic organizations are likely to see additional CSP activity as offering diminishing returns (Brickson, 2007). Hence, firms with individualistic identity orientations will be motivated by organizational self-interest, engaging in CSP activities in ways that are instrumental to financial performance and that distinguish the firm from other entities.

We argue that, all other things being equal, nonfamily firms are more likely than family firms to adopt an individualistic identity orientation. From this perspective, nonfamily firms view stakeholders as transactional partners and are more likely than family firms to engage in CSP with an instrumental focus on wealth creation. We acknowledge that family firms may be no less interested in increasing profits; however, wealth creation is arguably not the only – or even the primary – goal of family firms (Chrisman et al., 2003; Davis and Tagiuri, 1989; Sharma et al., 1997). Family firms have a heightened sense of obligation to a variety of stakeholder claims and, therefore, may be more attuned to the influence of various stakeholders on corporate behavior (Mitchell et al., 1997; Zellweger and Nason, 2008). Family firms pay greater attention to the needs, preferences, and desires of consumers and the public at large (Brief and Bazerman, 2003). They also may view their family status as a characteristic that heightens their general obligation to be good ''citizens'' for reasons beyond immediate tangible benefits such as profit maximization. Compared to nonfamily firms, for example, family firms have a particular incentive to take a long-term perspective and perpetuate their business for future generations (Gallo and Vilaseca, 1996; McConaughy and Phillips, 1999). In this way, family firms may develop stronger ties with stakeholders, which lead to stronger stakeholder relationships (Sirmon and Hitt, 2003). Accordingly, we posit that family firms are likely to engage in higher levels of CSP because they will take a less individualistic view of stakeholder relationships than nonfamily firms.

Hypothesis 1: Family firms will demonstrate significantly more positive CSP social initiatives toward stakeholders than will nonfamily firms.

Hypothesis 2: Family firms will demonstrate significantly fewer CSP social concerns toward stakeholders than will nonfamily firms.

Family firms and CSP: relational stakeholder identity orientation

We invoke relational identity orientation to describe how stakeholders, who benefit from CSP activity, might differ between family and nonfamily firms. Family firms, in contrast to nonfamily firms, often seek out relationships with constituencies that are most salient to their family firm identity and advocate issues most closely related to their stakeholders' interests (Frooman, 1999; Savage et al., 1991). In doing so, family firms are able to uphold those traits that are both unique to the family organization and congruent with their stakeholders (Albert and Whetten, 1985; Scott and Lane, 2000). According to relational identity logic, this focus on associations with valued constituents strengthens the congruency that firms are likely to see between themselves and their stakeholders (Brickson, 2007; Gomez-Mejia et al., 2007).

Family firms are more likely than nonfamily firms to see their stakeholders as partners. Because such collaborations require trust, responsibility, and commitment of time and resources, family firms are likely to align themselves with relevant stakeholders whose values and ideals explicitly align with the central, distinctive, and enduring attributes of the firm (Albert and Whetten, 1985). For most family firms, this relational approach would include involvement in the local community, greater respect for and positive treatment of employees, and a long-term strategic focus founded on the ideals of tradition, reputation, and superior products or services (Miller and Le Breton-Miller, 2003; Van Buren, 2005). This is

consistent with social and human capital views of family firm resource management, whereby family firms build value through partnerships that instill trust, commitment, and a shared sense of vision (Sirmon and Hitt, 2003; Tsai and Ghoshal, 1998). A relational identity orientation, then, specifically considers the interactions between firms and three CSP-related stakeholder groups with which family firms develop dyadic concern and trust: employees, consumers, and communities.

Employees

Relational identity orientation suggests that firms tend to have a similar orientation toward their internal stakeholder constituents (i.e., employees) as they do toward their external stakeholders (i.e., consumers) (Brickson, 2005). Consequently, we would expect family firms to exhibit socially responsible behavior in the areas of employee relations (enabling human capital advantages; Sirmon and Hitt, 2003), employee diversity (which also can lead to cost savings, enhanced productivity capabilities, and even broader markets; Berman et al., 1999), and human rights issues (which may help firms avoid abuses that can greatly damage a firm's reputation and reduce the organization's social capital; Godfrey, 2005). We acknowledge that some research has considered how family firms may be less socially responsible in terms of employee management practices such as gender inequality (Hamilton, 2006), family member exploitation (Ram and Holliday, 1993; Stewart, 2003), and unfair treatment of family members (Haugh and McKee, 2003). Notwithstanding, consistent with the idea that firms align with stakeholders who are representative of characteristics that are central, distinctive, and enduring (Albert and Whetten, 1985), family firms will generally see themselves in more relational terms than will nonfamily firms. By doing so, family firms focus on the well-being of their internal constituents and exemplify their efforts to foster positive employee relations, human rights, and diversity.

Consumers

Relational identity orientation considers the saliency and needs of consumers as a driving force in business success. Firms with relational orientations attempt to manage consumer stakeholders through personalized ties, providing a greater emotional connection and a sense that consumers are internally valued (Brickson, 2007). Viewing consumers through a relational lens, family firms may be more likely to connect their name and reputation to the products they sell in an effort to leverage the relationships they have built with existing customers (Lyman, 1991), as well as to begin building relationships with future customers. For example, the Longaberger Company of Dresden, Ohio, capitalizes on its family connection by advertising that the company sells its products ''From our family to your family'' (Dollinger, 1995, p. 391). Since the family name is associated with its products, a family business is likely to be more concerned about selling products of higher quality and reducing their likelihood of doing harm than would a nonfamily enterprise. Further, family firms with relational orientations are likely to see their consumers as inter-entity partners with the organization (Brickson, 2007), and the firm is likely to underscore traits that connect customers' positive experience with the firm's ability to be successful.

Communities

From a relational identity orientation view, family firms recognize the saliency of their relationship with the local community to the success of the firm and are likely to approach their community relationships as partnerships. Family businesses tend to show more concern for their local communities than do firms whose managers may have little or no connection to local issues or concerns. For instance, among firms that operate in regionally focused locations, family firms are more likely to adopt initiatives to enhance the community in which they are based, such as engaging in charitable giving (Meek et al., 1988). Attention to significant and pressing community issues can raise awareness of the firm's commitment to socially beneficial stakeholder interests and may also be leveraged for competitive advantage through tax advantages, decreased regulatory burdens, and even improvements in the quality of local labor (Waddock and Graves, 1997).

