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Family control, institutional cross holding and corporate social responsibility

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Abstract

This paper examines the effect of family control on corporate social responsibility. It also investigates the role of institutional cross-owners who hold concomitant stakes in firms competing within the same industry. Using a sample of French listed firms, we find that family control negatively affects corporate social responsibility, suggesting that controlling families may have expropriation purposes and are likely to prioritize their personal interests over stakeholders' ones. The results also show that institutional cross-owners attenuate the negative impact of family control on corporate social responsibility, suggesting that institutional cross-owners act as an effective control mechanism and help mitigate the risk of expropriation by family-controlled firms. The results are robust to alternative measures of family control and to endogeneity tests and have several practical implications.

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1. Introduction

The existing literature on corporate social responsibility (CSR, hereafter) largely investigates the consequences of CSR activities, documenting the effect of CSR on firm value (e.g., Fatemi, *et al*. 2015), idiosyncratic risk (e.g., Lee and Faff, 2009), the cost of capital (e.g., El Ghoul *et al*. 2011), access to finance (e.g., Cheng, *et al*. 2014), and merger performance (e.g., Deng *et al*. 2013). The literature has also examined the determinants of CSR engagement, including regulations (e.g., Dawkins and Lewis, 2003) and national institutions (e.g., Ioannou and Serafeim, 2012) at the country level, board structure (Johnson and Greening, 1999), CEO characteristics (e.g., Waldman *et al*. 2006), political affiliation (e.g., Di Giuli and Kostovetsky, 2014) and ownership structure (Oh *et al*. 2011) at the firm level.

In this paper, we investigate the extent to which ownership structure, in particular, family control drives CSR. The social behavior of family firms has been largely debated in the literature (Brahem *et al*., 2021; El Ghoul *et al*. 2016; Cruz *et al*. 2014; Dyer and Whetten, 2006; Rees and Rodionova, 2014 and Labelle *et al*. 2018). According to Chrisman *et al*. (2005), family firms are unique in the way they make decisions and implement strategies (e.g., those related to CSR). Family firms are characterized by a concentrated ownership structure, undiversified portfolios, and long-term objectives (Craig and Dibrell, 2006). However, the channels through which family ownership and CSR are related is not well established yet. This paper aims to shed new light on the role of institutional cross-owners in moderating the effect of family control on CSR.

There are two competing theoretical frameworks on the effect of family control on CSR. The first one is the socio-emotional perspective suggesting that family members are inclined to preserve their socio-emotional wealth apart from economic considerations (Berrone *et al*., 2010). Along with this perspective, families are committed to CSR activities to protect their emotional goals (Dyer and Whetten, 2006; Berrone *et al*. 2010; Déniz and Suárez, 2005). The second perspective is the agency theory which highlights the opportunistic behavior of families. Indeed, families are less likely to engage in CSR activities and will divert company resources for their own benefits for expropriation purposes (El Ghoul *et al*. 2016).

We also focus on the role of institutional cross-owners (ICOs, hereafter) in influencing families' incentives to invest in CSR. Institutional cross-ownership is defined as the simultaneous holding of stock in two or more companies by the same institutional investor in the same industry (Park *et al*. 2019). ICOs have the perceived capability to dictate corporate strategies and decisions within investee firms (Schmalz, 2018) for instance those related to CSR (Cheng *et al*. 2021). Following the stakeholder theory, institutional cross-ownership is a corporate governance device likely to protect the interests of all stakeholders (Freeman, 1984; He *et al*. 2019; Edmans *et al*. 2019). We choose to focus on ICOs given the relative weakness of the institutional and legal environment in France. Thus, the role of ICOs is more valuable as they are able to influence decision-making regarding CSR activities.

