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Value Creating Corporate Social Responsibility Strategies of Family and Non-Family Firms: An Interventionist Perspective

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Abstract
This paper presents a study on how corporate social responsibility (CSR) strategies create value amongst family and non-family firms. Additionally, in our study, we considered the moderating effect of independent directors on the relationship between CSR and firm value. Based on data drawn from companies operating in 61 countries over an 11-year period (i.e. from 2010 to 2020), our findings demonstrate that non-family firms derive market benefits from the governance improvements made by independent directors concerning CSR strategies. In contrast, the CSR strategies promoted within family firms are associated with lower firm value. However, this negative association is neutralised by the role played by independent directors, especially when the company is controlled by succeeding generations and not just by the founding one. These directors play a dissuasive role that leads family members to reassess their external socio-emotional preferences (reputation, image, etc.) in order to uphold the internal priorities of day-to-day decision-making. Our study has important implications for research and practice.

Keywords Corporate social responsibility · Independent directors · Market value · Family firms · Non-family firms

Introduction

Although corporate governance is known for ensuring financial growth, the way it actually works in relation to influencing corporate social responsibility (CSR) and creating market value has hitherto remained unexplored. Scholarly studies have shown that companies invest in CSR strategies with different aims. For example, some are motivated by self-serving interests—such as reputational or entrenchment strategies—at the shareholders' expense (Barnea & Rubin, 2010; Peasley et al., 2021). Others opt for CSR as a result of the pressure applied by independent boards of directors in order to resolve conflicts between non-financial and financial stakeholders. Although both situations account for firm performance, no conclusive empirical evidence is yet available on the impact generated on market value by CSR-related investments. It is reasonable to assume that investors would penalise the first type of decision but favour the second. The

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governance improvements made by independent directors are the way whereby managerial opportunism is controlled (Harjoto & Jo, 2011; Hussain et al., 2018; Jo & Harjoto, 2011).

It is well-established that family firms possess characteristics that differ from those of non-family ones (Campopiano & de Massis, 2015). One such fundamental distinguishing characteristic pertains to the presence of the founders and/or their descendants in management positions and/or on the board (Cuadrado-Ballesteros et al., 2015; Fehre & Weber, 2019), which implies that family members are able to exercise close control over the firm's management, which reduces the likelihood of any agency problems arising between managers and shareholders. In addition, this accumulation of responsibilities usually means that family directors are strongly involved in the firm's daily activities and wield great power over management decisions (Hoffman et al., 2006).

Prior studies have predominantly agreed that family firms are more socially responsible than non-family ones, which is line with the accepted theories on the socio-emotional wealth (SEW) preferences of family members (Cuadrado-Ballesteros et al., 2015). According to Cruz et al. (2014), family businesses will usually seek to meet the demands of external stakeholders, thus positively reinforcing the external SEW associated with the company's and family's reputations. Conversely, family businesses are less likely to respond to internal stakeholder demands due to their wish to preserve their internal SEW and to maintain control over decision-making. Accordingly, family firms are expected to prioritise the preservation of SEW over financial returns in their CSR-related decisions (Marques et al., 2014).

The aforementioned situations often exacerbate any agency problems with minority shareholders and tend to reduce a firm's market value, as the prevalence of SEW over other criteria is viewed as an expropriation of such shareholders' interests. As this is also the case for non-family firms, their stakeholders could be interested in reinforcing the firm's control and supervision mechanisms in order to secure the greater financial returns than might be obtained from CSR-related investments. In this regard, independent directors may constitute a crucial corporate governance mechanism suited to reduce any agency conflicts between the family and minority shareholders (Martínez-Ferrero et al., 2018). Their presence would significantly influence the financial returns obtained from CSR strategies by fostering the introduction of market mechanisms aimed at ensuring fairness in the application of SEW criteria to company strategies (Chua et al., 2009). In a given context of ethics, board independence is considered to be the strongest amongst all the governance mechanisms linked to monitoring managerial behaviour (Garcia Osma, 2008; García-Meca & Sánchez-Ballesta, 2009; Hussain et al., 2018). Independent directors are better monitors because they are not influenced by management and are thus better watchdogs for managerial entrenchment. Accordingly, this research considers the role played by independent directors.

The role played by independent directors varies significantly between family-owned and non-family-owned firms. In the former, rather than exerting an influence aimed at enhancing governance and shaping CSR strategies, independent directors often play a dissuasive role. In essence, external directors do not directly dictate CSR practices; rather, they moderate their impact on value creation. In line with the arguments presented by Vardaman and Gondo (2014) on the jeopardisation of SEW, we postulated that family members seek to preserve their involvement in day-to-day decision-making; to do so, they are more willing to adopt CSR strategies strongly oriented towards financial returns than would be the case in the absence of independent directors. Family directors will view such policies as merely temporary and aimed at maintaining internal SEW until the influence of independent directors is overcome or the outsiders are removed. Boards of directors often take corrective actions aimed at countering any governance issues (Cianci et al., 2019). Despite the importance of this topic, little scholarly work has hitherto paid attention to explaining the relationships between CSR, market value, and the role played by board independence.

Based on the above theoretical arguments, we examined the role played by independent directors in determining CSR strategies within family and non-family firms. We did so with a focus on the effects produced on value creation. The goal associated with these strategies is fundamentally linked to the existence of agency problems that might be resolved by the presence of these directors. However, the crucial importance of the SEW dimension for family firms means that the role played by independent directors varies between the two types of firms, although more satisfactory financial returns are achieved in both cases.

Our results—drawn from a sample of 38,666 observations, resulting in an unbalanced data panel of 4822 firms for the 2010–20 period —were found to confirm our initial study hypothesis that the presence of independent directors in non-family firms tends to influence the CSR strategies adopted and helps resolve any stakeholder conflicts, thus increasing the firms' market value. Accordingly, investors (indirectly) value the presence of outsiders on the boards of these firms. In contrast, using data drawn from an unbalanced sample of 790 family firms for the 2010–20 period (6152 observations), we found that the CSR projects promoted by family businesses preceded a 36.7% decline in their market value. This outcome was partially compensated by the greater independence of the board of directors, which acted as a dissuasive mechanism. However, the situation was found to somewhat change—to more closely resemble that of a non-family firm—when the family business is controlled by a later generation, removed from that of the firm's founder. On the other hand, as the

presence of independent directors on the board is often associated with the influence of debtholders, this may be criticised by investors, who would be unhappy with the possibility that independent directors could be seeking to protect any debtholders' interests over those of minority shareholders.

Our study makes two main contributions to the growing literature on CSR in family firms (Stock et al., 2024). On the one hand, it confirms Vardaman and Gondo's (2014) suggestion that family firms sort their SEW preferences to balance internal and external pressures and motivations. In this regard, it also shows that these SEW preferences are diluted over the successive family generations that control the firm and eventually approximate those observed in non-family firms. Second, our study complements the evidence provided by Cruz et al. (2014), who highlighted the effects of the family's CSR strategies on firm value and show that these effects vary depending on the internal and external SEW equilibrium scenarios.

The remainder of this paper is structured as follows. Sect. "Corporate social responsibility, market value and board independence in non-family firms: a literature review" presents the theoretical framework, literature review, and development of our research hypotheses on the relationship between CSR, market value, and board independence in non-family firms, whilst Sect. "CSR, market value, and board independence in family firms: theoretical framework and research hypotheses" does the same for the case of family firms. Sect. "Method" presents the framework of our empirical study (i.e. model, analytical techniques, and sample). The results are presented and discussed in Sect. "Results for the whole sample: family vs non-family firms". Finally, Sect. 6 presents the main conclusions of our study, its theoretical contributions and practical implications, main limitations, and possible future extensions.

Corporate Social Responsibility, Market Value, and Board Independence in Non-Family Firms: A Literature Review

CSR is a business strategy that extends beyond financial interests to promote the creation of economic, environmental, and social value, thus contributing to sustainable development. CSR-related policies are adopted voluntarily as a result of the moral conviction of managers. Although, for many years, CSR policies were thought to potentially be a temporary fad, the emergence of sustainability indices and socially responsible investment has meant that almost all firms now incorporate some aspect of CSR in their strategies. In many cases, firms spend large sums in this respect to keep up with the competition (Abbas & Sağsan, 2019).

Although CSR strategies are generally believed to improve firms' financial performance, research evidence is not conclusive in this respect (Slack, 2012). A meta-analysis has suggested a positive relationship between CSR and financial performance, but one that is more significant in regard to perceptual measures than in the context of accounting ratios and market value (Wang et al., 2015). Based on a literature review, Malik (2015) summarised the economic benefits accrued through a greater commitment to CSR, citing increases in operational and labour productivity, rising sales revenues, and other advantages associated with the capital market and the regulatory system, together with a reduction in business risks in accounting and fiscal malpractice. In addition, the advantages associated with the capital market, such as reduced capital costs and fewer information asymmetry issues, directly increase the market value of these companies both in the short and in the long term. Furthermore, as Malik (2015) pointed out, some studies have highlighted the effect of these CSR-associated benefits, which translate into greater economic and financial returns (although the research findings are not always conclusive, perhaps due to methodological errors). Similarly, Bruna and Lahouel (2022) concluded that CSR-performance findings are subject to methodological and measurement errors.

