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Family Control and Corporate Social Responsibility

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ABSTRACT

Corporate Social Responsibility adoption among organizations continues across different sects. This research explores the extent of Corporate Social Responsibility performance by family firms. Second, the researchers examined the extent of non-family firms' Corporate Social Responsibility performance. The adoption of Corporate Social Responsibility among organizations has continued to take pace. Corporate Social Responsibility involves activities that go beyond a business's everyday operations to focus on achieving social good. For instance, in order to show how companies, place much importance on Corporate Social Responsibility, the findings expressed in different studies show that Corporate Social Responsibility contributes towards increased stock returns, increased access to financing, creates an opportunity for companies to merge, and creates an avenue for firms to reduce on the cost of their capital. However, only a few studies have shown that Corporate Social Responsibility depends on a few determinants such as regulations, characteristics of chief executive officers, political affiliations, and national institutions. The research adopted questionnaire instruments to collect primary data through a survey approach from respondents from family and non-family-controlled companies. The findings showed that family firms recorded lower Corporate Social Responsibility performance than non-family-controlled firms.

Keywords: Corporate Social Responsibility, Family-controlled firms, Non-family-controlled

INTRODUCTION

The adoption of corporate social responsibility (CSR) among organizations has continued to take pace. In a recent research conducted by Mahoney & Roberts (2007), CSR involves activities that go beyond a business's everyday operations to focus on achieving social good. For instance, to show how companies place much importance on CSR, a research by Mallin (2002) shows that more than 93% of Fortune 250 companies indicated in their financial year statements that having set aside some money on their budget to spend on CSR activities. Additional literature focusing on CSR has investigated the impact on companies implementing CSR in their activities. The findings expressed in different studies show that CSR contributes towards increased stock returns (Mallin, 2006), increased access to financing (Mallin, 2007), creates an opportunity for companies to merge, and creates an avenue for firms to reduce the cost of their capital. However, only a few studies have shown that CSR depends on specific determinants such as regulations, chief executive officer (CEO) characteristics, political affiliations, and national institutions. This research seeks to investigate the degree to which the ownership structure of banking institutions and, more importantly, family control determines the performance of CSR. Furthermore, the research seeks to examine corporate governance's role in creating incentives among family-based institutions to set aside more funding for CSR.

Studies have used different theories to explain the corporate governance of family and non-family-controlled firms. For instance, a recent research by Mallin (2007) adopted agency theory to explain that family-controlled firms should experience fewer conflicts among their agencies, such as shareholders and managers. His comparative analysis of non-

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family-controlled firms showed that firms with ownership of stake among family members tend to experience stronger management and monitoring. However, other studies have argued that family-controlled firms sometimes experience increased agency problems among major and minor shareholders given the responsibility to control the entire firm. According to McWilliams & Siegel (2000), controlling all shareholders could influence other shareholders to find the reason for pursuing benefits found among non-family-controlled businesses. When considered in terms of CSR, dominant family members depend on their powers of voting rights to determine how a firm allocates resources between key projects of a firm and those that seek to achieve social good in the community where such firms operate. Based on this argument, most family-controlled firms perform more dismally on CSR activities than non-family-controlled firms.

However, it is critical to point out that concerns over reputation and the long-term performance of firms determine the overall performance towards CSR. In a research conducted by McWilliams & Siegel (2001), family-controlled firms tend to score higher on their reputation concerns than their counterparts controlled by non-family members. According to McWilliams et al. (2006), a firm's reputation over time determines how a firm performs and its brand name. Hence, family-controlled firms strive to create a family brand name by engaging in more CSR activities in a community. In addition, the fact that dominant family members gain higher stakes in their firms in determining the long-term horizon of a company, they strive to formulate strategies that strengthen long-term relationships with other stakeholders by engaging in most CSR activities.

In the Middle East, CSR is evolving and progressing over philanthropy; firms and bankers consider it necessary for business; They either undertake a business strategy based on the CSR concept or choose to be philanthropic. Several years ago, we began to witness recruitment in the firms and bankers for new employees or training for the existing staff in the field of CSR in order to develop the related department. Firms and bankers recognize the importance of CSR but need a long time to develop this department well, like in Europe and other regions. Moreover, to be more accurate, UAE and Oman began to adopt CSR at a large scale, they worked vigorously to develop it, so it became part of their lifestyle.

