ABSTRACT

This paper examines the relationship between top management team characteristics and Corporate Social Responsibility (CSR) performance of family businesses. Focusing on three main diversity characteristics of family businesses, namely generation in charge, number of family members on Top Management Team (TMT), and number of generations working together, study revealed significant findings. According to results, family firm specific diversity’s effect on top management teams does not have significant impact on CSR performance. Furthermore, results indicate that while corporate governance related CSR issues are less prominent in family businesses, employee and environment related CSR issues are more outstanding.


INTRODUCTION

Interest in family business studies has increased significantly in last 15 years. Having more than 30% of all companies with sales in excess of $1 billion as family firm (Kachaner, Stalk & Bloch, 2012) is powerful reason to focus on such firms. In many cases, the literature (e.g. Anderson & Reeb, 2003; Breton-Miller & Miller, 2006; Andres, 2008; Barontini & Caprio, 2006) points out various reasons why and how family businesses outperform nonfamily businesses. Family business characteristics have significant effect on companies’ performance through distinct strategic decision-making process. Characteristics like long term orientation (Breton-Miller & Miller, 2006), social responsibility orientation, non-economic goals (Lee & Rogoff, 1996; Chrisman, Chua, & Zahra, 2003), and other unusual characteristics creates a complex structure, which might design a competitive resource (Miller and Le-Breton-Miller, 2005; Habbershon et al., 2003; Habbershon & Williams, 1999) to build absorbing effect for management field researchers. Although there has been extensive research on family business characteristics and their effects on many strategic components, social responsibility and family firm top management team (TMT) diversity has been one of the least studied areas of the family firms (Dyer and Whetten,
This paper aims to response to this literature gap by exploring the relationship between family firm specific TMT diversity and corporate social responsibility (CSR) of family firms. To analyze TMT diversity, we use three variables classified by Ling & Kellermanns (2010): generation in charge, number of generations employed in top management, and number of family members in top management.

Researchers reached conflicting results about relationships between CSR and financial performance of companies (McWilliams and Siegel, 2000). Reasons behind these conflicting results are suggested to be shaky grounds (Orlitzky et al., 2003) or flawed empirical studies (McWilliams and Siegel, 2000). Orlitzky et al. (2003) conducted a meta analysis of 52 studies with a total sample size of 33,878 and concluded that CSR pays off.

Studies about CSR in family firms explored different perspectives of the phenomena. Some studies found that family firms are reluctant in terms of CSR (Morck and Yeung, 2004) and explained it by trust, development level of country. On the other hand majority of studies in this field discovered that family firms are prone to social responsibility (Dyer and Whetten, 2006; Godfrey, 2005) because of reasons like family image and moral capital.

Upper Echelon theory, proposed by Hambrick and Mason (1984), explains why focusing in single representative on TMT might cause duality in findings, and why researchers should also focus on TMTs rather than individual representatives. Upper echelon theory is one of the least applied theories in the family business literature. Kellermanns and Eddleston, (2004 and 2007) and Ling & Kellermanns (2010) are pioneers in upper echelon theory of family firms. Ling & Kellermanns (2010) classified family firm specific TMT characteristics into three categories: Generation in charge, number of family members in TMT and number of generations employed.

In this study we will elaborate upper echelon theory and employ Kellerman’s classification for TMT diversity, and investigate the main question of whether family firm specific TMT diversity effects the CSR of family firms or not.

Definition of family firms hasn’t got to a clear stage. Authors have defined family firm differently (Sharma et al., 1997; Litz, 1995). To define family firms, there are some major components that have been used by authors; (1) family management (active family members in business operations); (2) family ownership (family holds majority of ownership); and (3) maintaining ownership through multiple generations (Chua et al., 1999). In this study we use the definition of Chua, Chrisman, and Sharma (1999): A family firm is defined as a company governed and/or managed by a family or a small group of families in order to pursue the vision of the business and to be sustainable across generations.

Studying top family firms in The United States in terms of top management characteristics and CSR ratings will serve two main research streams in family business literature. One, it will bring to light how family firms differ in CSR performance than nonfamily firms. Two, it will explore the relationship between prominent TMT characteristics of family firms and their effects on CSR behavior of the firm. Rest of the paper is as follows. In section two, a detailed literature review is provided. The methodology is covered in section three. Section four gives a discussion about findings. Finally, in section five the conclusion and section six will include the limitations and future research suggestions.