At the same time, Ho and Harjoto (), Harjoto and Jo (2011), and Harjoto and Laksmana (2018) clarified the relationship between CSR strategies and corporate financial performance. On the one hand, CSR strategies may be viewed as an agency cost arising from managerial over-investment decisions. In this sense, CSR activities would be the consequence of the strategic choices of top-level managers (Fatima & Elbanna, 2023; Shaukat et al., 2016). In accordance with agency theory, Barnea and Rubin (2010) argued that managers may over-invest in CSR in order to obtain personal benefits—such as enhancing their reputations as good citizens—but at the shareholders' expense. Managerial over-investment decisions may be taken by overconfident CEOs, who believe themselves to be above average in skills and knowledge. Nevertheless, such decisions may be value-destroying (Chintrakarn et al., 2021). Such CEOs may invest in CSR strategies that have a strong impact on society and create powerful personal and corporate images (often assisted by the media), thus acquiring a celebrity status that does not reflect their real abilities (Malmendier & Tate, 2005). In many firms, stakeholders lack the power to influence managers' decisions. Managers may also over-invest in CSR practices in response to specific situations; for example, to carry out entrenchment strategies aimed at preventing the removal of the CEO by stakeholders (Cespa & Cestone, 2007). Such CSR strategies will have a negative impact on the firm's profitability and market value (Ho and Harjoto, 2011; 2012).

On the other hand, many firms reinforce their governance structures in order to enhance their financial performance and gain value through the adoption of shareholder-friendly

policies (Gompers et al., 2010). The adoption of CSR-related policies is a strategic decision that must be approved by the boards (Prado-Lorenzo & Garcia-Sanchez, 2010). In this respect, board effectiveness must be taken into account. CSR activities are driven by the presence of independent directors, who contribute their skills and experience. Such directors are motivated by the desire to protect their own reputations. Accordingly, they closely supervise managerial decisions and actions in order to maximise the company's present and future value (García-Sánchez et al., 2019). Based on these theoretical arguments, the presence of independent directors on the board is expected to reduce any agency problems associated with managers' private interests by reducing the expropriation of shareholder wealth (Aguilera et al., 2006).

Independent directors usually possess knowledge and experience in relation to a firm's environment and are well equipped to control any external contingencies (Fernández-Gago et al., 2016). At the same time, they may be more sensitive to stakeholder interests, and may be more knowledgeable about changes in their priorities (Jo & Harjoto, 2012). Hence, these directors often promote CSR strategies associated with mechanisms aimed at resolving conflicts amongst stakeholders, thus satisfying the interests of shareholders and other groups. Moreover, they support firms' market values (Fogel et al., 2021) by ensuring that any CSR investment decisions made will produce financial returns for shareholders (Leung et al., 2014). Although the evidence in this respect is not undisputed, some studies have confirmed the positive effects on financial results achieved by greater board independence, thus corroborating the fundamental role played by external directors in protecting shareholder interests (Leung et al., 2014). Underpinned by stakeholder theory (Freeman, 2010), it has been asserted that, as they come from outside of the company, independent directors are more inclined to take care of a wider variety of stakeholder demands. As a result of their strong stakeholder orientation, their decisions are less biased and more oriented towards society or social wellbeing (Fernández-Gago et al., 2018; Wang & Dewhirst, 1992). Furthermore, agency theory (Meckling & Jensen, 1976) provides support to the argument that independent directors are better at monitoring tasks and act as a governance improvement mechanism to ensure socially responsible behaviours.

However, with respect to decision-making in relation to CSR-related investment, Ho and Harjoto (2011; 2012), Fernández-Gago et al. (2016), and Harjoto and Laksmana (2018) observed that, when the role of independent directors is associated with the selection of CSR strategies according to the interests of various stakeholders, their presence has a very weak impact on a firm's market value—and the association may be non-significant. Thus, Ho and Harjoto (2012) argued that CSR is the missing link in the relationship between independent directors and corporate performance. This mediating role is determined by the effect produced by CSR strategies on the resolution of conflicts between financial and non-financial stakeholders. As a result, the capital market indirectly acknowledges the role played by independent directors. This relationship between independent directors, CSR, and market value within non-family companies is summarised in Fig. 1, which illustrates how independence affects CSR and market value (the latter indirectly via CSR strategies).

In line with the argument drawn from the stakeholder and agency perspective, we hypothesised that independent directors act as governance improvement mechanisms in companies, seeking to protect shareholder interests by controlling and limiting the managers' decision-making powers. More concretely, they play an important pre-monitoring role in the design and selection of CSR strategies, determining the implementation of any policies intended to resolve conflicts between financial and non-financial stakeholders, and thus producing a positive impact on market value. Subsequently, these directors remain active, overseeing the implementation and effects of the strategy. A firm's market value is indirectly enhanced by the independent directors' monitoring and optimisation of business strategies. However, their mere presence is not considered to represent an additional value. Similarly, the value assigned by capital markets to a firm's CSR strategies is not increased by the presence of independent directors. We synthesised these considerations as follows:

H1 *Within non-family firms, investors positively value the presence of independent directors, albeit indirectly through the mediation of the adoption of CSR strategies aimed at resolving stakeholder conflicts (governance improvement).*

H1a *There is a positive relationship between CSR strategies aimed at resolving stakeholder conflicts and a firm's market value.*

H1b *There is a positive relationship between independent directors and CSR strategies aimed at resolving stakeholder conflicts.*

H1c *There is a non-significant relationship between independent directors and a firm's market value.*

CSR, Market Value, and Board Independence in Family Firms: Theoretical Framework and Research Hypotheses

The main differences between family and non-family firms pertain to the way in which corporate governance functions.

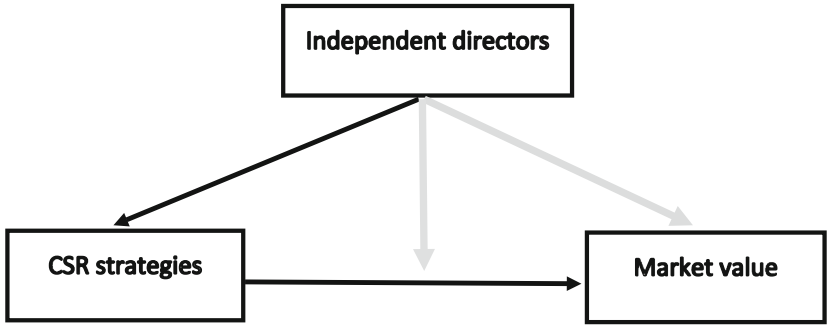


Fig. 1 Independent directors, CSR, and market value for non-family firms

Our study made reference to a CSR scenario based on the SEW model proposed by Gómez-Mejía et al. (2007) as a general extension of the behavioural agency model to explain decision-making in family firms. In this model, it is assumed that family members take into account both economic and non-economic criteria in selecting investment strategies and in determining their firm's corporate governance mechanism.

Unlike non-family shareholders, whose investments are usually diversified, family directors are normally associated with a single firm, which they view as an extension of the family. Accordingly, their decisions are made based upon various socio-emotional criteria and economic considerations,[1] but with the overriding goal of preserving the firm's existence (Anderson & Reeb, 2003).

The socio-emotional wealth (SEW) model of family firm decision-making processes is composed of five dimensions, as proposed by Berrone et al. (2012): *family* control and influence, the *identification* of family members with the company, *binding* social ties, *emotional* ties between family members, and the *renewal* of family bonds to the firm through dynastic succession. Following Kabbach de Castro et al., (2017), family control, influence, image and reputation are traditionally associated[2] with the internal and external classification of affective endowments (Block, 2010) and CSR strategies (Cruz et al., 2014).

The prioritisation of the firm's SEW entails that family members usually hold management positions and/or sit on the board of directors, thus exercising close control over the CEO's decisions and limiting the risk of any agency costs associated with private managerial interest (Cuadrado-Ballesteros et al., 2015). Specifically, the presence of family members on the board favours the convergence of the utility functions of managers and family; moreover, it reduces any information asymmetry issues and facilitates the selection and implementation of long-term projects aligned with the family's priorities (Kuo & Hung, 2011).

In contrast, the family members' presence aggravates any agency problems that exist between minority and majority shareholders (Faccio et al., 2001). According to agency theory, when the family has majority ownership, it may seek to expropriate income from minority non-family and family shareholders by engaging in opportunistic practices.[3] However, if such practices have the potential to produce a negative impact on external SEW, family members would be expected to exercise restraint or correct them (Vardaman & Gondo, 2014). In our theoretical framework, the agency problem between family and minority shareholders is specifically associated with the application of socio-emotional criteria in the firm's decision-making, for example by selecting a

[1] Family members make business decisions in accordance with their expected impact on the firm's SEW (Marques et al., 2014). As they are more averse to reduced SEW than they are to financial loss, the family will make strategic decisions aimed at preserving its SEW even if this prejudices the firm's business results (Gómez-Mejía et al., 2011). Thus, the prioritisation of SEW can lead a family firm to vary the degree of risk it is prepared to accept and possibly to undertake investments that are sub-optimal in financial terms. However, if such a policy were seen to place the firm in a situation conducive to causing an economic-financial outlook that could wipe out the family's SEW, its members would be expected to reconsider their preference for SEW (Chirico et al., 2019). Moreover, the family is expected to prioritise financial performance when the socio-emotional benefits associated with investing in it exceed any socio-emotional costs that might arise (Martin and Gomez-Mejia, 2016).

