MORE BANG FOR THEIR BUCK: WHY (AND WHEN) FAMILY FIRMS BETTER LEVERAGE CORPORATE SOCIAL RESPONSIBILITY

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Keywords: symbolic CSR, substantive CSR, family firms, firm value, temporal effects

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ABSTRACT

Family firms take different strategic actions because of their desire to grow and preserve socioemotional wealth (SEW) but pursuing SEW also generates what we call SEW resources that deliver advantages in certain contexts. We develop and test this idea with respect to corporate social responsibility (CSR). We theorize that SEW resources such as reputation, strong stakeholder relationships, and long-term orientation help family firms better leverage symbolic CSR to enhance short-term firm performance and better leverage substantive CSR to enhance long-term firm performance. Regression analyses on a 20-year panel of S&P 500 firms provide supportive evidence. Findings indicate that family firms not only “do it differently” to *preserve* SEW; they sometimes “do it better” *because* of SEW.

Key words: family firms, family ownership, symbolic CSR, substantive CSR, firm performance, temporal effects

INTRODUCTION

Family firms comprise around 65 percent of all businesses and generate more than half of the world's gross domestic product (Iferra, 2003). Not only are family firms significant in number and impact, they also act differently (e.g., Berrone, Cruz, Gómez-Mejía, & Larraza-Kintana, 2010; Chrisman & Patel, 2012). A major driver of such differences is their concern with socioemotional wealth (SEW), which is the stock of non-financial affective value family firms accumulate (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Gómez-Mejía, Cruz, Berrone, & De Castro, 2011). SEW is an umbrella term capturing family owners' desire to maintain control, extend control transgenerationally, identify with the firm, bond with stakeholders, and enhance family-members' emotional ties (Berrone, Cruz, & Gómez-Mejía, 2012). Family-owners' are loss averse with respect to their SEW, which often leads family firms to forgo lucrative new ventures and other growth opportunities that might place SEW at risk (Gómez-Mejía et al., 2007; 2011).

While it is clear that family firms are influenced by family-owners' desire to build and preserve SEW (Gómez-Mejía et al., 2011), SEW can *also* generate resources (Naldi, Cennamo, Corbetta, & Gómez-Mejía, 2013). In particular, three dimensions of SEW – family-owners' desire for identification with the firm, meaningful (or “binding” – Berrone et al., 2012) stakeholder relationships, and transgenerational control – foster what we call *SEW resources* – respectively, favorable corporate reputations (Deephhouse & Jaskiewicz, 2013), strong stakeholder relationships (Miller & Le Breton-Miller, 2005), and long-term orientations (LTO) (Sirmon & Hitt, 2003; Strike, Sapp, & Congiu, 2015). As with all strategic resources, value depends on context (Brouthers, Brouthers, & Werner, 2008). Naldi et al. (2013), for example, show that family firms' SEW resources deliver advantages in “industrial districts” where reputation, collaboration and reciprocity, and long-term commitments are strategically valuable.

We submit that SEW resources are not only beneficial in certain industries, they can also enhance family firms' ability to implement and leverage certain strategies. Family firms do not just “do it differently” to *preserve* SEW, they sometimes “do it better” *because* of SEW. The strategy we consider is corporate social responsibility (CSR). CSR strategies involve voluntary social, environmental, or stakeholder activities that positively impact the community, society, and/or planet (Dahlsrud, 2008). Four decades of research on the CSR-firm performance relationship has produced weak and mixed results, leading many to focus on the conditions

under which CSR aids firm performance (e.g., Barnett, 2007; Vishwanathan, van Oosterhout, Heugens, Duran, & van Essen, 2020). As Barnett (2007: 795) put it: “The unique and dynamic characteristics of firms and their environments preclude stability in financial returns to CSR across firms and time, so we should not expect to empirically discern a consistent financial benefit—essentially, a universal rate of return.” Our theory is that because of SEW resources, family ownership is among the unique characteristics that help some firms better leverage CSR.

CSR can be symbolic or substantive (e.g., Okhmatovskiy & David, 2012). Symbolic CSR is when firms make statements about CSR that are decoupled from actions or take actions that are decoupled from stakeholders' concerns (Bromley & Powell, 2012; Wijen, 2014). Symbolic CSR can involve positive CSR actions, but such actions are self-serving and designed to enhance short-term performance by distracting stakeholders from concerns (Stevens, Kevin Steensma, Harrison, & Cochran, 2005). Substantive CSR strategies, in contrast, involve commitment to addressing stakeholders' concerns backed by meaningful investment in and implementation of CSR. Substantive CSR strategies are others-serving and reflect a holistic intent to positively shape a societal or environmental context (Campbell, 2007). Though substantive CSR is more costly, it addresses core stakeholder concerns over the long term (Walls, Phan, & Berrone, 2011).

Moving beyond efforts to test whether family firms do more or less CSR (e.g., Cruz, Larraza-Kintana, Garcés-Galdeano, & Berrone, 2014), we submit that – because of SEW resources – family firms reap more “bang for their buck” from CSR strategies. Research suggests that the performance outcomes from certain complex strategic decisions such as CSR can be improved when: (1) the firm and its strategic statements are credible (Du, Bhattacharya, & Sen, 2010), (2) the firm can rely on reciprocal commitments from stakeholders (Bosse, Phillips, & Harrison, 2009), and (3) the firm is committed long term to its strategic decisions (Flammer & Bansal, 2017). Such conditions are nurtured by SEW resources such as favorable reputations, strong stakeholder relationships, and LTO – all hallmarks of family firms (e.g., Berrone et al., 2010; Miller & Le Breton-Miller, 2005; Sirmon & Hitt, 2003). Thus, while pursuing SEW might not directly benefit family firms financially (Gómez-Mejía et al., 2011), the SEW resources that are generated allow family firms' to better leverage symbolic CSR in the short run and substantive CSR in the long run.

We test our theorizing using a panel of S&P 500 firms from 1994 to 2015 and adopt principal

components analysis (PCA) (e.g., Prakash, Ravi, & Zhao, 2017) to extract symbolic and substantive components (e.g., Delmas, Etzion, & Nairn-Birch, 2013; Marquis & Qian, 2014) from the widely used KLD data (e.g., Krüger, 2015; Waddock & Graves, 1997). Because family ownership drives the pursuit of SEW and hence the accumulation of SEW resources, we test whether family ownership moderates the CSR-firm performance relationship and whether there are temporal differences that depend on CSR strategy. Fixed-effects panel regression results show that relationships between (a) symbolic CSR and short-term firm performance (at the end of the year), and (b) substantive CSR and long-term firm performance (two through five years later) increase with family ownership.

Our study's theoretical contribution is that SEW is more than affective value placed at risk by strategic decisions; resources generated in the pursuit of SEW can *change* the outcome from certain strategic decisions. This insight is important because, while prior research recognized that the pursuit of SEW generates resources (e.g., Deephouse & Jaskiewicz, 2013; Gómez-Mejía et al., 2011), how SEW resources impact firm outcomes was largely unknown. SEW resources offer competitive advantages in certain industries (Naldi et al., 2013), but the idea that they might change the outcome of a strategic decision remained unexplored. Many view SEW negatively because it spurs conservative strategic decisions (e.g., Kellermanns, Eddleston, & Zellweger, 2012), but our theory and evidence are more nuanced suggesting that resources generated in the pursuit of SEW interact with certain strategies – CSR in our case – to enhance family firms' ability to implement and capitalize on those strategies. A key implication is that there are likely other strategic decisions that benefit from SEW resources and, thus, deliver more "bang for the buck".

We also offer two empirical advances. First, there is a long and inconclusive debate about the relationship between CSR and firm performance (e.g., Margolis, Elfenbein, & Walsh, 2009; Orlitzky, Schmidt, & Rynes, 2003) that is hampered by methodological issues surrounding how to best measure CSR (Carroll, Primo, & Richter, 2016; Prakash et al., 2017). By demonstrating the presence of symbolic and substantive CSR components within the KLD data, we offer a measurement approach others can use to test theory involving this important theoretical distinction. Second, we illustrate temporal differences between the performance implications of symbolic and substantive CSR strategies. While important theoretical advances have been made describing temporal differences (e.g., Ortiz-de-Mandojana & Bansal, 2016), empirical tests involving time-lags of more than two years and differentiating

temporally between CSR dimensions have not followed.

SOCIOEMOTIONAL WEALTH DIMENSIONS AND RESOURCES

Family firms make strategic decisions that are consistently different from those made by nonfamily firms (see Gómez-Mejía et al., 2011, for a review), and the main reason is family owners' desire to build and preserve socioemotional wealth (SEW) (Gómez-Mejía et al., 2007). As an "umbrella" term for the stock of affective value that family owners generate, it has several dimensions, including: (1) controlling the firm, (2) extending control transgenerationally, (3) building meaningful (or "binding") relationships with stakeholders, (4) identifying with the firm, and (5) deepening emotional ties among family members (Berrone et al., 2012).

The behavioral agency model (BAM) suggests that family owners are loss averse regarding their SEW and adopt conservative strategies to protect it even if doing so hurts financial performance (Gómez-Mejía et al., 2007; 2011). Family firms invest less in potentially profitable strategic actions such as diversification, acquisitions, or internationalization because such actions require outside human and financial capital that might undermine the family's control and, ultimately, its SEW (Gómez-Mejía, Makri, & Kintana, 2010; Gómez-Mejía et al., 2007; Gómez-Mejía, Patel, & Zellweger, 2018). More recent theorizing suggests family owners' decisions are not solely driven by potential SEW losses but are "mixed gambles" wherein family owners weigh both potential SEW losses and potential financial gains relative to a reference (or starting) point. This approach explains why family firms increase unrelated acquisition activity (Gómez-Mejía et al., 2018) and R&D investment (Chrisman & Patel, 2012) when performing below their reference point (often prior performance) or willingly give up some SEW for a big financial payoff via an Initial Public Offering (Kotlar, Signori, De Massis, & Vismara, 2018).

However, both the BAM and mixed gambles treat potential gains or losses to socioemotional or financial wealth as fixed for each strategic decision (Bromiley, 2009). Family and non-family firms confront the same potential financial gains (losses), but family firms confront additional concerns regarding potential SEW losses (gains) (Gómez-Mejía et al., 2011). Neither approach, however, considers the possibility that SEW is more than affective value placed at risk by strategic decisions. Advancing this research stream, we argue that actions family firms take to build and preserve SEW also generate what we call SEW resources that can *change* the potential financial gains (losses) from strategic decisions.

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We are not the first to recognize that SEW can have a ‘bright side’ (Kellermanns et al., 2012), and efforts to build and preserve SEW generate resources that have strategic value in certain industries (e.g., Naldi et al., 2013). Our insight is that the SEW resources family owners generate in their pursuit of SEW can change outcomes from certain strategies – CSR in our example. Three SEW dimensions appear particularly relevant for generating resources that enable firms to leverage CSR strategies. The theoretical links among SEW dimensions and SEW resources, and their influence on CSR are depicted in Figure 1.

Insert Figure 1 about here

The first SEW dimension that generates a SEW resource is family owners’ identification with the firm (Berrone et al., 2012), which fosters emotional satisfaction and pride. Social identity theory states that people define themselves within their social environment relative to their membership in social groups that are salient to them and work to enhance and protect social groups they identify with (Ashforth & Mael, 1989). Applied to family firms, the theory implies that family owners identify more strongly with the firm than do shareholders or managers in non-family firms, and thus family owners are more concerned with the firm’s reputation and take actions to improve it (Zellweger, Nason, Nordqvist, & Brush, 2013). In surveys across eight countries, Deephouse and Jaskiewicz (2013) found that family-owned firms score higher on corporate reputation, and these effects are even stronger when the family’s name is in the business name and a family member is active in management. A favorable reputation can be strategically valuable, for example, by increasing customer loyalty (Walsh, Mitchell, Jackson, & Beatty, 2009), attracting alliance partners (Dollinger, Golden, & Saxton, 1997), and reducing transaction costs (Standifird, 2001).

The second SEW dimension that generates a SEW resource is family owners’ desire for meaningful stakeholder relationships (Berrone et al., 2012). With the exception of outside investors whose interests can clash with family owners’ desire to protect SEW (Berrone et al., 2010), this SEW dimension leads family firms to engage in proactive stakeholder activities that satisfy demands from employees, suppliers, community leaders, and other stakeholders – even if such demands are costly and distract from maximizing firm performance (Cennamo, Berrone, Cruz, & Gómez-Mejía, 2012; Gómez-Mejía et al., 2011). Several studies show that family firms invest in strong stakeholder relationships. Miller and Le Breton-Miller (2005), for example, showcased 24

industry-leading family firms and revealed their strong connections with internal and external stakeholders. Studies of Canadian (Miller, Le Breton-Miller, & Scholnick, 2008), Chinese (Yeung, 2000), and Singaporean (Yeung & Soh, 2000) firms show that family firms engage with customers, suppliers, and/or bankers more frequently, intensely, and personally than managers in nonfamily firms, and such cooperative intentions improve clients’ relationship satisfaction (Rose, 2016). Pursuing strong stakeholder relationships leads to greater stakeholder trust (Corbetta & Salvato, 2004), which reduces transaction costs (Dyer & Singh, 1998), improves coordination and knowledge sharing (Uzzi, 1997), attracts better-quality partners (Jones, Harrison, & Felps, 2018), and fuels collaboration (Miller & Le Breton-Miller, 2005).

A third SEW dimension that generates a relevant SEW resource is family owners’ desire for transgenerational control, which gives them an LTO (Lumpkin & Brigham, 2011) involving patient capital (Sirmon & Hitt, 2003). Strike et al. (2015) found that unlike CEOs in non-family firms, who avoid long-term commitments with uncertain outcomes as they approach retirement (e.g., Antia, Pantzalis, & Park, 2010; Kang, 2014), CEOs in family firms invest in long-term strategic actions such as international growth despite pending retirement, especially if the CEO is also a family member. Unlike CEOs in non-family firms, family CEOs in family firms are not restrained by their remaining organizational tenure. As part of their SEW, they embrace an LTO to set up the next generation for success (Berrone et al., 2012). Such an LTO means that the firm can pursue strategies that take years to implement without fear that pressure to meet quarterly earnings forecasts might force managers to abandon such efforts (Flammer & Bansal, 2017). An LTO also interacts with strong stakeholder relationships by giving stakeholders confidence that the firm will not reverse course suddenly or violate stakeholder trust for short-term gain, which increases stakeholders’ loyalty and willingness to make reciprocal long-term commitments (Bosse et al., 2009; Bosse & Coughlan, 2016). Not surprisingly, family firms’ LTO is a strategically valuable resource in industries where value creation depends on firms working collaboratively with committed stakeholders over long time periods (Naldi et al., 2013).

Overall, most studies view family owners’ pursuit of SEW as something that leads to conservative strategic actions (Gómez-Mejía et al., 2011) except when firm survival is threatened (Chrisman & Patel, 2012; Gómez-Mejía et al., 2018), and that such actions, on average, have no obvious benefit for financial performance (Kellermanns et al., 2012). Evidence also suggests, however, that pursuing SEW generates what we call SEW resources that are

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strategically valuable in certain industrial contexts (Naldi et al., 2013). What is not known is whether the SEW resources that come with family ownership might be leveraged to *change* expected outcomes from certain strategies. Our focus is on CSR strategies.