In sum, relationally oriented firms – such as family firms who see themselves as committed to the success of their stakeholders – will manage their internal and external stakeholder relationships similarly, based on a consistent set of goals, standards, and accepted codes of conduct for all stakeholders whose welfare the firm seeks to improve. Moreover,

relational orientation logic would suggest that family firms would likely take a more proactive stance toward the development of higher quality and safer products for consumers, than would nonfamily firms. Furthermore, because family firms narrow their focus to specific stakeholder groups who are more consistent with the characteristics of the firm, causing or allowing harm to employee, consumer, or community stakeholders is also less likely to occur. Consequently, we propose the following:

Hypothesis 3: Family firms will demonstrate more employee, consumer, and community social initiatives (and fewer of the respective concerns) than nonfamily firms.

Family involvement and firm CSP: collectivistic stakeholder identity orientation

Part of this study's contribution is to examine more closely the way family firms exhibit socially responsible behavior to benefit stakeholder groups. In particular, we integrate the role of family involvement and adopt a more nuanced view of *why* family involvement matters. We propose that among family firms, increased levels of family involvement will reflect a corresponding increase in CSP activity. This is because firms with higher family involvement may display greater concern for the broader collective's welfare and therefore adopt a more collectivistic, rather than individualistic or relational, stakeholder identity orientation.

From a collectivistic stakeholder identity orientation view, a family firm sees its relationships with stakeholder constituencies as highly interdependent, with an increased focus on the collective interests of stakeholders. The collectivistic identity orientation is more system centered, emphasizing relationships based on service alliances, strong coalition-based ties, and more cooperative approaches (Brickson, 2007) for managing internal stakeholders (such as social contacts based on more ideological grounds than transactional or relational grounds; Thompson and Bunderson, 2003). Family firms with a collectivistic identity orientation view stakeholder constituents as collaborators who experience the effects of corporate behavior (Freeman, 1984) and, consequently, show increased concern for stakeholders who align with the central, distinctive, and enduring attributes of the organization (Albert and Whetten, 1985).

Family involvement is an important part of collectivistic identity orientation toward stakeholders. With greater family involvement, stakeholder relationships are not based solely on the desire to maximize profits, but also on building socio-emotional wealth and endorsing a fundamental set of moral principles established and perpetuated by family members (Gomez-Mejia et al., 2007). Greater family involvement, then, yields a proactive approach to managing CSP that is grounded in a collectivistic orientation toward stakeholders as entities that are and can be benefited by corporate initiatives (Habbershon and Williams, 1999).

As with previous research that has examined degrees of family concentration within a family firm (Astrachan and Shanker, 2003; Zahra, 2003), we view family involvement as existing on a continuum. Family involvement ranges from low – wherein there may be little family involvement, or where the family may nominally participate in the business, but family-specific factors still have bearing in the firm's strategic direction – to high – wherein a family member maintains executive control, other family members may have extensive managerial influence, or the business operates with apparent intentions to maintain control within the family.

With greater family involvement, the firm's identity is more closely tied to enhancing the welfare of the larger whole and ensuring that stakeholders, particularly those aligned with the distinctive attributes of the firm, are treated well (Berman et al., 1999). In this way, contributing to the welfare of certain beneficiaries reinforces the identity of the firm as one that makes stakeholder contributions that are consistent with its values (Albert and Whetten, 1985). Extant research has noted such effects in family firms. For example, Anderson and Reeb (2003), in their study of S&P 500 firms, showed that family-directed firms exhibited greater commitment to act on the basis of principles toward the collective interests of certain relevant stakeholders, including employees and constituent beneficiaries in the community (Deniz and Suarez, 2005). Hence, greater family involvement in a family firm will likely be positively related to a firm's support for the community, its employees, and the providing of

quality products to consumers. Consistent with that logic, we hypothesize the following:

Hypothesis 4: The greater a family firm's family involvement, the higher the number of community, employee, and consumer social initiatives (and fewer of the respective concerns) will be.

Founder involvement and firm CSP: collectivistic stakeholder identity orientation

A unique attribute of family firms is the pursuance of a transgenerational vision held in common by a family (Chua et al., 1999; Habbershon et al., 2003), which is often initiated and perpetuated by the founders (Aronoff and Ward, 1992). Thus, in addition to the notion that family involvement directly influences a family firm's proclivity toward CSP behavior, we suggest that the founder, specifically, plays a significant role in having his or her firm adopt a collectivistic stakeholder identity orientation, and thereby participate more proactively in CSP.

Early work by Barnard (1938), Selznick (1957), Stinchcombe (1965), and Clark (1970) noted the impact that an organization's founders have on firm values. This ''institutional approach'' to the study of organizations suggests that over time organizations develop a distinctive character that is highly valued by organization members (Barnard, 1938). Largely shaped by the organization's leaders, this identity generally eclipses a singular focus on financial priorities (Aronoff, 2004), taking on a collectivistic form. Selznick notes that organization leaders attempt ''to create a social structure which embodies them'' (1957, p. 60). Rooted not only in wealth creation, but value creation as well (Chrisman et al., 2003), the founders of family firms help institute a collectivistic stakeholder identity orientation, focusing on multiple stakeholder groups in a proactive manner, in an attempt to institutionalize their own values, identity, and character.

Research by Schein (1983), Dyer (1986), and Kets de Vries (1977) has described how organization founders – and particularly those of family firms – see their firms as extensions of themselves and their families. Founders often refer to their firms in anthropomorphic terms, nurturing and protecting the firm as ''their baby.'' By extension, founders perceive highly normative obligations to family stewardship and the reputation of an enduring institution (Aronoff and Ward, 1992). Hence, founders of family firms are also more likely to adapt to and comply with the desires of key stakeholder groups, adopting proactive stakeholder management approaches, particularly if the founder or founders continue to occupy positions of power in the firm.