The objective of this research is two-fold. First, the research seeks to explore the extent of family firms' CSR performance. Second, the research examines the extent of CSR performance by non-family firms.

THEORETICAL FOUNDATIONS

We now look at the two most critical and applicable theoretical foundations on matters of CSR and performance. While studies have formulated other theories, stakeholder theory, and agency theory explain the power given to managers and owners of firms to determine the use of resources.

The Stakeholders' Theory

Stakeholder theory advises that managers must work to satisfy the needs of different shareholders who influence a firm's outcomes. Managers do not exclusively focus on satisfying the shareholders' or corporate owners' needs and wants. On the contrary, the stakeholder theory suggests that it would be significant for managers to engage in certain CSR initiatives that non-financial stakeholders view as essential, or these groups may withdraw their support for the company (Fernando & Lawrence, 2014). The family business has a strong group of stakeholders, which non–family firms do not have to deal with. Due to the challenges that come with family firms, such as concerns about maintaining the family and business reputation and the pressure of preserving the socioemotional investment made by the family, the lead managers perceive and coordinate stakeholders' interests differ from those of non-family firms.

Stakeholder theory describes the coordination of the stakeholder's interest. Stakeholder theory holds that a business has a complex relationship with its stakeholders. This approach has resulted in the idea of 'proactive stakeholder engagement,' which is the willingness of the business to anticipate the needs and implement strategies to meet the needs (Fernando & Lawrence, 2014). There are three kinds of stakeholder attributes and their influence. The distinction is on the power that describes the capabilities of those who hold it to bring the desired results (Cornelius et al., 2008). Next is legitimacy, which brings the ethical, moral, and social demands; lastly, the urgency, which describes the extent to which stakeholders delay responding to their demands.

Firms may engage in CSR activities for intrinsic reasons and believing that it is an art of being an excellent global second. Another reason is to appease various stakeholder groups and provide the firm with contracting benefits such as motivating employees and recruiting and retaining them (Abdullah & Valentine, 2009). Other reasons include a strategy to entice customers and addressing environmental concerns to reduce production costs, and CSR can be viewed as an essential part of company risk management.

Hypothesis Development

After reviewing several literatures on the issue of CSR and practice among different companies, and theoretical frameworks, it is now the time to develop a hypothesis. More importantly, this section uses the theoretical frameworks reviewed above to develop two hypotheses that will be tested in this research.

CSR and Non-Family Firms

The literature review sheds light on agency theory's impact. The powers and control taken by family members depict that family-controlled firms tend to experience fewer agency conflicts between the shareholders and managers of such firms than non-family companies. The literature is supported by previous findings from work conducted by Jensen and Meckling (1976), who argues that agency conflicts that arise in the firm affect the own manager as well as outside shareholders that comes from the tendency of managers to allocate perquisites out of the company resources for own use. Furthermore, Anderson and Reeb (2003) also posit that significant ownership in companies, when controlled by a majority of family members, increases incentives for them to monitor the behaviors of their managers. Nonetheless, it is imperative to understand that many problems from agency theory between significant and minority shareholders are because of incentives for critical shareholders to control minor shareholders for their interests. Barth et al. (2005) argue that one cannot compare the control of family firms and non-family firms such as financial institutions, publicly held firms, or state firms, according to Ushakov et al. (2021). These firms always have the majority of large shareholders with equal incentives to control the firm. In most family firms, most controlling family members transfer their ownership to generations, where family members always serve in the top positions (Anderson, Mansi, and Reeb, 2003).

According to a research conducted by Saharan and Singh (2015), for instance, it shows that increased preference for dividends by family members makes it impossible to continue investing in physical capital. In addition, Vazquez (2018) concludes that most firms managed and controlled by family members do not invest much of their earnings in research and development. The neo-institutional theory developed by Lybaert (2014) uses block ownership and CEO duality to understand the relationship between CSR activities and CSR disclosure, according to Ushakov & Shatila (2021).

Overall, the above foundations suggest that controlling members in a family towards their first gain more incentives to divert their resources, such as investments in CSR activities. They do this by misappropriating minority shareholders to record underperformance.

Hypothesis 1: CSR performance is lower for family firms than non-family firms.