LITERATURE REVIEW

Top Management & CSR
CEO or Chairman of the board is the visible face of the company and driving forces for decisions, but decisions are not always the product of a single representative in today’s businesses competing in highly competitive markets. Drucker (1974) argued that in big organizations one representative is not likely to be responsible with all management responsibilities, implying that CEOs or presidents are not the only sources to understand the
Yazici et al.,

Family Firm Top Management Team Diversity and CSR

complex decisions made in the company. Some scholars (e.g. Gupta, 1998) suggested that TMT analysis reveals better results than studies focused only on CEOs. Hambrick and Mason (1984) emphasized that phenomenon in the upper echelon theory and suggested examining the relationship between TMTs and organizational outcomes.

Top management literature differs in terms of construction of TMT. There are practical and conceptual differences as well (Carpenter et al., 2004). Initial Upper Echelon studies defined TMT as executives who served on board of directors (i.e. Finkelstein & Hambrick, 1990; Haleblian & Finkelstein, 1993) while later studies had broader perspective with including senior executives and board members (Carpenter & Fredrickson, 2001; Murray, 1989). In this study we define TMT as members of board of directors and executive team members.

Although there are several studies about how top management compositions effect financial outcomes, there are not much studies focusing on CSR and TMT relationships. In addition to that, top management studies, related to CSR, are limited in the family business concepts. Waldmand and Siegel (2008) suggested that although top managers are key for CSR, there are not much empirical studies done on this topic. Moreover, Carpenter et al. (2004) suggest that existing studies about upper echelon theory have significantly strengthened the theory and now researchers should focus on using this approach in some other critical research areas like CSR and ethics (Manner, 2010). In addition, Chrisman et al. (2003) suggest that unanswered questions regarding differences in family and nonfamily firms are best addressed by applying mainstream theories of the firm. Following this direction, we shape our study around TMT composition and CSR in family businesses.

Family Business and CSR

Significant involvement of the family members into the ownership and management of a company will change the dynamics of the company. The change captures the attentions of family business theorists and researchers. As Chrisman et al. (2012) suggest that family firm theories should have two main characteristics; being able to differentiate family firms from nonfamily firms and explain the variance among family businesses. Studies have long focused on the performance indicators of family businesses but researchers have recently started to exploit the soft side of such firms, like non-economic goals and CSR. O'Boyle, Rutherford and Pollack (2010) showed that while ownership and control and professionalism were negatively and significantly associated with ethical focus, value congruence factor (importance of shared values among group members) and participative continuance factor (intention for generational succession among family members) were both positively and significantly related to ethical focus. Chu (2011) suggested that there is a strong positive relationship between firm performance and family involvement. This relationship is much apprehensible when family members serve as CEO, Chairman or top managers and directors of the firms. On the contrary, this relationship is weak when family members are not involved in firm management or control.

Dyer and Whetten (2006) suggest that families are concerned about their image and reputation so that they try not to be engaged in social concerns, which would diminish their reputation and image. O'Boyle, Rutherford and Pollack (2010) suggest that having a high percentage of participating family members, across multiple generations, who share values and who desire to keep the business in the family is the key for ethically focused firms.

Although Morck and Yeung (2004) concluded that family firms are not significantly paying attention to social responsibilities and being more self-interested than nonfamily firms, Dyer and Whetten (2006) argued that family firms pay more attention to social responsibility compared to nonfamily firms, and this might be due to family orientation and to protect family reputation and image. In addition to that, Godfrey (2005) argued that it would be more important for firms,
including family firms to be more socially responsible to have positive reputation in the eyes of society, which will benefit in the time of crisis. This study fills the void in the literature with focusing on CSR and family firms TMT characteristics. Therefore this paper is in response to call of Chrisman, Chua and Steier (2011) that there should be more studies to discover why family firms are outperforming nonfamily firms.

**Family Business Top Management Diversity and CSR**

Many management concepts are suffering from dual findings, having conflicting results in the literature. Top management diversity is one of the concepts that researchers had conflicting findings and this might be due to it being a double edge sword (see Finkelstein and Hambrick, 1996).