France provides an interesting setting to conduct our investigation. First, the French context is characterized by weak legal protection for investors (Rubinstein, 2002). Second, most of French listed firms are family business (Brahem *et al*. 2021). The percentage of family firms stood at 62% in the French context (Nekhili *et al*. 2017). Third, ICOs are pervasive in France. ICOs monitored

30% of the French listed firms in 2016. Institutional cross-ownership is not regulated in the French context and continues to receive increasing attention in the media[1]. Third, the French context is characterized by the salience of CSR initiatives. In France, companies have made efforts in recent years to report their CSR investments, either in standalone reports or as part of their annual financial reports (Ajina *et al*. 2019). A 2015 survey by Ecovadis shows that 47% of French companies have a performing CSR management system. According to Novotic, in 2020 there has been a growth in sustainable funds, both in terms of assets under management and number of funds in France. There are currently 1,186 funds on the French market with nearly 900 billion Euros invested. Lastly, the implementation of many laws such as the New Economic Regulations (NER law, 2002), which is the first in the world, the Grenelle Environment Forum (2007, 2010), and the Energy Transition Act (2015), puts France at the forefront of CSR regulations.

The contribution of this paper is twofold. First, this paper contributes to the burgeoning literature on the role of ICOs. Previous studies document how ICOs affect CSR performance (e.g., Cheng *et al*. 2021; Fu and Qin, 2021). We extend this literature by showing that ICOs affect CSR performance in family-controlled firms. To the best of our knowledge, we provide new evidence on the moderating role of ICOs on the relationship between CSR performance and family control. Specifically, we highlight the role ICOs to mitigate the opportunistic family behavior and to protect minority interests in civil law countries such as France.

Second, this study enriches the literature on family firms by providing evidence on how family firms' behavior affects CSR performance (e.g., El Ghoul *et al*. 2016; Cruz *et al*. 2014; Dyer and Whetten, 2006). Existing studies in the French context documents that the effect of family control on social performance can be neutral (Ducassy and Montandrau, 2015) or positive (Brahem *et al*. 2021). The mixed findings suggest that family firms are a heterogeneous group and their behavior depends on family involvement in the firm (Sharma *et al*. 2012; Labelle *et al*. 2018). Our study documents a negative effect of family control on social performance. This finding suggests that controlling families may seek to expropriate minority shareholders in France, where the legal system does not offer a high level of investors' protection.

The remainder of this paper is organized as follows: Section 2 presents the literature review and hypotheses development. Section 3 describes the sample and presents the variables and their measures. In section 4, we present and discuss our findings. The last section concludes the paper.

2. Literature review

The existing literature finds conflicting results regarding the effect of family control on CSR performance (e.g., Dyer and Whetten, 2006; Berrone *et al*. 2010; Block and Wagner, 2014; Ducassy and Montandrau, 2015; El Ghoul *et al*. 2016; Labelle *et al*. 2018). Two dominant theoretical views may support the effect of family control on CSR. According to the agency framework, families are opportunistic and may privilege their private benefits to satisfy their economic goals. For instance, Anderson and Reeb (2003) suggest that families engage in opportunistic activities at the expense of minority shareholders' interests. Burkart *et al*. (2003) argue that family firms may expropriate private benefits of control through excessive compensation

[1]http://www.revue-banque.fr/banque-investissement-marches-gestion-actifs/chronique/propriete-commune-des-investisseurs-institutitionnels

and perquisites, transactions with related parties, and special dividends. Families will pay less attention to CSR activities and will privilege financial goals (Rees and Rodionova, 2015). Families are less likely to engage in CSR and more willing to divert firm resource for expropriation purposes (El Ghoul *et al*. 2016). Indeed, CSR activities are considered by families as an additional cost and a source of wealth dissipation (Abeysekera, and Fernando, 2020).