[2] In addition, these dimensions are interrelated. For example, family firms often seek to preserve their SEW in order to maintain or enhance family control, influence, and identity and/or family and social ties (Gómez-Mejía et al., 2007). According to Berrone et al., (2012, p.60), the family's socio-emotional legacy includes the value ascribed to the well-being that results from its control of the company. The value

Footnote 2 continued
granted by families to their SEW is intrinsic and its preservation is an end in itself, one that is felt at a profound psychological level among family members, whose identity is inextricably linked to that of the organisation.

[3] For example, by applying dividend policies favourable to their interests, or by awarding themselves excessive financial compensation, thus diverting resources from profitable investment opportunities (Anderson and Reeb, 2004; Schulze et al., 2001; Setia-Atmaja et al., 2009). Such attitudes often underlie potential or actual family conflicts, if some family members believe themselves to be unfairly treated (Schulze et al., 2003). In addition, family control might be associated with other negative decisions linked to nepotism, favouritism, or hierarchisation. As another example, altruistic motives could lead family firm owners to create specific departments within the firm in order to grant responsibilities to certain family members, bestowing significant privileges without demanding results (Schulze et al., 2001).

CSR investment project that, although aligned with the family's interest or its external SEW in areas such as reputation and social ties, will yield poorer financial returns for other investors (Miller & LeBretronMiller, 2006).

Strategies Pertaining to Social Responsibility and Socio-Emotional Wealth

The SEW framework suggests that family firms are more likely than non-family ones to be committed to CSR and sustainable projects, as this would underpin the subsequent transfer of company ownership to future generations (Kim et al., 2016). In this regard, one important aspect that merits consideration is the strong link between the reputation of the family and success (Marques et al., 2014; Sharma & Sharma, 2011). As a result, the family would expect an investment in CSR to produce an increase in the SEW of its members, and therefore would assign significant funding to the enactment of CSR strategies.

The contradictory results yielded by the extant studies suggest that family firms exhibit heterogeneous behaviours—-mostly, but not always, engaging in responsible practices (Campopiano et al., 2014a and 2014b; Miroshnychenko & De Massis, 2022). Amongst the factors that can reduce companies' interest in CSR is their desire to protect their own interests (Morck & Yeung, 2003). Nevertheless, in their bibliographic review, Mariani et al. (2023) observed a positive association between the family control of a firm and socially responsible business behaviour.

Cruz et al. (2014) clarified some previously inconclusive evidence regarding the commitment of family businesses to CSR. For example, a family firm might opt to make important investments in CSR in relation to external stakeholders (such as donations to the community or investment in proactive environmental systems), thus presenting an image that speaks of concern for sustainability and enhancing its own reputation (external SEW); however, at the same time, it could be implementing unsustainable actions (for example, hiring poorly qualified family members in preference to better qualified outsiders) to maintain the family influence in decision-making (internal SEW). Thus, contradictory practices on sustainability may coexist, depending on the effect they produce on the SEW (Vardaman & Gondo, 2014).

In view of the preference assigned to SEW considerations over purely economic-financial criteria, the question arises as to whether the CSR investments made by family firms yield financial returns. This question is based on the consideration of the family's aversion to the loss of SEW vs that of value creation, which would exacerbate any agency problems between majority and minority shareholders.

Gómez-Mejía et al. (2011) argued that family firms make strategic decisions aimed at ensuring the preservation of the family's SEW even if such decisions result in the firm achieving poorer results. To preserve the SEW and to enhance their own reputations, family firms are more likely than non-family ones to over-invest in environmental policies (Kim et al., 2016). Therefore, a family firm's investment decisions in regard to CSR strategies are expected to place greater emphasis on the dangers of not undertaking such projects than on the financial returns to be expected.

For the family to conserve its internal SEW, it must retain control of the company's decision-making. For this reason, most such firms exhibit family representation[4] both in management and on the board, even if this means accepting the risk of diminished financial performance, because they consider that "*losing the family's heritage or emotional wealth is a loss of intimacy, reduces its status and represents a failure to meet expectations*" (Gómez-Mejía et al., 2007, p.108). Clearly, such family managers may be more or less well equipped to perform the required functions, but this is a matter of minor concern to the owning family, which focusses less on achieving short-term benefits or positive returns and more on the long-term orientation (Dou et al., 2019; Hoopes & Miller, 2006).

To summarise, the family directors' views on CSR investment may lead them to neglect lucrative opportunities at the expense of minority shareholders, thus producing a negative impact on the firm's market value. The capital market will be unimpressed by such CSR strategies because the management's prioritisation of SEW is likely to result in economic disadvantages for investors, compared with the returns they could otherwise expect to obtain. Such a situation, moreover, could be aggravated by the presence, in management and control positions, of family members less qualified/skilled than any non-family alternatives.

H2a *In the context of family firms, there is a negative relationship between the application of CSR strategies and the company's market value (the minority expropriation effect).*

[4] The appointment of family members, rather than outsiders, as directors and managers may affect risk management, access to financial funds, and the promotion of innovative strategies, including that of CSR. Such business decisions, therefore, may generate a competitive disadvantage with respect to other companies headed by possibly more talented managers (Morck et al., 2000). However, although the internal SEW is a dimension-guide for the day-to-day business of family firms, the abovementioned components are linked to clearly identifiable shocks that pose a potential threat to the family's image and reputation. Consequently, they will tend to produce a temporary change in the family's outlook, shifting its preservation priority from its internal to its external SEW (Vardaman and Gondo, 2014).

Independent Directors and the Inclusion of Market Criteria in the Decision-Making

In family firms, independent director control of management decisions preserves the balance between the directors' powers and the interests of shareholders and other stakeholders. If implemented correctly, this governance improvement optimises the firm's strategies, protecting the interests of stakeholders and thus maximising corporate value (Leung et al., 2014). Hence, the presence of independent directors is expected to correct any agency problems that may exist between managers and owners, between majority and minority owners, and between owners and other stakeholders.

In general, the presence of independent directors on family firm boards is the consequence of pressure exerted by non-family stakeholders, mainly financial entities, in an effort to safeguard their financial interests against SEW concerns (Fiegener et al., 2000; Johannisson & Huse, 2000). In relation to CSR strategies and agency theory,[5] independent directors perform an important monitoring role, alleviating the moral hazard problems associated with the expropriation of the economic wealth of minority shareholders (who may or may not be family members) to satisfy family interests. Moreover, the presence of independent directors on the board reduces any information asymmetries amongst the parties and limits the discretionary powers of the owning family (Bammens et al., 2011). Their presence often brings about an ideological reconfiguration, heightening the company's market focus and reducing the degree of paternalism/altruism/etc., which is the main ideology underlying socio-emotional goals (Chua et al., 2009; Schulze et al., 2003). In conclusion, greater board independence is associated with a lower degree of agency conflict between groups of shareholders—majority and minority—due to the greater decision-making supervision and control thus achieved (Purkayastha et al., 2019) by facilitating the consideration of points of view that diverge from the interests of the dominant family (Morck et al., 2000).

If the above-described functions are performed appropriately, the presence of a greater number of independent directors will result in the inclusion of market criteria and/or economic rationality in the selection of CSR strategies, thus counteracting the prevalence of criteria associated with the SEW priority and making the board's involvement more innovative (García-Ramos & García-Olalla, 2011) and effective (Liu et al., 2016). Thus, we would expect investors' interests to be protected against the moral hazard issues that are characteristic of family firms, and for CSR investment decisions to be viewed more positively.

Nevertheless, we posited that the role played by independent directors in family firms is not linked to governance improvement; rather, it is of a moderating-dissuasive nature. However, a short-term corrective approach may be adopted, as this would temporarily reduce the prevalence of SEW over economic criteria in the selection of CSR strategies and investment projects. Specifically, their role does not have the corrective connotations observed in the non-family firm context. Independent directors do not actively participate in the selection of CSR strategies because, in order to maintain control of the company—especially as regards decision-making—the family temporarily relegates its reputational interests in favour of CSR strategies that produce greater financial returns, thus maintaining day-to-day control.

Vardaman and Gondo (2014) posited that, although family owners may wish to preserve the company's image and, at the same time, retain their own control, if a conflict arises between these two dimensions of SEW, a family firm is more likely to defend its external SEW to the detriment of its internal one. However, it may yet make the opposite choice, giving preference to internal SEW on the assumption that this would be a temporary sacrifice and that any loss of SEW would be recovered in the medium-long term.

Chirico et al. (2019) concluded that family owners are less likely than other types of investors to sell their shares because the resulting exit from the firm would mean a definitive loss of SEW. Conversely, their continued presence would keep alive the possibility that any current financial difficulties may eventually be overcome and SEW regained. Moreover, should their departure appear inevitable, family members would probably choose to merge their firm with another, thus maximising the combination of financial return and SEW, even though the sale or liquidation of the firm could achieve a higher financial return.

Although the presence of independent directors usually reflects practices of good corporate governance, the family is highly likely to try to reduce this presence in the short-medium term to strengthen its influence in the decision-making process. Seeking to avoid the governance-based change of the independent directors currently on the board and to promote their withdrawal based on the assumption that they are unnecessary, family firms may sooner or later wish to make CSR-related decisions aimed more at obtaining financial returns than at satisfying their own SEW. Thus, the owning family could temporarily reprioritise the question of internal vs external SEW in order to restrain the governance

[5] According to the theory of resources and capabilities and stakeholder theory, in addition to control functions, independent directors take on advisory roles in management, as their experience provides an invaluable complement to the knowledge possessed by other board members (Bammens et al., 2011). However, we suggest that their presence is associated with the aim of defending any debtholders' interests and that this approach hampers the advisory role expected of independent directors because the family members may consider the firm's internal SEW to be prejudiced by the presence of outsiders on the board.

improvement of the present independent directors, expecting to secure their withdrawal in the short-medium term.