CSR STRATEGIES, SEW RESOURCES, AND FIRM PERFORMANCE

Corporate Social Responsibility (CSR) is an increasingly important strategic domain where SEW resources might logically enhance firm performance. CSR involves strategies businesses undertake along voluntary social, environmental, or stakeholder dimensions that positively impact the community, society, and/or planet (Dahlsrud, 2008). It involves “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (Aguinis, 2011: 855). Examples include philanthropy and community commitments, minority and diversity programs, and ethics and environmental responsibility policies, among others (Montiel, 2008). While CSR strategies were initially viewed as “do-good” activities that distract organizations from their financial goals, many firms have deployed CSR strategically in ways that enhance financial performance while simultaneously advancing social and/or environmental outcomes (Barnett & Salomon, 2012; Freeman, Wicks, & Parmar, 2004). However, after over forty years of empirical studies, meta-analyses (e.g., Margolis et al., 2009; Wang, Duo, & Jia, 2016), and reviews (e.g., Malik, 2015), it is clear that “returns to CSR are contingent, not universal” (Barnett, 2007: 797). Our theory is that family ownership is one such contingency because it entails SEW resources that enable family firms to better deploy and leverage CSR strategies.

Relative to non-family firms, family firms engage less in strategic actions such as R&D spending, diversification, and international growth (e.g., Gómez-Mejía et al., 2010; 2011; 2018), but evidence of such differences with respect to CSR is mixed. Family firms appear to care about CSR and avoid corporate social irresponsibility (Dyer & Whetten, 2006), protect local communities (Berrone et al., 2010), and treat employees like family (Block, 2010). However, employees receive less training and pay (Cruz et al., 2014), and family firms often fail to protect non-family shareholders (Claessens, Djankov, Fan, & Lang, 2002). Overall, differences between family and non-family firms with respect to CSR remain elusive (e.g., Cruz et al., 2014), but even if family and nonfamily firms engage in similar levels of CSR, our theorizing suggests that the SEW resources that come with family ownership enable family firms to leverage

their CSR strategies better. Regardless of whether or how much non-family firms engage in CSR, family firms should garner “more bang for the [CSR] buck”.

The conditions under which CSR improves firm performance are informed by instrumental stakeholder theory, which argues that strong stakeholder relationships based on mutual trust reduce transaction costs and encourage stakeholders to provide resources on favorable terms (Jones et al., 2018). Thus, a key contingency underlying the CSR-firm performance relationship is that stakeholders need to evaluate the firm favorably before they are willing to validate and respond positively to the firm’s CSR efforts (Nekhili, Nagati, Chtioui, & Rebolledo, 2017). Firms must have what Barnett (2007) calls “stakeholder influence capacity”. Without pre-existing credibility giving firms capacity to influence stakeholders (Servaes & Tamayo, 2013), CSR only raises costs without inspiring favorable stakeholder responses (Barnett, 2007; Barnett & Salomon, 2012). A poor track record with respect to satisfying stakeholder demands causes stakeholders to scrutinize and distrust a firm’s claims about its CSR strategies (Panwar, Paul, Nybakk, Hansen, & Thompson, 2014), which is consistent with evidence that the CSR-firm performance relationship is negative except among firms with credible commitments to CSR (Barnett & Salomon, 2012).

Stakeholder influence capacity requires on-going engagement that builds relationships (Barnett, 2007), fosters reciprocal commitments (Vishwanathan et al., 2020), and fuels long-term performance (Andriof & Waddock, 2000). Without strong pre-existing relationships, stakeholders such as employees (Bode, Singh, & Rogan, 2015; El Akremi, Gond, Swaen, De Roeck, & Igalens, 2018), suppliers (Cheng, Ioannou, & Serafeim, 2014; El Ghoul, Guedhami, Kwok, & Mishra, 2011), and local community and government leaders (Campbell, 2007; Flammer, 2018) are less willing to trust that CSR actions address real concerns and to reciprocate by providing resources on favorable terms (Bosse et al., 2009). This observation is consistent with meta-analytic evidence showing that strong stakeholder relationships facilitate the link between CSR and financial performance (Vishwanathan et al., 2020).

While there are other SEW resources, such as the ability to reduce owner-manager agency costs (Carney, 2005), family firms disproportionately possess at least three SEW resources – i.e., favorable reputations, strong stakeholder relationships, and LTOs (Berrone et al., 2010; Deephouse & Jaskiewicz, 2013; Niehm, Swinney, & Miller, 2008; Strike et al., 2015) – that line up with instrumental stakeholder theory regarding when CSR fuels firm performance (Barnett, 2007; Jones et al., 2018). A favorable reputation and strong stakeholder relationships give

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firms time to correct errors when they occur (Panwar et al., 2014). An LTO enables implementation of CSR strategies that take years to pay off (Wang & Bansal, 2012). Once implemented, benefits from long-term commitment to CSR are enhanced by strong stakeholder relationships that foster reciprocal commitments of effort (e.g., Bode et al., 2015; El Akremi et al., 2018), resources (e.g., Cheng et al., 2014; El Ghoul et al., 2011), and support (e.g., Campbell, 2007; Flammer, 2018).

SEW resources give family firms a stock of reputational, relational, and patient capital that validates, maintains and, where necessary, enlists stakeholder support for their CSR efforts. That is, family firms have greater stakeholder influence capacity, which is a key ingredient triggering positive stakeholder responses to CSR (Barnett, 2007) and necessary for getting more “bang for the buck”. Without stakeholder influence capacity, CSR investments fail to trigger favorable stakeholder responses and might, because of their high costs, harm financial performance (Barnett, 2007; Barnett & Salomon, 2012). However, the timing of stakeholder responses likely differs between symbolic and substantive CSR strategies.

Symbolic CSR, SEW resources, and short-term firm performance

Symbolic CSR involves positive social and/or environmental actions or communication about such actions that are decoupled from stakeholder concerns (Bowen, 2014; Meyer & Rowan, 1977). There are two forms of decoupling (Bromley & Powell, 2012). Policy-practice decoupling involves communicating positive policies and goals without taking meaningful actions (i.e., symbolic adoption). Means-ends decoupling involves meaningfully implementing positive actions that are not clearly linked to underlying concerns (i.e., symbolic implementation). We focus on the latter because ever-increasing external pressure for transparency and accountability have made policy-practice decoupling rare; means-ends decoupling is more feasible and common (Bromley & Powell, 2012). Wijen (2014) argued that corporate social and environmental management lends itself to means-ends decoupling because causal links regarding these issues are complex and non-linear, and practices to address them are context dependent.

Accordingly, symbolic CSR involves implementing positive social and/or environmental steps that do not necessarily address stakeholder concerns. Instead, positive CSR actions are self-serving in that they distract from stakeholder concerns (Donia, Ronen, & Sirsly, 2019). Symbolic CSR acts as a sort-of insurance policy that ingratiates stakeholders and deflects concern-related criticisms (Godfrey,

2005; Godfrey, Merrill, & Hansen, 2009). Firms often deploy symbolic CSR strategies to divert attention from their actual (irresponsible) behavior and thus alleviate CSR pressures. An extreme and tragic but powerful example of symbolic CSR is provided by Whiteman and Cooper (2016). They describe a logging company in Guyana that earned a Forest Stewardship Council (FSC) certification to distract from the systematic rape of local women by employees. Equipped with certification, key stakeholders did not scrutinize the company for some time despite widespread knowledge of the rapes. Thus, even in such extreme cases, the short-term effects of symbolic CSR can be positive, but long-term benefits are unlikely because the underlying concerns that symbolic CSR diverts attention from still remain, undermining stakeholders’ commitment and reducing their ongoing contributions (e.g., Bode et al., 2015; Cheng et al., 2014; El Ghoul et al., 2011; Flammer, 2018).

At least two SEW resources – favorable reputations and strong stakeholder relationships – appear well-suited to enable family firms to better leverage symbolic CSR. Meta-analytic evidence shows that reputation is a key factor linking CSR to financial performance (Vishwanathan et al., 2020), and family firms are known to enjoy superior reputations (e.g., Deephouse & Jaskiewicz, 2013; Nekhili et al., 2017). Family firms also invest disproportionately in proactive stakeholder engagement activities that satisfy stakeholder goals – even if these goals are costly and unrelated to firm performance (Gómez-Mejía et al., 2011). Such engagement yields more in-depth knowledge of and interaction with stakeholders (Miller & Le Breton-Miller, 2005) and embeds family firms more deeply in their communities (Niehm et al., 2008), giving them greater capacity to influence stakeholders (Barnett, 2007). Heightened knowledge of and interaction with stakeholders yields greater trust that delivers positive attributions regarding family firms’ CSR actions and gives family firms the credibility needed to gain value from their symbolic CSR (Du et al., 2010). As more trustworthy partners with favorable reputations, family firms’ mishaps are viewed by stakeholders as ‘honest mistakes’ or ‘bad luck’ (Minor & Morgan, 2011). Thus, firms with greater family ownership are more likely to ‘get away’ with symbolic CSR because stakeholders trust that family owners have stakeholders’ best interests at heart (Berrone, Fosfuri, & Gelabert, 2017). A favorable reputation and strong stakeholder relationships imply that symbolic CSR actions that temporarily distract from concerns will be followed by substantive action that addresses concerns (Gill, 2015).

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Non-family firms also can build favorable reputations and stakeholder relationships (Walsh et al., 2009), but due to their focus on shareholders (Sirmon & Hitt, 2003) and less frequent interactions with non-financial stakeholders (Gómez-Mejía et al., 2011), they have difficulties developing and maintaining the same level of reputation and relationship quality (Du et al., 2010). Thus, we believe that because of SEW resources such as favorable reputations and strong stakeholder relationships, family firms' symbolic CSR strategies are more positively received and thus more likely to positively influence short-term performance. Stated formally:

Hypothesis 1. *The relationship between symbolic CSR strategies and short-term firm performance is more positive (or less negative) as family ownership increases.*

Substantive CSR, SEW resources, and long-term value

Substantive CSR strategies involve complete CSR implementation. The firm's underlying systems and processes are altered in a holistic attempt to eliminate stakeholder concerns and improve the status quo in societal and/or environmental contexts (Weaver, Trevino, & Cochran, 1999). Substantive CSR requires major investment in underlying systems, structures, and processes that are deeply integrated with all aspects of the firm (e.g., Bansal & Roth, 2000), and implementing substantive CSR strategies involves investing in new capabilities (Berrone et al., 2017; Walls et al., 2011). Such investments likely detract from short-term performance (Fombrun & Shanley, 1990) but help reduce waste and pollution, improve work conditions, and strengthen communities (Burke & Logsdon, 1996). Closing the production loop by re-using manufacturing waste, for example, entails substantial up-front costs but can eventually lower input costs (Burke & Logsdon, 1996). While substantive CSR is more costly than symbolic CSR, it is strongly preferred by stakeholders (Walls et al., 2011) and, under the right conditions (Barnett & Salomon, 2012), motivates stakeholders to reciprocate with resource commitments and ongoing support (Vishwanathan et al., 2020).

The long-term commitments required by substantive CSR dovetail with strong evidence that family owners disproportionally possess LTOs (Gómez-Mejía, Nuñez-Nickel, & Gutierrez, 2001; Sirmon & Hitt, 2003). While managers in non-family firms attempt to maximize compensation within relatively short tenures (Gómez-Mejía, Tosi, & Hinkin, 1987), family owners adopt transgenerational time horizons that focus on the financial viability of the firm for the next generation (Strike et al., 2015).

An LTO should facilitate successful implementation of substantive CSR because such strategies can take years to complete (Flammer & Bansal, 2017; Ortiz-de-Mandojana & Bansal, 2016). Many firms lack the long-term resources – both continuous commitment and patient capital – required to build and integrate the complex systems, structures, and processes necessary to successfully address societal problems with substantive CSR (Bansal & Roth, 2000). Concerns over quarterly earnings and high initial costs, for example, make it difficult to pursue long-term investments in physical assets and systems (Harrison, Bosse, & Phillips, 2010; Sirmon & Hitt, 2003). Failure to invest sufficiently over time can increase costs without yielding benefits (Barnett & Salomon, 2012).

Implementation of substantive CSR is furthered by strong stakeholder relationships that inspire trust and loyalty (Webber & Klimoski, 2004) and yield stakeholder influence capacity (Barnett, 2007); stakeholders will both materially commit to the firm's efforts – e.g., by reducing waste in delivered inputs (Burke & Logsdon, 1996) – and be patient when the firm experiences set-backs (cf. Bosse & Coughlan, 2016). Consistent with evidence that family owners' desire to maintain and grow SEW fuels strong stakeholder relationships (e.g., Berrone et al., 2010; Gómez-Mejía et al., 2011), family firms' substantive CSR strategies should receive more on-going stakeholder support and commitment.

Instrumental stakeholder theory suggests that, once implemented, an essential way substantive CSR enhances financial performance is by motivating reciprocal behaviors among stakeholders who benefit from and/or appreciate the firm's CSR strategy (Jones et al., 2018; Vishwanathan et al., 2020). Employees respond to a fair, diverse, and supportive workplace with commitment and organizational citizenship behavior (Bode et al., 2015; El Akremi et al., 2018). Capital providers respond to responsible governance and full disclosures with capital on favorable terms (Cheng et al., 2014; El Ghoul et al., 2011), and community and government leaders respond to CSR with preferential purchasing (Flammer, 2018) and supportive regulation and enforcement (Sharma & Henriques, 2005). However, not all stakeholders respond to CSR (Barnett & Salomon, 2012); they are more likely to reciprocate and do so enthusiastically if they have a strong pre-existing relationship with a firm (Barnett, 2007; Bosse et al., 2009; Jones et al., 2018). Bosse and Coughlan (2016) explain that such relationships build "commitment bonds" that help retain stakeholder commitments even if good alternatives become available (i.e., other firms pursuing CSR). Thus, stakeholders' enthusiasm and commitment in response to substantive CSR should meaningfully increase when backed by strong pre-

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existing stakeholder relationships (Bosse et al., 2009; Jones et al., 2018) that yield stakeholder influence capacity (Barnett, 2007).

While all firms have potential to capture value from their CSR strategies (e.g., Eccles, Ioannou, & Serafeim, 2014; Ortiz-de-Mandojana & Bansal, 2016), many do not (Barnett & Salomon, 2012). In the last year of our data, for example, Citigroup (the owners of Citibank) was near the bottom of the Reputation Institute's list of "America's Most Reputable Companies" (rank 149 out of 153) despite having one of the highest substantive CSR scores (i.e., 95th percentile), suggesting Citigroup was unable to benefit from its CSR efforts. Having SEW resources such as an LTO and strong stakeholder relationships should increase trust in and support for the firm's CSR efforts (Bansal & Roth, 2000; Wang & Bansal, 2012) and allow family firms to implement substantive CSR more successfully and capture more value. Strong stakeholder relationships deliver influence capacity that should multiply stakeholders' desire to reciprocate based on the firm's substantive CSR (Barnett, 2007; Jones et al., 2018). Because family owners generate SEW resources as they build and preserve SEW, firms with more family ownership should more successfully implement and better leverage their substantive CSR over the long term. Accordingly, we expect that:

Hypothesis 2. *The relationship between substantive CSR strategies and long-term firm performance is more positive (or less negative) as family ownership increases.*

METHOD

Data and Sample

Our sample is a panel of S&P 500 firms from 1994 to 2015 averaging 420 firms per year. An average of 80 firms per year were excluded due to missing data, which is similar to previous family firm (e.g., Villalonga & Amit, 2006) and CSR (e.g., Dyer & Whetten, 2006) studies of S&P 500 firms. Family firms have at least five percent family ownership and one family member who is not the founder involved in ownership, management, or the board (Jaskiewicz, Block, Miller, & Combs, 2017). To identify such firms, we hand collected ownership, management, and board data from proxy statements (Def 14a) filed with the Securities and Exchange Commission (SEC). We filled in missing data using other publicly available sources, such as news releases (Factiva database) and company websites. Sample firms are 18 percent family firms, which is comparable to previous research (e.g., Miller, Le Breton-Miller, Lester, & Cannella, 2007).