However, the socio-emotional perspective suggests that family members are inclined to preserve their socio-emotional wealth apart from economic considerations (Berrone *et al*. 2010). According to Cennamo *et al*. (2012), family members worry about the reputation of the company and are likely to preserve their own socio-emotional wealth. Barnea and Rubin (2010) also argue that family firms are more motivated to protect their reputation than non-family firms. Along with this perspective, family members engage in CSR activities to enhance family identity, image, and reputation (Berrone *et al*. 2010; Déniz and Suárez, 2005; Gallo, 2004). Moreover, family firms invest in CSR activities to improve employee loyalty, influence customer perceptions, and support the long-term community growth (Dyer and Whetten; 2006). In this sense, several studies show a positive association between CSR performance and family control as family firms have to be proactive with various stakeholders in order to preserve their socio-emotional wealth (e.g., Gómez-Mejía *et al*. 2011; Sharma and Sharma, 2011).

Based on the preceding discussion, the effect of family control on CSR is ambiguous: we then hypothesize the following:

H_{1a}. Family control negatively affects CSR.
H_{1b}. Family control positively affects CSR.

We also examine the role of ICOs in moderating the CSR performance of family-controlled firms. Following the efficient monitoring and coordination views, ICOs may use their monitoring experience and industry knowledge in a way that satisfy all stakeholders' interests by facilitating coordination among peers' cross-owned firms (Cheng *et al*., 2021; Kang *et al*., 2018). Relative to individual CSR activities, which are costly and may lead to the free-rider problems (Serafeim, 2018), cooperative strategy on social, environment, and governance policies among cross-owned peers' firms can be economically efficient and benefit all businesses in an industry (Cheng *et al*. 2021). Existing studies show that ICOs have a privileged access to firm management (Edmans *et al*. 2019) and can further make central changes in corporate strategy including CSR in which a firm sets out to become socially responsible toward society (Fu and Qin, 2021). Indeed, CSR is the outcome of decisions made by corporate agents under shareholders pressure (Oh. *et al*. 2011; Dyck *et al*. 2019). ICOs can directly communicate with managers and exercise their votes within investee firms (Schmalz, 2018). ICOs seek to approve managerial decisions that enhance firm level CSR and discard those that harm stakeholders' interests (Dai and Qiu, 2021).
Based on the efficient monitoring and coordination views, the presence of ICOs should prevent controlling families from expropriating stakeholders and in turn improve CSR performance. Therefore, we propose the following assumptions:

H_2. Institutional cross-owners moderate the relationship between family control and CSR.

3. Data and research design

3.1. Data

The initial sample included all French companies listed in the SBF_120 index. We remove financial companies because they have particular accounting standards. Companies for which data was missing were also removed from the initial sample. These restrictions bring our final sample to 97 firms over a 12-year period from 2005 to 2016 that is, 1,164 firm-year observations. Family control data were hand-collected from the annual reports available on the Autorité des Marchés Financiers(AMF) website. Data related to ICOs were retrieved from Thomson Reuter's 13F. Data on CSR were extracted from Thomson Reuters Asset 4. Data on firm characteristics were obtained from the Compustat database.

3.2. Variables measurement

Following El Ghoul *et al.* (2016), we define *CSR* as the average of the social and environmental performance scores. For robustness, we also use the individual components of the CSR score i.e. social performance scores and environmental performance scores, denoted as *SOC_SCORE* and *ENV_SCORE*, respectively. To capture family control, we use family ownership *(FAM-OWN),* which is the percentage of shares held by the family (Chen *et al.* 2008). For robustness, we also employ family voting *(FAM_VOT),* which is the percentage of voting rights held by family members (Brahem *et al.* 2021). Family dummy *(FAM_DUM)* is a dummy variable equal to 1 if the largest shareholder is a family, and 0 otherwise (Anderson and Reeb 2003). To proxy for *ICOs*, we use the percentage of ownership held by ICOs in the firm itself (He and Huang 2017).We control for *ROA* (net income to total assets), *MTB* (market equity to book equity), *Size* (the natural logarithm of total assets), and *Leverage* (the ratio of total liabilities to total assets). These control variables are selected based on existing literature on drivers of CSR (El Ghoul *et al.* 2016; Jo and Harjoto 2011). To control for possible variables across industries and time, we include industry and year dummies.