Nordqvist M. (2005) argued that the perception that homogeneous teams perform better because of their effective team behavior is prone to challenges. According to Priem (1990), performance is inclined to deteriorate from intensive homogeneous or heterogeneous group combinations. Stable or dynamic environment is achieved with proper levels of heterogeneity and/or homogeneity. According to Hambrick and Mason's (1984) model, a heterogeneous team gathers information from a variety of sources and has diverse interpretations and perspectives. Other theorists have also suggested that high member diversity and variety enhance the ability of an organization to adapt (Katz, 1982).

O’Boyle, Rutherford and Pollack (2010) suggest that having a high percentage of participating family members, across multiple generations, who share values and who desire to keep the business in the family is the key for ethically focused firms. Wiersema et al. (1992) argued that because of shared cohort membership, people would be exposed to similar social, environmental and organizational events. Therefore, it is expected to develop a shared language due to similar experiences, backgrounds, beliefs, and values (Allen & Cohen, 1969; Rhodes, 1983), which will increase the communication frequency and integration (O’Reilly, Caldwell, & Barnett, 1989; Wagner, Pfeffer, & O’Reilly, 1984; Zenger & Lawrence, 1989). In addition, Byrne & Wong, (1962) emphasized that group identification and cohesion will rise with the increased similarity of group members, specifically with increased values, beliefs and attitudes.

Since it has both positive and negative effects on firm performance, diversity is described as double-edged sword by researchers (i.e. Finkelstein and Hambrick, 1996). On one hand, diversity provides the wide range of cognitive resources, which will enable firms to acquire more knowledge, creativity and performance (Haleblian and Finkelstein, 1993; Hambrick et al., 1996). On the other hand, possible control and coordination problems diminish the performance (Simons et al., 1999; Smith et al., 1994). Briefly, by mitigating the possible negative effects of diversity, firms can increase the benefits that bear with diversity (Ling and Kellermanns, 2010).

**Generations in Charge**

Gersick et al. (1997) discuss the differences between family generations, which come to rule the company. One of the main differences among the generations is economic and noneconomic stakes that generations hold. In addition, differences in motivation, background and knowledge are likely to be a reason to new orientation shift from first generation to later generations (Zahra, 2005; Ling and Kellermanns, 2010). According to Ensley and Pearson (2005) familial, first generation managed, TMTs outperform later generations due to increased cohesion, less conflict and increased shared strategic cognition.

In lined with Gersick et al. (1997), Jayaraman et al. (2000) suggest that since founder generation initiates the mission, vision and goal setting of the firm, they have a different sense of the firm. Moreover, founder generation has different economic and noneconomic goal settings than following generations. Therefore, we investigate if there is any relationship between generation and CSR of the family firms.
Miller et al. (2007) discovered that founding family controlled family firms are better performers than nonfamily owned businesses as well as next generation owned businesses. On the contrary, Ensley and Pearson (2005) argued that later generations solve their idea conflicts better than first generation managed family firms. Deniz & Suarez, (2005) concluded that third generation owned businesses have the highest percentage of philanthropic approach and it is less likely that those firms have family CEO.

\( H_1 = \text{Generation in charge (later generation) has a positive effect on Family Business CSR} \)

Number of Family Members in TMT

O’Boyle, Rutherford and Pollack (2010) suggested that having a high percentage of participating family members, across multiple generations, who share values and who desire to keep the business in the family is the key for ethically focused firms. On the other hand, Minichilli, Corbetta and MacMillan (2010) explored a U-shaped relationship between the ratio of family members in the TMT and firm performance and suggested that although the presence of a family CEO is beneficial for firm performance, the coexistence of ‘factions’ in family and nonfamily managers within the TMT has the potential to create schisms among the subgroups and consequently hurt firm performance.

Anderson and Reeb, (2003) proposed that since families have historical presence, united equity share and role in the management team, they have power to influence and monitor the firm. Combined ownerships can be a control mechanism to mitigate managerial expropriation (Demsetz and Lehn, 1985). This contradicts the view that concentrated shareholders are essentially less efficient (Anderson and Reeb, 2003).