Furthermore, a family member in top management or on the board of directors increases the likelihood that stewardship over family resources, including reputation, will be preserved (Berman et al., 1999). Dyer and Whetten (2006) linked a family's social identity with firm identity and reputation, suggesting that founders would want to avoid their firm and family being labeled as socially irresponsible. Family-owned firms with founders that are actively involved are less likely to uproot their firms from their geographic locations, and executives of family-owned firms are more likely than their counterparts in non-family-owned firms to sit on boards of charitable and non-profit organizations in their local communities (Deniz and Suarez, 2005; Stavrou et al., 2007). These factors, as well as others, can all be considered proactive, as opposed to passive, family participation. Thus, the greater the extent the founder is an active participant in the firm and serves as an icon to represent corporate values, the more likely the firm will engage in relevant socially responsible activity.

Hypothesis 5: The greater the involvement of the founder in a family firm, the higher the number of community, employee, and consumer social initiatives (and fewer of the respective concerns) there will be.

Methods

For our study, we included large, publicly traded corporations listed in the S&P 500, which reflect a broad cross-section of U.S. businesses. The S&P 500 (or Standard & Poor's 500) is a free-float, capitalization-weighted index of the prices of 500 large-cap common stocks actively traded in the United States and includes stocks of large, publicly held companies that trade on either of the two largest American

stock market companies, the NYSE Euronext and the NASDAQ OMX. The S&P 500 is commonly used in research that examines firm performance (see Anderson and Reeb, 2003). It is also often used as a delineator for research that examines firms and firm performance in the United States, as the S&P 500 companies are intended to be representative of the U.S. economy. Other company indices have been used in previous research such as CalPERS, S&P MidCap 400, S&P SmallCap 600, non-S&P-indexed firms, the DAX, the Nikkei 225, and the Financial Time Stock Exchange 100 share index of London or FTSE (Del Guercio and Hawkins, 1999; Wu, 2004). And company indices differ on their strategies for indexing (e.g., passive vs. active; Wu, 2004). We chose to use the S&P 500 given the corresponding index that evaluates S&P 500 firms for social responsibility in the KLD social performance database (see ''Measures'' described below and listed in Appendix). KLD has compiled and published a CSP assessment of publicly traded S&P 500 firms every year since 1991. Among this set of S&P 500 firms, there were 706 for which we had complete CSP data for 1991–2005.

To differentiate family from nonfamily firms in this population, we relied on both *Business Week* (Business Week, 2003) and *Family Business Magazine* (Family Business Magazine, 2003) surveys. *Business Week* and *Family Business Magazine* classified publicly traded firms as family firms based on several criteria, including whether founding family members remained as significant company shareholders, were still in senior management, or held a seat on the board of directors. Forty-eight firms met one or more of these criteria and were dummy coded as a family firm. Six hundred and fifty-eight firms did not meet the criteria were designated as nonfamily firms and were dummy coded accordingly.

Given our sample of family and nonfamily firms taken from the S&P 500, we applied measures of CSP, family involvement, and founder involvement to a three-step examination of the hypotheses listed earlier. In step one, we compared CSP between family firms and nonfamily firms. In step two, we employed a measure of family involvement to compare CSP among family firms only. Finally, in step three, we extended our comparison of CSP among family firms with regard to the level of founder involvement.

Measures

Corporate social performance

We operationalized our dependent variable of CSP using the social responsibility category ratings from the KLD social performance database (see Appendix). KLD rates firms' social performance along two dimensions: (1) positive ''social initiatives'' (e.g., charitable giving) where the firm proactively tries to improve society and (2) the firm's ability to avoid activities that would be considered ''social concerns'' (e.g., exploitation of contracted employees; KLD, 2006). Although KLD does not comprehensively consider all stakeholders, the database encompasses the views of both internal and external stakeholders, including employees, consumers, the natural environment, communities, and society in general. The KLD database has become a widely accepted set of CSP measures that demonstrate adequate psychometric properties and construct validity (Hillman and Keim, 2001; Mattingly and Berman, 2006; Sharfman, 1996).

Since KLD has more categories related to social concerns than it does to initiatives, we used categories that were common to both (see Appendix).[1] We examined the following categories: (1) Community Initiatives and Concerns; (2) Employee Relations Initiatives and Concerns; (3) Diversity Initiatives and Concerns; (4) Product Initiatives and Concerns; and (5) Human Rights Initiatives and Concerns. Community- and consumer-oriented CSP were operationalized as Community and Product Initiatives/Concerns, respectively; employee-oriented CSP was operationalized as Employee Relations, Diversity, and Human Rights Initiatives and Concerns.

Each year, KLD uses a binary classification to quantitatively rate firms in each category, which are defined by several items reflecting a type of initiative or concern. For positive initiative categories, a company is assigned a 1 if KLD determines that the company has launched a positive initiative during the previous year and a 0 if there is no evidence of such initiatives. For social concern categories, KLD assigns a company a −1 for a particular concern if it demonstrates that it has acted irresponsibly during the previous year and a 0 if there is no evidence of negative social behavior. The KLD data yielded 5,726 company-year observations for the S&P 500

firms we observed over the 15-year period (i.e., 1991–2005).

Family involvement
We used multiple factors to create our measure of family involvement. These criteria were each given one point and then summed to create a continuous family involvement variable that ranged from 0 (i.e., very low family involvement) to 8 (i.e., very high family involvement). The criteria that comprised the variable included (1) whether the founder is still alive (2), whether the founder is on the board of directors, (3) whether a family member is the CEO, (4) whether the family is involved in senior management, (5) whether a founder is in senior management, (6) whether the family is represented in the company name, (7) whether the family is a significant shareholder, and (8) whether a family member is on the board of directors. The data for these criteria were obtained from corporate histories and communiqués on corporate websites.

Founder involvement
Our founder involvement measure comprised the summation of three dummy coded items from the family involvement measure: whether the founder is still alive, whether the founder is on the board of directors, and whether the founder is in senior management. Consistent with our family involvement measurement approach, each criterion was assigned one point, if present, and then the points assigned to the three criteria were summed to create a continuous founder involvement variable that ranged from 0 (i.e., low) to 3 (i.e., high).