Financial data come from Compustat. CSR data come from the KLD database, which is well suited for CSR research because it captures multiple CSR

categories (Waddock & Graves, 1997). Firms are rated separately on *strength* and *concern* indicators in seven major categories – environment, community, human rights, employee relations, diversity, product, and governance – yielding a total of fourteen category-level variables. We do not include strengths or concerns related to corporate governance because previous research has shown that this category differs from all others and is not directly associated with CSR (Krüger, 2015), leaving 12 variables depicting strengths or concerns across six categories. We stopped using KLD data after 2008 due to significant changes to the dataset in 2009.¹ This resulted in 5,639 firm-year observations.

Dependent Variable

To measure firm performance, we focus on accounting returns using return on assets (*ROA*). *ROA* depicts the efficiency in which firms generate profits from their assets and is the most common measure of firm performance used in strategic management research (Combs, Crook, & Shook, 2005). Instrumental stakeholder theory suggests that stakeholders respond to CSR either by paying a premium for the firm's offerings or providing inputs at favorable costs, both of which should positively impact *ROA*. In robustness tests, we also measure shareholders' perceptions of the firm's overall value from CSR strategies using Tobin's *Q*.

To capture annual changes, we introduce a one-year lag of *ROA* as a control variable in each model. For example, in the Model predicting ROA_{t+6} , we control for ROA_{t+5} . To capture short-term performance, we analyze how CSR strategies affect *ROA* at the end of the year (e.g., Kang, German & Grewal, 2016). To capture long-term performance, we analyze how CSR strategies affect *ROA* between one and seven years later. There is agreement that capturing long-term performance requires lags beyond one year, especially for CSR strategies where the impact on firm performance can take several years (Bansal, 2005; Eccles et al., 2014; Waddock & Graves, 1997). The literature is not precise regarding number of years, so we use seven to be comprehensive. For instance, the long-term performance effect of CSR strategies in 2008 is analyzed for each year between 2009 ($t+1$) and 2015 ($t+7$).

Independent Variables

Family ownership is measured as the percentage of stock above five percent directly and indirectly owned by the founding family, where ownership is coded as family ownership only if at least one family member who is not the founder is involved in ownership, management, or the board of directors (e.g., Jaskiewicz et al., 2017). The continuous measure of

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family ownership (above 5%) is consistent with our theorizing in that greater family ownership implies greater ability to build and preserve SEW and, by extension, generate SEW resources.

To measure *symbolic CSR* and *substantive CSR*, we adopt an approach advocated in finance research (Prakash et al., 2017). Although many studies have offered important insights by adding indicators across the 12 KLD categories (e.g., Waddock & Graves, 1997), scholars have described at least four problems. First, each KLD category has a different number of indicators, so summing them gives more weight to categories with more indicators. For example, employee relations strengths has twelve indicators while human rights strengths has only four; summing these gives three times more weight to employee relations than to human rights, which might not be theoretically appropriate. Second, the number of indicators per category is not stable over time. A category might have, for example, five indicators in one year and four in the next, leading to different values in different years even when a firm does not change its behavior. Third, summing KLD indicators across categories assumes each is of equal informational value even though some CSR categories (e.g., diversity) might be of more or less importance than others (e.g., environment) as part of a firm's overall CSR posture (Carroll et al., 2016). Fourth, many studies have summed the KLD category-level variables into a single construct despite emerging evidence that the KLD data maps onto at least two distinct constructs (e.g., Delmas et al., 2013; Walls et al., 2011). These problems have received increasing attention (e.g., Carroll et al., 2016), emphasizing the need for a different methodological approach.

One approach that mitigates all four problems is principal component analysis (PCA) (Prakash et al., 2017). PCA uses an iterative algorithm to identify a set of weights (w_x) called component loadings that can be multiplied by a set of variables (X_{l-k} , where k = the number of variables) to form unobserved latent variables called principal components (C_{l-k}). The principal components represent communality, or shared variance, among the variables. The goal of PCA is to identify a smaller number of components that parsimoniously represent the most important sources of shared variance.

The component loadings, or weights (w_{x-k}), are correlations between the observed variables (X_{l-k}) and unobserved components (C_{l-k}). The first principal component (C_1) is a set of weights (w_{x-k}) that maximize total shared variance explained. Each firm's score on C_1 is the sum of the weights for each variable multiplied by the observed value for that firm:

$$C_1 = w_{C_1X_1}(X_1) + w_{C_1X_2}(X_2) + w_{C_1X_3}(X_3) + w_{C_1X_4}(X_4) \dots$$

To generate the second principal component (C_2), the algorithm takes all the variance that was not explained by the first component (C_1) and searches for a set of weights that maximally explain the remaining shared variance. As such, scores for C_1 and C_2 are independent (i.e., orthogonal; $r_{C_1,C_2} = 0$). Unless stopped by the researcher after a designated number of components, this process continues until the number of components equals the number of variables and 100% of the variance among the variables is explained by the components.²

While PCA can produce 12 components from the 12 KLD variables (i.e., six categories of strengths and six categories of concerns) that explain all of the variance, the goal is to identify a smaller set of components that depict the most important sources of shared variance. The appropriate number of components should be guided by theory and the marginal gain in shared variance explained by the next component. A common rule is to retain all components with eigenvalues greater than one (Kaiser, 1960). A component's eigenvalue is the sum of the squared component loadings (i.e., $\sum w_{x-k}^2$); when divided by the number of variables (k), it gives the percentage of variance explained by the component. Because the number of strength and concern indicators varies from one KLD category to another and occasionally from year to year, we standardized the sum of the indicators in each category in each year and used z-scores as input into the PCA. Using an eigenvalue criterion of one, two components emerged for each year. The average loadings (or weights) for these two components are shown in Table 1. They explain on average about 33 percent of all variability across the twelve categories and over time.

Insert Table 1 about here

All KLD strengths and concerns except diversity concerns load positively on the first principal component. We label it *Symbolic CSR* because scores increase with simultaneous increases in both strengths and concerns, which is consistent with mean-ends decoupling wherein positive strengths sit alongside and distract from current stakeholder concerns. As an example, a firm that scored high on symbolic CSR in 2007 was Du Pont Chemical. Its standardized KLD scores for that year were: 2.62/3.67 = environment strengths/ concerns; 2.23/2.34 = product strength/ concerns; .55/1.41 = community strengths/ concerns; -.14/-.36 = human rights strengths/concerns; .37/.19 = employee relations strengths/concerns; and .77/-.54 =

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diversity strengths/concerns. Taking the loadings for the first component in Table 1, Du Pont Chemical's 2007 score for symbolic CSR is:

$$7.60 = (.622 * 2.62) + (.547 * 3.67) + (.423 * 2.23) + (.556 * 2.34) + (.633 * .55) + (.456 * 1.41) + (.280 * -.14) + (.447 * -.36) + (.578 * .37) + (.411 * .19) + (.686 * .77) + (-.205 * -.54)$$

All KLD strengths load negatively and all KLD concerns load positively on the second principal component. Thus, a firm that scores high on this component has low overall CSR while the component's inverse depicts a firm that has many CSR strengths and few concerns (see Table 1). We therefore label the component's inverse *Substantive CSR*; it increases as CSR strengths increase and decreases with CSR concerns. Applying Du Pont's 2007 KLD scores from above to the inverse loadings for component two (as shown in Table 1) yields the following score for substantive CSR:

$$.25 = (.43 * 2.62) + (-.519 * 3.67) + (.346 * 2.23) + (-.147 * 2.34) + (.286 * .55) + (-.468 * 1.41) + (.13 * -.14) + (-.304 * -.36) + (.224 * .37) + (-.323 * .19) + (.351 * .77) + (-.413 * -.54)$$

Because we standardized KLD categories, scores for symbolic and substantive CSR have a mean near zero and a standard deviation near one.

Although loadings are mostly positive for the six CSR strengths on both symbolic and substantive CSR, the addition or subtraction of a strength (all else equal) would change the scores by different degrees. Take environment strengths as an example; a one-unit increase (e.g., the indicator for 'waste management' went from zero to one) with no other changes increases symbolic CSR by .622 but substantive CSR would increase by only .043. If we simultaneously add a one-unit increase in environment concerns (e.g., the indicator for 'hazardous waste' went from zero to one), however, the symbolic score would increase to 1.169 (i.e., 1 strength * .622 plus 1 concern * .547) but substantive CSR would decrease by -.476 (i.e., 1 strength * .043 plus 1 concern * -.519). The score for symbolic CSR mostly increases with concerns because, for means-ends decoupling to occur (i.e., positive actions that distract from concerns), firms must have concerns that strengths can distract from. For substantive CSR, the highest scores go to firms with few concerns and many strengths. Loadings for concerns are higher-in-magnitude than for strengths, which is consistent with the idea that concerns are hard to address substantively (cf. Carrol et al., 2016). It is possible, however, for firms to score relatively high on both symbolic and substantive CSR. 3M, for example,

is repeatedly in the top 95% for both. Firms like 3M score high on symbolic CSR because they have many strengths and simultaneously many concerns, and they score high on substantive CSR because they have many more strengths than concerns.

A concern about KLD is that it does not differentiate between easy versus hard and important versus trivial CSR indicators. Carrol et al. (2016) address this issue directly by estimating a latent CSR score using Bayesian estimation. Although their estimate (called D-SOCIAL-KLD) was derived from the many (non-governance) individual KLD indicators that we summed into each of the 12 KLD categories, our first principal component (i.e., symbolic CSR) correlates with D-SOCIAL-KLD at $r = .78$, suggesting that our measures also differentiates meaningfully among easy/hard and important/trivial KLD indicators.³

Control Variables

Research suggests that *Firm size*, *Firm age*, and *Firm leverage* affect both CSR strategies and firm performance (Margolis et al., 2009). We measure *Firm size* using the natural log of total assets. Larger firms have economies of scale that can also be harnessed to implement CSR. *Firm age* is measured as the natural log of the number of years since the firm's founding. Older firms have more experience implementing CSR (Moore, 2001). *Firm leverage* is defined as the ratio of long-term debt to total assets (Husted, Jamali, & Saffar, 2016). Leverage enhances performance for firms with sufficient cash flow, but it can leave firms with fewer resources for CSR (Mishra & Modi, 2013). Following McWilliams and Siegel (2001), we include annual *Sales growth*, level of *Diversification*, *R&D intensity*, and *Advertising intensity* as additional controls. Rapidly expanding *Sales growth* enhances firm performance by increasing economies of scale, but it might also force managers' attention away from CSR (Husted et al., 2016). *Diversification* is measured by the natural logarithm of the number of business segments. Large, diversified firms pay more attention to CSR (Strike, Gao, & Bansal, 2006). *R&D intensity*, measured as R&D expenditure/sales, is a proxy for growth opportunities. Firm performance increases when firms exploit promising growth opportunities, but such activities might draw managers' attention away from CSR (Husted et al., 2016). *Advertising intensity* is measured as the ratio of advertising expenses to sales and indicates that buyers are aware of the firm's brand and its CSR strategies (Servaes & Tamayo, 2013). Managers invest in advertising to increase awareness and sales, which should improve firm performance, and we expect managers to leverage CSR as part of such efforts. We control for past accounting performance using *Return on Assets*

(ROA) and firm value using Chung and Pruitt's (1994) formula for *Tobin's Q*. These are important controls because better performing firms might have more financial resources for CSR (Campbell, 2007; Chiu & Walls, 2019). We control for *Market cycle* with an indicator variable taking the value of one for expansionary periods. Munificent environments increase resources for CSR (McWilliams & Siegel, 2001). Data for this variable were obtained from the National Bureau of Economic Research (NBER). Finally, Miller et al. (2007) show that it is important to distinguish family firms from lone founder firms; we thus controlled for *Lone-founder ownership* using the percentage of stock above five percent owned by a founder when there are no other family members involved in ownership, management, or the board of directors (Jaskiewicz et al., 2017).

Model Specification

As suggested by the Hausman Test, we use year- and firm-fixed effects to control for unchanging firm-level characteristics. Because firms appear annually in our analysis, observations are not independent and standard errors might be biased. We address this issue through robust standard errors. All control and independent variables except ROA are measured at $t=0$. For instance, in Model ROA_{t+3}, the dependent variable (DV) is measured at time $t+3$ while control and independent variables are measured at $t=0$. ROA as a control is lagged one year so that regression coefficients reflect year-over-year changes in ROA, limiting the potential for both serial correlation and endogeneity from reverse causality. Endogeneity is also investigated using propensity score matching as summarized in the robustness test section.

RESULTS

Table 2 presents descriptive statistics and correlations. Family ownership correlates negatively with symbolic CSR and positively with substantive CSR, and substantive CSR correlates positively with ROA. With respect to control variables, firm size, firm age, leverage, diversification, and advertising intensity relate positively to symbolic CSR, whereas sales growth, R&D intensity, Tobin's Q, market cycle, and lone-founder ownership relate negatively. R&D intensity, advertising intensity, Tobin's Q, market cycle, and lone-founder ownership relate positively to substantive CSR, whereas firm size, firm age, leverage, sales growth and diversification relate negatively.

Insert Tables 2-3 about here

Table 3 presents multivariate analyses of symbolic and substantive CSR on ROA lagged up to seven years. Each CSR strategy is measured in $t=0$. ROA_{t+1}, ROA_{t+2} ... ROA_{t+7} represent firm performance, one, two, up to seven-year(s) after $t=0$. The interaction between each CSR strategy and family ownership tests the hypotheses. Hypothesis 1 predicts that family ownership makes the short-term relationship between symbolic CSR and firm performance more positive (or less negative). Family ownership moderates the relationship between symbolic CSR and ROA such that it is significantly more positive in the short term (i.e., the same year), supporting Hypothesis 1 ($\beta_{t=0} = 0.072$; $p = 0.001$).

Hypothesis 2 predicts that family ownership enables a more positive (or less negative) long-term relationship between substantive CSR and firm performance. Family ownership moderates the relationship between substantive CSR and ROA such that this relationship is significantly more positive two through five years later, supporting Hypothesis 2 ($\beta_{t=2} = 0.034$; $p = 0.009$; $\beta_{t=3} = 0.029$; $p = 0.026$; $\beta_{t=4} = 0.074$; $p < 0.001$; $\beta_{t=5} = 0.033$; $p = 0.011$).

Effect sizes suggest that increasing symbolic CSR by 10 percent in year $t=0$ relates to a same-year increase in ROA of 0.72 percentage points for the average family firm and no change in ROA for non-family firms. A 10 percent increase in substantive CSR relates to a year $t+3$ increase in ROA of 0.74 percentage points for the average family firm and no change in ROA for non-family firms. In other words, based on the average ROA in our sample, a 10 percent increase in substantive CSR translates in three years to an ROA of 5.04% for the average family firm and 4.30% for the average non-family firm, a 17.2 percent difference. Overall, family firms appear better equipped to leverage symbolic and substantive CSR strategies to enhance firm performance in the short and long term, respectively.