\( H_2 = \text{Increased number of family members in the TMT has positive effect on CSR} \)

Number of Generations Employed

Thomas (2009) argued that older generations have doubts about the commitment level of newer generations. As it has been suggested by Sharma et al. (1997) that first generation are more careful with risky decisions and are more conservative to reduce the risk of loss. On the other hand, younger generations are more enthusiastic about entrepreneurial activities and easy on the risky decisions (Kellermanns and Edlestone, 2006). It is expected to see some risk and entrepreneurial activities (Ling and Kellermanns, 2010) and ignore the CSR in the firm decisions.

\( H_3 = \text{Increased number of employed generations have a positive effect on Family Business CSR} \)

METHODOLOGY

Sample Data

This study relies on secondary data that had been collected from CSRhub.com, official corporate websites and databases like Mergent Online which includes D&B Private Company Database. Family business names are taken from Family Business 100 list of America’s largest family companies published by Family Magazine in 2011. Each of the family firms is analyzed for their TMT compositions. We investigate the specific characteristics of TMT, including number of generations, number of family members, generations in charge, and family CEO or Chairman of the board. In addition to top management characteristics, companies are analyzed according to their size (number of employees), industry they operate and age of the company. CSRHub is a privately owned entity, which rates CSR and sustainability for more than eight thousand companies around the world. For the rating CSRHub combines data from nine leading research firms: Asset4/Thomson Reuters, Carbon Disclosure Project (CDP), EIRIS, GovernanceMetrics International/Corporate Library, IW Financial, MSCI (ESG Intangible Value Assessment and ESG Impact Monitor), RepRisk, Trucost and Vigeo. [More detailed information can be found in CSRHub.com.]

From the list of top 100 family businesses, 64 companies were selected due to data limitations in CSRhub, changed ownerships from 2011-2014, and limitations of collecting data for privately
Yazici et al.,

Family Firm Top Management Team Diversity and CSR

held companies, number of companies available to analysis reduced to 64. CSR ratings for each company are divided into four categories along with an overall score. Community, employees, environment and governance are the categories; we created a profile that weights those categories equally. Weighting scale is ranging from one to five, one being less important and five being most important. Although previous studies (i.e. Bouvain et al., 2013) used average user ratings, which is default in CSRhub.com, we give three for all categories to eliminate the bias. In another words, each category will be weighted the same. Ranking scale is ranging from zero to one hundred for each company, zero being lowest and one hundred being the highest. Moreover, CSRHub provides industry mean and country mean for each company. The individual company ratings are compared against industry and country average ratings.

Variables

Dependent Variables

Company overall rating as well as community, environment, employee and governance ratings are dependent variables in this study. Effects of TMT diversity and some other demographic variables are be analyzed on the change of CSR ratings for those individual family firms. The results provide a benchmark to conclude whether family influence on management has positive or negative effect on CSR ratings. Subcategories of CSR rating are defined as follows; Community rating consists of three sub category ratings; community development and philanthropy (how company is connected and beneficial to community), product (how products are impacting customers and society at large), and human resource and supply chain (how company is respecting human rights and labor issues). Employee rating consists of three sub category ratings; compensation and benefits (effectiveness of companies for keeping employees loyal and productive through sufficient compensation plans), diversity and labor rights (how company policies are fair and non-discriminant and how labor force is managed), training, health and safety (how companies keep their workplace healthy and safe). Environment category consists of three category ratings; Energy and climate change (how company handles climate change related issues), policy and reporting (how prepared company to reduce the environmental effect), and resource management (how efficient company in manufacturing and delivering products). Governance category consists of three category ratings; Board (how company handles top management practices, decision making process and diversity on board), leadership and ethic (how company manages its relationships with stakeholders like stockholders, communities and government), and transparency and reporting (how company practices are aligned with national standards and sustainability reports, as well as how employees are informed and involved into management of the company).

Independent Variables

There are various factors effecting CSR ratings of a company but in this study we analyze effects of TMT diversity of a family business. Therefore, our independent variables are number of family members in top management, number of generations employed at present and generation in charge. To keep consistency in study fields, researchers suggest keeping consistent measurements among the variables (Pearson & Lumpkin, 2011; Boyd et al. 2005). Therefore, this study follows the method of Ling and Kellermanns (2010) and group and codes those variables. Number of family members and generation in charge are coded into four categories; number of working generations is coded into three categories.