3.3. Model specification

We use panel data regression equations to test our prediction based on Generalized Least Squares (GLS) to correct for heteroscedasticity and/or autocorrelation. Consistent with Boubaker *et al*. (2017) and El Ghoul *et al*. (2016), we included lagged independent and control variables in our models to mitigate concerns about reverse causality. Indeed, a family might maintain a higher stake in a socially irresponsible firm because it is less attractive to outside investors. Additionally, CSR may also influence the demand for shares by ICOs. We use the following models:

$$CSR_{it} = \gamma\ FAM\text{-}CONT_{it-1} + + \delta\ Control_{it-1} + \Sigma\ Year\ fixed\ effect + \Sigma\ Industry\ fixed\ effect + \varepsilon_{it}$$

$$CSR_{it} = \gamma\ FAM\text{-}CONT_{it-1} + \lambda\ ICOs_{it-1} + \chi\ ICOs_{it-1} * \gamma\ FAM\text{-}CONT_{it-1} + \delta\ Control_{it-1} + \Sigma\ Year\ fixed\ effect + \Sigma\ Industry\ fixed\ effect + \varepsilon_{it}$$

With i = 1,…, 97 and t = 2005,…, 2016.. ε_{it}: the error term.

4. Results and discussion

Table I (Panel A) reports the descriptive statistics. The CSR score has a mean of 69.567%. The average family ownership is 17.883%. On average, the percentage of shares held by ICOs is 18.743%. Overall, the companies of our sample do not seem profitable as the average return on assets is 0.039. The total liabilities represent 0.28 of their total assets. The firms also have stocks that are under-valued. Indeed, the corporate book value of equity is, on average, 1.852 that of the market equity.
Panel B of Table I reports CSR scores according to the standard industry classification of Campbell (1996). CSR were the most prominent in the Petroleum, with a percentage of 83.854%, followed by services industry with 82.821%. The least represented sector group was leisure, with 61.863%. Panel C shows the annual average of CSR over the studied period. CSR increased from 57.756% to 82.273 % from 2005 to 2016. Specifically, the implementation of laws (e.g., the New Economic Regulations (NER law, 2002) the Grenelle Environment Forum (2007, 2010), and the Energy Transition Act (2015), has contributed to the increase of CSR within the French context.

[Insert Table I]

Table II shows the results for the effect of family control on CSR. The results in column 1 of table II show that the coefficient associated with family control is negative and significant at the 5% level. This finding is consistent with agency theory, which highlights the opportunistic behavior of families. Contrarily to Dyer and Whetten, (2006); Berrone *et al*. (2010); Block and Wagner, (2014); Brahem *et al*. (2021), we show that family-controlled firms are less likely to engage in CSR and will divert company resources for expropriation purposes. The results for the effects of the social performance score (*SOC_SCORE*) and the environmental performance score (*ENV_SCORE*) are reported in columns 2 and 3, respectively. These results also show evidence of the negative effect of family control on CSR. Family control is associated with low environmental and social performance. This result suggests that families consider CSR activities related to society and the environment an additional cost and a source of wealth dissipation. This result supports the agency theory perspective suggesting that families are less willing to engage in CSR policies and are more inclined to divert firm resources for their own interests at the expense of minority shareholders' ones (Anderson and Reeb, 2003; El Ghoul *et al.* 2016).

With respect to control variables, firm size is positively related to CSR, suggesting that large firms have sufficient resources to make contributions to CSR to satisfy stakeholders' demands (Waddock and Graves 1997). We also find that the market to book ratio is positively related to CSR, as growth opportunities provides companies the required resources to engage in CSR programs (Kim *et al.* 2019). Additionally, a positive relationship exists between firm profitability and CSR. This finding suggests that profitable companies have more slack resources compared to non-profitable ones, and they are more willing to engage in CSR (Labelle *et al.* 2018). We also find a negative relationship between firm leverage and CSR, suggesting that financially constrained firms are more likely to cut costs in CSR (Dowell *et al.* 2000).