The interaction terms capture variation in CSR-ROA relationships attributable to family ownership, leaving variation attributable to nonfamily firms in the main-effect coefficients for symbolic and substantive CSR. The interaction and main-effect coefficients yield the slopes, respectively, for family and nonfamily firms' CSR-ROA relationships, which are plotted for symbolic CSR in Figure 2 at $t=0$ and for substantive CSR in Figure 3 at $t+3$. *T*-tests reveal that the simple slopes are more positive for family firms for symbolic CSR in $t=0$ and substantive CSR in each year between $t+2$ and $t+5$, inclusive, supporting our theory that family firms receive more "bang for the buck." Indeed, as shown in the main-effect coefficients for symbolic and substantive CSR in Table 3, relationships between both symbolic and substantive CSR and ROA among nonfamily firms are

nonsignificant, which is consistent with theory suggesting that firms need stakeholder influence capacity to benefit from CSR (Barnett, 2007) and evidence that the CSR-performance relationship is negative for many public firms (Barnett & Salomon, 2012).

Insert Figures 2-3 about here

Robustness Tests

We conducted several robustness tests to assess the sensitivity of our results. First, to investigate the robustness of family ownership as a proxy for SEW, we re-ran the models using an indicator variable coded as family firms equal one if the family owned at least five percent and more than one family members served as managers or board members; results remain unchanged (online Appendix 1). We then split the sample to compare family and nonfamily firm effects separately. This analysis confirmed that symbolic and substantive CSR coefficients for family firms were similar to the interaction terms reported in Table 3 (online Appendix 2a), and symbolic and substantive CSR coefficients for nonfamily firms were similar to the symbolic and substantive CSR (main effect) coefficients reported in Table 3 (online Appendix 2b).

Second, we find mostly nonsignificant relationships between firm performance and symbolic and substantive CSR among nonfamily firms. Of the main effects, only symbolic CSR in $t=1$ is significant at $p < .10$. The same pattern emerges in analyses wherein family and nonfamily effects are averaged by removing the interaction terms (online Appendix 3). At first blush, these insignificant relationships might seem inconsistent with primary studies and meta-analyses suggesting a small positive overall CSR effect on firm performance. However, meta-analysis uses correlations as inputs and cannot control for many unobserved firm-level factors (e.g., good management, corporate culture) that might explain both CSR and superior performance (and thus confound the link between them). Also, many, if not most, studies reporting positive main effects use year- and industry- but not firm-fixed effects (e.g., Alwaysheh, Heron, Perry, & Wilson, 2020), which is necessary to control for unobserved firm-level factors. Studies show that the positive overall effects of CSR on firm performance disappear when using more conservative specifications like ours that control for unobserved firm-level heterogeneity (Barnett & Salomon, 2012). Indeed, when we drop the firm fixed-effects specification, and instead use industry-effects, symbolic CSR is positively and significantly related to ROA in years $t=0$ through $t=7$, and substantive CSR is

positively related to ROA in years $t=0$ through $t=6$ (online Appendix 4).

Third, if stakeholders' collective assessments of the firm improve, or investors anticipate that such assessments will improve, it should fuel investors' overall evaluation as reflected in Tobin's Q. We therefore ran the models with Chung and Pruitt's (1994) formula for Tobin's Q as the dependent variable. Results mirror those for ROA (online Appendix 5).

Fourth, we needed to exclude the potential that firms with higher family ownership might not be better at leveraging CSR but simply engage in different levels of CSR. To do so, we regressed family ownership and the same set of controls (in Table 3) on symbolic CSR, substantive CSR, and each of the 12 KLD category variables (online Appendices 6 and 7). All coefficients are non-significant, suggesting that family firms do not engage in different levels of symbolic CSR, substantive CSR, or any of their underlying activities. The positive performance effect of symbolic CSR and substantive CSR in family relative to non-family firms seems to be driven by family firm's superior ability to deploy and leverage CSR strategies.

Fifth, our measure for symbolic CSR captures the simultaneity of strengths and concerns under the assumption that the former are decoupled from the latter. We found a positive correlation between strengths and concerns within each category except diversity, suggesting means-ends decoupling. Earnest attempts to reduce concerns with strengths would imply a negative correlation. We pursued three additional tests of this assumption. First, we regressed the number of CSR strengths and the same set of controls (in Table 3) on the number of CSR concerns in the following year. The relationship is not significant. Second, because CSR strengths might need several years to address CSR concerns, we re-ran the regression using two- and three-year lags. Again, no effect was found. Finally, it is possible that only firms with high levels of CSR strengths can use them to reduce concerns, so we ran the same regression using only firms in the highest 25th percentile of symbolic CSR (who have many strengths and many concerns). The effect is also insignificant in this subsample. Indeed, only 12 of the 62 firms in the top 25 percent in symbolic CSR in 2005 saw any reduction in concerns by 2008; five saw an increase, while 45 had no change. These robustness tests provide strong support that, consistent with our measure of symbolic CSR, the vast majority of firms used symbolic CSR to distract from current concerns. Very few firms used strengths to reduce concerns.

Finally, we needed to address endogeneity concerns related to the possibility that results are

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driven by some untheorized and omitted variable that systematically co-varies with firm ownership, CSR strategy, and firm performance. To investigate this possibility, we used propensity score matching. Each family firm was matched with a similar non-family firm based on industry, year, and market capitalization. Re-running the models using propensity score matching yielded comparable coefficients and significance levels as in our main findings (plus a significant family ownership-substantive CSR interaction at $t+1$) (online Appendix 8).

DISCUSSION

Previous research shows that while pursuing SEW often leads family firms to forgo lucrative investment opportunities (e.g., Gómez-Mejía et al., 2010; 2011), it also generates what we call SEW resources that have strategic value in certain industries (Naldi et al., 2013). Our study extends this line of inquiry by recognizing that SEW resources not only have value in certain industries; they can also *change* outcomes from certain strategic decisions – CSR in our example. Rather than passively comparing mixed gamble decision outcomes comprised of competing SEW and financial losses and gains, SEW resources can change the mix of gains and losses family firms confront. Family firms do more than “do it differently” to preserve SEW; they sometimes “do it better” because of SEW.

Prior research shows that pursuing SEW generates SEW resources such as favorable reputations, strong stakeholder relationships, and LTOs (e.g., Deephouse & Jaskiewicz, 2013; Miller et al., 2008; Strike et al., 2015). Drawing on instrumental stakeholder theory, we theorized that: (1) favorable reputations and strong stakeholder relationships help family firms better leverage symbolic CSR in the short term by lending credibility to positive CSR actions; and (2) strong stakeholder relationships and LTOs help family firms better leverage substantive CSR in the long term by easing implementation and enhancing stakeholders’ desire to reciprocate. In support of our theorizing, we found that relative to nonfamily firms, greater family ownership (and thus SEW resources), strengthens relationships between symbolic CSR and short-term ($t=0$) performance and between substantive CSR and long term ($t+2$ through $t+5$) performance.

Our study also illustrates a method for measuring symbolic and substantive CSR and reveals their temporal differences. Methodological challenges measuring CSR are one reason for inconclusive results regarding the CSR-firm performance relationship (e.g., Carroll et al., 2016; Delmas et al., 2013). By surfacing symbolic and substantive components within KLD data and showing that these components have different temporal effects, we set the stage for future researchers to empirically leverage this

important distinction and highlight the need for longitudinal designs that capture CSR strategies’ different temporal effects beyond one or two years. Our theory and results have important implications for future family business research and efforts to better understand links between CSR strategies and firm performance.

Implications for Family Business Research

Our research focused on CSR as an example of a strategic decision where outcomes can be changed by SEW resources. One implication is that there are likely other strategic decisions where SEW resources alter outcomes, and there is merit in future inquiry focused on identifying such decisions. Strategic decisions regarding supply chain integration, alliance formation and management, and innovation, for example, might warrant attention because, like CSR, such efforts might benefit from SEW resources: favorable reputations attract partners (e.g., Dollinger et al., 1997), effective stakeholder relationships facilitate joint value creation (Dyer & Singh, 1998), and an LTO helps keep innovation on track (Wang & Bansal, 2012).

Our theorizing was built on strong evidence that pursuing SEW generates favorable reputations (e.g., Deephouse & Jaskiewicz, 2013), strong stakeholder relationships (e.g., Miller et al., 2008), and LTOs (Strike et al., 2015) among family firms, and instrumental stakeholder theory linking such resources to firms’ abilities to leverage CSR (Barnett, 2007; Bosse et al., 2009; Jones et al., 2018). Future research might advance by identifying differences among family firms in terms of the specific SEW resources they develop and which SEW resources – or combinations of SEW resources – best leverage different strategies. Our theorizing, for example, implies that a family firm with a favorable reputation and strong stakeholder relationships, but not an LTO, benefits from symbolic CSR but lacks the long-term commitments needed to implement, and benefit from, substantive CSR. Efforts to isolate SEW resources would also dovetail with emerging efforts to explain variance among family owners in terms of the SEW dimensions they pursue (e.g., Brinkerink & Bammens, 2018) and, more broadly, efforts to understand the wide heterogeneity among family firms (e.g., Miller & Le Breton-Miller, 2020).

Implications for CSR Research

Our finding that family but not nonfamily firms, on average, effectively leverage their CSR strategies to enhance firm performance implies that much of the small positive relationship between CSR and firm performance found in prior meta-analyses (e.g., Margolis et al., 2009; Wang et al., 2016) is attributable

to the presence of family firms in samples. However, there is also a great deal of variance among nonfamily firms in their ability to leverage CSR (e.g., Barnett & Salomon, 2012). Our focus on family ownership suggests that other types of owners might be a place to advance efforts to explain such variance. For instance, prior research shows that institutional investors enhance environmental performance (Walls, Berrone, & Phan, 2012), suggesting merit in future studies that investigate whether differences among institutional shareholders (e.g., passive versus active) or other kinds of owners (e.g., lone founders) have different effects on the CSR-firm performance relationship.

We also consider whether such effects are temporally different across CSR strategies. Corporate (social) responsibility research (e.g., Waddock & Graves, 1997) differs from (closely-related) research on corporate sustainability in its treatment of time (Bansal & Song, 2017). The latter argues that companies that take a long-term perspective are more likely to address sustainability holistically by addressing intertemporal trade-offs in their strategies (Bansal & DesJardine, 2014; Slawinski & Bansal, 2015). Our findings regarding the long-term benefits of substantive CSR suggests family owners' LTOs help them address such tradeoffs. Whereas time is a defining characteristic of sustainability research (Bansal, 2005; Bansal & DesJardine, 2014), ours is the first in the corporate (social) responsibility tradition to investigate time implications beyond a year or two and to differentiate temporally among CSR dimensions in terms of financial outcomes. Perhaps substantive CSR can advance future research at the intersection between corporate responsibility and sustainability traditions by shedding light on conditions that foster both responsibility *and* sustainability (cf. Bansal & Song, 2017).

Our attempt to resolve challenges in the KLD dataset and identify measures that match theory also has implications for future research. First, the different weights the PCA assigned to each KLD category for symbolic and substantive CSR suggest value in more fine-grained approaches to capture complementarities among CSR categories. Diversity provides a particularly interesting example. The comparatively large weights for diversity strengths for substantive CSR and (both) diversity strengths and concerns for symbolic CSR suggest its importance, but the small negative weight for diversity concerns on symbolic CSR suggests that, unlike other KLD categories, no amount of decoupling can overcome diversity concerns. Stated differently, if concerns are raised about a firm's diversity, relative to other CSR categories, investing in positive counteractions to distract attention appears ineffective. Differences among the category weights thus suggest merit in

efforts to understand how each CSR category interacts with others to form overall CSR strategies and influence outcomes.

A second implication from our attempt to resolve challenges in KLD is that PCA might be used to develop more refined CSR measures. To maintain consistency with prior research, we kept all 12 KLD categories and thus did not take advantage of PCA's ability to identify the "best" variables (i.e., those with high loadings). Taking our last year of KLD data (2008) as an example, symbolic and substantive CSR explain 27.64% and 10.77% of the variance of the 12 variables, respectively. Researchers often drop variables with loadings below .3, which in 2008 are human rights strengths, diversity concerns, and product strengths. Dropping these, symbolic and substantive CSR respectively explain 44.06% and 14.59% of the remaining variance (online Appendix 9). Using PCA in this way might help CSR researchers converge on a set of essential variables that best capture firms' CSR strategies and identify those KLD categories that "act differently" from the others. Indeed, looking at the third to 12th principal component (which we did not use due to low eigenvalues) reveals that a few KLD categories contribute little to the first two components (i.e., substantive and symbolic CSR) and largely "stand alone". For example, human rights strengths, which has relatively small weights for the first (i.e., symbolic CSR; $w = .28$) and second component (i.e., substantive CSR; $w = .13$) dominates the third component ($w = .74$), suggesting that human rights strengths, while contributing something to the two main CSR constructs, might reasonably be viewed as a distinct construct. The relative weights of different KLD categories, and the extent to which different KLD categories might form additional theoretical constructs, point to value in future efforts to understand how different portfolios of KLD strengths and concerns might "fit" with a particular firm's competitive capabilities and/or a sector's institutional norms.

Future Research Implications of Limitations

All studies have limitations and ours is no exception. First, our study focuses on large publicly-listed firms in the United States. We believe, however, that this sample introduces a conservative bias. Robustness tests show that results are strongest among family firms with large family ownership, which is the norm among the vast majority of privately held family firms around the globe. Thus, it is important to learn how much more the performance benefits of symbolic and substantive CSR strategies might be among private firms as this bias implies.

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Second, we build upon a stream of research theorizing that family owners' pursuit of SEW generates SEW resources (Naldi et al., 2013) and showing empirically that family firms have better reputations (Deephhouse & Jaskiewicz, 2013), stronger stakeholder relationships (Miller et al., 2008), and adopt LTOs (Strike et al., 2015), but we do not measure these SEW resources. SEW has long served as an unmeasured theoretical construct, and this limitation reinforces the need for emerging efforts to better define and measure the dimensions of SEW (e.g., Berrone et al., 2012) and associated SEW resources.

Third, consistent with studies that describe how firms facing specific concerns (e.g., an oil spill) commonly distract from these by investing in CSR strengths (e.g., donate to marine parks, introduce water recycling protocols), our measure of symbolic CSR assumes that strengths that rise in proportion to concerns are largely decoupled. Indeed, this is one reason the loadings for strengths are relatively larger for symbolic than substantive CSR; strengths must be proportional to the concerns they symbolically distract from. We acknowledge, however, that some proportion of strengths, more so at some than other firms, are probably earnest attempts to reduce concerns. Thus, future efforts to identify the conditions under which firms' positive actions in the face of concerns are more than symbolic appear warranted.

Finally, we were limited to an institutional context with a developed regulatory framework. Several studies show, however, that firms operating in extractive sectors in less developed countries act irresponsibly, on average, in the absence of environmental regulation and enforcement (e.g., Dam & Scholtens, 2008). This raises questions about whether family firms in such sectors and countries might behave as irresponsibly as their non-family peers.

CONCLUSION

We developed theory suggesting that SEW resources give more credibility to family-owned firms' symbolic CSR in the short term and support implementation of and multiply reciprocal responses to substantive CSR over time. Evidence that family ownership helps leverage symbolic and substantive CSR over different time periods is consistent with this theorizing. The concept of SEW resources provides an important counterpoint to the conservative strategic stance typically attributed to SEW. SEW resources not only aid performance in certain industries; they can change outcomes from certain strategies. Our study also applies a more refined method for aggregating raw KLD data and draws attention to the temporal

implications of different CSR strategies. We hope that these efforts offer a modest step toward better understanding the implications of family ownership and the conditions under which CSR can be leveraged to enhance firm performance.