CSR and Family Firms

Apart from the expropriation perspective that makes controlling families divest their resources in other activities, reputation and long-term perceptive offer a different standpoint. Donaldson and Preston (1995) explain that firms always make decisions to invest in CSR activities to strengthen their image with stakeholders. Reputation helps family firms by boosting their performance. An image lifts how the company presents itself before the eyes of stakeholders and the name. For example, family members responsible for taking higher positions in a company always ensure that their firms do not lose a good reputation. They do this with the fear that in case they do that, they are more likely to make losses and eventually shut down their operations (Fernando and Lawrence, 2014). In addition, because family-controlled firms look at ways to pass on the company to future generations apart from their financial goals, they are likely to pursue numerous non-financial objectives. All the non-financial goals must target ways to strengthen their socioemotional objectives. The findings presented in the above studies suggest that family-controlled families are different from non-family-controlled firms because of their perspective on strengthening their image by investing in CSR activities, according to Shatila & Alozian (2019).

Jensen and Meckling (1976) conducted a profound work on agency theory to explain boards' vital role in organizations. The research explained that boards constantly monitor whether the company has complied with rules and regulations (through conformance) or provide guidance on ways to improve the effectiveness of a firm and the availability of resources. In addition, from a neo-institutional theory, a larger board size (in terms of more excellent monitoring) results help to enhance a company's performance and value for all stakeholders through compliance with rules and regulations. As Hirschman (2014) explains, a diverse nature of boards (through knowledge, experience, and proficiencies) will make it possible for a company to create a more substantial reputation. For instance, this could be in terms of a legitimation perspective. It means that companies that have large boards try to participate in better CSR activities and disclosures. Besides, Anderson and Reeb (2004) argue that firms with larger board sizes sometimes experience free riding, coordination, evading from responsibilities, and communication issues. Consequently, this results in little monitoring of management as well as supremacy. In essence, this can result in a harmful impact on CSR performance.

Hypothesis 2: CSR performance is higher for family firms than non-family firms.

METHOD

Data collection

The research will use questionnaire instruments to collect primary data through a survey approach. Saunders, Lewis, and Thornhill (2009) refer to this type of data collection procedure as the use of structured and standardized questions designed around the objectives. The quantitative approach targets primary data from managers of different operating companies (Saunders, Lewis, and Thornhill, 2009). Managers and line managers in charge of departments will determine the nature of responses across all variables.

The questionnaire covers four sections. The first section focuses on basic information about gender, marital status, department of work, the sector of operation, and the period worked in the company. The research uses list questions to allow the participants to select among the choices.

Section 2 of the questionnaire collects data on family control. The research asks four questions to understand who holds the most significant shares in the company, the highest percentage of shares help, the voting rights, and the position held by the family members. Section three focuses on questions concerning family-level controls. For instance, the research asks eight questions to understand the opinion of respondents concerning the current assets in USD, the years the company has been in operation, the total debt in USD, total net income, sales, and spending on research and development activities, in addition to the total number of members that serve on the board. Section four concerns the CSR performance and the extent to which the company participates in CSR activities.

The questionnaires will be emailed to managers of different companies. The recipients of questionnaires will be allowed two weeks to fill and return all completed questionnaires. Besides, all participants will be reminded y sending follow-up emails to remind them to complete their questionnaires. While there are several approaches for collecting data, Kothari (2004) explains that collecting data through questionnaires to all the respondents has gained prominence among economic and business surveys. The advantages of using this approach include low cost, even in a scenario where the population is spread along a large geographical area. The approach is also free from interviewers' bias as the respondents can provide their answers. The respondents usually are allowed enough time to review all the questions and provide well thought responses. It is easier to reach out to most respondents who cannot be reached easily. This brings out the aspect of convenience when reaching out to distant respondents. Lastly, researchers can collect data from a large sample. Hence, the results become dependable and more reliable.

Sampling

The research seeks to use stratified and purposive sampling. The process will involve dividing the population of companies into mutually exclusive strata based on the sector where they operate. After this, a random sample will be picked out for every group. Most importantly, the research will group the firms into family- and non-family-controlled (Sekaran & Bougie, 2016). The set of each stratum will help form a stratification variable. Because the nature of the company, whether family controlled or non-family-controlled, is a stratification sample, this research will follow the procedure provided by Adawi & Rwegasira (2012) to obtain a stratified sample. The first procedure will involve stratification of the sampling frame. The firms operating in different economic sectors within the sampling frame will be grouped into family-controlled and non-family-controlled. The research will then give elements in every set of identification numbers. The second phase will involve drawing a random sample from every group. For instance, a random number will be drawn from the family-controlled and non-family-controlled firms. The third phase will combine all the sets of randomly selected firms (family and non-family-controlled firms). This procedure will help come up with a final sample.