H2b *Within family firms, independent directors positively moderate the negative relationship between CSR strategies and market value (dissuasion of the minority expropriation effect).*

We believe that, per se, the presence of independent directors is not positively valued by the capital market because it is brought about by the influence of debtholders, who may also exert pressure regarding other types of strategies, intervening in favour of projects benefiting their own interests rather than those of other minority owners. With respect to CSR policies, the presence of independent directors may contribute to reversing the prevalence of external (investing in projects aimed at enhancing the firm's image and reputation) over internal SEW (favouring aspects such as nepotism or altruism). In other areas, these outsiders could block the adoption of strategies that, whilst compatible with the firm's SEW, present a risk/return ratio that exceeds the debtholders' tolerance.[6] In this respect, Anderson and Reeb (2003) observed that family firms enjoy lower borrowing costs, explaining that any agency conflicts with debtholders are reduced because family owners are long-term investors with undiversified ownership and with significant personal wealth at risk. However, any investment decisions made may be more extreme, with the presence of independent directors representing the interests of debtholders, who would advocate reducing a firm's investment in the high-risk, high-return projects that are traditionally demanded by non-family investors with diversified shareholdings, who would regard such an investment policy as an expropriation of their wealth. Accordingly, we formulated the following hypothesis:

H2c *Within family firms, there is a negative relationship between independent directors and market value (correction of the debtholder expropriation effect).*

Collectively, we considered the following hypothesis for family firms, which combines hypotheses H2a, b and c and is summarised and illustrated in Fig. 2.

H2 *Within non-family firms, investors directly and negatively value the presence of independent directors (correction of the debtholder expropriation effect) and CSR strategies (the minority expropriation effect). However, they positively value the moderating role played by these directors on family firms' CSR strategies, even if they take no part in the investment decisions (dissuasion of the minority expropriation effect).*

[6] For example, Lin and McNichols (1998) and Dechow et al. (2000) observed that the affiliation of analysts with financial institutions raises a conflict of interest, which elicits doubts about their effectiveness, given that they issue a larger number of predictions than independent analysts, which increases the quantity of prediction errors.

Method

Model and Analytical Techniques

The aim of our study was to analyse the impact of CSR strategies on the market value of non-family and family firms, and to consider the role played by independent directors in this relationship. We tested our hypotheses using simultaneous Equations [1] and [2], which correct any endogeneity and multicollinearity issues. Equation [1] represents an empirical model in which the market value of a company is explained by its CSR performance, the presence of independent directors, the interaction between these two variables, and the inclusion of various control ones in order to prevent any bias in the results obtained. In addition, in the same vein as in Equation [2], the main independent variables are interacted with a dummy to determine whether the company is family-controlled. Equation [2] establishes a model suited to represent the influence of independent directors on CSR strategies in both types of firms. The models incorporate a specific company effect, where $\boldsymbol{\eta}$ represents the unobservable heterogeneity that can affect corporate decision-making, and $\boldsymbol{\mu}$ is the disturbance produced. The company is identified by $\mathbf{i}$ and the time period by $\mathbf{t}$. The parameters to be estimated are $\boldsymbol{\varphi}$ and $\boldsymbol{\beta}$.

$$\begin{aligned}\text{TobinQ}_{i,t} = {} & \varphi_0 + \varphi_1\text{CSR}_{i,t} + \varphi_2\text{Indep}_{i,t} + \varphi_3\text{CSR*Indep}_{i,t} \\ & + \varphi_4\text{CSR*FF}_{i,t} + \varphi_5\text{Indep*FF}_{i,t} \\ & + \varphi_6\text{CSR*Indep*FF}_{i,t} + \varphi_7\text{FF}_{i,t} + \varphi_8\text{Size}_{i,t} \\ & + \varphi_9\Delta\text{Sales}_{i,t} + \varphi_{10}\text{ROA}_{i,t} + \varphi_{11}\text{Leverage}_{i,t} \\ & + \varphi_{12}\text{CFO}_{i,t} + \varphi_{13}\text{Dividend}_{i,t} + \varphi_{14}\text{CAPEXinv}_{i,t} \\ & + \varphi_{15}\text{R\&Dinv}_{i,t} + \varphi_{16}\text{ADVinv}_{i,t} + \varphi_{17}\text{BoardSize}_{i,t} \\ & + \varphi_{18}\text{BoardActivity}_{i,t} + \varphi_{19}\text{Duality}_{i,t} \\ & + \varphi_{20}\text{CEObackgr}_{i,t} + \varphi_{21}\text{CEOage}_{i,t} \\ & + \varphi_{22}\text{CEOtenure}_{i,t} + \varphi_{23}\%\text{FemaleDir}_{i,t} \\ & + \varphi_{24}\text{CSR\_committee}_{i,t} + \varphi_{25}\text{COVID19}_{i,t} \\ & + \varphi_{26}\text{CivilLaw}_{i,t} + \varphi_{27}\text{StOri}_{i,t} + \varphi_{28}\text{Religion}_{i,t} \\ & + \varphi_{29}\text{IndvCult}_{i,t} + \varphi_{30}\text{MascCult}_{i,t} + \varphi_{31}\text{EU}_{i,t} \\ & + \varphi_{32}\text{Industry}_{i,t} + \varphi_{33}\text{Country}_{i} + \varphi_{34}\text{Year}_{t} + \mu_{it} + \eta_{i} \end{aligned} \quad (1)$$

$$\begin{aligned}CSR_{i,t} = {} & \beta_0 + \beta_1\text{Indep}_{i,t} + \beta_2\text{Indep} * \text{FF}_{i,t} + \beta_3\text{FF}_{i,t} \\ & + \beta_4\text{Size}_{i,t} + \beta_5\Delta\text{Sales}_{i,t} + \beta_6\text{ROA}_{i,t} \\ & + \beta_7\text{Leverage}_{i,t} + \beta_8\text{CFO}_{i,t} + \beta_9\text{Dividend}_{i,t}\end{aligned}$$

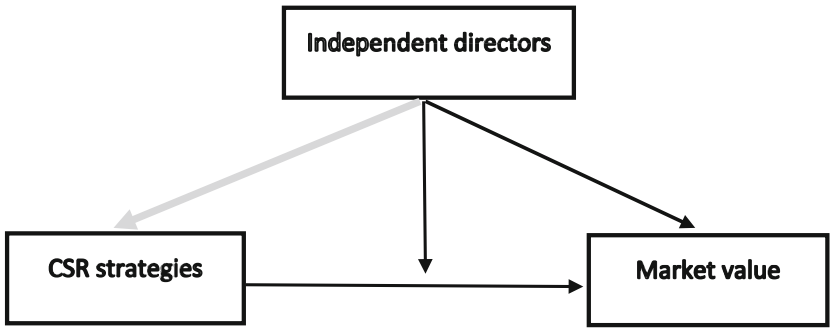


Fig. 2 Independent directors, CSR, and market value for family firms

$$+\beta_{10}\text{CAPEXinv}_{i,t}+\beta_{11}\text{R\&Dinv}_{i,t}+\beta_{12}\text{ADVinv}_{i,t}+\beta_{13}\text{BoardSize}_{i,t}+\beta_{14}\text{BoardActivity}_{i,t}+\beta_{15}\text{Duality}_{i,t}+\beta_{16}\text{CEObackgr}_{i,t}+\beta_{17}\text{CEOage}_{i,t}+\beta_{18}\text{CEOtenure}_{i,t}+\beta_{19}\%\text{FemaleDir}_{i,t}+\beta_{20}\text{CSR\_committee}_{i,t}+\beta_{21}\text{COVID19}_{i,t}+\beta_{22}\text{CivilLaw}_{i,t}+\beta_{23}\text{StkOri}_{i,t}+\beta_{24}\text{Religion}_{i,t}+\beta_{25}\text{IndvCult}_{i,t}+\beta_{26}\text{MascCult}_{i,t}+\beta_{27}\text{EU}_{i,t}+\beta_{28}\text{Industry}_{i,t}+\beta_{29}\text{Country}_{i}+\beta_{30}\text{Year}_{t}+\mu_{it}+\eta_{i} \quad (2)$$

In Equation [1], the financial impact—as a measure of value creation—is represented by **TobinQ**, a variable based on the market value ratio and the replacement value of the company's assets (Buchanan et al., 2018; Cruz et al., 2014; Jo & Harjoto, 2011). In addition to the financial return on CSR investments, identified in the accounting variables associated with profitability, Tobin's Q reflects the value assigned by investors to the strategic decisions made with respect to CSR (Surroca et al., 2010). Moreover, in order to obtain robust results, we also used the logarithm of market value capitalisation (**logMV**) as the dependent variable. The **CSR** variable corresponds to the *CSR Strategy Score* in the Refinitiv ESG data. This score reflects the level of integration of the economic, environmental, and social dimensions into the firm's daily decision-making processes. For robust results, we used the *ES Score* from the same database, which measures a company's environmental and social performance. **Indep** represents the proportion of independent directors on the board. In Equation [1], we interacted the two variables to reveal the moderating effect of independent directors on the value creation derived from CSR strategies. In addition, we interacted the variables **CSR, Indep**, and **CSR*Indep** with a dummy, **FF** that revealed whether or not a company was family owned by taking the value 1 or 0, respectively. This enabled us to see whether the effect of the variables differed between family and non-family firms.