Analytical procedures
In each of our regressions, we conducted regression analyses using the negative binomial method. Negative binomial regression effectively handles analysis of dependent variables that are count data, such as number of social initiatives or concerns (Cameron and Trivedi, 1998, 2009). In cases of overdispersion (i.e., the variance exceeds the mean), a negative binomial model is preferred. These regression analyses also included control variables to account for firm-specific differences. These controls included performance variables (return on assets, return on sales, and Tobin's q), size (market value), and leverage (long term debt/common shares outstanding). As industry controls, we used the Fama/French specifications in which all industry codes are assigned into five classifications (Fama and French, 1997). Industry 1 (cnsmr) includes consumer durables, nondurables, wholesale, retail, and some services. Industry 2 (manuf) includes manufacturing, energy, and utilities. Industry 3 (hitec) includes business equipment, telephone, and television transmission. Industry 4 (hlth) includes healthcare, medical equipment, and drugs (i.e., pharmaceuticals). Industry 5 (other) includes mines, construction, transportation, business services, entertainment, and finance.

For Hypotheses 1 and 2, we compared CSP of the 48 family firms and 658 nonfamily firms over the period of 1991–2005 with a total of 4,663 unique firm-year observations. For Hypothesis 3, we aggregated firm scores across the KLD categories and performed regressions to compare the CSP of family and nonfamily firms across the total initiatives and concerns. We used a dummy variable to indicate whether a firm was family versus nonfamily. For Hypotheses 4 and 5, we conducted separate negative binomial regressions using each of our 10 individual categories (5 initiatives and 5 concerns) as well as the controls described above.

Hypotheses 4 and 5 were tested with a total of 531 unique firm-year observations. In testing Hypothesis 4, we repeated the regression approach used to test Hypothesis 3, using family firms only and replacing the family/nonfamily dummy variable with the level of family involvement variable. In the regressions used to test Hypothesis 5, we replaced the level of family involvement variable with the level of founder involvement variable.

Results

Table I shows the means, standard deviations, and zero-order correlations for all variables of the family firms used in our study.

For Hypotheses 1 and 2, we proposed that family firms would have significantly more positive social initiatives and fewer concerns than nonfamily firms. We compared CSP of the family and nonfamily firms over the period of 1991–2005. As shown in Table II, family firms are significantly related to

TABLE I

Means, standard deviations, and correlations for family firms

	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.
1. Family involvement	3.62	1.66																					
2. Founder involvement	0.79	1.22	0.75																				
3. Return on assets	0.17	0.08	0.07	0.11																			
4. Return on Sales	0.19	0.11	0.00	0.28	0.44																		
5. Tobin's Q	3.55	1.82	0.23	0.35	0.69	0.38																	
6. Size (market value)	0.20	0.38	−0.11	−0.04	0.21	0.13	0.49																
7. Leverage	0.16	0.13	−0.01	−0.27	−0.26	0.00	−0.39	−0.13															
8. Community strengths	0.55	0.78	0.18	0.10	0.07	−0.07	0.04	0.11	−0.15														
9. Diversity strengths	1.10	1.32	0.02	0.00	−0.09	−0.07	0.06	0.34	−0.04	0.27													
10. Emp. Relation strengths	0.46	0.74	0.02	0.02	0.03	−0.01	0.03	0.05	0.02	−0.06	0.04												
11. Hum. rights Strengths	0.01	0.09	0.07	0.03	0.00	−0.08	−0.03	−0.02	0.03	0.03	−0.01	0.09											
12. Product strengths	0.19	0.45	0.01	0.02	−0.07	−0.05	−0.03	0.01	−0.05	−0.06	0.03	0.36	0.04										
13. Community weaknesses	0.08	0.26	−0.04	−0.02	−0.19	0.01	−0.09	0.21	0.03	0.06	0.20	0.05	0.04	0.05									
14. Diversity weaknesses	0.17	0.39	−0.08	−0.07	−0.11	−0.19	−0.05	0.14	−0.01	−0.14	−0.08	−0.05	0.05	−0.05	0.11								
15. Emp. relation weaknesses	0.28	0.52	−0.04	0.03	0.00	0.06	0.07	0.07	−0.01	−0.07	0.09	−0.01	−0.05	0.00	−0.01	−0.01							
16. Hum. rights weaknesses	0.09	0.29	0.01	−0.04	−0.08	−0.09	−0.06	−0.07	0.00	−0.01	0.01	0.04	−0.03	0.06	0.01	0.04	0.06						
17. Product weaknesses	0.31	0.47	−0.14	−0.13	0.01	−0.04	−0.11	−0.01	0.02	−0.06	−0.09	0.11	0.04	0.08	0.05	0.01	0.05	0.08					

TABLE I

continued

	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.
18. Industry 1 (consumer)	0.33	0.47	−0.06	−0.42	0.17	−0.22	0.07	0.09	0.04	0.07	0.09	−0.06	0.01	−0.04	−0.07	0.13	−0.06	0.09	0.05				
19. Industry 2 (manufacturing)	0.24	0.43	−0.11	−0.06	−0.06	0.00	−0.27	−0.11	0.04	0.21	−0.15	−0.15	0.07	−0.15	0.07	0.03	0.01	0.08	0.03	−0.39			
20. Industry 3 (high tech)	0.21	0.40	0.10	0.35	−0.03	0.02	0.12	0.16	−0.28	0.04	0.20	0.21	−0.04	0.15	0.07	0	0.05	−0.13	−0.08	−0.36	−0.28		
21. Industry 4 (health)	0.10	0.30	0.14	0.27	0.27	0.27	0.38	−0.06	−0.15	−0.08	−0.16	−0.02	−0.03	0.03	−0.09	−0.15	0.01	−0.08	0.07	−0.23	−0.18	−0.17	
22. Industry 5 (other)	0.13	0.34	−0.02	0.00	−0.37	0.04	−0.27	−0.12	0.36	−0.15	−0.36	0.05	−0.03	0.03	0.01	−0.09	0.00	−0.01	−0.08	−0.27	−0.17	−0.20	−0.13

Note: All correlations $r > 0.08$ are significant at $p < 0.05$; all correlations $r > 0.10$ are significant at $p < 0.01$.

higher total social initiatives (0.36, $p < 0.01$). Thus, Hypothesis 1 was supported. We did not, however, find support for Hypothesis 2 (−0.00, ns).