Various firm-level attributes are likely to affect firm CSR attribution and understanding these effects is essential. Specifically, the positive impact of firm size on cross-owned CSR participation is related to firm visibility (Brammer, and Millington, 2006). Large firms tend to be more visible and are likely to be more socially responsible. By comparison, smaller firms may face fewer

pressures from stakeholders and society given their comparatively lower visibility (Udayasankar, 2008). Additionally, other business indicators may also affect the relationship between CSR and ICOs. Profitable firms with growth opportunities and low level of debt are associated with greater resource-slack, and this was found to significantly affect their CSR commitment (Johnson and Greening, 1999). Financial resources enact a vital part in whether a firm engages in CSR activities (Orlitzky *et al*. 2003; Artiach *et al*. 2010). The existence of the financial slack within cross-owned firms should make it easier for ICOs to participate in sustainable development activities (Cheng *et al*., 2021; Daniel *et al*., 2004) that are likely to generate value in the long run (Johnson and Greening, 1999). The presence of financial slack resources implies a pool of funds that can be used to resolve organizational issues and/or enable the quest for sustainability objectives such as performing CSR (Chang *et al*. 2017).

[Insert Table II]

While the effect of family control on CSR has been largely debated in the literature, the channel through which family control and CSR are related is not well established yet.Table III presents the results from the regression analysis of the moderating effect of ICOs on the *FAM_CONT-CSR* relationship.Our finding shows that ICOs positively affect the relationship between family control and CSR which is consistent with the efficient monitoring and coordination views (Cheng *et al*. 2021; Fu and Qin, 2021).Indeed, the coefficient of the interaction term is positive and significant at the 5% level. From a corporate governance perspective, this finding suggests that ICOs help monitor family actions and encourage the family to enhance at least their weak engagement in CSR activities. This finding also confirms that ICOs can effectively constrain the expropriation behavior of the controlling family regarding their CSR commitment, as the presence of ICOs is considered an effective control device (Edmans *et al.* 2019; He *et al.* 2019). The results in columns 2 and 3 show that the results are robust to alternative metrics of CSR (*SOC_SCORE* and *ENV_SCORE*, respectively). Overall, family companies with effective governance related to institutional cross-ownership are more likely to engage in CSR activities. ICOs can use their industry knowledge and their monitoring role to guide firms' actions in a way that satisfy all stakeholders interests (Kang *et al*. 2018) by facilitating collaboration among cross-owned peers firms (Cheng *et al*. 2021). The collaboration of CSR issues is economically beneficial for all cross-owned peers firms in an industry (Serafeim, 2018).

[Insert Table III]

We conduct robustness checks that assess the robustness of the results for the influence of family control on CSR to alternative metrics of family control. The results shown in Table IV confirm our previous results. Family control is still negatively related to CSR.

[Insert Table IV]

Table V reports the results of additional tests that address endogeneity concerns. First, we employ the two-stage least squares (2SLS) estimate, using the average family control rights by industry and country as an instrument for family firms (El Ghoul *et al.* 2016). Second, we use the Heckman selection estimation procedure. Third, we implement a propensity score matching (PSM) methodology to mitigate the concern that the observable firm characteristics cause differences in

the relationship between ICOs and CSR. Overall, the results in Table V remain qualitatively unchanged.

[Insert Table V]

5. Conclusion

Institutional cross-ownership is increasingly at the forefront of academicians and financial regulators' attentions and has resulted in scarce literature (He and Huang 2017; He *et al*. 2019; Park *et al*. 2019; Schmalz, 2018). In this paper, we shed new light on the moderating role of ICOs on the relationship between family control and CSR. Using a sample of French companies listed over a period from 2005 to 2016, the results show that family control negatively affects CSR. This finding appears to be consistent with the agency perspective. Controlling families may have expropriation purposes and are likely to privilege their personal interests over stakeholders' ones. The results also show that ICOs attenuate the negative impact of family control on CSR, suggesting that ICOs act as an effective controlling device and help mitigate the expropriation risk by family-controlled firms.