The research will opt to use proportional sampling. Christensen et al. (2015) divide stratified sampling into proportional and disproportional stratified sampling. The advantage of using the former sampling is that it gives every individual a chance to participate in the research. In addition, the research can generalize directly from the final combined sample to the population (Kothari, 2004). However, we must understand that proportional stratified sampling is more efficient than simple random sampling. This implies that a researcher requires data from a small sample of a target group and remains less expensive.

EMPIRICAL FRAMEWORK

The following model of a family control on CSR performance guides the empirical framework

$$CSR = \beta_0 + \beta_1 \, Fam_C_{.} + \beta_2 Controls + \beta_3 Fixed\ Effects + \epsilon$$

From the above model, CSR represents the CSR performance of a firm. The research will measure CSR as a dependent variable, as indicated below, regarding how a company performs on environmental metrics and social performance scores. Fam_C measures an indicator variable. The research codes 1 for a family-controlled significant shareholder and 0 if non-family controlled. Additionally, the Controls variable will cover eight firm-specific control variables (Size, Firm_Age, market_to_book value, total debt to total assets, ROA, Ratio of research and development expenses, dispersion of control, and the Board_size).

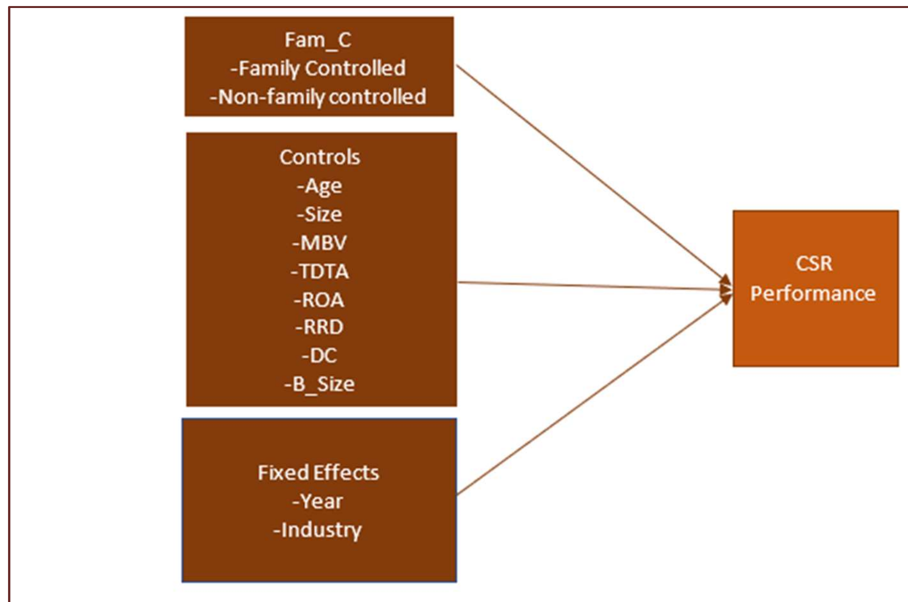

Figure 1: Conceptual Framework

Variable Characteristics

This section describes the dependent variable measurement scales and independent variable measurement scales.

Dependent Variable Measurement scale

As indicated in the above variable, the measure covers the CSR performance of family and non-family-controlled businesses. Therefore, the research will consider the quantitative values on environmental and social performance scores to test for such a performance. For example, the data collected from the ESG data on environmental performance scores tries to capture a company's impact on biodiversity (this covers the emission of carbon dioxide in the air, land, and water, waste recycling). Second, the firm's score on social performance looks at the capacity of a company to create loyalty and trust among internal and external stakeholders such as employees, customers, and the general society. Such measures depend on several factors such as training hours, percentage of female workers, injury rate, turnover, and the amount of money the company donates to different charitable organizations. Therefore, the research categorizes the scores into Environmental and social scores using ratio scales.