Other Variables

The effects of some demographic characteristics like existence of Family CEO or Chairman, size, age and industry of the company are also analyzed. Many studies investigate the effects of CEO on CSR of nonfamily businesses (Mc Guire et al. 2003; Ramasamy et al. 2007) as well as family businesses (Godos-Díez et al., 2011; Block and Wagner, 2010). Therefore, making some
interpretations about CEO effect contributes the findings in this field. In addition, since most families control the business through board of directors, investigating the effects of family chairman on CSR ratings will add great contribution to literature. Size of the company has been proven (Deniz and Suarez, 2005; Jenkins, 2006; Besser & Miller, 2001; Besser, 1999) significant to CSR policies of companies; therefore, in this study companies are categorized to three groups. First group is companies less than 10 thousand employees; second group is companies in between 10 thousand to 100 thousand, and third group is companies more than 100 thousand. Industry is grouped into nine categories from zero to eight including; (0) Mining, (1) Manufacturing, (2) Trade, (3) Transportation, (4) Information, (5) Finance and Insurance, (6) Administrative Support, (7) Health Care, (8) Accommodation.

ANALYSIS
Detailed descriptive statistics, including means, standard deviations, and correlations among variables are presented in Table 1. According to the table, we nearly 44% of the family businesses had family CEO and 75% of the family businesses have family Chairman. This suggests that families control businesses by having chair on the board. Also correlations provide insights about relationship of variables. While having a significant correlation between number of family members and employee CSR ratings as an indicator for Hypothesis 2, significant correlation between number of generations employed and employee CSR is an indicator for Hypothesis 3. On the other hand, having no significant correlation between generations in charge and CSR ratings provides unexpected findings.

| Table 1 |
|-----------------|-----------------|-----------------|
| **Descriptive Statistics** | **Mean** | **Std. Deviation** |
| 1. Family Member CEO | 0.438 | 0.6 |
| 2. Family Member Chairman | 0.75 | 0.436 |
| 3. Number of Family Members | 2.531 | 1.553 |
| 4. Generations in Charge | 2.013 | 1.036 |
| 5. Number of Working Generations | 1.5 | 0.563 |
| 6. Employee Size | 7623.719 | 274193.485 |
| 7. Age of Company | 77.381 | 33.296 |
| 8. Industry Group | 2.703 | 2.184 |
| 9. Overall CSR Rating | 52.484 | 7.482 |
| 10. Community CSR Rating | 51.422 | 9.445 |
| 11. Employee CSR Rating | 52.063 | 10.407 |
| 12. Environment CSR Rating | 53.684 | 10.905 |

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

To test our hypothesis about diversity and CSR relationship, we employed ANOVA test to see if there is a significant difference. In our significance test, we had alpha level less than 0.01 for strong significance, 0.01-0.05 as a medium significance, and 0.05-0.10 as a weak significance. Table 2 shows the result of ANOVA table and regression analysis for our diversity variables. Although we expected to see positive effects of generation in charge on CSR ratings in all categories, none of the categories are significantly affected by generations in charge, resulting in no support for Hypothesis 1. On the other hand, number of family members and number of generations employed in family business had significant effect on employee CSR rating. Although we expected to see significant difference in all categories, this result supported our Hypothesis 2 and 3 partially. After having significant difference between groups, we employed regression analysis to explore the relationship. As we can see from Table 2, increased number of family members and increased number of generations working together increase the
employee CSR ($B_{2.02}$, and $B_{4.95}$, p-value< 0.05). Therefore we can conclude that increased number of family members and increased number of generations increase the CSR rating of family firms.