In equation [2], the dependent variable is **CSR**, which is explained by **Indep** and its interactions with **FF,** showing whether the role played by independent directors differs according to the family vs non-family nature of the firm, thus reflecting our proposal of the dissuasive vs governance roles played, respectively.

Finally, we included various control variables in both equations to prevent any bias from affecting the results obtained (Chi et al., 2015). In this regard, we differentiated between variables related to the company, the board of directors, and the influence wielded by the family and the environment. The business characteristics we considered included: **Size**, a control variable measured by the natural logarithm of a firm's assets; **ΔSales**, the variation of sales with respect to period t-1; **ROA**, the commercial profitability obtained from the company's assets; **Leverage**, reflecting the relationship between company borrowing and its own resources; **CFO**, the standard deviation of cash flow from operations during the period from t-2 to t; **Dividend**, the total dividends paid per share; **CAPEXinv**, the logarithm of monetary investments in capital; **R&D,** the logarithm of monetary investments in research and development; and **ADVinv**, the logarithm of monetary investments in advertising. We also considered the following variables related to board of directors and CEO characteristics: **BoardSize**, measured by the total number of board members; **BoardActivity,** the number of meetings held annually; **Duality,** a dummy variable to which we assigned the value of 1 for companies the CEO of which was also the chairperson of the board, and 0 otherwise; **CEObackgr, CEOage**, and **CEOtenure**, which, respectively, indicated the background, age, and tenure of the CEO; **FemaleDir**, the proportion of female directors; and **CSR_committee**, another dummy variable to which we assigned the value 1 if the company had a CSR committee, and 0 otherwise.

We characterised the effects of CSR-related institutional pressure on the company by: **COVID19**, a dummy that identified the impact of the pandemic; **CivilLaw**, a dummy that represented the civil vs common law legal system of each country; **StkOri**, measured by the national index proposed by Amor-Esteban et al. (2018); **Religion**, the percentage of religious population in each country; and **IndvCult** and **MascCult**, which, respectively, represented the cultural dimensions of individualism and masculinity of a nation

according to Hofstede. The **EU** variable controlled for the European environment due to the different initiatives developed by the Council of Europe and European Parliament since 2014 (García-Sánchez et al., 2023). Finally, we also controlled the study results by **Country**, **Industry**, and **Year**, numerical variables that, respectively, identified the country of origin of each company, the activity sector in which it operated, and the year analysed.

The econometric models we employed in these analyses were based on techniques of panel data dependence. Panel data improve the explanatory power and capacity of a model by increasing the time period analysed, improving consistency, controlling for any unobservable heterogeneity, and improving parameter estimation (for example, by providing data that are more informative and present less collinearity between the variables). We considered Equations [1] and [2] using (i) the linear regression estimator with fixed and random effects, using a one-lag period in the independent and control variables, and (ii) the two-stage dynamic estimator proposed by Arellano and Bond (1991), based on the generalised method of moments, and implemented in Stata by Roodman (2009). These econometric specifications, which are the best options to control for endogeneity (e.g. Bellemare et al., 2017; Zhang et al., 2022), enabled us to guarantee the robustness of our results.

Sample

To begin, we selected large international companies as our target population because their visibility and access to resources and capabilities make them the companies most interested in sustainability (i.e. Aibar-Guzmán et al., 2023). Additionally, corporate information on their financial and non-financial performance is available at Refinitiv Company data, an international database with information on financial and ESG data, ownership, insiders and other relevant information.

Our first search in Refinitiv yielded information on the CSR Strategy Scores of 7889 companies in any of the years of our sample 2010–2020 period. From this initial sample, we dropped (i) any firms for which the information necessary to estimate the empirical models proposed in the previous section was not available and (ii) those companies for which information pertaining to at least five consecutive years was not available.. This last requirement was aimed at enabling greater control of any unobservable heterogeneity and estimation through dynamic models that require several lags to correct any endogeneity issues. The application of both criteria yielded a final sample consisting of 38,666 observations, resulting in an unbalanced data panel of 4822 firms for the 2010–20 period. The family firm subsample—which constituted an unbalanced data panel of 790 family firms (6152 observations)—accounted for a proportion of 15.91%, similar to that employed by Cuadrado-Ballesteros et al. (2015). As there is no unanimously accepted definition of 'family business', we identified our subsample by applying criteria pertaining to ownership, control, and management following Chau and Leung (2006), Cascino et al. (2010), Berrone et al. (2012) and Singla et al. (2014). Specifically, following Achleitner et al. (2014), we considered a sample company to be family-owned if its controlling shareholder was a family or family group holding more than 25% of the voting shares, and at least one member of the controlling family held a managerial position or sat on the board of directors. To control for the robustness of our results, we took the same approach employed by the aforementioned authors and used the experimental variable **FamilyOwn** (**FO** in the table), which represented family ownership according to the proportion of common shares held by family members.

Panel A of Fig. 3 presents the geographic distribution of our total sample (in percentages with two decimals), whilst Panel B shows the same characterisation for our family firm subsample.

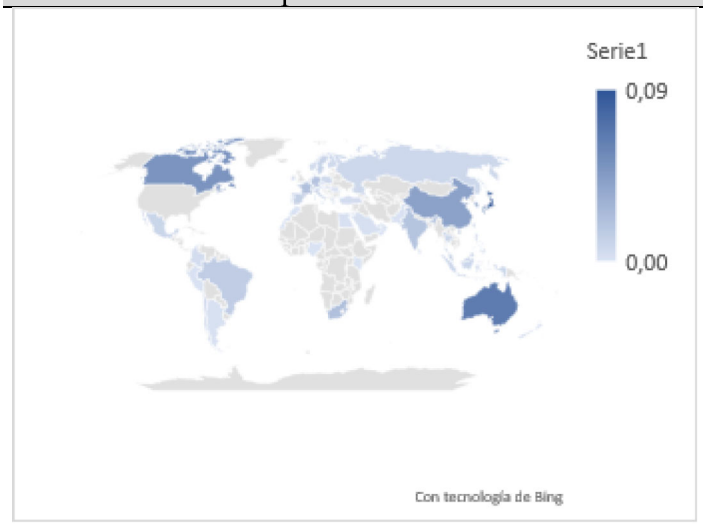
Results for the Whole Sample: Family vs Non-Family Firms

Descriptive Analysis

Here, we summarise the descriptive statistics (mean and standard deviation) we obtained for the numerical variables and frequencies for our dichotomous variables. For our sample family firms (non-family firms), we found the average Tobin's Q value to be 1.34 (2.54), with values higher than 1 indicating a market value higher than the replacement cost of the assets. In terms of CSR performance (ES Score), we found the overall average score for family firms (non-family firms) to be 39.86 (45.09), with values of 29.72 (35.88) for environmental commitment and of 43.68 (38.98) for social issues. For CSR Strategy, we found a score of 27.18 (36.48). Most of our sample boards were composed of ten directors, 44.76% (49.49%) of whom were independent—i.e. did not have any family or professional ties to the company. We found that 41.41% (52.27%) of our sample family firms (non-family firms) had a CSR committee, and that the independence of 57.68% (63.97%) was questionable, given that the CEO also chaired the board of directors. Amongst our family firm subsample, we found that nearly 34% were controlled by the third or subsequent generations of the family, whilst 39% were still run by the founder, and 27% by the first and/or second generations.

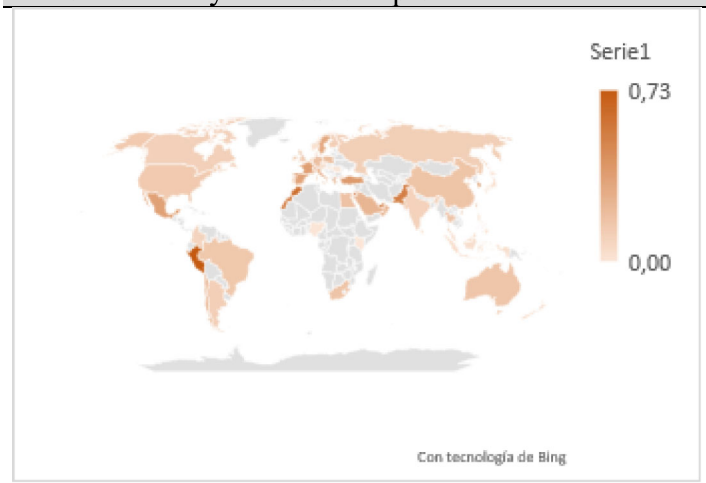
The analysis of the bivariate correlations yielded low coefficients, thus suggesting that our data were not affected by any multicollinearity issues.