Independent Variable Measurement Scale

Family Control

The conceptual model considers family control as an independent variable determining how companies perform in their CSR, environment, and social measures. In essence, this research will use the previous work conducted by Ferreira et al. (2013) to focus on the Fam_C variable. The research will treat family control as a dummy variable by considering one if family controlled and 0 otherwise. Family control, in this case, would mean that the largest shareholder in the firm

is a family (members from one family). Even though the research will consider Fam_C as the significant test variable, we shall extend the research by looking at firms' behavior when implementing CSR. The research will do this by looking at longitudinal data over the period from 2002 and 2011.

Family-Level Controls

The research will incorporate several firm-level variables to control for numerous factors likely to affect a firm's CSR performance. More importantly, the research seeks to control for eight different variables. The firm's SIZE will be measured by looking at the natural logarithm of total assets. The research will also measure the AGE of a firm by considering the fiscal year minus when the firm was established. The MTB measures the firm's market-to-book value ratio. In addition, the research also considers the TDTA as the total debt to total assets, the returns on asset ratio (ROA), the Ratio of research and development expenses (RRD) to the firm's total sales, dispersion of control (DC) will be measured by looking at the adjusted Herfindahl index of difference between the voting rights that five largest shareholders have over the others, and the board size. The company's board size will be measured by looking at the current number of board numbers between 8 and 10. In addition, the research will control the effects caused by the sector/industry of operation and year.

Demographic Characteristics of Firms

Table 1 below presents a summary of sample composition by the industry where the company, the years that the companies have been in operation, and proportion by the most significant share, whether family or non-family company. The sample comprises 121 participants. An equal proportion of companies from family controlled and non-family-controlled have operated for more than 12 years at 49.3% and 50.7%, respectively. This is followed by those that have operated for between 6 and 11 years. However, unlike the non-family controlled, the findings showed that most family-controlled families had operated for 56.3% than the non-family controlled at 43.8% respectively. Non-family-controlled firms were slightly more than family-controlled firms at 50.4% and 49.6%, respectively.

Table 1. Composition by Industry

		Largest Share			
		Non-Family largest share		Family Largest Share	
		Count	%	Count	%
Which sector/industry does the company operate in?	Business equipment (office supplies)	6	33.3%	12	66.7%
	Chemical and allied products	3	50.0%	3	50.0%
	Consumer durable	4	66.7%	2	33.3%
	Consumer nondurables	4	100.0%	0	0.0%
	Energy	5	62.5%	3	37.5%
	Finance	18	60.0%	12	40.0%
	Healthcare	3	33.3%	6	66.7%
	Manufacturing	5	55.6%	4	44.4%
	Telephone and television transmission	2	50.0%	2	50.0%
	Others	6	31.6%	13	68.4%
	Banking Products and Services	3	75.0%	1	25.0%
	E-commerce	2	50.0%	2	50.0%
How many years has the company been in operation?	less than one year	0	0.0%	3	100.0%
	2-5 years	8	53.3%	7	46.7%
	6-11 years	18	56.3%	14	43.8%
	12 and more	35	49.3%	36	50.7%
What is the most significant share held according to you?	Less than 10%	6	60%	4	40%
	10%	9	45%	11	55%
	10% to 25%	23	57%	17	43%
	26% and more	23	45%	28	55%

Table 2 below presents the descriptive statistics that cover all the variables. N shows the total number of participants that responded to the item. The minimum shows the lowest categorical scale. The maximum shows the highest scale selected by respondents. The mean statistics express the central tendency in terms of the highest frequency of items selected by a majority of the respondents. While on the other hand, the standard deviation expresses how data deviates from away or is centralized around the mean.

Table 2. Descriptive Statistics

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
CSR	121	1	4	2.0791	.54072
Environmental	121	1	5	2.0689	.95541
Age	121	1	4	3.41	.803
Size	119	1	4	2.36	1.155
Debt	118	1	4	2.85	1.010
Income	120	1	4	2.99	.992
R&D	110	1	4	2.59	1.119
Board_Size	121	1	5	2.72	1.318
Valid N (listwise)	105				

The central tendency from **Table 2** above shows clearly that overall, a majority of the participants agreed to use CSR ($M = 2.07, SD = .54$). This indicates a general agreement that firms have succeeded in adopting CSR practices across their operations, with most of the selected scales revolving around the mean. The environmental performance scored a $M = 2.07, SD = .95$. Similarly; it is apparent that the firms that participated in this research have succeeded in undertaking environmental initiatives such as investing in projects to reduce the emission of gasses, investing in programs that increase waste recycling, as well as activities that help reduce the level of land and air pollution. The age of firms was measured in terms of years of operation since their establishment. The time was coded on a 4-point Likert (1 = less than one year to four representing 12+ years). The findings above show that most of the firms have been operating between 6 and 11 years ($M = 3.41, SD = .80$).