This study has practical implications. The negative relationship between family control and CSR should first help policy makers understand family behavior regarding CSR engagement in a setting where investors' rights are poorly protected. Our finding show that the family behavior could harm stakeholders' interests as controlling families engage less in CSR activities to privilege their own interests. In this regard, policymakers should enforce controlling mechanisms to encourage companies in general and family firms in particular enhancing their CSR practices. For instance, in France ICOs can be used as a controlling mechanism to mitigate the risk of stakeholder's expropriation by family-controlled firms. Second our finding may benefit financial regulators. Financial regulators should be then less skeptical about ICOs. Finally, our results may help investors to invest in family firms with crossholding.

Similar to existing research, this study has some limitations. First, our sample is based only on 97 SBF_120 companies. This can open a direction for future studies to extend our investigation in an international context with different institutional settings. Second, we only focus on one channel i.e. ICO that drives the relationship between family control and CSR. Future studies may investigate other channels to fully understand the CSR strategy in family firms.

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Appendix 1. Variables' Definitions

Variable	Symbol	Expected Sign	Description
Dependent Variables			
Corporate Social Responsibility	*CSR*		The average of environmental and social performance.
Environmental	*ENV_SCORE*		The environmental score measures a company's impact on living and non-living natural systems, including the air, land, and water, as well as complete ecosystems.
Social	*SOC_SCORE*		The social score measures a company's capacity to generate trust and loyalty with its workforce, customers, and society through its use of best management practices.
Moderator Variable			
Institutional Cross-Ownership	*ICOs*	**+**	The percentage of shares held by institutional cross-owners.
Independent Variables			
Family Ownership	*FAM-OWN*	**-/+**	The percentage of shares held by the family
Family Voting	*FAM_VOT*	**-/+**	The percentage of voting rights held by the family members
Family Dummy	*FAM_DUM*	**-/+**	A dummy variable equal to 1 if the largest shareholder is a family, and 0 otherwise
Control Variables			
Return on Asset	*ROA*	**+**	Net income to total assets.
Size	*Size*	**+**	Natural logarithm of total assets.
Leverage	*Leverage*	**-**	Liability to total assets.
Market to Book	*MTB*	**+**	Market equity to book equity.

Table 1. Descriptive statistics

This table reports the descriptive statistics for CSR, Family, ICOs and control variables.The sample covers 1,164 observations from 2005 to 2016. All variables are defined in the Appendix.

Panel A: Summary statistics

	Mean	St.Dev	p25	Median	p75
CSR	69.567	24.053	53.355	77.6	89.923
ENV_SCORE	63.113	29.679	39.74	71.66	89.215
SOC_SCORE	76.021	23.28	63.9	86.93	93.485
FAM_OWN	17.883	27.163	0	0	34.38
ICOs	18.743	11.126	10.66	18.1	25.38
Size	9.428	1.695	8.287	9.205	10.313
Leverage	0.28	0.235	0.152	.244	.369
MTB	1.852	1.956	0.99	1.52	2.475
ROA	0.039	.054	0.013	.035	.057

Panel B: CSR Distribution Per Industry

	SIC	**CSR**
Petroleum	13;29	83.854
Consumer durable	25, 30, 36, 37, 50, 55, 57	72.756
Basic industry	10, 12, 14, 24, 26, 28, 33	66.891
Food and tobacco	1, 2, 9, 20, 21, 54	72.141
Construction	15, 16, 17, 32, 52	61.262
Capital goods	34, 35, 38,39	56.860
Transportation	40, 41, 42, 44, 45, 47	64.775
Utilities	46,48,49	71.771
Textile and trade	22, 23, 31, 51, 53, 56, 59	67.373
Services	72, 73, 75, 76, 80, 82, 87, 89	82.821
Leisure	27, 58, 70, 78, 79	61.863

Panel C: CSR Distribution Per Industry

	CSR
2005	57.756
2006	56.188
2007	61.842
2008	65.937
2009	67.547
2010	70.448
2011	71.519
2012	73.750
2012	73.622
2014	73.734
2015	79.782
2016	82.673

Table 2. Family control and CSR

This table reports the panel data regression results of the impact of family control on CSR.The sample covers 1,164 observations from 2005 to 2016. All variables are defined in the Appendix.