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FOOTNOTES

1. In 2009, KLD was acquired by RiskMetrics, which was acquired by MSCI in 2010. This acquisition was followed by a revision of all data collection and aggregation processes, methodologies, and analytical procedures. While MSCI continued to produce KLD-type data post acquisition, due to differences in collection and compilation methodologies, the post acquisition data is not directly comparable with earlier KLD data.
2. PCA is often confused with factor analysis. PCA identifies a small set of components (or variables) that are linear combinations of a larger set of variables. Factor analysis assesses the degree to which multiple measures reflect a common latent factor (or construct). For a more complete discussion of PCA, see Johnson and Wichern (2007).
3. Carroll et al. (2016) compared their Bayesian-based estimate to factor scores based on the individual KLD indicators and found 19 components with Eigenvalues greater than 1, many of which are difficult to interpret. This problem goes away when the PCA is run at the category level.

Table 1

Component Loadings

	Symbolic CSR (PCA1)	Substantive CSR (-PCA2)	Communalities
Product strengths	.423	.346	.298
Diversity strengths	.686	.351	.594
Community strengths	.633	.286	.482
Employee relations strengths	.587	.224	.394
Human rights strengths	.280	.130	.096
Environment strengths	.622	.043	.388
Product concerns	.556	-.147	.331
Diversity concerns	-.205	-.413	.213
Community concerns	.456	-.468	.426
Employee relations concerns	.411	-.323	.274
Human rights concerns	.447	-.304	.292
Environment concerns	.547	-.519	.568
Eigenvalues	2.827	1.339	
% of variance	23.56%	11.15%	

Note: The underlying KLD data are positive counts of the 0/1 indicators within each category and are thus all positive (see for a list of KLD indicators and categories online Appendix 10). The positive and negative weights shown for each category are multiplied by each firm's standardized count in each category to arrive at a category-level score that is summed across categories to arrive at a firm-level score for each principal component. We reversed the signs to make the loading of the second component so that positive scores reflect substantive CSR.

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Table 2
Descriptive Statistics

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. ROA	0.043	0.121														
2. Firm size (log)	9.177	1.474	-0.08 [0.000]													
3. Firm age (log)	3.261	0.718	0.07 [0.000]	0.14 [0.000]												
4. Firm leverage	0.199	0.146	-0.10 [0.000]	0.06 [0.000]	0.09 [0.000]											
4. Sales growth	1.093	0.260	0.09 [0.000]	0.08 [0.000]	-0.06 [0.000]	-0.02 [0.196]										
5. Diversification	1.097	0.585	-0.02 [0.249]	0.07 [0.000]	0.16 [0.000]	-0.01 [0.349]	-0.01 [0.395]									
6. R&D intensity	0.034	0.079	-0.14 [0.000]	-0.19 [0.000]	-0.14 [0.000]	-0.20 [0.000]	0.00 [0.796]	-0.01 [0.490]								
7. Advertising intensity	0.012	0.027	0.10 [0.000]	-0.04 [0.001]	0.07 [0.000]	-0.02 [0.153]	-0.03 [0.037]	-0.06 [0.000]	-0.01 [0.413]							
9. Tobin's Q	1.959	1.336	0.22 [0.000]	-0.27 [0.000]	-0.11 [0.000]	-0.25 [0.000]	0.11 [0.000]	-0.10 [0.000]	0.30 [0.000]	0.22 [0.000]	0.35 [0.000]					
10. Market cycle	0.822	0.383	-0.03 [0.047]	-0.09 [0.000]	0.02 [0.247]	-0.07 [0.000]	0.06 [0.000]	0.00 [0.942]	-0.04 [0.001]	-0.03 [0.047]	0.06 [0.000]	0.03 [0.038]				
11.Lone founder ownership	0.110	0.313	0.00 [0.924]	-0.13 [0.000]	-0.25 [0.000]	-0.11 [0.000]	0.06 [0.000]	-0.08 [0.000]	0.24 [0.000]	0.00 [0.924]	0.01 [0.613]	0.23 [0.000]	-0.05 [0.000]			
12. Family ownership	0.125	0.331	0.09 [0.000]	-0.13 [0.000]	0.02 [0.074]	-0.04 [0.002]	-0.02 [0.146]	0.00 [0.896]	-0.06 [0.000]	0.09 [0.000]	0.07 [0.000]	0.04 [0.003]	0.02 [0.105]	-0.11 [0.000]		
13. Symbolic CSR	0.016	1.010	0.06 [0.000]	0.51 [0.000]	0.30 [0.000]	0.03 [0.019]	-0.03 [0.013]	0.12 [0.000]	-0.03 [0.049]	0.06 [0.000]	0.01 [0.518]	-0.07 [0.000]	0.00 [0.807]	-0.14 [0.000]	-0.09	
14. Substantive CSR	-0.007	1.011	0.16 [0.000]	-0.05 [0.001]	-0.11 [0.000]	-0.17 [0.000]	0.00 [0.813]	-0.03 [0.020]	0.12 [0.000]	0.16 [0.000]	0.07 [0.000]	0.19 [0.000]	0.00 [0.804]	0.10 [0.000]	0.02 [0.189]	0.00 [0.000]

Notes: All correlations with absolute value greater than 0.02 are significant at $p < 0.05$. P values are in brackets.

Table 3
Family Firms, CSR Strategies, and Firm Performance

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Constant	-0.16 (0.05) [0.004]	-0.06 (0.07) [0.399]	0.30 (0.06) [0.000]	0.29 (0.05) [0.000]	0.23 (0.06) [0.000]	0.13 (0.06) [0.021]	0.01 (0.06) [0.827]	-0.12 (0.07) [0.093]
Firm size	-0.04 (0.01) [0.000]	-0.03 (0.01) [0.000]	-0.03 (0.01) [0.000]	-0.02 (0.00) [0.000]	-0.02 (0.00) [0.000]	-0.01 (0.00) [0.001]	-0.01 (0.00) [0.134]	-0.01 (0.00) [0.211]
Firm age	0.03 (0.02) [0.120]	0.07 (0.02) [0.006]	0.00 (0.02) [1.000]	0.00 (0.01) [0.758]	0.00 (0.02) [0.803]	0.01 (0.01) [0.538]	0.02 (0.02) [0.151]	0.04 (0.02) [0.015]
Firm leverage	-0.08 (0.03) [0.002]	-0.07 (0.03) [0.020]	-0.05 (0.02) [0.006]	-0.04 (0.02) [0.040]	-0.04 (0.02) [0.040]	0.01 (0.02) [0.494]	-0.01 (0.02) [0.682]	0.02 (0.02) [0.247]
Sales growth	0.02 (0.01) [0.001]	0.01 (0.01) [0.356]	0.01 (0.01) [0.030]	0.00 (0.00) [0.134]	0.01 (0.00) [0.001]	0.02 (0.00) [0.000]	0.00 (0.00) [0.803]	0.00 (0.00) [0.617]
Diversification	0.00 (0.00) [0.505]	0.00 (0.00) [0.505]	0.00 (0.00) [0.317]	0.00 (0.00) [0.739]	-0.01 (0.00) [0.046]	-0.01 (0.00) [0.046]	0.00 (0.00) [0.505]	-0.01 (0.00) [0.020]
R&D intensity	-0.45 (0.14) [0.001]	-0.05 (0.12) [0.684]	0.04 (0.05) [0.328]	0.03 (0.03) [0.285]	0.05 (0.02) [0.012]	-0.07 (0.03) [0.039]	-0.18 (0.04) [0.000]	-0.08 (0.05) [0.119]
Advertising intensity	-0.17 (0.11) [0.128]	0.06 (0.14) [0.654]	0.29 (0.24) [0.227]	-0.04 (0.12) [0.741]	0.02 (0.10) [0.814]	-0.05 (0.11) [0.654]	-0.08 (0.09) [0.399]	-0.11 (0.10) [0.271]
ROA (t-1)	0.21 (0.04) [0.000]	0.17 (0.04) [0.000]	0.20 (0.03) [0.000]	0.17 (0.03) [0.000]	0.17 (0.03) [0.000]	0.17 (0.03) [0.000]	0.17 (0.04) [0.000]	0.19 (0.03) [0.000]
Tobin's Q (t=0)	0.02 (0.00) [0.000]	0.01 (0.00) [0.000]	0.02 (0.00) [0.000]	0.00 (0.00) [0.000]	0.00 (0.00) [0.000]	0.00 (0.00) [0.000]	0.00 (0.00) [0.000]	0.00 (0.00) [0.000]
Market cycle	0.01 (0.00) [0.000]	0.03 (0.00) [0.000]	0.00 (0.00) [0.000]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.000]	0.02 (0.00) [0.000]
Lone founder ownership	0.05 (0.12) [0.692]	0.07 (0.10) [0.464]	0.00 (0.08) [0.981]	0.16 (0.12) [0.202]	0.46 (0.24) [0.059]	0.07 (0.05) [0.156]	0.02 (0.13) [0.866]	0.03 (0.07) [0.694]
Family ownership	0.02 (0.04) [0.646]	0.02 (0.05) [0.672]	0.06 (0.05) [0.272]	0.01 (0.04) [0.720]	0.06 (0.04) [0.127]	0.00 (0.03) [0.950]	0.06 (0.03) [0.049]	0.07 (0.03) [0.028]
Symbolic CSR	0.00 (0.00) [0.617]	0.01 (0.00) [0.020]	0.00 (0.00) [0.182]	0.00 (0.00) [0.134]	0.00 (0.00) [0.317]	0.00 (0.00) [0.617]	0.00 (0.00) [0.739]	0.00 (0.00) [0.317]

Table 3 (continued)
Family Firms, CSR Strategies, and Firm Performance

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Substantive CSR	0.00 (0.00) [0.617]	0.00 (0.00) [0.617]	0.00 (0.00) [0.317]	0.00 (0.00) [0.317]	0.00 (0.00) [0.617]	0.00 (0.00) [0.617]	0.00 (0.00) [1.000]	0.00 (0.00) [0.317]
Symbolic CSR x Family ownership	0.07 (0.02) [0.000]	-0.01 (0.02) [0.555]	0.01 (0.03) [0.702]	0.00 (0.03) [0.873]	0.02 (0.02) [0.382]	-0.02 (0.02) [0.453]	0.01 (0.02) [0.713]	-0.03 (0.02) [0.155]
Substantive CSR x Family ownership	0.01 (0.01) [0.677]	0.01 (0.01) [0.677]	0.03 (0.01) [0.009]	0.03 (0.01) [0.026]	0.07 (0.02) [0.000]	0.03 (0.01) [0.011]	0.01 (0.01) [0.538]	-0.01 (0.01) [0.505]
<i>Adj. R²</i>	0.22	0.13	0.08	0.06	0.06	0.04	0.05	0.05
<i>N</i>	5,279	5,089	4,890	4,711	4,545	4,395	4,270	4,131

Notes: Standard errors in parentheses. *P* values are in brackets.

Figure 1

Theoretical Model

Figure 2

Interaction Plot for Symbolic CSR, Family Ownership, and Firm Performance (at the end of $t=0$)

Figure 3

Interaction Plot for Substantive CSR, Family Ownership, and Firm Performance (in t+3)

ONLINE APPENDICES

Online Appendix 1

Main Models with Indicator Variable for Family Firms

	(1) ROA (t=0)	(2) ROA (t=1)	(3) ROA (t=2)	(4) ROA (t=3)	(5) ROA (t=4)	(6) ROA (t=5)	(7) ROA (t=6)	(8) ROA (t=7)
Constant	-0.14 (0.05) [0.010]	-0.07 (0.07) [0.296]	0.30 (0.06) [0.000]	0.32 (0.06) [0.000]	0.23 (0.06) [0.000]	0.13 (0.05) [0.009]	-0.01 (0.06) [0.844]	-0.13 (0.07) [0.051]
Firm size	0.00 (0.00) [0.453]	-0.03 (0.01) [0.000]	-0.03 (0.00) [0.000]	-0.03 (0.00) [0.000]	-0.02 (0.00) [0.000]	-0.01 (0.00) [0.003]	-0.01 (0.00) [0.211]	-0.01 (0.00) [0.211]
Firm age	0.03 (0.02) [0.080]	0.07 (0.02) [0.002]	0.00 (0.02) [0.901]	-0.01 (0.02) [0.689]	-0.01 (0.02) [0.755]	0.00 (0.01) [0.758]	0.03 (0.02) [0.092]	0.05 (0.02) [0.009]
Firm leverage	-0.09 (0.02) [0.000]	0.06 (0.03) [0.042]	0.01 (0.02) [0.528]	-0.02 (0.02) [0.176]	-0.01 (0.02) [0.541]	0.01 (0.02) [0.494]	-0.01 (0.02) [0.703]	0.02 (0.02) [0.269]
Sales growth	0.02 (0.01) [0.000]	0.00 (0.01) [0.868]	0.00 (0.01) [0.868]	0.00 (0.00) [0.317]	-0.01 (0.00) [0.134]	0.00 (0.00) [0.317]	0.00 (0.00) [0.617]	0.00 (0.00) [0.617]
Diversification	0.00 (0.00) [0.505]	0.00 (0.00) [0.505]	0.00 (0.00) [0.182]	0.00 (0.00) [0.739]	0.00 (0.00) [0.182]	0.01 (0.00) [0.096]	0.00 (0.00) [0.505]	-0.01 (0.00) [0.046]
R&D intensity	-0.45 (0.08) [0.000]	0.04 (0.09) [0.649]	0.01 (0.04) [0.705]	0.03 (0.02) [0.134]	0.04 (0.02) [0.087]	-0.06 (0.03) [0.035]	-0.14 (0.04) [0.001]	0.04 (0.06) [0.456]
Advertising intensity	-0.21 (0.13) [0.100]	0.02 (0.14) [0.867]	0.29 (0.23) [0.207]	0.03 (0.12) [0.788]	0.05 (0.10) [0.617]	-0.10 (0.12) [0.370]	-0.11 (0.10) [0.266]	-0.09 (0.09) [0.317]
ROA (t-1)	0.20 (0.04) [0.000]	0.16 (0.04) [0.000]	0.19 (0.03) [0.000]	0.17 (0.03) [0.000]	0.17 (0.03) [0.000]	0.17 (0.03) [0.000]	0.16 (0.03) [0.000]	0.18 (0.03) [0.000]
Tobin's Q (t=0)	0.02 (0.00) [0.000]	0.01 (0.00) [0.000]	-0.01 (0.00) [0.096]	0.00 (0.00) [0.046]	0.00 (0.00) [0.317]	0.00 (0.00) [1.000]	0.00 (0.00) [0.317]	0.00 (0.00) [0.003]
Market cycle	0.01 (0.00) [0.000]	0.03 (0.00) [0.000]	0.00 (0.00) [0.182]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.008]	0.02 (0.00) [0.000]
Lone-founder firm	0.01 (0.02) [0.638]	0.05 (0.02) [0.050]	0.04 (0.02) [0.020]	-0.01 (0.01) [0.617]	-0.01 (0.01) [0.489]	0.00 (0.01) [0.716]	0.01 (0.01) [0.398]	-0.02 (0.02) [0.189]
Family firm	0.02 (0.02) [0.359]	0.02 (0.02) [0.235]	0.02 (0.01) [0.069]	-0.01 (0.01) [0.617]	0.00 (0.02) [0.841]	0.00 (0.01) [0.912]	0.01 (0.01) [0.489]	-0.02 (0.01) [0.218]
Symbolic CSR	0.00 (0.00) [0.617]	0.01 (0.01) [0.453]	0.00 (0.00) [0.182]	0.00 (0.00) [0.317]	0.00 (0.00) [0.317]	0.00 (0.00) [0.134]	0.00 (0.00) [0.739]	0.00 (0.00) [0.505]

Online Appendix 1 (continued)
Main Models with Indicator Variable for Family Firms

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Substantive CSR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	[0.617]	[0.096]	[0.046]	[0.134]	[0.739]	[0.317]	[1.000]	[0.317]
Symbolic CSR x Family firm	0.02	0.01	0.01	0.00	0.00	-0.01	0.00	0.00
	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.02)	(0.00)	(0.00)
	[0.002]	[0.708]	[0.532]	[0.453]	[0.775]	[0.549]	[0.453]	[0.453]
Substantive CSR x Family firm	0.00	0.00	0.01	0.01	0.01	0.01	0.00	0.00
	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
	[0.453]	[0.803]	[0.046]	[0.012]	[0.020]	[0.003]	[0.689]	[0.424]
<i>Adj. R²</i>	0.220	0.130	0.080	0.060	0.060	0.040	0.050	0.050
<i>N</i>	5,279	5,089	4,890	4,711	4,545	4,395	4,270	4,131

Notes: Standard errors in parentheses. *P* values are in brackets.