The size variable, as indicated above, measures the level of assets that all firms have. The research used categorical variables to ask the participants the current level of assets that their firms hold in USD as per the last audited accounts. The findings show that most participants have assets between 11-20 million USD ($M = 2.36, SD = 1.15$). The research also measured the total debts held by firms over the last audited financial statements. Most of the firms have a slightly lower debt of between 11 million and 20 million ($M = 2.85, SD = 1.01$). This research also considered income level an essential variable in understanding solid earnings. The research asked the participants to indicate what the company had earned over the past three months per the audited financial statements. The findings revealed that most respondents selected an income level between 11 million USD and 15 million USD ($M = 2.99, SD = .992$).

Furthermore, other vital variables considered in this research included spending on R&D as well as the size of the board. Most of the participants agreed that their firms had invested some of their earnings to conduct research and development ($M = 2.59, SD = 1.11$), amounting to between 1 million USD and 10 million USD. In addition, the size of the board was measured in terms of the number of managers that already serve on the board. The research showed between 5 and 8 people on the board.

Table 3. Correlations

Correlations									
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
CSR (1)									
Environmental (2)	-.059								
Size (3)	.072	-.248**							
Age (4)	.022	-.323**	.434**						
Debt (5)	-.102	-.287**	.436**	.449**					
Income (6)	-.058	-.230*	.340**	.638**	.591**				
Sales (7)	.003	-.093	.315**	.602**	.495**	.729**			
R&D (8)	.101	.269**	-.149	-.162	-.022	-.192*	-.103		
Board_Size (9)	.068	-.364**	.309**	.238**	.256**	.105	.001	-.118	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 3 above expresses the correlations between variables included in the model. The findings show a strong correlation at points 0.01 and 0.05 between some variables and not others. The two confidence points can be applicable at a 90% or 95% confidence interval. For example, CSR is not correlated with any other variable. However, the environment is correlated with company size, age, debt, income, R&D, and board size. A strong correlation occurs between the age a company has undertaken in the market and the level of income and sales made by the company.

Table 4. Univariate tests: Family versus non-family firms

Group Statistics						
	Largest Share	**N**	**Mean**	**Std. Deviation**	**Std. Error Mean**	**Sig.**
CSR	Non-Family largest share	61	2.0765	.56086	.07181	.977
	Family Largest Share	60	2.0817	.52416	.06767	
Environmental	Non-Family largest share	61	1.8634	.77071	.09868	.033
	Family Largest share	60	2.2778	1.07911	.13931	
Size	Non-Family largest share	61	2.41	1.161	.151	.854
	Family Largest share	60	2.32	1.157	.149	
Age	Non-Family largest share	61	3.44	.719	.092	.174
	Family Largest share	60	3.38	.885	.114	
Debt	Non-Family largest share	61	2.83	.968	.126	.323
	Family Largest share	60	2.86	1.058	.138	
Income	Non-Family largest share	61	2.93	.998	.128	.787
	Family Largest share	60	3.05	.990	.129	
Sales	Non-Family largest share	61	3.20	.879	.113	.619
	Family Largest share	60	3.16	.970	.127	
R&D	Non-Family largest share	61	1.10	.300	.038	.003
	Family Largest share	60	1.20	.443	.057	
Board_Size	Non-Family largest share	61	2.84	1.331	.170	.804
	Family Largest share	60	2.60	1.304	.168	

Based on the primary analysis, we considered the measures of family control as dependent on ownership at the 10% threshold. Therefore, to test for the findings' sensitivity, the research also considered the threshold applied when defining the family control. In this case, therefore, we applied a 20% threshold. This indicates that the large shareholders gained greater voting rights than 10%. For example, Jahn and Bruhl (2018) state that the ultimate owners occur between 10% and 20%. As indicated in **Table 4** above, it is apparent that there is a statistical significance difference between family and non-family firms in their spending in environmental activities ($p < 0.05$), and R&D ($p < 0.05$).