Panel A. Whole sample



ARGENTINA	0,00	INDONESIA	0,01	PORTUGAL	0,00
AUSTRALIA	0,06	IRELAND	0,01	QATAR	0,00
AUSTRIA	0,00	ISRAEL	0,00	ROMANIA	0,00
BAHRAIN	0,00	ITALY	0,01	RUSSIAN FEDI	0,01
BELGIUM	0,01	JAPAN	0,09	SAUDI ARABIA	0,00
BRAZIL	0,01	JORDAN	0,00	SINGAPORE	0,01
CANADA	0,05	KENYA	0,00	SLOVENIA	0,00
CHILE	0,01	KUWAIT	0,00	SOUTH AFRIC	0,02
CHINA	0,04	LUXEMBOUR	0,00	SOUTH KOREA	0,03
COLOMBIA	0,00	MALAYSIA	0,01	SPAIN	0,01
CYPRUS	0,00	MEXICO	0,01	SRI LANKA	0,00
CZECH REPUB	0,00	MOROCCO	0,00	SWEDEN	0,01
DENMARK	0,01	NETHERLAND	0,01	SWITZERLANI	0,01
EGYPT	0,00	NEW ZEALAN	0,00	TAIWAN	0,02
FINLAND	0,01	NIGERIA	0,00	THAILAND	0,01
FRANCE	0,02	NORWAY	0,00	TURKEY	0,00
GERMANY	0,02	OMAN	0,00	UAE	0,00
GREECE	0,00	PAKISTAN	0,00	UK	0,06
HONG KONG	0,02	PERU	0,00	US	0,34
HUNGARY	0,00	PHILIPPINES	0,01		
INDIA	0,02	POLAND	0,01		

Panel B. Family firm subsample



ARGENTINA	0,00	INDONESIA	0,01	PORTUGAL	0,00
AUSTRALIA	0,06	IRELAND	0,01	QATAR	0,00
AUSTRIA	0,00	ISRAEL	0,00	ROMANIA	0,00
BAHRAIN	0,00	ITALY	0,01	RUSSIAN FEDI	0,01
BELGIUM	0,01	JAPAN	0,09	SAUDI ARABIA	0,00
BRAZIL	0,01	JORDAN	0,00	SINGAPORE	0,01
CANADA	0,05	KENYA	0,00	SLOVENIA	0,00
CHILE	0,01	KUWAIT	0,00	SOUTH AFRIC	0,02
CHINA	0,04	LUXEMBOUR	0,00	SOUTH KOREA	0,03
COLOMBIA	0,00	MALAYSIA	0,01	SPAIN	0,01
CYPRUS	0,00	MEXICO	0,01	SRI LANKA	0,00
CZECH REPUB	0,00	MOROCCO	0,00	SWEDEN	0,01
DENMARK	0,01	NETHERLAND	0,01	SWITZERLANI	0,01
EGYPT	0,00	NEW ZEALAN	0,00	TAIWAN	0,02
FINLAND	0,01	NIGERIA	0,00	THAILAND	0,01
FRANCE	0,02	NORWAY	0,00	TURKEY	0,00
GERMANY	0,02	OMAN	0,00	UAE	0,00
GREECE	0,00	PAKISTAN	0,00	UK	0,06
HONG KONG	0,02	PERU	0,00	US	0,34
HUNGARY	0,00	PHILIPPINES	0,01		
INDIA	0,02	POLAND	0,01		

Fig. 3 Sample geographic distribution

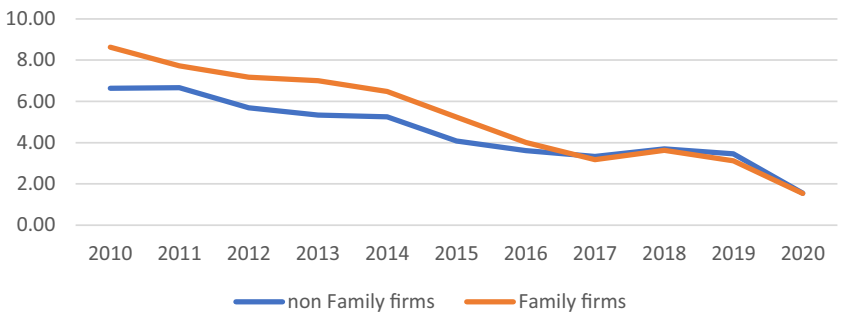


Fig. 4 Evolution of Return on Assets: family vs non-family firm profitability

Table 1 Explicative model of the presence of independent directors

	fe coeff (std.error)	re coeff (std.error)	GMM coeff (std.error)
Leverage	0.566***	0.556***	0.0934***
	(0.159)	(0.136)	(0.00411)
ROA	− 0.0330**	− 0.00574	− 0.0324***
	(0.0132)	(0.00570)	(6.84e-05)
Size	6.810***	2.222***	17.85***
	− 1.696	(0.640)	(0.253)
ΔSales	− 0.164	− 0.169	0.000
	(0.108)	(0.107)	(0.000)
CFO	− 1.37e-09	− 6.11e-10	2.27e-09***
	(1.19e-09)	(9.44e-10)	(0.000)
Dividend	1.41e-08*	1.42e-08*	− 5.02e-10***
	(8.44e-09)	(7.89e-09)	(0.000)
CAPEXinv	− 1.22e-08***	− 5.94e-09***	− 5.50e-10***
	(2.81e-09)	(1.91e-09)	(0.000)
R&Dinv	1.13e-09	7.54e-09	− 1.46e-08***
	(9.03e-09)	(8.49e-09)	(6.28e-11)
ADVinv	1.82e-08***	8.36e-09***	1.53e-08***
	(5.24e-09)	(2.50e-09)	(5.04e-11)
BoardSize	− 0.174	− 0.152	0.0001
	(0.378)	(0.270)	(0.0001)
BoardActivity	− 0.0475	− 0.0639	0.000
	(0.0559)	(0.0462)	(0.000)
Duality	0.800	1.008	0.000
	(2.052)	(1.539)	(0.000)
%FemaleDir	0.262***	0.216***	0.0001
	(0.0711)	(0.0568)	(0.0001)
Founder	3.447	1.972	0.000
	(4.366)	(2.480)	(0.000)
1stGeneration	6.899*	1.999	0.000
	(3.556)	(2.376)	(0.000)
2ndGeneration	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)
COVID19	4.241***	6.123***	0.0326
	(1.372)	(1.283)	(0.0236)
CivilLaw		10.11***	
		(3.310)	
EU		9.180**	
		(3.885)	
	Industry, Country, Year controlled		
R-square	0.0426***	0.0404***	
Hansen test	30.52***		
z			325,779.54
m_1			− 8.82
m_2			− 0.87
Hansen (2)			219.4

N = 6152 observations corresponding to 790 family firms for the period 2010–2020

***p-value < 0.10; **p-value < 0.05; ***p-value < 0.01

z is the Wald test of the joint significance of the coefficients obtained, distributed asymptotically as $\chi 2$ under the null hypothesis of no relation; *mi* is the serial correlation test of order i that uses first-difference residuals, distributed asymptotically as N (0.1) under the null hypothesis of no serial correlation; *Hansen* is a test of over-identification restrictions, distributed asymptotically as $\chi 2$ under the null hypothesis of no correlation between the instruments and the error term

Validation Test: Family vs Non-Family Profitability and the Presence of Independent Directors on the Board

We based our research framework on two major assumptions that we needed to test before any analysis and discussion of the results obtained and of their theoretical implications. Our first assumption concerned the negative aspects of the internal SEW associated with altruism and the appointment of family members, rather than outsiders, as directors and managers. These appointments could have placed our sample family firms at a competitive disadvantage with respect to companies characterised by possibly more talented managers, lower expenditure on altruism, and better monitoring. However, as shown in Fig. 4, we found the mean profitability of our sample family firms—measured by return on assets (ROA)—to be around 5%, compared to 4% for that of our non-family firms over the whole period considered. For both types of firms, we found a tendency of ROA to decline. Nevertheless, over the 2010-2016 period, we found the profitability of our sample family firms to be higher than that of their non-family counterparts. We found the ROA to be less than 2% for the year 2020, which had been characterised by the COVID-19 pandemic. These results are in line with those obtained by Miroshnychenko et al. (2021), who evidenced that family firms have higher growth rates than other firms with different ownership structure.

Our second assumption pertained to the moderating role played by independent directors on CSR investments in family firms and the value generation associated with such investments. We had assumed that independent directors play a moderating role by dissuading family members from applying any SEW criteria rather than market ones (associated with

the interests of debtholders and other non-family investors), thus counterbalancing the prevalence of family-centred motivations associated with SEW priorities.