	CSR	ENV_SCORE	SOC_SCORE
FAM_OWN	-0.0417**	-0.145***	-0.0393***
	(0.0199)	(0.0272)	(0.0137)
Size	5.649***	5.928***	5.058***
	(0.246)	(0.297)	(0.246)
Leverage	-8.080***	-13.35***	-9.181***
	(2.592)	(3.194)	(2.113)
MTB	0.819***	1.460***	0.529***
	(0.250)	(0.362)	(0.161)
ROA	34.94***	115.5***	-27.33***
	(10.30)	(13.52)	(9.025)
Constant	19.51***	10.55***	27.97***
	(3.025)	(3.872)	(3.009)
Observations	1,140	1,140	1,140
Industry	YES	YES	YES
Year	YES	YES	YES

Table 3. The moderating role of institutional cross-owners

This table reports the panel data regression results of the moderating role of ICOs on the relationship between family control and CSR.The sample covers 1,164 observations from 2005 to 2016. All variables are defined in the Appendix.

	CSR	ENV_SCORE	SOC_SCORE
Family_OWN	-0.00112	-0.0843	0.0137
	(0.0418)	(0.0629)	(0.0266)
ICOs	0.291***	0.450***	0.149***
	(0.0519)	(0.0718)	(0.0388)
Family_OWN*ICOs	0.00573**	0.00716*	0.00375**
	(0.00253)	(0.00367)	(0.00169)
Size	6.865***	6.646***	6.103***
	(0.300)	(0.416)	(0.262)
Leverage	-4.676**	-3.871	-6.737***
	(2.239)	(3.087)	(2.096)
MTB	0.372*	1.319***	-0.152
	(0.223)	(0.359)	(0.176)
ROA	23.87**	101.3***	-36.57***
	(10.01)	(14.88)	(9.162)
Constant	2.890	-6.710	23.47***
	(3.598)	(5.028)	(3.304)
Observations	736	736	736
Industry	YES	YES	YES
Year	YES	YES	YES

Table 4. Alternative Metrics of Family control

This table examines the robust of results regarding the impact of family control on CSR to alternative metrics of family control.The sample covers 1,164 observations from 2005 to 2016. All variables are defined in the Appendix.

	CSR	ENV_SCORE	SOC_SCORE	CSR	ENV_SCORE	SOC_SCORE
Family_VOT	-0.0798***	-0.197***	-0.0367**			
	(0.0216)	(0.0305)	(0.0159)			
Family_DUM				-3.454***	-8.504***	-2.314***
				(1.049)	(1.400)	(0.825)
Size	5.321***	5.622***	5.095***	5.378***	5.703***	5.052***
	(0.258)	(0.324)	(0.247)	(0.258)	(0.323)	(0.247)
Leverage	-9.757***	-14.78***	-9.041***	-9.353***	-13.67***	-8.723***
	(2.271)	(3.015)	(2.117)	(2.237)	(2.979)	(2.094)
MTB	1.069***	1.882***	0.520***	1.018***	1.735***	0.521***
	(0.228)	(0.343)	(0.161)	(0.223)	(0.334)	(0.158)
ROA	59.60***	148.7***	-27.75***	58.69***	148.4***	-28.06***
	(9.563)	(12.75)	(9.015)	(9.512)	(12.71)	(8.996)
Constant	11.25***	1.471	27.53***	10.60***	0.577	28.09***
	(3.235)	(4.209)	(3.025)	(3.229)	(4.198)	(3.018)
Observations	1,140	1,140	1,140	1,140	1,140	1,140
Industry	YES	YES	YES	YES	YES	YES
Year	YES	YES	YES	YES	YES	YES

Table 5. Robustness to endogeneity

This table examines the robust of results regarding the impact of family control on CSR to endogeneity concerns.The sample covers 1,164 observations from 2005 to 2016. All variables are defined in the Appendix.