For Hypothesis 3, we examined individual social categories to evaluate whether family firms demonstrated more positive initiatives (and fewer concerns) on specific dimensions of CSP, relative to nonfamily firms. We found support for family firms on community initiatives (0.32, $p < 0.01$) and employee relations initiatives (0.16, $p < 0.05$), as well as for employee relations concerns (−0.20, $p < 0.05$). Thus, Hypothesis 3 was partially supported. The results are shown in Tables III and IV.

For Hypothesis 4, we examined whether increased levels of family involvement were positively related to social initiatives and negatively related to corresponding concerns. We found significant results for level of family involvement on two variables: community initiatives (0.10, $p < 0.01$) and product n in Tables V and VI.

Hypothesis 5 addressed the association of level of founder involvement in family firms to initiatives and concerns in specific social categories. Our results reached statistical significance only for product concerns (−0.30, $p < 0.01$), as displayed in Tables VII and VIII, providing limited support for Hypothesis 5.

In sum, we found support for Hypothesis 1 that family firms would demonstrate significantly more positive CSP social initiatives than nonfamily firms and no support for Hypothesis 2 that family firms would demonstrate fewer CSP social concerns than nonfamily firms. We found partial support for Hypothesis 3 (i.e., for community and employee relations initiatives and employee relations concerns) that family firms would demonstrate greater specific initiatives – and fewer of the respective concerns – than nonfamily firms. We also found partial support for Hypothesis 4 (i.e., for community initiatives and product concerns) that greater family involvement would be correlated with a higher number of social initiatives – and a fewer number of the respective concerns. Finally, we found limited support for Hypothesis 5 (i.e., for product concerns) that greater founder involvement in a family firm would be associated with a higher number of social initiatives – and a fewer number of the respective concerns.

TABLE II

Regressions comparing total CSP initiatives and concerns for family and nonfamily firms

Variables	Total CSP initiatives		Total CSP concerns	
	Parameter estimate	Wald	Parameter estimate	Wald
Intercept	0.66	197.60**	0.59	129.89**
Tobins Q	−0.07	39.28**	−0.04	10.01**
ROA	0.45	4.78*	−0.05	0.05
ROS	0.26	7.19**	0.38	11.17**
Market value	0.01	382.74**	0.00	54.26**
Leverage	0.19	3.35	0.05	0.16
Industry 1	0.09	3.17	0.00	0.04
Industry 2	−0.07	2.51	0.13	8.11**
Industry 3	0.09	3.35	0.03	0.33
Industry 4	0.08	1.82	−0.12	3.28
Family firm (relative to nonfamily)	0.36	10.79**	−0.00	0.00

*$p < 0.05$, **$p < 0.01$.

TABLE III

Regressions on individual CSP initiatives comparing family and nonfamily firms

Variables	Community		Employee relations		Diversity		Product[a]		Human rights[a]	
	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald
Intercept	−0.80	70.7**	−1.34	146**	−0.29	18.2**	−1.12	196**	−2.09	299**
Tobins Q	−0.24	77.1**	0.01	0.98	−0.04	7.76**	0.00	0.00	0.01	0.35
ROA	1.47	10.8**	0.17	4.22*	−0.55	3.19	0.25	0.54	−0.05	0.01
ROS	0.58	8.74**	0.00	1.93	0.39	7.10**	−0.08	0.21	−0.11	0.19
Market value	0.01	235**	0.00	0.66	0.01	300**	0.00	0.90	0.00	1.72
Leverage	−0.48	5.25**	0.19	3.30	0.43	7.91**	0.02	0.01	0.27	1.08
Industry 1	0.30	9.06**	0.03	1.90	0.25	12.55**	−0.06	0.51	0.08	0.44
Industry 2	0.10	1.44	0.05	0.37	−0.25	15.35**	−0.02	0.09	0.10	0.81
Industry 3	−0.03	0.10	0.07	1.40	0.18	7.27**	0.06	0.66	0.09	0.57
Industry 4	0.45	14.7**	0.00	1.10	0.17	3.92*	−0.03	0.08	0.12	0.66
Family firm	0.32	18.2**	0.16	4.81*	0.04	0.39	0.10	2.29	0.06	0.35

[a]Noted negative binomial regressions had convergence that produced a questionable model fit.
*$p < 0.05$, **$p < 0.01$.

Discussion

In an attempt to extend previous work and to reconcile discrepant findings linking CSP to family-controlled firms, we proposed a stakeholder identity orientation perspective that incorporates external (i.e., comparing family to nonfamily firms) and internal (i.e., comparing dimensions among family firms) comparative approaches. We proposed theoretical rationale to suggest differences between the CSP of family versus nonfamily firms, as well as differences based on family and founder involvement – in the S&P 500 during the period 1991–2005 – and found reasonable support for our assertions.

TABLE IV

Regressions on individual CSP concerns comparing family and nonfamily firms

Variables	Community[a]		Employee relations		Diversity[a]		Product		Human rights[a]	
	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald
Intercept	−2.01	98.9**	−1.17	153**	−1.10	185**	−1.38	143**	−1.21	203**
Tobins Q	−0.62	61.9**	−0.02	1.00	0.00	0.05	−0.07	5.80*	−0.01	0.09
ROA	0.97	1.17	−0.64	2.28	−0.50	1.95*	0.78	2.51	0.13	0.13
ROS	1.32	21.7**	0.53	6.75**	−0.02	0.02	0.98	15.19**	0.09	0.24
Market value	0.01	193**	0.00	6.78**	0.00	5.02	0.00	7.16**	0.00	1.23
Leverage	0.31	0.89	−0.38	3.16	0.15	0.72	−0.23	0.81	−0.08	0.21
Industry 1	−0.01	0.00	0.12	1.31	0.03	0.15	0.10	0.70	0.05	0.37
Industry 2	1.45	87.8**	0.08	0.85	−0.01	0.01	0.02	0.03	0.07	0.84
Industry 3	0.44	4.89*	0.21	5.01*	0.14	3.05	0.00	0.00	0.04	0.28
Industry 4	0.74	6.84**	0.10	0.72	−0.13	1.05	0.34	6.38*	0.02	0.02
Family firm (relative to nonfamily)	−0.06	0.60	−0.20	4.86*	−0.14	3.43	0.14	2.21	−0.02	0.05

[a]Noted negative binomial regressions had convergence that produced a questionable model fit.
*$p < 0.05$, **$p < 0.01$.