Some authors have claimed that the independence of any family-appointed directors may be compromised (Cuadrado-Ballesteros et al., 2015). Therefore, prior to testing our hypotheses, we needed to examine the evidence available in support of our argument that the presence of independent directors will enhance a board's sensitivity to pressures from financial institutions and that its behaviour and supervision of the firm's actions may therefore be influenced by interests other than those of the owning family members (who hold their own SEW to be paramount). Such behaviour may ultimately affect a firm's CSR commitment and the value created by the family business. To consider this argument, we applied Equation [3], in which the presence of independent directors is determined by the company's debt ratio, together with various control variables.

$$\begin{aligned}\text{Indep}_{i,t} = {} & \omega_0 + \omega_1\text{Leverage}_{i,t} + \omega_2\text{ROA}_{i,t} \\ & + \omega_3\text{Size}_{i,t} + \omega_4\Delta\text{Sales}_{i,t} + \omega_5\text{CFO}_{i,t} \\ & + \omega_6\text{Dividend}_{i,t} + \omega_7\text{CAPEXinv}_{i,t} + \omega_8\text{R\&Dinv}_{i,t} \\ & + \omega_9\text{ADVinv}_{i,t} \\ & + \omega_{10}\text{BoardSize}_{i,t} + \omega_{11}\text{BoardActivity}_{i,t} \\ & + \omega_{12}\text{Duality}_{i,t} + \omega_{13}\%\text{FemaleDir}_{i,t} + \omega_{14}\text{Founder}_{i,t} \\ & + \omega_{15}1\text{stGeneration}_{i,t} + \omega_{16}2\text{ndGeneration}_{i,t} \\ & + \omega_{17}\text{COVID19}_{i,t} \\ & + \omega_{18}\text{CivilLaw}_{i,t} + \omega_{19}\text{EU}_{i,t} + \omega_{20}\text{Industry}_{i,t} \\ & + \omega_{21}\text{Country}_i + \omega_{22}\text{Year}_t + \mu_{it} + \eta_i \qquad (3)\end{aligned}$$

The results we obtained with a linear regression model, with fixed and random effects, and with the generalised method of moments estimation are summarised in Table 1. Although these three methodologies yielded similar results, the Hansen test was found to indicate that the best estimation procedure would be linear regression with fixed effects models. For this reason, we include the references of the results obtained with these models. We found the coefficient of the **Leverage** variable to be positive and significant at the 99% confidence interval, and we thus concluded that family firms with higher levels of borrowing tend to have higher proportions of independent directors on the board (coeff. = 0.566). These proportions are even higher amongst companies with lower levels of profitability, as reflected in the negative and significant coefficient we found for **ROA** (coeff. = − 0.0330).

Accordingly, the higher the level of borrowing—and hence the greater the pressure applied by financial institutions—the stronger will be the proportion of independent directors on the board. The results of our validation model empirically confirm the argument made by Johannisson and Huse (2000), who stated that the presence of independent directors is associated with the inclusion of market criteria in the evaluation and selection of any strategies aimed at defending the interests of those actors who had backed their appointment to the board—i.e. the financial institutions. The incorporation of external directors nominated by financial entities thus enables the latter to influence decision-making within the family business. The evidence we obtained upheld the arguments presented above in support of Hypotheses 1 and 2, the testing of which is presented below.

Results of the Basic Models

The results we obtained for Equations [1] and [2] are shown in panels A and B of Table 2. The first three columns show the impact of CSR strategies and independent directors on market value (Tobin's Q) and whether this effect varies between family and non-family firms. We employed a linear regression model with fixed and random effects and GMM, respectively. All of them were found to exhibit the same effects, but the Hansen test confirmed the validity of the fixed effects models, and we present and discuss the results yielded by this model in column 1. Taking into account the U-shaped relationship between CSR and financial performance reported by Barnett and Salomon (2006), we performed an initial exploratory analysis, the results of which showed this relationship to be linear.

The interactions of Equation [1] were designed to reveal any moderation effects that may occur should the variables Indep (Z) and FF (W) affect the relationship between CSR (X) and QTobin (Y) in the same way as they change for varying values of Z and W. We hypothesised that $\varphi_1 > \varphi_4$; $\varphi_1+\varphi_3 = \varphi_1$; $\varphi_4 + \varphi_6 > \varphi_4$ in isolated tests of these moderation types:

$$\begin{aligned}\text{TobinQ}_{i,t} = {} & \varphi_0 + \varphi_1\text{CSR}_{i,t} + \varphi_2\text{Indep}_{i,t} + \varphi_3\text{CSR} * \text{Indep}_{i,t} \\ & + \varphi_4\text{CSR} * \text{FF}_{i,t} + \varphi_5\text{Indep} * \text{FF}_{i,t} \\ & + \varphi_6\text{CSR} * \text{Indep} * \text{FF}_{i,t} + \varphi_7\text{FF}_{i,t}\end{aligned}$$

The interactions of Equation [2] were designed to reveal any moderation effects that may occur should the variables FF (W) affect the relationship between Indep (X) and CSR (Y) in the same way as they change for varying values of W. We hypothesised that $\beta_1 + \beta_2 = \beta_1$ in isolated tests of these moderation types:

$$CSR_{i,t} = \beta_0 + \beta_1\text{Indep}_{i,t} + \beta_2\text{Indep} * \text{FF}_{i,t} + \beta_3\text{FF}_{i,t}$$

Here, we assumed that β_2 and φ_3 need not be significant, whilst φ_1, φ_4, φ_6 must be. However, adapting the recommendations for quadratic relationships made by Haas et al. (2016), we had to perform additional tests and routines to demonstrate the existence of the moderation effects (see

Table 2 Basic model of analysis for total sample: Family and non-family firms

Panel A. Results for Eq. 1

Dependent variable:	Basic analysis: QTobin						Robust analysis: logMV					
CSR independent variable:	CSRStrategy			ESScore			CSRStrategy			ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM	fe	re	GMM	fe	re	GMM
CSR	0.00107***	0.00148***	0.000966***	0.00131***	0.00240***	0.00800***	0.00143***	0.00153***	0.00150***	0.00107**	0.00142***	0.00883***
	(0.000223)	(0.000221)	(9.87e-05)	(0.000388)	(0.000381)	(0.000212)	(0.000274)	(0.000272)	(9.74e-08)	(0.000476)	(0.000471)	(0.000254)
Indep	−5.64e-05	−2.74e-05	−0.000703	−0.000138	−0.000202	−0.000967	−0.000426	−0.000371	−0.000093	−0.000711	−0.000627	−0.00121
	(0.000164)	(0.000163)	(6.27e-08)	(0.000265)	(0.000263)	(8.40e-08)	(0.000401)	(0.000300)	(0.000101)	(0.000624)	(0.000523)	(0.00142)
CSR*Indep	−2.67e-06	−2.27e-06	−7.36e-06	−1.18e-06	−2.97e-07	−1.62e-05	−1.68e-06	−9.03e-08	−1.09e-05	−6.94e-06	−4.65e-06	2.32e-05
	(2.95e-06)	(2.93e-06)	(6.42e-06)	(4.95e-06)	(4.93e-06)	(1.62e-06)	(3.61e-06)	(3.60e-06)	(1.76e-06)	(6.06e-06)	(6.05e-06)	(2.36e-06)
CSR*FF	−0.0196**	−0.0120*	−0.0892***	−0.00826*	−0.00164**	−0.0664***	−0.0668***	−0.0542***	−0.133***	−0.0406***	−0.0299***	−0.110***
	(0.00995)	(0.00085)	(0.00548)	(0.00542)	(0.00030)	(0.00585)	(0.0122)	(0.0121)	(0.00310)	(0.0115)	(0.0114)	(0.00636)
Indep*FF	−0.0278***	−0.0458***	−0.00461**	−0.0279***	−0.0476***	−0.0160***	−0.0820***	−0.0646***	−0.135***	−0.0803***	−0.0635***	−0.145***
	(0.00964)	(0.00958)	(0.00178)	(0.00966)	(0.00960)	(0.00402)	(0.0119)	(0.0118)	(0.00446)	(0.0119)	(0.0118)	(0.00449)
CSR*Indep*FF	0.00879***	0.00951***	0.00606***	0.00882***	0.00957***	0.00603***	0.0131***	0.0135***	0.000650***	0.0131***	0.0135***	0.000660***
	(0.000343)	(0.000328)	(0.000135)	(0.000343)	(0.000329)	(0.000146)	(0.000421)	(0.000408)	(0.000114)	(0.000421)	(0.000409)	(0.000107)
FF	−0.000145	−0.000227	−0.000972***	−0.000152	−0.000235	−0.000976***	0.000142	0.00119	−0.000408***	0.000119	0.00118	−0.000404***
	(0.000200)	(0.000150)	(2.05e-05)	(0.000200)	(0.000149)	(1.70e-05)	(0.000246)	(0.00199)	(1.60e-05)	(0.000246)	(0.00199)	(1.53e-05)
Size	−0.361***	−0.371***	−0.462***	−0.361***	−0.374***	−0.349***	0.414***	0.328***	0.373***	0.417***	0.330***	0.482***
	(0.00775)	(0.00591)	(0.00560)	(0.00783)	(0.00598)	(0.00663)	(0.00949)	(0.00778)	(0.00413)	(0.00960)	(0.00788)	(0.00338)
ΔSales	−9.55e-06	−9.71e-06	−1.87e-05***	−9.46e-06	−9.49e-06	−1.79e-05***	−1.97e-05**	−1.99e-05**	6.67e-06***	−1.96e-05**	−1.98e-05**	7.88e-06***

Table 2 (continued)