Panel A	First Stage (2SLS) CSR	Second Stage (2SLS) CSR	First Stage (2SLS) ENV_SCORE	Second Stage (2SLS) ENV_SCORE	First Stage (2SLS) SOC_SCORE	Second Stage (2SLS) SOC_SCORE
Family_OWN		-0.0698***		-0.116***		-0.0395*
		(0.0258)		(0.0330)		(0.0235)
FAM_INDU	-18.03***		-31.39***		-31.39***	
	(3.798)		(4.779)		(4.779)	
Size	5.846***	6.077***	6.360***	6.413***	6.360***	5.465***
	(0.233)	(0.419)	(0.265)	(0.536)	(0.265)	(0.382)
Leverage	-7.675***	-15.33***	-10.44***	-15.98***	-10.44***	-15.13***
	(2.529)	(2.932)	(3.078)	(3.749)	(3.078)	(2.668)
MTB	0.743***	0.925**	1.118***	1.508***	1.118***	0.368
	(0.248)	(0.373)	(0.353)	(0.477)	(0.353)	(0.344)
ROA	34.39***	45.27***	111.6***	114.0***	-26.115***	-8.090
	(10.18)	(13.26)	(13.33)	(16.96)	(12.17)	(12.27)
Constant	17.80***	15.16***	5.363	3.077	21.246	38.65***
	(2.799)	(4.593)	(3.457)	(5.872)	(3.969)	(4.673)
Observations	1,045	1,045	1,045	1,045	1,045	1,045
R-squared	0.2415	0.233	0.2014	0.193	0.1979	0.303
Industry	YES	YES	YES	YES	YES	YES
Year	YES	YES	YES	YES	YES	YES

Table 5. (Continued)

Panel B	Probit	Heckman CSR	Heckman ENV_SCORE	Heckman SOC_SCORE	PSM CSR	PSM ENV_SCORE	PSM SOC_SCORE
Family_OWN Instrument		-0.135**	-0.172*	-0.0986*	-0.0508**	-0.101***	-0.0465**
		(0.0527)	(0.0924)	(0.0506)	(0.0253)	(0.0317)	(0.0236)
Size	-0.292***	16.60***	22.67**	10.53**	10.27***	10.91***	8.276***
	(0.0299)	(6.352)	(11.20)	(5.192)	(0.568)	(0.711)	(0.562)
Leverage	-0.929***	-28.65	-7.338	-49.97***	-32.59***	-27.24***	-32.37***
	(0.205)	(21.78)	(38.40)	(17.88)	(4.662)	(5.835)	(4.132)
MTB	0.111***	0.360	-0.184	0.905	2.408***	2.847***	1.309***
	(0.0262)	(1.995)	(3.526)	(1.520)	(0.321)	(0.402)	(0.309)
ROA	0.658	-34.47	14.85	-83.78**	7.381	84.99***	-44.84***
	(0.847)	(39.82)	(70.20)	(32.82)	(16.05)	(20.09)	(15.69)
Lamda		-34.45	-61.69	-7.204			
		(31.48)	(55.50)	(25.98)			
Constant	2.337***	-33.62	-73.03	5.784	-20.93***	-37.03***	4.857
	(0.303)	(27.69)	(48.85)	(22.26)	(5.469)	(6.846)	(5.680)
Observations	1,140	1,140	1,140	1,140	800	800	800
R-squared					0.333	0.278	0.369
Industry	YES	YES	YES	YES	YES	YES	YES
Year	YES	YES	YES	YES	YES	YES	YES