TABLE V

Regressions on individual CSP initiatives for level of family involvement in family firms

Variables	Community		Employee relations		Diversity		Product		Human rights[a]	
	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald
Intercept	−1.66	16.6**	−0.81	7.08**	0.35	2.28	−0.23	0.22	−1.95	24.2**
Tobins Q	−0.14	5.21*	0.03	0.01	−0.05	1.21	−0.24	4.53*	0.01	0.02
ROA	1.66	1.96	1.01	0.54	−2.30	4.97*	4.97	5.26*	−0.27	0.03
ROS	−1.87	5.38*	−0.64	0.47	−0.57	0.65	−4.91	7.42**	−0.02	0.00
Market value	0.01	22.3**	0.00	0.25	0.01	40.5**	0.00	0.13	0.00	0.19
Leverage	−0.98	2.67	1.04	3.05	0.03	0.00	−1.71	2.76	0.45	0.35
Industry 1	1.44	16.4**	−0.53	5.07*	0.45	5.77*	0.37	0.79	0.15	0.23
Industry 2	1.30	13.2**	−0.89	11.9**	−0.09	0.23	−1.17	5.85*	0.22	0.48
Industry 3	0.83	5.32*	0.17	0.48	0.31	2.46	0.72	3.60	0.16	0.22
Industry 4	1.04	6.10*	−0.42	1.85	−0.14	0.25	0.78	2.89	0.20	0.25
Family involvement	0.10	6.73**	0.03	0.30	−0.06	1.94	−0.12	2.40	0.02	0.10

[a]Noted negative binomial regressions had convergence that produced a questionable model fit.
*$p < 0.05$, **$p < 0.01$.

First, our analysis showed relative differences between family and nonfamily firm CSP, with family firms engaging in significantly more positive social initiatives than nonfamily firms. There was not, however, a significant difference with respect to the number of social concerns. In retrospect, these discrepant results may still be consistent with our assertion that nonfamily firms are more likely to

TABLE 6
Regressions on individual CSP concerns for level of family involvement in family firms

Variables	Community[a]		Employee relations[a]		Diversity[a]		Product		Human rights[a]	
	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald
Intercept	−1.41	16.5★★	−0.94		−1.69	21.4★★	−0.82	12.56★★	−1.41	14.2★★
Tobins Q	−0.02	0.11	0.00	0.00	0.03	0.22	−0.12	1.36	0.01	0.00
ROA	−1.68	1.34	−0.14	0.02	−0.89	0.40	1.86	1.05	−0.48	0.10
ROS	−0.03	0.00	0.30	0.22	−0.51	0.32	−1.34	1.51	−0.05	0.00
Market value	0.01	5.53	0.00	2.87	0.00	0.08	0.00	0.48	0.00	0.06
Leverage	0.14	0.04	0.08	0.02	0.59	0.74	0.43	−0.26	−0.16	0.05
Industry 1	0.17	0.35	0.02	0.01	0.36	1.49	0.97	6.92★★	0.25	0.76
Industry 2	0.39	2.05	0.13	0.33	0.38	1.66	−0.87	−5.78★	0.34	1.41
Industry 3	0.35	1.34	0.17	0.52	0.52	2.64	0.65	2.55	0.01	0.00
Industry 4	0.23	0.39	0.20	0.53	0.01	0.00	1.39	10.59★★	0.08	0.04
Family involvement	−0.01	0.05	−0.04	0.91	−0.01	0.05	−0.24	12.56★★	0.01	0.02

[a]Noted negative binomial regressions had convergence that produced a questionable model fit.
★$p < 0.05$, ★★$p < 0.01$.

adopt an individualistic identity orientation, while family firms are more likely to adopt a relational identity orientation. An individualistic identity orientation, characterized by an instrumental approach to stakeholder management, would lead nonfamily firms to avoid social concerns that would have a negative impact on financial performance (e.g., lost customers, regulatory fines, bad press, etc.). Family firms would similarly avoid social concerns, but would likely be more proactive about nurturing relationships with partnering stakeholder groups through positive social initiatives.

Second, we found partial support for our hypotheses regarding the specific stakeholders that receive differential treatment from family versus nonfamily firms. Specifically, positive community and employee social initiatives were significantly higher for family firms than those of nonfamily firms. Again, from the perspective of a relational stakeholder identity orientation, it seems logical that family firms would engage in more CSP activities to develop and nurture collaborative relationships with local communities and employees. The non-significant findings for a difference on consumer-related CSP (as operationalized by product initiatives) might be explained by the individualistic identity orientation of nonfamily firms. The close relationship between consumers and profits would lead nonfamily firms, focused primarily on self-interest, to engage in just as many product initiatives as family firms. However, an individualistic identity orientation could also make firms more likely to engage in calculative human resource management practices (Brickson, 2007) and approach employees in an instrumental (if not exploitive) manner, which might explain the significant difference we found in negative employee relations concerns between family and nonfamily firms. Thus, family businesses, more than nonfamily firms, do seem to take into account the local community and employees when making decisions, while their approach to consumers – at least regarding product-related initiatives – seems to be similar.