Online Appendix 2a
Split Sample Analysis (Family-Firm Subsample)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Constant	-0.02 (0.04) [0.541]	0.06 (0.11) [0.560]	0.40 (0.15) [0.009]	0.44 (0.18) [0.012]	0.30 (0.14) [0.033]	0.10 (0.19) [0.586]	-0.27 (0.28) [0.344]	-0.34 (0.19) [0.066]
Firm size	-0.01 (0.01) [0.067]	-0.01 (0.01) [0.134]	-0.01 (0.01) [0.505]	-0.02 (0.01) [0.018]	-0.01 (0.01) [0.437]	-0.01 (0.01) [0.467]	0.00 (0.01) [0.689]	-0.02 (0.01) [0.076]
Firm age	0.04 (0.03) [0.120]	0.01 (0.03) [0.708]	-0.08 (0.07) [0.259]	-0.04 (0.05) [0.363]	-0.05 (0.04) [0.172]	0.00 (0.06) [0.962]	0.09 (0.07) [0.180]	0.13 (0.05) [0.013]
Firm leverage	-0.13 (0.03) [0.000]	-0.07 (0.03) [0.011]	-0.07 (0.03) [0.034]	-0.08 (0.04) [0.082]	0.01 (0.04) [0.746]	0.05 (0.02) [0.034]	0.00 (0.06) [0.950]	0.03 (0.03) [0.269]
Sales growth	0.01 (0.01) [0.560]	0.01 (0.01) [0.231]	0.00 (0.01) [0.856]	0.01 (0.01) [0.238]	0.01 (0.01) [0.677]	0.01 (0.01) [0.532]	0.01 (0.01) [0.525]	0.01 (0.02) [0.579]
Diversification	0.00 (0.01) [0.842]	0.00 (0.00) [0.803]	0.00 (0.01) [0.549]	0.00 (0.00) [1.000]	0.00 (0.01) [0.505]	0.00 (0.01) [0.842]	0.00 (0.01) [0.424]	0.00 (0.01) [0.739]
R&D intensity	-0.30 (0.12) [0.017]	0.17 (0.09) [0.062]	0.35 (0.10) [0.001]	-0.35 (0.14) [0.013]	-0.19 (0.13) [0.152]	-0.23 (0.20) [0.252]	-0.13 (0.16) [0.417]	-0.06 (0.16) [0.727]
Advertising intensity	-0.58 (0.11) [0.000]	-0.35 (0.24) [0.151]	0.10 (0.30) [0.734]	-0.06 (0.13) [0.649]	0.39 (0.18) [0.029]	0.35 (0.20) [0.081]	0.13 (0.13) [0.321]	0.14 (0.16) [0.394]
ROA (t-1)	0.18 (0.07) [0.007]	0.14 (0.07) [0.059]	0.17 (0.10) [0.080]	0.18 (0.06) [0.004]	0.15 (0.06) [0.012]	0.06 (0.07) [0.348]	0.04 (0.07) [0.571]	0.04 (0.05) [0.373]
Tobin's Q (t=0)	0.01 (0.00) [0.000]	0.02 (0.00) [0.000]	0.01 (0.01) [0.318]	-0.01 (0.00) [0.003]	-0.01 (0.00) [0.008]	-0.01 (0.00) [0.046]	0.00 (0.00) [1.000]	0.00 (0.00) [0.617]
Market cycle	0.00 (0.00) [0.617]	0.01 (0.01) [0.162]	0.00 (0.01) [0.886]	-0.01 (0.01) [0.017]	0.00 (0.01) [0.775]	0.00 (0.01) [0.868]	-0.01 (0.01) [0.231]	0.02 (0.01) [0.034]
Family ownership	0.03 (0.02) [0.134]	0.02 (0.05) [0.755]	0.06 (0.05) [0.248]	0.03 (0.04) [0.467]	0.09 (0.05) [0.039]	0.03 (0.03) [0.270]	0.05 (0.03) [0.109]	0.06 (0.03) [0.053]
Symbolic CSR	0.02 (0.01) [0.000]	0.01 (0.01) [0.120]	0.02 (0.01) [0.219]	0.00 (0.01) [0.886]	0.01 (0.01) [0.467]	-0.01 (0.01) [0.222]	-0.01 (0.01) [0.454]	-0.01 (0.01) [0.154]
Substantive CSR	0.00 (0.00) [0.183]	0.00 (0.00) [0.803]	0.01 (0.01) [0.046]	0.00 (0.00) [0.046]	0.01 (0.00) [0.013]	0.01 (0.01) [0.028]	0.00 (0.01) [0.689]	-0.01 (0.01) [0.318]
<i>Adj. R</i> ²	0.24	0.16	0.09	0.09	0.08	0.06	0.05	0.05
<i>N</i>	680	667	649	635	623	615	607	599

Notes: Standard errors in parentheses. *P* values are in brackets.

Online Appendix 2b
Split Sample Analysis (Non-Family and Non-Lone Founder Firm Subsample)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Constant	-0.13 (0.06) [0.021]	-0.04 (0.06) [0.560]	0.27 (0.07) [0.000]	0.25 (0.06) [0.000]	0.18 (0.07) [0.005]	0.09 (0.06) [0.127]	-0.02 (0.07) [0.797]	-0.15 (0.07) [0.040]
Firm size	-0.02 (0.01) [0.000]	-0.02 (0.01) [0.000]	-0.03 (0.01) [0.000]	-0.02 (0.00) [0.000]	-0.02 (0.00) [0.000]	-0.01 (0.00) [0.006]	-0.01 (0.00) [0.134]	0.00 (0.00) [0.617]
Firm age	0.02 (0.02) [0.217]	0.05 (0.02) [0.006]	0.01 (0.02) [0.351]	0.00 (0.01) [0.775]	0.01 (0.02) [0.681]	0.01 (0.01) [0.353]	0.03 (0.02) [0.107]	0.04 (0.02) [0.024]
Firm leverage	-0.07 (0.03) [0.014]	-0.06 (0.03) [0.017]	-0.05 (0.02) [0.018]	-0.03 (0.02) [0.120]	-0.01 (0.02) [0.484]	0.00 (0.02) [0.886]	-0.01 (0.03) [0.660]	0.02 (0.02) [0.361]
Sales growth	0.02 (0.01) [0.001]	0.01 (0.01) [0.353]	0.01 (0.01) [0.030]	0.02 (0.00) [0.000]	0.01 (0.00) [0.000]	0.01 (0.00) [0.000]	0.01 (0.00) [0.006]	0.01 (0.00) [0.006]
Diversification	0.00 (0.00) [0.317]	0.00 (0.00) [0.739]	0.00 (0.00) [0.617]	0.00 (0.00) [0.505]	0.01 (0.00) [0.046]	0.00 (0.00) [0.183]	0.00 (0.00) [0.317]	-0.01 (0.00) [0.008]
R&D intensity	-0.40 (0.12) [0.001]	0.06 (0.04) [0.137]	0.06 (0.03) [0.046]	0.04 (0.02) [0.134]	0.05 (0.02) [0.006]	-0.07 (0.04) [0.078]	-0.19 (0.04) [0.000]	0.09 (0.05) [0.090]
Advertising intensity	-0.08 (0.12) [0.478]	0.12 (0.14) [0.393]	0.33 (0.27) [0.213]	-0.03 (0.14) [0.853]	-0.04 (0.12) [0.743]	-0.12 (0.12) [0.317]	-0.14 (0.10) [0.153]	-0.15 (0.11) [0.192]
ROA (t-1)	0.21 (0.04) [0.000]	0.21 (0.05) [0.000]	0.21 (0.03) [0.000]	0.17 (0.03) [0.000]	0.18 (0.04) [0.000]	0.19 (0.04) [0.000]	0.18 (0.04) [0.000]	0.20 (0.04) [0.000]
Tobin's Q (t=0)	0.02 (0.00) [0.000]	0.01 (0.00) [0.000]	-0.01 (0.01) [0.110]	0.00 (0.00) [0.134]	0.00 (0.00) [1.000]	0.00 (0.00) [1.000]	0.00 (0.00) [0.617]	0.00 (0.00) [0.046]
Market cycle	0.01 (0.00) [0.000]	0.03 (0.01) [0.000]	-0.01 (0.00) [0.096]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.003]	-0.01 (0.00) [0.001]	-0.01 (0.00) [0.020]	0.02 (0.00) [0.000]
Symbolic CSR	0.00 (0.00) [0.317]	0.01 (0.00) [0.096]	0.00 (0.00) [0.317]	0.00 (0.00) [0.134]	0.00 (0.00) [0.317]	0.00 (0.00) [0.317]	0.00 (0.00) [1.000]	0.00 (0.00) [0.317]
Substantive CSR	0.00 (0.00) [0.617]	0.00 (0.00) [0.046]	0.00 (0.00) [0.046]	0.00 (0.00) [0.134]	0.00 (0.00) [0.505]	0.00 (0.00) [0.317]	0.00 (0.00) [1.000]	0.00 (0.00) [0.317]
<i>Adj. R²</i>	0.18	0.12	0.08	0.06	0.05	0.05	0.05	0.06
<i>N</i>	4,024	3,868	3,710	3,570	3,439	3,321	3,219	3,111

Notes: Standard errors in parentheses. *P* values are in brackets.

Online Appendix 3
Main-Effects Models

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Constant	-0.14 (0.05) [0.009]	-0.07 (0.07) [0.296]	0.30 (0.06) [0.000]	0.32 (0.06) [0.000]	0.23 (0.06) [0.000]	0.13 (0.05) [0.010]	-0.01 (0.06) [0.844]	-0.13 (0.07) [0.051]
Firm size	0.00 (0.00) [0.453]	-0.03 (0.01) [0.000]	-0.03 (0.00) [0.000]	-0.03 (0.00) [0.000]	-0.02 (0.00) [0.000]	-0.01 (0.00) [0.003]	-0.01 (0.00) [0.211]	-0.01 (0.00) [0.211]
Firm age	0.03 (0.02) [0.080]	0.07 (0.02) [0.002]	0.00 (0.02) [0.950]	-0.01 (0.02) [0.689]	-0.01 (0.02) [0.755]	0.01 (0.01) [0.701]	0.03 (0.02) [0.092]	0.05 (0.02) [0.008]
Firm leverage	-0.09 (0.02) [0.000]	0.05 (0.03) [0.046]	0.01 (0.02) [0.563]	-0.02 (0.02) [0.176]	-0.01 (0.02) [0.541]	0.01 (0.02) [0.494]	-0.01 (0.02) [0.703]	0.02 (0.02) [0.247]
Sales growth	0.02 (0.01) [0.000]	0.00 (0.01) [0.868]	0.00 (0.01) [0.868]	0.00 (0.00) [0.317]	-0.01 (0.00) [0.134]	0.00 (0.00) [0.317]	0.00 (0.00) [0.617]	0.00 (0.00) [0.617]
Diversification	0.00 (0.00) [0.505]	0.00 (0.00) [0.505]	0.00 (0.00) [0.317]	0.00 (0.00) [0.739]	0.00 (0.00) [0.182]	0.01 (0.00) [0.096]	0.00 (0.00) [0.505]	-0.01 (0.00) [0.046]
R&D intensity	-0.45 (0.08) [0.000]	0.04 (0.09) [0.649]	0.01 (0.04) [0.705]	0.03 (0.02) [0.134]	0.04 (0.02) [0.087]	-0.06 (0.03) [0.035]	-0.14 (0.04) [0.001]	0.04 (0.06) [0.445]
Advertising intensity	-0.21 (0.13) [0.096]	0.02 (0.14) [0.883]	0.28 (0.23) [0.222]	0.03 (0.12) [0.807]	0.05 (0.10) [0.635]	-0.10 (0.11) [0.382]	-0.11 (0.10) [0.266]	-0.09 (0.09) [0.323]
ROA (t-1)	0.20 (0.04) [0.000]	0.16 (0.04) [0.000]	0.19 (0.03) [0.000]	0.17 (0.03) [0.000]	0.17 (0.03) [0.000]	0.17 (0.03) [0.000]	0.16 (0.03) [0.000]	0.18 (0.03) [0.000]
Tobin's Q (t=0)	0.02 (0.00) [0.000]	0.01 (0.00) [0.000]	-0.01 (0.00) [0.096]	0.00 (0.00) [0.046]	0.00 (0.00) [0.317]	0.00 (0.00) [1.000]	0.00 (0.00) [0.317]	0.00 (0.00) [0.003]
Market cycle	0.01 (0.00) [0.000]	0.03 (0.00) [0.000]	0.00 (0.00) [0.182]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.000]	-0.01 (0.00) [0.008]	0.02 (0.00) [0.000]
Lone founder ownership	0.01 (0.02) [0.681]	0.04 (0.02) [0.056]	0.04 (0.02) [0.020]	-0.01 (0.01) [0.677]	-0.01 (0.01) [0.489]	0.00 (0.01) [0.785]	0.01 (0.01) [0.398]	-0.02 (0.02) [0.169]
Family ownership	0.02 (0.02) [0.363]	0.02 (0.02) [0.349]	0.01 (0.01) [0.162]	-0.01 (0.01) [0.525]	0.00 (0.01) [0.886]	0.00 (0.01) [0.912]	0.01 (0.01) [0.453]	-0.02 (0.01) [0.211]
Symbolic CSR	0.00 (0.00) [1.000]	0.01 (0.00) [0.046]	0.00 (0.00) [0.182]	0.00 (0.00) [0.134]	0.00 (0.00) [0.317]	0.00 (0.00) [0.317]	0.00 (0.00) [0.739]	0.00 (0.00) [0.317]

Online Appendix 3 (continued)
Main-Effects Models

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Substantive CSR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	[0.617]	[0.317]	[0.317]	[0.317]	[0.505]	[0.617]	[0.617]	[0.317]
<i>Adj. R</i> ²	0.21	0.11	0.06	0.06	0.04	0.04	0.05	0.05
<i>N</i>	5,279	5,089	4,890	4,711	4,545	4,395	4,270	4,131

Notes: Standard errors in parentheses. *P* values are in brackets.