Table 5. ANOVA

		ANOVAa				
Largest Share		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Non-Family	Size	.180	1	.180	.570	.453b
	Age	.224	2	.112	.348	.707c
	Debt	4.044	3	1.348	5.276	.003d
	Income	4.141	4	1.035	4.003	.007e
	Sales	4.406	5	.881	3.410	.010f
	R&D	4.678	6	.780	3.020	.013g
	Board_Size	4.765	7	.681	2.601	.023h
Family	Size	.399	1	.399	1.495	.227b
	Age	.440	2	.220	.811	.450c
	Debt	.573	3	.191	.699	.557d
	Income	.604	4	.151	.543	.705e
	Sales	.669	5	.134	.474	.794f
	R&D	1.338	6	.223	.812	.566g
	Board_Size	1.729	7	.247	.907	.509h

The ANOVA table displays results to test whether we have a statistically significant difference among the group means. We only get a significance value when the value of significance is less than 0.05 (the 95% confidence interval). All other variables for the non-family firms are statistically significant at 0.05 except the size and age of the firm. While on the other hand, all other variables are not statistically significant for the family firms ($p > 0.05$).

Results Interpretations

The primary evidence from the above table shows that family-based controlled firms tend to have an impact on the performance of CSR. However, it is imperative to note that CSR performance and family-controlled firms tend to go through similar characteristics. Inferential statistics uses three tools of analysis. The model summary helps to test the overall correlation between dependent and independent variables. In this case, we test whether there is a correlation between CSR and other independent variables, as indicated in the R column. This indicates an association between variables (Saunders et al. 2009). While at the same time, we also look at the R-squared column to consider what proportion of the independent variable explains the dependent variable. Correlation ranges from -1 to +1, with a negative value showing a negative association while a positive value showing a positive association between variables. A correlation of 0.7 is always considered a strong positive association between variables.

The tool of ANOVA in **Table 7** helps explain whether the above correlation is statistically significant. In order to do that, we look at three indicators, the df (degree of freedom) under regression and residual, the F value, and the significance value. When the significance value is less than 0.05, we accept the hypothesis that the independent variable determines the dependent variable. Otherwise, we reject the hypothesis. The Tool on Coefficients in **Table 8** helps us with more information to predict the direction of effect. We look at the B column under the unstandardized coefficients column and the Significance Column. When B is positive, we argue that the independent variable has a positive effect on the dependent variable; when negative, we argue that it has a negative effect on the dependent variable.

The model summary in **Table 6**, shown in the table below, indicates the CSR performance of family firms. The proportion of R-squared shows that the performance of family firms is determined by only 28% of CSR performance. Such a small proportion is supported by the ANOVA **Table 8**. CSR performance has a statistically significant impact on

family firms $F(50,59) = 2.86, p < 0.05$. Based on the regression coefficient of CSR performance shown in **Table 9**, we can draw the final model as $CSR = 2.06 - .139Size + Sales + .376R\&D$

Table 6. Family Firm Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.535a	.286	.186	.49943

a. Predictors: (Constant), Board_Size, Sales, R&D, Size, Debt, Age, Income

Table 7: ANOVA for family-controlled firms

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.995	7	.714	2.861	.014b
	Residual	12.472	50	.249		
	Total	17.466	57			

a. Dependent Variable: CSR Performance

b. Predictors: (Constant), Board_Size, Sales, R&D, Size, Debt, Age, Income

Table 8. Regression Coefficients of CSR Performance for Family controlled firms

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	2.060	.387		5.322	.000	1.282	2.838
Size	-.139	.069	-.292	-2.023	.048	-.277	-.001
Age	-.141	.112	-.227	-1.256	.215	-.366	.084
Debt	-.084	.086	-.161	-.976	.334	-.255	.088
Income	.031	.129	.055	.237	.814	-.229	.290
Sales	.174	.104	.305	1.683	.047	-.034	.382
R&D	.376	.163	.298	2.307	.025	.049	.704
Board_Size	.019	.061	.044	.304	.762	-.104	.141

a. Dependent Variable: CSR Performance

Table 9 below is a model summary for the CSR performance of non-family firms. The model summary below shows a simple correlation of 0.612, indicating a moderate correlation. The proportion of R-squared indicates clearly that performance is determined by 38% of CSR performance. Such a higher proportion level also shows the non-family firms have higher CSR performance with more control variables shown below. According to the ANOVA **Table 10** below, CSR performance has a statistically significant impact on non-family firms $F(49,56) = 4.19, p < 0.05$. We use the control variables shown in **Table 11** below to derive the following CSR Performance model.