Third, our findings also suggest that the more a family is involved in the business, the more a family firm will take stakeholders into account when making decisions that have CSP implications. Specifically, we argued that firms with greater family involvement would be more likely to adopt a collectivistic orientation toward stakeholders – where the focus is grounded on the well-being of the collective and pursuing interests that confirm the central, distinctive, and enduring characteristics of the organization. Accordingly, we found that firms

TABLE VII

Regressions on individual CSP initiatives for level of founder involvement in family firms

Variables	Community		Employee relations		Diversity		Product		Human rights[a]	
	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald
Intercept	−1.48	13.3**	−0.75	6.86**	0.24	1.18	−0.47	0.99	−1.92	25.3**
Tobins Q	−1.32	4.51*	0.02	0.08	−0.09	2.61	−0.25	4.76*	0.01	0.01
ROA	1.92	2.63	1.04	0.57	−2.35	5.09*	4.65	4.49*	−0.26	0.03
ROS	−2.29	7.96**	−0.72	0.59	−0.50	0.52	−4.19	5.50*	−0.07	0.01
Market value	0.01	19.2**	0.00	0.12	0.01	46.8**	0.00	0.14	0.00	0.20
Leverage	−0.69	1.33	1.08	3.30	−0.04	0.01	−2.05	3.75	0.51	0.46
Industry 1	1.53	18.1**	−0.52	4.86*	0.47	5.93*	−0.48	1.31	0.18	0.32
Industry 2	1.35	14.3**	−0.87	11.7**	−0.12	0.40	−1.21	6.29	0.22	0.50
Industry 3	0.90	5.50*	0.19	0.62	0.17	0.66	0.75	3.63	0.14	0.15
Industry 4	1.10	6.87**	−0.39	1.64	−0.23	0.67	0.74	2.57	0.19	0.22
Founder involvement	0.11	2.61	−0.01	0.00	0.06	1.12	−0.15	1.83	0.04	0.65

[a]Noted negative binomial regressions had convergence that produced a questionable model fit.
*$p < 0.05$, **$p < 0.01$.

TABLE VIII

Regressions on individual CSP concerns for level of founder involvement in family firms

Variables	Community[a]		Employee relations		Diversity		Product		Human rights[a]	
	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald	Parameter estimate	Wald
Intercept	−1.64	18.9**	−0.97	13.9**	−1.75	24.3**	−1.35	8.44**	−1.51	16.27**
Tobins Q	−0.02	0.04	0.00	0.00	0.02	0.09	−0.13	1.62	0.01	0.00
ROA	−1.64	1.02	−0.25	0.05	−0.93	0.47	1.43	0.61	−0.54	0.12
ROS	0.05	0.00	0.40	0.41	−0.55	0.40	−0.50	0.21	−0.09	0.01
Market value	0.01	4.82*	0.00	2.82	0.00	0.21	0.00	0.14	0.00	0.09
Leverage	0.18	0.05	−0.05	0.01	0.64	0.89	−0.19	0.05	−0.11	0.02
Industry 1	0.17	0.26	−0.02	0.00	0.40	1.84	0.79	4.37*	0.31	1.01
Industry 2	0.41	1.79	0.10	0.22	0.38	1.62	0.84	5.13*	0.39	1.72
Industry 3	0.41	1.32	0.15	0.41	0.45	1.92	0.78	3.32	0.00	0.00
Industry 4	0.27	0.42	0.17	0.40	−0.06	0.02	1.42	10.70**	0.09	0.05
Founder involvement	−0.04	0.14	−0.04	0.32	0.07	0.77	−0.30	7.95**	0.03	0.09

[a]Noted negative binomial regressions had convergence that produced a questionable model fit.
*$p < 0.05$, **$p < 0.01$.

with greater family involvement were, indeed, more likely to engage in community-related social initiatives. The fact that no significant differences were found regarding employee- and consumer-related social initiatives, however, is understandable considering the nature of employees and consumers as stakeholders. That is, family firms which adopt a relational identity orientation, as described above,

are already likely to proactively foster relationships that benefit key stakeholder partners, such as employees and consumers. However, firms with higher levels of family involvement – and, as we argued, a greater collectivistic identity orientation – will differentially engage in more community-related social initiatives, reflective of their focus on the general well-being of the greater good (in addition to the well-being of specific stakeholder partners).

Fourth, our results do not support the argument that increased founder involvement leads to a greater number of social initiatives, raising the question as to whether founder involvement is actually a key source of a family firm's collectivistic identity orientation. Nevertheless, we did find that founders' involvement in family business is an important predictor of a lack of product concerns. Founders, who have significant personal investments in the firm, may be particularly concerned about any decisions that might damage the reputation of the firm. Founders, therefore, may monitor boardroom and corporate officer decisions to avoid creating significant product social concerns – under the assumption of preserving the corporate name. Alternatively, it is plausible that founders are deeply invested – and even passionate – about their company's products. Future research should examine more closely the role of founders and the effect of founder imprinting on CSP activity in family firms. Ethnographic or historical studies such as work by Argandona et al. (2009) may be particularly insightful in understanding how founders influence the type and efficacy of CSP activity.

Our results differ from the findings of Dyer and Whetten (2006) who found that family and nonfamily firms were virtually identical in terms of social initiatives from 1991 to 2000. Our study indicates that family firms are more assertive with social initiatives when compared with nonfamily firms. Drawing on the more proactive approaches of the relational or collectivistic stakeholder identity orientations, we were able to extend current understanding about why certain stakeholders may matter to family firms. That our results diverge from Dyer and Whetten may be indicative of growing trends related to CSP activity, as seen by the dramatic increase in socially responsible investments (Social Investment Forum, 2006). That is, because our study included an additional 5 years of data beyond what Dyer and Whetten (2006) included, it may be that while all firms are becoming more proactive in their stakeholder management approach, family firms are engaging in comparatively more CSP initiatives. Firms – and especially family firms – appear to be finding new and novel ways to "do well by doing good," which is consistent with recent work by Berrone and Gomez-Mejia (2009) that suggests executives may be receiving more explicit rewards for engaging in CSP activities. Future research might account for such factors as innovation capability, industry regulations, legislation and government incentives, and other factors that may further explain why family firms, as well as firms of all types, are becoming more attuned to managing CSP activities (Wagner, 2010).