Online Appendix 4

Random-Effects Regression (with Time and Industry Dummies)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Constant	-0.06 (0.03) [0.039]	-0.02 (0.02) [0.338]	0.07 (0.02) [0.002]	0.04 (0.01) [0.002]	0.03 (0.01) [0.055]	0.02 (0.01) [0.253]	0.00 (0.02) [0.928]	-0.01 (0.03) [0.719]
Firm Size	0.00 (0.00) [0.134]	0.00 (0.00) [0.046]	0.00 (0.00) [0.000]	0.00 (0.00) [0.003]	0.00 (0.00) [0.003]	0.00 (0.00) [0.003]	0.00 (0.00) [0.134]	0.00 (0.00) [0.003]
Firm age	0.01 (0.00) [0.012]	0.01 (0.00) [0.000]	0.00 (0.00) [0.134]	0.01 (0.00) [0.000]	0.00 (0.00) [0.000]	0.00 (0.00) [0.003]	0.00 (0.00) [0.046]	0.00 (0.00) [0.046]
Leverage	-0.02 (0.01) [0.029]	0.01 (0.02) [0.386]	-0.01 (0.01) [0.063]	-0.02 (0.01) [0.002]	-0.01 (0.01) [0.505]	0.00 (0.01) [0.886]	-0.01 (0.01) [0.237]	-0.01 (0.01) [0.585]
Sales Growth	0.02 (0.01) [0.002]	0.00 (0.01) [0.934]	0.00 (0.01) [0.739]	0.00 (0.00) [0.453]	0.00 (0.01) [0.424]	0.00 (0.00) [0.317]	0.00 (0.01) [0.841]	0.00 (0.01) [0.868]
Diversification	0.00 (0.00) [0.003]	0.00 (0.00) [1.000]	0.00 (0.00) [0.134]	0.00 (0.00) [1.000]	0.00 (0.00) [1.000]	0.00 (0.00) [0.317]	0.00 (0.00) [1.000]	0.00 (0.00) [1.000]
R&D Intensity	-0.23 (0.03) [0.000]	-0.08 (0.03) [0.011]	-0.06 (0.03) [0.066]	-0.05 (0.02) [0.013]	-0.05 (0.03) [0.055]	-0.08 (0.02) [0.001]	-0.10 (0.03) [0.004]	-0.02 (0.02) [0.340]
Advertising Intensity	-0.05 (0.05) [0.327]	0.05 (0.06) [0.401]	0.12 (0.05) [0.026]	0.13 (0.04) [0.001]	0.12 (0.05) [0.013]	0.11 (0.05) [0.038]	0.09 (0.06) [0.123]	0.10 (0.05) [0.064]
ROA (t-1)	0.42 (0.12) [0.000]	0.40 (0.11) [0.000]	0.40 (0.10) [0.000]	0.45 (0.06) [0.000]	0.47 (0.07) [0.000]	0.46 (0.07) [0.000]	0.48 (0.07) [0.000]	0.47 (0.08) [0.000]
Tobin's Q (t=0)	0.02 (0.00) [0.000]	0.02 (0.00) [0.000]	0.01 (0.01) [0.009]	0.01 (0.00) [0.000]	0.01 (0.00) [0.000]	0.01 (0.00) [0.000]	0.01 (0.00) [0.000]	0.01 (0.00) [0.000]
Market Cycle	0.00 (0.00) [0.453]	0.01 (0.01) [0.046]	-0.01 (0.01) [0.317]	-0.02 (0.01) [0.022]	0.00 (0.01) [0.689]	-0.01 (0.00) [0.001]	-0.02 (0.01) [0.000]	0.02 (0.01) [0.000]
Family ownership	0.01 (0.01) [0.374]	0.00 (0.01) [0.775]	0.01 (0.01) [0.437]	0.00 (0.01) [0.764]	0.00 (0.01) [0.886]	-0.01 (0.01) [0.475]	0.00 (0.01) [0.775]	-0.01 (0.01) [0.391]
Symbolic CSR	0.00 (0.00) [0.003]	0.00 (0.00) [0.003]	0.00 (0.00) [0.046]	0.00 (0.00) [0.003]	0.00 (0.00) [0.046]	0.00 (0.00) [0.003]	0.00 (0.00) [0.046]	0.00 (0.00) [0.003]
Substantive CSR	0.00 (0.00) [0.003]	0.00 (0.00) [0.046]	0.00 (0.00) [0.046]	0.00 (0.00) [0.003]	0.00 (0.00) [0.046]	0.00 (0.00) [0.046]	0.00 (0.00) [0.046]	0.00 (0.00) [0.617]
R^2	0.44	0.37	0.35	0.36	0.36	0.36	0.35	0.33
N	5,279	5,089	4,890	4,711	4,545	4,395	4,270	4,131

Notes: Standard errors in parentheses. P values are in brackets.

Online Appendix 5
Main Models with Tobin's Q (TQ) as Dependent Variable

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Constant	4.34 (0.57) [0.000]	3.46 (0.61) [0.000]	7.82 (1.10) [0.000]	9.18 (1.33) [0.000]	9.00 (1.49) [0.000]	7.50 (1.27) [0.000]	4.60 (0.89) [0.000]	2.18 (0.71) [0.002]
Firm size	-0.37 (0.05) [0.000]	-0.31 (0.05) [0.000]	-0.53 (0.08) [0.000]	-0.59 (0.10) [0.000]	-0.57 (0.10) [0.000]	-0.47 (0.08) [0.000]	-0.27 (0.06) [0.000]	-0.16 (0.04) [0.000]
Firm age	-0.01 (0.12) [0.955]	0.03 (0.13) [0.840]	-0.38 (0.24) [0.118]	-0.53 (0.30) [0.082]	-0.51 (0.34) [0.141]	-0.33 (0.30) [0.262]	-0.08 (0.22) [0.730]	0.24 (0.17) [0.166]
Firm leverage	-0.80 (0.19) [0.000]	-0.15 (0.17) [0.362]	-0.22 (0.23) [0.343]	0.02 (0.27) [0.952]	0.20 (0.27) [0.456]	0.26 (0.24) [0.271]	0.20 (0.23) [0.386]	0.09 (0.19) [0.628]
Sales growth	0.11 (0.09) [0.184]	0.00 (0.03) [0.901]	0.05 (0.04) [0.242]	0.10 (0.05) [0.043]	0.08 (0.05) [0.089]	0.08 (0.04) [0.020]	0.07 (0.03) [0.023]	0.02 (0.03) [0.489]
Diversification	-0.04 (0.03) [0.211]	-0.03 (0.03) [0.271]	-0.03 (0.04) [0.510]	-0.01 (0.05) [0.794]	-0.01 (0.04) [0.838]	-0.04 (0.04) [0.405]	-0.06 (0.04) [0.094]	-0.06 (0.04) [0.090]
R&D intensity	-0.82 (0.68) [0.225]	-0.24 (0.43) [0.569]	-0.63 (0.63) [0.317]	-0.78 (0.68) [0.257]	-1.13 (0.58) [0.053]	-1.73 (0.57) [0.002]	-0.95 (0.26) [0.000]	-0.12 (0.47) [0.793]
Advertising intensity	1.81 (1.87) [0.333]	4.52 (2.41) [0.061]	4.18 (2.58) [0.105]	2.15 (2.36) [0.362]	0.48 (1.84) [0.794]	-0.18 (1.30) [0.890]	-1.05 (1.46) [0.472]	-0.96 (1.64) [0.561]
ROA (t0)	0.66 (0.25) [0.009]	-0.27 (0.09) [0.002]	-0.44 (0.08) [0.000]	-0.36 (0.11) [0.001]	-0.27 (0.12) [0.027]	-0.35 (0.17) [0.040]	-0.14 (0.16) [0.379]	-0.02 (0.11) [0.880]
Tobin's Q (t-1)	0.49 (0.03) [0.000]	0.53 (0.04) [0.000]	0.26 (0.04) [0.000]	0.59 (0.04) [0.000]	0.61 (0.04) [0.000]	0.58 (0.03) [0.000]	0.64 (0.03) [0.000]	0.63 (0.02) [0.000]
Market cycle	0.13 (0.02) [0.000]	0.27 (0.02) [0.000]	0.02 (0.02) [0.495]	-0.02 (0.03) [0.379]	-0.05 (0.03) [0.066]	-0.15 (0.02) [0.000]	-0.19 (0.02) [0.000]	0.00 (0.02) [0.916]
Lone founder ownership	1.37 (0.92) [0.136]	0.91 (0.76) [0.230]	0.21 (1.24) [0.864]	0.98 (2.01) [0.625]	1.02 (1.52) [0.500]	1.17 (1.34) [0.381]	0.88 (0.92) [0.341]	0.98 (0.75) [0.193]
Family ownership	-0.60 (0.53) [0.260]	-0.15 (0.45) [0.739]	-0.01 (0.69) [0.988]	0.05 (0.73) [0.945]	0.32 (0.60) [0.597]	-0.16 (0.47) [0.725]	-0.79 (0.41) [0.054]	-1.06 (0.44) [0.015]
Symbolic CSR	-0.06 (0.03) [0.074]	-0.04 (0.04) [0.219]	-0.05 (0.05) [0.327]	-0.05 (0.05) [0.345]	-0.04 (0.05) [0.393]	-0.02 (0.05) [0.706]	0.00 (0.03) [0.977]	-0.01 (0.03) [0.863]

Online Appendix 5 (continued)
Main Models with Tobin's Q (TQ) as Dependent Variable

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Substantive CSR	-0.03 (0.02) [0.164]	-0.05 (0.03) [0.055]	-0.07 (0.04) [0.046]	-0.06 (0.03) [0.012]	-0.06 (0.03) [0.032]	-0.05 (0.03) [0.100]	-0.03 (0.03) [0.299]	-0.02 (0.02) [0.317]
Symbolic CSR x Family ownership	0.26 (0.13) [0.041]	0.13 (0.30) [0.670]	0.29 (0.31) [0.335]	0.58 (0.40) [0.148]	0.70 (0.46) [0.128]	0.35 (0.24) [0.144]	0.04 (0.23) [0.863]	0.08 (0.21) [0.705]
Substantive CSR x Family ownership	0.03 (0.27) [0.907]	0.24 (0.13) [0.064]	0.50 (0.22) [0.023]	0.77 (0.33) [0.021]	0.70 (0.32) [0.028]	0.45 (0.21) [0.032]	0.23 (0.13) [0.088]	0.09 (0.16) [0.564]
<i>Adj. R²</i>	0.44	0.44	0.24	0.18	0.16	0.13	0.10	0.04
<i>N</i>	4992	4801	4591	4400	4226	4074	3944	3808

Notes: Standard errors in parentheses. *P* values are in brackets.

Online Appendix 6
 CSR Strategies Regressed on Family Firms and Family Ownership

	(1) Symbolic CSR	(2) Symbolic CSR	(3) Substantive CSR	(4) Substantive CSR
Constant	-1.83 (0.52) [0.000]	-1.83 (0.52) [0.000]	0.27 (0.78) [0.729]	0.28 (0.78) [0.719]
Firm Size	0.28 (0.04) [0.000]	0.28 (0.04) [0.000]	-0.10 (0.05) [0.067]	-0.10 (0.05) [0.067]
Firm Age	0.15 (0.13) [0.273]	0.15 (0.13) [0.273]	0.12 (0.21) [0.581]	0.12 (0.21) [0.581]
Firm Leverage	-0.06 (0.02) [0.015]	-0.05 (0.02) [0.020]	-0.47 (0.09) [0.000]	-0.47 (0.09) [0.000]
Sales Growth	0.11 (0.03) [0.000]	0.11 (0.03) [0.000]	0.01 (0.03) [0.832]	0.01 (0.03) [0.856]
Diversification	0.02 (0.03) [0.605]	0.01 (0.03) [0.629]	-0.06 (0.04) [0.151]	-0.06 (0.04) [0.151]
R&D Intensity	0.04 (0.12) [0.717]	0.04 (0.12) [0.717]	0.12 (0.15) [0.418]	0.12 (0.15) [0.418]
Advertising Intensity	0.35 (1.42) [0.807]	0.33 (1.40) [0.816]	0.65 (1.83) [0.722]	0.63 (1.83) [0.730]
ROA	0.23 (0.09) [0.009]	0.23 (0.09) [0.009]	0.41 (0.14) [0.003]	0.41 (0.14) [0.003]
Tobin's Q	0.03 (0.02) [0.083]	0.03 (0.02) [0.083]	0.01 (0.02) [0.386]	0.01 (0.02) [0.386]
Market Cycle	-0.01 (0.02) [0.480]	-0.01 (0.02) [0.444]	0.02 (0.02) [0.446]	0.02 (0.02) [0.446]
Family Ownership	0.21 (0.40) [0.593]		0.12 (0.62) [0.850]	
Family Firm		0.15 (0.19) [0.433]		0.01 (0.26) [0.969]
<i>Adj. R2</i>	0.08	0.08	0.01	0.01
<i>N</i>	5,279	5,279	5,279	5,279

Notes: Standard errors in parentheses. *P* values are in brackets.

Online Appendix 7
KLD Indicators Regressed on Family Ownership

	Concerns					Strengths						
	COM	DIV	EMP	ENV	HUM	PRO	COM	DIV	EMP	ENV	HUM	PRO
Constant	-1.12 (0.60) [0.061]	-0.09 (0.60) [0.882]	-1.24 (0.49) [0.012]	-1.53 (0.35) [0.000]	-1.62 (0.56) [0.004]	-1.29 (0.46) [0.005]	-1.25 (0.47) [0.008]	-1.50 (0.40) [0.000]	-0.04 (0.45) [0.933]	-1.07 (0.39) [0.006]	-0.42 (0.70) [0.550]	-0.83 (0.36) [0.020]
Firm size	0.16 (0.06) [0.008]	0.02 (0.07) [0.750]	0.14 (0.06) [0.013]	0.22 (0.04) [0.000]	0.18 (0.07) [0.011]	0.15 (0.05) [0.006]	0.13 (0.06) [0.022]	0.15 (0.05) [0.001]	0.03 (0.05) [0.562]	0.13 (0.05) [0.007]	0.06 (0.08) [0.438]	0.07 (0.04) [0.111]
Firm age	-0.03 (0.11) [0.784]	0.01 (0.13) [0.956]	-0.01 (0.11) [0.947]	-0.13 (0.08) [0.101]	0.00 (0.12) [0.972]	0.04 (0.11) [0.704]	0.05 (0.11) [0.656]	0.02 (0.09) [0.800]	-0.08 (0.08) [0.299]	-0.01 (0.08) [0.923]	-0.01 (0.08) [0.909]	0.04 (0.09) [0.613]
Leverage	-0.23 (0.23) [0.328]	-0.17 (0.24) [0.464]	-0.08 (0.24) [0.747]	-0.33 (0.12) [0.009]	-0.31 (0.27) [0.241]	-0.08 (0.20) [0.678]	0.34 (0.17) [0.045]	0.11 (0.17) [0.500]	0.13 (0.22) [0.567]	0.22 (0.20) [0.270]	-0.40 (0.19) [0.031]	0.18 (0.15) [0.215]
Sales growth	-0.05 (0.04) [0.285]	0.03 (0.04) [0.520]	0.00 (0.05) [1.000]	-0.04 (0.03) [0.233]	-0.06 (0.05) [0.242]	-0.12 (0.04) [0.002]	-0.08 (0.04) [0.029]	-0.11 (0.04) [0.002]	-0.02 (0.03) [0.597]	-0.02 (0.04) [0.565]	-0.04 (0.05) [0.361]	0.01 (0.04) [0.710]
Diversification	-0.09 (0.05) [0.094]	-0.14 (0.05) [0.004]	0.01 (0.05) [0.756]	0.02 (0.04) [0.570]	0.05 (0.07) [0.514]	0.02 (0.04) [0.636]	0.01 (0.04) [0.792]	0.07 (0.03) [0.052]	0.00 (0.04) [0.942]	-0.04 (0.05) [0.441]	0.06 (0.06) [0.317]	0.00 (0.04) [0.909]
R&D intensity	0.23 (0.16) [0.152]	0.13 (0.32) [0.682]	-0.11 (0.20) [0.589]	-0.06 (0.08) [0.481]	0.30 (0.44) [0.496]	0.00 (0.22) [0.985]	-0.10 (0.14) [0.476]	0.10 (0.14) [0.469]	-0.06 (0.19) [0.765]	0.23 (0.20) [0.268]	-0.06 (0.09) [0.518]	0.02 (0.17) [0.887]
Advertising intensity	-2.20 (1.59) [0.168]	0.42 (1.92) [0.828]	-0.47 (1.30) [0.719]	-0.51 (0.63) [0.422]	-1.19 (2.23) [0.592]	2.22 (1.61) [0.169]	-0.93 (1.78) [0.602]	1.96 (1.50) [0.190]	2.17 (1.84) [0.238]	0.79 (1.51) [0.602]	-0.88 (2.12) [0.678]	-0.91 (1.67) [0.587]
ROA	0.19 (0.09) [0.046]	-0.01 (0.13) [0.946]	-0.32 (0.17) [0.055]	0.00 (0.05) [0.970]	0.18 (0.13) [0.157]	-0.05 (0.06) [0.451]	-0.04 (0.06) [0.505]	0.00 (0.06) [0.988]	0.22 (0.08) [0.004]	-0.14 (0.10) [0.177]	0.13 (0.09) [0.123]	0.03 (0.06) [0.587]
Tobin's Q	-0.03 (0.02) [0.165]	0.01 (0.02) [0.755]	-0.01 (0.02) [0.708]	0.01 (0.01) [0.317]	0.00 (0.02) [0.824]	-0.03 (0.02) [0.085]	-0.03 (0.02) [0.121]	0.00 (0.02) [1.000]	-0.01 (0.02) [0.594]	-0.04 (0.02) [0.080]	-0.06 (0.04) [0.134]	0.01 (0.01) [0.560]