One of the main contributions of this study is to shed light on the discussion of how family businesses differ than nonfamily businesses. Along with the individual company ratings, CSRhub provides industry, country and all company averages. Those ratings were used to compare how family firms stand against industry, country and all company ratings. Paired t test used to determine if family businesses differ from other companies. Results listed in Table 3 shows that while family firms do not significantly differ from their counterparts in industry, they differ in country and all company averages. Although family firms are significantly better than

### TABLE 2

<table>
<thead>
<tr>
<th># of Family Members</th>
<th>Overall CSR</th>
<th>Community CSR</th>
<th>Employee CSR</th>
<th>Environment CSR</th>
<th>Governance CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Squares</td>
<td>215.932</td>
<td>203.372</td>
<td>888.425</td>
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<td>85.06</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean Square</td>
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<td>67.791</td>
<td>285.475</td>
<td>102.293</td>
<td>20.333</td>
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<td>F</td>
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<td>2.916</td>
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<td>0.302</td>
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<tr>
<td>Sig.</td>
<td>0.337</td>
<td>0.487</td>
<td>0.141*</td>
<td>0.47</td>
<td>0.824</td>
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<table>
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<tr>
<th># of Working Generations</th>
<th>Overall CSR</th>
<th>Community CSR</th>
<th>Employee CSR</th>
<th>Environment CSR</th>
<th>Governance CSR</th>
</tr>
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<tbody>
<tr>
<td>Sum of Squares</td>
<td>182.07</td>
<td>348.249</td>
<td>247.695</td>
<td>100.627</td>
<td>468.941</td>
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</tr>
<tr>
<td>Mean Square</td>
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<td>116.083</td>
<td>82.585</td>
<td>33.542</td>
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<tr>
<td>F</td>
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<td>1.449</td>
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<td>Sig.</td>
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<td>0.237</td>
<td>0.323</td>
<td>0.845</td>
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<table>
<thead>
<tr>
<th># of Generations in Charge</th>
<th>Overall CSR</th>
<th>Community CSR</th>
<th>Employee CSR</th>
<th>Environment CSR</th>
<th>Governance CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Squares</td>
<td>59.526</td>
<td>98.277</td>
<td>500.941</td>
<td>109.961</td>
<td>87.46</td>
</tr>
<tr>
<td>ANOVA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean Square</td>
<td>29.763</td>
<td>49.139</td>
<td>250.471</td>
<td>54.981</td>
<td>45.73</td>
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<tr>
<td>F</td>
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<td>0.593</td>
<td>2.416</td>
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<td>Sig.</td>
<td>0.632</td>
<td>0.556</td>
<td>0.088**</td>
<td>0.857</td>
<td>0.525</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th># of Working Generations</th>
<th>Overall CSR</th>
<th>Community CSR</th>
<th>Employee CSR</th>
<th>Environment CSR</th>
<th>Governance CSR</th>
</tr>
</thead>
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<td>Mean Square</td>
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<td>F</td>
<td>0.474</td>
<td>0.525</td>
<td>0.088**</td>
<td>0.857</td>
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</tr>
<tr>
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<td>0.556</td>
<td>0.088**</td>
<td>0.857</td>
<td>0.525</td>
</tr>
</tbody>
</table>

N=64, * P<0.05, ** P<0.10

Paired t test

### TABLE 3

<table>
<thead>
<tr>
<th>Paired Samples Test</th>
<th>Family Business Vs. Industry</th>
<th>Family Business Vs. Country</th>
<th>Family Business Vs. All Company</th>
</tr>
</thead>
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<tr>
<td>Overall CSR rating</td>
<td>0.2344</td>
<td>0.4884</td>
<td>0.4844</td>
</tr>
<tr>
<td>Mean deviation</td>
<td>7.7822</td>
<td>7.9482</td>
<td>7.9482</td>
</tr>
<tr>
<td>Std. Error Mean</td>
<td>0.9728</td>
<td>1.0575</td>
<td>0.9155</td>
</tr>
<tr>
<td>t</td>
<td>2.241</td>
<td>-2.5781</td>
<td>-2.516</td>
</tr>
<tr>
<td>df</td>
<td>63</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.026*</td>
<td>0.005*</td>
<td>0.005*</td>
</tr>
<tr>
<td>Community CSR Rating</td>
<td>-1.4688</td>
<td>-2.5781</td>
<td>-2.516</td>
</tr>
<tr>
<td>Employee CSR Rating</td>
<td>-0.2969</td>
<td>-2.516</td>
<td>-2.516</td>
</tr>
<tr>
<td>Environment CSR Rating</td>
<td>-0.3554</td>
<td>-2.516</td>
<td>-2.516</td>
</tr>
<tr>
<td>Governance CSR Rating</td>
<td>0.8594</td>
<td>3.4531</td>
<td>3.4531</td>
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<tr>
<td>Overall CSR rating</td>
<td>0.4844</td>
<td>0.4844</td>
<td>0.4844</td>
</tr>
<tr>
<td>Community CSR Rating</td>
<td>0.4219</td>
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<td>0.4219</td>
</tr>
<tr>
<td>Employee CSR Rating</td>
<td>-0.9375</td>
<td>-0.9375</td>
<td>-0.9375</td>
</tr>
<tr>
<td>Environment CSR Rating</td>
<td>-0.5156</td>
<td>-0.5156</td>
<td>-0.5156</td>
</tr>
<tr>
<td>Governance CSR Rating</td>
<td>2.4531</td>
<td>2.4531</td>
<td>2.4531</td>
</tr>
</tbody>
</table>