By considering specific stakeholder types and the initiatives or concerns that would affect them, our results suggest that it is likely that family firms may be more attuned to the concerns of a specific stakeholder market, which equates to higher consciousness of proactive practices aimed at bolstering specific social initiatives (Aronoff, 2004). These findings are consistent with the idea of active, as opposed to passive, family participation in locally owned firms (Deniz and Suarez, 2005). Indeed, although we are cautious about extrapolating the findings of small, community-based family firms to large public family firms, our study corroborates previous research that suggests family-owned firms are more likely to retain their geographic locations and involve themselves in charitable and non-profit organizations in their local communities (Deniz and Suarez, 2005; Stavrou et al., 2007). It should be acknowledged that we did not distinguish between or account for local ownership presence or absence. Future research should account for a local ownership effect on CSP likelihood.

Behavior deemed socially responsible varies among communities and families. As a discussion point for future research, scholars might consider the attitudes of family firm executives toward initiatives that analysts and publicly available metrics of CSP define as "socially responsible" (e.g., KLD index). Future research might also consider the extent to which firms are aware of their social responsibility status and how explicit awareness may incite firm-level CSP over passive ignorance. One implication of our findings is that being publicly labeled (or the fear of being labeled) "socially irresponsible" may drive firms to act more responsibly toward key stakeholder groups. Future research should examine

this possibility and examine whether social *concerns* in a given year might influence increases in social *initiatives* the following year.

Further, there may be variance in the nature and types of family firms and their level of family involvement, which may have implications for CSP. Although we did account for level of family and founder involvement, we did not formalize a nomological categorization of different types of family involvement. For example, distinguishing between family firms characterized by active family participation in management versus passive family ownership might have important implications for CSP activity and stakeholder relationships. Future research should examine these and other differences among family firms.

Other family-specific categorizations, such as the influence of certain religious or cultural views (e.g., espoused in non-Western family firms), certainly play an important role in how family firms adopt and implement socially responsible practices. We did not consider these distinctions, nor directly examine the potential ''dark side'' of family firm operations such as gender discrimination or the undue differentiation between family and nonfamily employees in employee relations (e.g., Haugh and Mckee, 2003). For example, gender has been a recurring topic in family firms research (e.g., Hamilton, 2006). The exploitation of female family members is a common, but potentially underexamined, theme, as are the exploitation of family members (Stewart, 2003) and the exploitation within ethnic minority family firms (e.g., Ram and Holliday, 1993). While the KLD categories of Diversity and Human Rights Initiatives and Concerns may provide some general exploration of these issues, our regression analyses utilizing these variables did not provide any significant differentiation between family and nonfamily firm CSP within these dimensions. Future research would benefit from a broader contextual treatment of family firm characteristics, such as cultural differences, gender dynamics, and the consideration of the treatment of family members versus nonfamily members in relation to the firm's CSP. Further, future research might consider unethical behavior that may become justified because of its assumed benefit to the family or the family firm (e.g., Umphress and Bingham, 2010; Umphress et al., 2010).

We followed Freeman's (1984) view of stakeholder management as an interactive relationship between firms and their stakeholder constituents and proposed identity orientations that family firms take toward their stakeholders. We did not, however, consider the orientation of the stakeholder group toward the organization. Arguably, the influence of stakeholders on organizations has a tremendous effect on the orientations of those organizations toward stakeholders. Rowley and Moldoveanu (2003) propose a model of stakeholder group action wherein stakeholder groups assume interest- and identity-based orientations toward firms. Future research should consider extending studies to include the impact of stakeholder groups on a firm's proclivity toward CSP. We also did not consider transitions of firm identity along the spectrum of individualistic to collectivistic. Brickson (2007) proposes that organizational identity orientations are relatively stable, but clearly, family firms may adopt different strategic approaches over time that were not explicitly accounted for in our treatment of family compared to nonfamily firms. Researchers might consider such transitions and changes in ownership over time.

One final limitation that should be considered is the fact that KLD data does not include CSP measures from privately held firms. Moreover, the firms are all in the S&P 500 – some of the largest firms in the United States. When family firms go public, there may be increased pressure to meet the demands of outside shareholders, which tends to encourage managers to act in a more self-interested manner (Dyer, 1986). Public ownership may have had an influential effect across our sample of family firms. If CSP data were gathered from privately held firms that are almost entirely family controlled in both ownership and management, the identity orientation framework we adopted may have yielded even stronger evidence about the distinctions between family and nonfamily firms. We encourage future researchers to do more comparative studies of CSP in private versus publicly held firms.

Conclusion

We adopted identity orientation logic to explain differences in the degree to which a family is connected with a firm and the firm's CSP. While our study's

findings are not definitive given the elusive nature of social responsibility, our research does highlight important differences in the socially responsible behavior of family versus nonfamily firms. These results, we believe, are an important contribution to the literatures on family business and CSP, as well as the literature on organizational identity and identity orientation, and allow for a more integrated theoretical understanding of why family firms engage in CSP.

Note

[1] KLD includes other social categories beyond those considered in the current research (e.g., military, gambling, firearms, tobacco, etc.). However, we chose to focus on categories that were theoretically relevant to family firms and their involvement in CSP activity.

Appendix: Social initiatives and concerns

Category	Initiatives	Concerns
Community	Charitable giving	Investment controversies
	Innovative giving	Negative economic impact
	Non-U.S. charitable giving	Tax disputes
	Support for education	Other concerns
	Support for housing	
	Volunteer programs	
	Other strengths	
Diversity	Board of directors	Discrimination
	CEO	Non-representation
	Employment of the disabled	Other concerns
	Gay and lesbian policies	
	Promotion	
	Women and minority contracting	
	Work/life benefits	
	Other strengths	
Employee relations	Health and safety	Union relations
	Retirement benefits	Health and safety
	Union relations	Retirement benefits
	Cash profit sharing	Workforce reductions
	Employee involvement	Other concerns
	Other strengths	
Human rights	Labor rights	Labor rights
	Relations with indigenous peoples	Relations with indigenous peoples
	Other strengths	Myanmar/Burma
		Other concerns
Product	Benefits to economically disadvantaged	Antitrust
	Quality	Marketing/contracting controversy
	R&D/Innovation	Safety

For a more detailed description of each category, see www.kld.com/research/ratings_indicators.html.

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