Online Appendix 7 (continued)
KLD Indicators Regressed on Family Ownership

	Concerns						Strengths					
	COM	DIV	EMP	ENV	HUM	PRO	COM	DIV	EMP	ENV	HUM	PRO
Market cycle	-0.02 (0.03) [0.459]	0.00 (0.03) [0.972]	-0.01 (0.03) [0.783]	0.00 (0.02) [1.000]	0.01 (0.03) [0.796]	0.00 (0.02) [1.000]	0.02 (0.02) [0.382]	-0.01 (0.02) [0.689]	0.02 (0.03) [0.489]	-0.04 (0.02) [0.108]	0.00 (0.02) [0.965]	-0.01 (0.03) [0.848]
Lone founder ownership	0.10 (0.17) [0.575]	0.17 (0.21) [0.399]	0.25 (0.26) [0.325]	0.06 (0.07) [0.355]	0.21 (0.07) [0.001]	0.07 (0.16) [0.637]	0.08 (0.17) [0.657]	-0.01 (0.12) [0.912]	-0.10 (0.22) [0.635]	0.28 (0.20) [0.152]	0.07 (0.06) [0.202]	-0.06 (0.12) [0.620]
Family ownership	0.22 (0.43) [0.613]	-0.04 (0.69) [0.951]	-0.09 (0.82) [0.914]	0.46 (0.30) [0.126]	-0.07 (1.04) [0.944]	-0.62 (0.55) [0.257]	-1.17 (1.19) [0.327]	0.40 (0.54) [0.459]	0.37 (0.47) [0.434]	0.09 (0.91) [0.921]	1.60 (1.45) [0.268]	0.60 (0.57) [0.292]
<i>Adj. R²</i>	0.01	0.01	0.01	0.03	0.01	0.02	0.02	0.03	0.01	0.02	0.01	0.01
<i>N</i>	4,992	4,992	4,992	4,992	4,992	4,992	4,992	4,992	4,992	4,992	4,992	4,992

Notes: Standard errors in parentheses. *P* values are in brackets.

Online Appendix 8
Propensity Score Matching

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ROA	ROA	ROA	ROA	ROA	ROA	ROA	ROA
	(t=0)	(t=1)	(t=2)	(t=3)	(t=4)	(t=5)	(t=6)	(t=7)
Constant	-0.23 (0.09) [0.007]	-0.25 (0.14) [0.087]	0.25 (0.15) [0.094]	0.49 (0.13) [0.000]	0.26 (0.16) [0.102]	0.27 (0.12) [0.024]	-0.24 (0.12) [0.043]	-0.22 (0.09) [0.011]
Firm size	-0.02 (0.01) [0.005]	-0.02 (0.01) [0.004]	-0.02 (0.01) [0.008]	-0.03 (0.01) [0.000]	-0.02 (0.01) [0.001]	-0.02 (0.01) [0.013]	-0.03 (0.01) [0.000]	-0.03 (0.01) [0.000]
Firm age	0.03 (0.03) [0.353]	0.04 (0.04) [0.355]	-0.03 (0.03) [0.462]	-0.03 (0.03) [0.334]	0.01 (0.04) [0.705]	-0.01 (0.02) [0.739]	0.05 (0.04) [0.145]	0.03 (0.02) [0.234]
Firm leverage	-0.09 (0.03) [0.008]	-0.08 (0.02) [0.001]	-0.05 (0.03) [0.071]	-0.08 (0.03) [0.007]	-0.04 (0.03) [0.143]	-0.05 (0.02) [0.034]	-0.04 (0.05) [0.411]	-0.04 (0.03) [0.240]
Sales growth	0.03 (0.02) [0.046]	0.02 (0.01) [0.026]	0.02 (0.01) [0.058]	0.02 (0.01) [0.157]	0.01 (0.01) [0.222]	0.02 (0.01) [0.134]	0.02 (0.01) [0.173]	0.01 (0.02) [0.417]
Diversification	0.00 (0.01) [0.568]	0.00 (0.01) [0.617]	0.01 (0.01) [0.532]	0.00 (0.01) [0.424]	0.01 (0.01) [0.028]	0.01 (0.01) [0.028]	-0.01 (0.01) [0.087]	-0.01 (0.01) [0.261]
R&D intensity	-0.36 (0.12) [0.002]	0.12 (0.08) [0.154]	0.16 (0.12) [0.208]	-0.20 (0.10) [0.050]	-0.03 (0.13) [0.850]	-0.09 (0.11) [0.412]	-0.10 (0.13) [0.457]	-0.05 (0.13) [0.720]
Advertising intensity	-0.25 (0.16) [0.117]	0.02 (0.17) [0.908]	0.09 (0.19) [0.653]	0.05 (0.14) [0.743]	-0.07 (0.21) [0.752]	-0.09 (0.15) [0.539]	-0.16 (0.14) [0.240]	-0.23 (0.14) [0.112]
ROA (t-1)	0.18 (0.05) [0.000]	0.16 (0.09) [0.068]	0.22 (0.10) [0.031]	0.22 (0.07) [0.002]	0.25 (0.08) [0.001]	0.22 (0.07) [0.003]	0.14 (0.09) [0.098]	0.23 (0.08) [0.003]
Tobin's Q (t0)	0.02 (0.00) [0.000]	0.01 (0.00) [0.000]	0.02 (0.01) [0.000]	0.01 (0.00) [0.001]	0.01 (0.00) [0.096]	0.01 (0.00) [0.046]	0.00 (0.00) [1.000]	0.00 (0.00) [1.000]
Market cycle	0.01 (0.01) [0.028]	0.02 (0.01) [0.001]	0.00 (0.01) [0.739]	-0.02 (0.00) [0.000]	0.00 (0.01) [0.689]	-0.01 (0.01) [0.162]	-0.01 (0.01) [0.028]	0.02 (0.01) [0.015]
Family ownership	0.02 (0.04) [0.581]	0.04 (0.05) [0.497]	0.08 (0.05) [0.129]	0.01 (0.05) [0.898]	0.05 (0.05) [0.276]	-0.03 (0.04) [0.418]	-0.05 (0.03) [0.134]	-0.07 (0.03) [0.033]
Symbolic CSR	0.00 (0.00) [0.617]	0.00 (0.01) [0.739]	0.00 (0.01) [0.901]	0.00 (0.01) [0.549]	0.00 (0.01) [1.000]	0.00 (0.01) [0.505]	-0.01 (0.01) [0.046]	0.00 (0.01) [0.739]
Substantive CSR	0.00 (0.00) [0.453]	0.00 (0.00) [0.453]	0.01 (0.01) [0.110]	0.00 (0.01) [0.842]	0.00 (0.01) [0.689]	0.00 (0.01) [1.000]	0.00 (0.01) [0.842]	0.00 (0.01) [1.000]

Online Appendix 8 (continued)
Propensity Score Matching

	(1) ROA (t=0)	(2) ROA (t=1)	(3) ROA (t=2)	(4) ROA (t=3)	(5) ROA (t=4)	(6) ROA (t=5)	(7) ROA (t=6)	(8) ROA (t=7)
Symbolic CSR x Family ownership	0.11 (0.02) [0.000]	0.00 (0.02) [0.934]	0.04 (0.03) [0.276]	0.02 (0.03) [0.579]	0.03 (0.03) [0.299]	-0.01 (0.02) [0.636]	0.03 (0.02) [0.212]	-0.02 (0.02) [0.467]
Substantive CSR x Family ownership	0.01 (0.01) [0.520]	0.03 (0.01) [0.074]	0.03 (0.02) [0.072]	0.03 (0.02) [0.053]	0.03 (0.02) [0.080]	0.03 (0.02) [0.046]	0.00 (0.02) [0.851]	0.02 (0.02) [0.286]
<i>Adj. R²</i>	0.14	0.15	0.09	0.13	0.1	0.08	0.05	0.09
<i>N</i>	1,320	1,277	1,231	1,191	1,159	1,127	1,100	1,066

Notes: Standard errors in parentheses. *P* values are in brackets. We use one-tailed tests to test directional hypotheses in the reduced sample.

Online Appendix 9

Alternative PCA with Nine (instead of 12) KLD Indicators

	Symbolic CSR (PCA1)	Substantive CSR (-PCA2)	Communalities
Environment strengths	0.668	-0.044	0.449
Environment concerns	0.616	0.525	0.655
Community strengths	0.609	-0.531	0.653
Community concerns	0.556	0.252	0.373
Human rights concerns	0.517	0.280	0.345
Diversity strengths	0.632	-0.481	0.630
Product concerns	0.612	-0.120	0.389
Employee relations strengths	0.587	-0.101	0.355
Employee relations concerns	0.399	0.452	0.364
Eigenvalues	3.873	1.282	
% of variance	44.063%	14.588%	

Online Appendix 10
KLD Data Categories

	Strengths	Concerns
Corporate Governance	1 Corruption & Political Instability	Accounting (2005 to 2009)
	2 Financial System Instability	Business Ethics
	3 Limited Compensation (1991 to 2009)	Controversial Investments
	4 Ownership Strength (1991 to 2009)	Governance Structures (from 2010)
	5 Political Accountability (2005 to 2009)	High Compensation (1991 to 2009)
	6 Public Policy Strength (2007 to 2011)	Ownership (1991 to 2009)
	7 Reporting Quality (from 1996)	Political Accountability (2005 to 2007)
	8 Other Strengths (1991 to 2009)	Public Policy (2007 to 2011)
	9	Reporting Quality (from 2005)
	10	Other Concerns (from 1992)
Community	1 Charitable Giving (1991 to 2011)	Community Impact (from 1991)
	2 Community Engagement (from 2010)	Investment Controversies (1991 to 2009)
	3 Innovative Giving (from 1991)	Tax Disputes (1991 to 2009)
	4 Non-US Charitable Giving (1994 to 2009)	Other Concerns (1991 to 2009)
	5 Support for Education (1994 to 2009)	
	6 Support for Housing (1991 to 2009)	
	7 Volunteer Programs (2005 to 2009)	
	8 Other Strengths (1991 to 2011)	
Diversity	1 Board of Directors – Gender/Minorities (from 1991)	Board of Directors – Gender/Minorities (from 1991)
	2 CEO (1991 to 2009)	Non-Representation (1993 to 2011)
	3 Employment (Disabled) (1991 - 2009)	Workforce Diversity (from 1991)
	4 Employment of Underrepresented Groups (from 2010)	Other Concerns (1991 to 2009)
	5 Gay & Lesbian Policies (1995 to 2011)	
	6 Promotion (1991 to 2011)	
	7 Women and Minority Contracting (from 1991)	
	8 Work-Life Benefits (1991 to 2011)	
	9 Other Strengths (from 1991)	
Employee relations	1 Cash Profit Sharing (from 1991)	Child Labor
	2 Compensation & Benefits	Employee Health & Safety (from 1991)
	3 Employee Health and Safety (from 2003)	Labor-Management Relations
	4 Employee Involvement (from 1991)	Retirement Benefits Concern (1992 to 2009)
	5 Employee Relations	Supply Chain (from 1998)
	6 Human Capital Management	Union Relations (from 1991)
	7 No-Layoff Policy (1991 to 1993)	Workforce Reductions (1991 to 2009)
	8 Professional Development	
	9 Retirement Benefits (1991 to 2009)	
	10 Supply Chain Labor Standards (from 2002)	
	11 Union Relations (from 1991)	
	12 Other Strength (1991 to 2011)	

Online Appendix 10 (continued)
KLD Data Categories

		Strengths	Concerns
Environment	1	Biodiversity & Land Use	Agriculture Chemicals (1991 to 2009)
	2	Climate Change (from 1991)	Biodiversity & Land Use (from 2010)
	3	Environmental Management Systems (from 2006)	Climate Change (from 1999)
	4	Environmental Opportunities (from 1991)	Hazardous Waste (1991 to 2009)
	5	Packaging Materials & Waste (from 1991)	Impact of Products & Services (from 2010)
	6	Property, Plant, Equipment (1991 to 1995)	Operational Waste (from 2010)
	7	Raw Material Sourcing	Ozone Depleting Chemicals (1991 to 2009)
	8	Waste Management (from 1991)	Regulatory Compliance (from 1991)
	9	Water Stress	Supply Chain Management
	10	Other Strengths (from 1991)	Toxic Spills & Releases (from 1991)
	11		Water Management
	12		Other Concerns (from 1991)
Human Rights	1	Human Rights Policies & Initiatives (from 1994)	Freedom of Expression & Censorship
	2	Indigenous Peoples Relations Strength (from 2000)	Human Rights Violations
	3	Labor Rights Strength (2002 to 2009)	Indigenous Peoples Relations Concern (2000 to 2009)
	4	Positive Record in S. Africa (1994 to 1995)	Labor Rights Concern (1998 to 2009)
	5		Mexico (1994 to 2001)
	6		Northern Ireland (1991 to 1994)
	7		Operations in Sudan (from 2010 to 2011)
	8		South Africa (1991 to 1994)
	9		Support for Controversial Regimes (from 1994)
	10		Other Concerns (from 1994)
Product	1	Access to Finance (from 1991)	Anticompetitive Practices (from 1991)
	2	Quality (from 1991)	Customer Relations
	3	R+D, Innovation (1991 to 2009)	Marketing & Advertising (from 1991)
	4	Social Opportunities (from 1991)	Product Quality & Safety (from 1991)
	5	Other Strengths (1991 to 2009)	Other Concerns (from 1991)