N=64, * P<0.05
country and all company average in governance CSR rating, they were significantly worst than country average in community and environment CSR rating while not significantly different than all company average in those categories. Because there are dual findings about social responsibility of family firms (Block and Wagner, 2010; Morck & Yeung, 2004; Dyer & Whetten, 2006), exploring the current state of family firms in percentages can improve the understanding about the phenomenon. In Table 4, percentage analysis shows family firms are 50% of the time greater than or equal to the average CSR rating in overall and governance ratings. On the other hand, those companies are lower than average in employee and environment issues compared to industry, country, and all company ratings. Therefore it cannot be concluded that family firms are more socially responsible in general, however it can be argued that they are more efficient and effective in their governance practices and less effective and careful in environmental issues and employee issues.

<table>
<thead>
<tr>
<th>CSR Category</th>
<th>Industry</th>
<th>Country</th>
<th>All Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equal or greater (# of 61)</td>
<td>%</td>
<td>Equal or greater (# of 61)</td>
</tr>
<tr>
<td>Overall</td>
<td>33</td>
<td>52%</td>
<td>32</td>
</tr>
<tr>
<td>Community</td>
<td>36</td>
<td>56%</td>
<td>26</td>
</tr>
<tr>
<td>Employee</td>
<td>30</td>
<td>47%</td>
<td>31</td>
</tr>
<tr>
<td>Environment</td>
<td>27</td>
<td>42%</td>
<td>23</td>
</tr>
<tr>
<td>Governance</td>
<td>32</td>
<td>50%</td>
<td>44</td>
</tr>
</tbody>
</table>

Family business studies exploring CSR issues have covered various dimensions of firms and exhibited varying results. In this paper, to enlighten the phenomenon, we also investigated some basic characteristics of family firms and analyzed their effects on CSR ratings. Table 5 shows how family member CEO, family member chairman, age of the company, size of the company and industry of the company has effects on CSR ratings. According to findings, family CEO does not make any significant difference in CSR ratings, which is in line with previous studies which showed that family firms with nonfamily member CEO’s are better performers in CSR (Deniz and Suarez, 2005). Furthermore, family chairman and employee size of the company also does not make any significant difference on CSR rating. On the other hand, type of industry is significantly important for CSR rating. Tables 5 and 6 shows that while mining, information and finance and insurance companies are significantly lower than other companies in CSR ratings, trade sector companies are significantly higher in CSR rating than others. Therefore we can argue that, the type of industry that company operates significantly affects CSR ratings.

DISCUSSION
Studies about TMT characteristics of family business are one of the rare kinds in family business literature (Minichilli et al., 2010; Kellermanns and Eddleston, 2004, 2007; Ling & Kellermanns, 2010). Analyzing CSR performance in relation to TMT diversity in family businesses was a missing part of this rare literature. This study provides insights about how family firm specific TMT diversity affects the CSR performance of family firms. Hypothesis 1 tested the effects of generations in charge of the company on CSR performance of family businesses. Although it is empirically proven that founder generations have lower levels of CSR concerns than later generations (Block and Wagner, 2010), our findings did not provide any significant results for generations in charge effects. Therefore, we can argue that when family presence is active in business, social responsibility always gets attention. In
another words, family influence and desire to keep family name clean (Uhlaner et al., 2004; Dyer and Whetten, 2006) will be in charge in each coming generation.