$$CSR = 3.06 + 0.136Size - 0.225Debt + 0.09\,Sales + 0.44R\&D - 0.92Board_Size$$

Table 9: Model Summary for Non-Family Firms

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.612a	.375	.285	.40099

a. Predictors: (Constant), Board_Size, R&D, Sales, Size, Debt, Income, Age

Table 10. ANOVA for Non-Family controlled on CSR Performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.720	7	.674	4.193	.001b
Residual	7.879	49	.161		
Total	12.598	56			

a. Dependent Variable: CSR Performance

b. Predictors: (Constant), Board_Size, R&D, Sales, Size, Debt, Income, Age

Table 11. Regression Coefficients of CSR performance for Non-Family Controlled

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	3.034	.343		5.925	.000	1.344	2.724
Size	.136	.056	.329	2.450	.018	.024	.248
Age	-.048	.113	-.074	-.425	.673	-.274	.179
Debt	-.225	.074	-.462	-3.065	.004	-.373	-.078
Income	-.028	.080	-.060	-.351	.727	-.189	.133
Sales	.090	.110	.168	.819	.417	-.131	.312
R&D	.440	.178	.287	2.468	.017	.082	.797
Board_Size	-.092	.043	-.256	-2.117	.039	-.179	-.005

a. Dependent Variable: CSR Performance

DISCUSSION

The presence of multiple large shareholders (MLS) help prevents most of the controlling families from gaining more powers to expropriate their minority shareholders. It is from this that they consequently record improvements in CSR performance. As indicated in **Table 11** above, it is clear that the more voting rights one has and the more significant shareholders, the lower the concentration of control. This indicated that MLS gained more power and increased incentives to monitor the largest shareholders. Consisted with the expectations developed in this research, it is apparent that family-controlled firms tend to underperform other non-family firms such as state-owned agencies and corporations.

Just as the research has discussed in the above sections, the board size represents the board structure that serves the role of improving corporate governance and response to agency problems. The board of directors within the board structures helps respond to problems. If the view of expropriation remains, then underperformance of firms on CSR among family firms need to remain more pronounced for those without efficient boards.

The results above reveal that family firms recorded lower CSR performance than non-family-controlled firms. However, we argue that the results could be because of the dominancy in the largest shareholders that control CSR performance. For instance, this could be because state-owned firms could be perceived theoretically as policy tools to respond to market failures and maximize social welfare.

Table 12. Other large shareholders

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.000	1	.000	.000	.991b
	Residual	13.908	59	.236		
	Total	13.908	60			

a. Dependent Variable: CSR Performance

b. Predictors: (Constant), STATE

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.122	1	.122	.436	.510b
	Residual	33.193	119	.279		
	Total	33.315	120			
2	Regression	1.331	2	.666	2.456	.090c
	Residual	31.984	118	.271		
	Total	33.315	120			

a. Dependent Variable: CSR Performance

b. Predictors: (Constant), STATE

c. Predictors: (Constant), STATE, Family_Owned

Limitations of the Research

Despite the above evidence, this research experienced two fundamental limitations. First, the research used a small sample of family and non-family firms. A small sample in any research might fail to represent the entire firm population. This could bring out a lack of quality from the results and the need for future researchers that would like to use findings as a point of reference to be cautious. They should not use the research findings solely but conduct other studies as a support point. The second limitation involved using a single data collection method through a survey approach. This could make the research lack support from other data sources, such as archival data or interviews from managers responsible for CSR performance in organizations. Besides, the research collected data without referring to other countries. This aspect limits the research to one-way analysis without comparing industries or countries across the Middle East, Europe, or the United States.

Future Research

Based on the above limitations, this research recommends that future researchers focusing on the same topic could extend the sample size of data. They could do this by incorporating a mixed approach to help triangulate data from both quantitative and qualitative studies. In addition, future research should focus on conducting a comparative research of what happens and other countries. Such a move would help understand some themes, such as the role of political policies, media, and investor protection in achieving higher CSR performance.

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