Hypothesis 2 investigated the effects of number of family members in TMTs. Top management diversity studies have argued some benefits and drawbacks of diversity on TMT performance (Hambrick et al., 1996; Hambrick and Mason, 1984; Carpenter et al., 2004). These findings also implicitly refer to performance of CSR due to correlation between performance and CSR (Orlitzky et al., 2003; McWilliams and Siegel, 2000). Our findings suggest that when there are a higher number of family members in TMT, CSR performance is better in employee relationships. Employees are happier, compensation plans and organizational justice perceptions are better. Although there are studies arguing that family business employees are not satisfied and well taking care of (Beehr et al., 1997; Block et al., 2013), number of family members in TMT might be an unexplained variable in the equation.

Hypothesis 3 argued that increase in number of employed generations would result in increased CSR performance for family firms. Although previous research claimed that founder generation and later generation have different expectations from business (Sharma et al., 1997; Kellermanns and Eddleston, 2006), it is expected to see increased CSR performance with increased number of generations due to increased stakes and family name involvement into the business. Supporting that expectation, our findings provided significant effects of employed number of generations on employee CSR performance. Although overall CSR rating as well as three other categories did not provide any significant results, employee CSR performance was significantly higher when more family generations involved.

Study results also revealed some enlightening findings about different aspects of family business CSR phenomenon. Tables 3 and 4 revealed similar results with literature (i.e. Block & Wagner, 2010; Dyer and Whetten, 2006) that family firms’ CSR performance does not differ than companies in the same industry while it differs from US average CSR ratings. Moreover,
Family business governance CSR performance is also better than all company average CSR rating that provided by CSRhub.com. This show that family firms are better managed and have better management structure when there is more than one generations involved. This might also answer the question of why family firms outperform nonfamily firms (Chisman, Chua and Steier 2011; Chrisman et al., 2004; Sonfield and Lussier, 2009). In addition to that, it highlights some aspects of agency problems, which argued that family involvement reduces agent-principal conflict, and provides better management (Dyer, 2006; Chrisman et al., 2004). Furthermore, paired t test results proved that family firm governance is significantly better than country and all company average while community and environment CSR performance of family businesses are worst in US. Therefore, we conclude that family firms are well managed but ignored the employee issues as well as community issues. Although Dyer and Whetten (2006) argued that family businesses are socially responsible due to family name involvement, it is partially confirmed with this study while results are mostly supporting contrary opinion (Morck and Yeung, 2004) that family firms are not socially responsible and not caring for neither community nor environment.

Additional analysis of family CEO, family chairman, age of the company and industry of the company revealed important findings for literature. Table 5 show that while family CEO does not have any significant effect on family business CSR performance, family chairman has positive significant effect on governance CSR performance. These results are also supported in the literature. Deniz and Suarez (2005) argued that family businesses without family CEOs are better in CSR performance. Therefore results show that family chairman is more important for family issues, like protecting family name and image. Analysis of age, size and industry of the company revealed that age is not significant contributor to CSR performance of the family business while size has positive significant effect on overall and governance CSR performance. In addition, industry of the company has also significant effect on CSR performance. Detailed analysis of industry in table 6 revealed that family businesses in mining, trade, information and finance and insurance industries had significant difference than other businesses in those industries. Therefore, we conclude that industry has significant effect on CSR ratings of businesses, particularly family businesses.

LIMITATIONS AND FUTURE RESEARCH.
Findings of this study should be taken with considering the limitations, which most of the research poses. One of the main limitations of this research is sample. First of all, sample is taken from top 100 family firms in United States and this brings some limitations like being restricted to a certain geographic area and considering only top performers. Moreover, selection of companies was limited to companies which have publicly available data. Therefore future research should extend the sample selection and include more privately held small and medium size companies (Ciocirlan, 2008) to increase the generalizability.

Another limitation of study is secondary data. Family business field researchers admit that it is difficult to collect primary data on family business issues due to not being either publicly owned or study involving mostly the executive team. Hence, our study is not derived on primary data which might reveal more insightful and exploratory findings. Therefore we suggest that future research should run similar study with primary data.

One of the main drivers of the of the family business study is to discover the difference between family and nonfamily businesses. Hence, one of the limitations of this study is involving only the family businesses. Future study should have nonfamily business sample matching with family business sample and conduct the similar study to enlighten the phenomenon in more fine tuned details.
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