Panel A. Results for Eq. 1

Dependent variable:	Basic analysis: QTobin						Robust analysis: logMV					
CSR independent variable:	CSRStrategy			ESScore			CSRStrategy			ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM	fe	re	GMM	fe	re	GMM
	(7.41e-06)	(7.46e-06)	(8.53e-08)	(7.41e-06)	(7.47e-06)	(8.18e-08)	(9.11e-06)	(9.16e-06)	(9.52e-08)	(9.12e-06)	(9.17e-06)	(9.27e-08)
ROA	1.09e-05	9.58e-06	− 2.29e-05***	1.06e-05	1.09e-05	− 5.50e-05***	− 9.92e-06	− 1.03e-05	− 1.95e-05***	− 1.78e-05	− 1.82e-05	− 5.35e-05***
	(8.05e-06)	(8.02e-06)	(3.30e-06)	(1.24e-05)	(1.24e-05)	(5.57e-06)	(9.86e-06)	(9.85e-06)	(3.57e-06)	(1.53e-05)	(1.53e-05)	(5.66e-06)
Leverage	− 0.0526**	− 0.0605**	− 0.0685***	− 0.0283	− 0.0427	− 0.0480*	− 0.199***	− 0.187***	− 0.133***	− 0.243***	− 0.235***	− 0.193***
	(0.0256)	(0.0247)	(0.0247)	(0.0389)	(0.0379)	(0.0249)	(0.0314)	(0.0306)	(0.0249)	(0.0478)	(0.0470)	(0.0242)
CFO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Dividend	5.84e-11	0.000	0.000	6.03e-11	0.000	− 7.34e-11***	8.58e-11	6.68e-11	0.000	8.37e-11	6.51e-11	0.000
	(6.10e-11)	(6.07e-11)	(0.000)	(6.10e-11)	(0.000)	(0.000)	(7.50e-11)	(7.48e-11)	(0.000)	(7.51e-11)	(7.49e-11)	(0.000)
CAPEXinv	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
R&Dinv	− 1.14e-10**	− 1.14e-10**	− 7.94e-11***	− 1.19e-10**	− 1.21e-10**	− 5.32e-11***	− 7.72e-11	− 8.73e-11	− 1.90e-10***	− 7.79e-11	− 8.83e-11	− 1.54e-10***
	(5.15e-11)	(5.08e-11)	(0.000)	(5.15e-11)	(5.08e-11)	(0.000(	(6.33e-11)	(6.27e-11)	(0.000)	(6.33e-11)	(6.28e-11)	(0.000)
ADVinv	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
BoardSize	0.00503***	0.00535***	0.0137***	0.00532***	0.00584***	0.0114***	0.0115***	0.0109***	0.00719***	0.0120***	0.0113***	0.00566***
	(0.00162)	(0.00157)	(0.000640)	(0.00162)	(0.00158)	(0.000652)	(0.00198)	(0.00195)	(0.000597)	(0.00198)	(0.00195)	(0.000572)
BoardActivity	− 0.00917***	− 0.0118***	− 0.000246	− 0.00914***	− 0.0118***	− 0.000352	− 0.0168***	− 0.0182***	0.0121***	− 0.0168***	− 0.0182***	0.0123***
	(0.000965)	(0.000939)	(0.000604)	(0.000966)	(0.000940)	(0.000627)	(0.00118)	(0.00116)	(0.000659)	(0.00118)	(0.00116)	(0.000688)
Duality	0.0195**	0.00538	0.126***	0.0171*	0.000194	0.158***	0.0366***	0.0242**	0.167***	0.0342***	0.0212*	0.196***
	(0.00937)	(0.00913)	(0.00388)	(0.00940)	(0.00916)	(0.00389)	(0.0115)	(0.0113)	(0.00450)	(0.0115)	(0.0113)	(0.00471)

Table 2 (continued)

Panel A. Results for Eq. 1

Dependent variable:	Basic analysis: QTobin						Robust analysis: logMV					
CSR independent variable:	CSRStrategy			ESScore			CSRStrategy			ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM	fe	re	GMM	fe	re	GMM
CEObackgr	− 0.00810	− 0.0129	− 0.118***	− 0.0114	− 0.0215	− 0.0863***	− 0.0825***	− 0.0715***	− 0.233***	− 0.0849***	− 0.0754***	− 0.200***
	(0.0132)	(0.0132)	(0.00647)	(0.0133)	(0.0134)	(0.00704)	(0.0162)	(0.0162)	(0.00836)	(0.0164)	(0.0164)	(0.00795)
CEOage	9.48e-05	0.000320**	− 3.12e-05	5.68e-05	0.000246	0.000377***	0.000160	0.000215	− 0.000843***	0.000102	0.000150	− 0.000474***
	(0.000163)	(0.000162)	(4.05e-05)	(0.000163)	(0.000162)	(3.92e-05)	(0.000200)	(0.000199)	(5.26e-05)	(0.000201)	(0.000200)	(5.32e-05)
CEOtenure	0.000793	0.00109	− 0.00823***	0.000492	0.000296	− 0.00369***	0.0161***	0.0215***	− 0.0265***	0.0159***	0.0210***	− 0.0221***
	(0.00160)	(0.00149)	(0.00101)	(0.00161)	(0.00150)	(0.00116)	(0.00196)	(0.00186)	(0.00111)	(0.00197)	(0.00187)	(0.00127)
%FemaleDir	0.00164***	0.00174***	0.00328***	0.00146***	0.00124***	0.00681***	0.00329***	0.00398***	0.00661***	0.00313***	0.00372***	0.0103***
	(0.000360)	(0.000352)	(0.000293)	(0.000376)	(0.000367)	(0.000279)	(0.000442)	(0.000435)	(0.000332)	(0.000462)	(0.000454)	(0.000318)
CSRCommittee	− 0.00105**	− 0.000896*	− 0.00122***	− 0.00134*	− 0.00104	− 0.00212***	0.000740	0.000873	0.000608**	0.00158	0.00179*	0.00172***
	(0.000520)	(0.000515)	(0.000285)	(0.000804)	(0.000795)	(0.000260)	(0.000638)	(0.000635)	(0.000282)	(0.000988)	(0.000981)	(0.000250)
COVID19	− 0.000660*	− 0.000639*	0.000649***	− 0.000736	− 0.000781	0.00225***	0.000789*	0.000785*	0.000499**	0.00125	0.00125	0.00223***
	(0.000384)	(0.000381)	(0.000226)	(0.000629)	(0.000624)	(0.000377)	(0.000471)	(0.000468)	(0.000246)	(0.000773)	(0.000769)	(0.000390)
CivilLaw		− 0.0762			− 0.0876			2.518***			2.506***	
		(0.103)			(0.102)			(0.153)			(0.153)	
StkOri		0.386***			0.378***			1.303***			1.293***	
		(0.0875)			(0.0869)			(0.131)			(0.131)	
Religion		− 1.96e-05			− 0.000286			− 0.0491***			− 0.0494***	
		(0.00311)			(0.00309)			(0.00465)			(0.00465)	
IndvCult		− 0.00516**			− 0.00527***			− 0.0410***			− 0.0411***	
		(0.00205)			(0.00204)			(0.00306)			(0.00306)	
MascCultu		0.000752			0.000675			0.00290			0.00277	

Table 2 (continued)

Panel A. Results for Eq. 1

Dependent variable:	Basic analysis: QTobin						Robust analysis: logMV					
CSR independent variable:	CSRStrategy			ESScore			CSRStrategy			ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM	fe	re	GMM	fe	re	GMM
		(0.00126)			(0.00125)			(0.00187)			(0.00187)	
EU		0.174*			0.163*			−0.743***			−0.756***	
		(0.0982)			(0.0975)			(0.147)			(0.147)	
	Industry, Country, Year controlled						Industry, Country, year controlled					
R-square	0.3164***	0.3488***		0.3204***	0.3518***		0.1300***	0.1270***		0.1288***	0.1258***	
Hansen test	2139.47***			329.88***			367.76***			407.90***		
z			1.66e + 08			6.36e + 07			679,008.63			704,692.52
m_1			14.13			13.21			− 4.97			− 5.52
m_2			12.99			12.85			− 7.80			− 7.86
Hansen (2)			2167.96			2150.27			1960.76			1956.07
Formal test for interactions												
CSR	0.00107***	0.00148***	0.000966***	0.00131***	0.00240***	0.00800***	0.00143***	0.00153***	0.00150***	0.00107**	0.00142***	0.00883***
CSR*Indep	−2.67e-06	−2.27e-06	− 7.36e-06	−1.18e-06	−2.97e-07	−1.62e-05	−1.68e-06	−9.03e-08	− 1.09e-05	− 6.94e-06	−4.65e-06	2.32e-05
CSR + CSR*Indep	0.00107***	0.00148***	0.000966***	0.00131***	0.00240***	0.00800***	0.00143***	0.00153***	−0.00150***	0.00107**	0.00142***	0.00883***
CSR*FF	−0.0196**	− 0.0120*	−0.0892***	−0.00826*	−0.00164**	−0.0664***	−0.0668***	−0.0542***	− 0.133***	−0.0406***	−0.0299***	− 0.110***
CSR + CSR*FF	−0.0185**	−0.01052*	− 0.088***	− 0.0069*	−0.00076***	−0.0584***	−0.0654***	−0.0527***	−0.1315***	−0.0395***	−0.0285***	− 0.10117***
CSR*Indep*FF	0.00879***	0.00951***	0.00606***	0.00882***	0.00957***	0.00603***	0.0131***	0.0135***	0.000650***	0.0131***	0.0135***	0.000660***
CSR*FF + CSR*Indep*FF	−0.0108***	−0.00249***	−0.0831***	0.00056***	0.00811***	−0.0604***	−0.0537***	−0.0407***	− 0.132***	−0.0275***	−0.0164***	− 0.10934***
CSR + CSR*Indep + CSR*FF + CSR*Indep*FF	−0.00973***	−0.00101***	−0.08213***	0.00187***	0.00105***	−0.0524***	−0.0523***	−0.0392***	− 0.131***	−0.0264***	−0.0150***	− 0.1005***

Table 2 (continued)

Panel B. Results for Eq. 2

CSR dependent variable:	CSRStrategy			ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM
Indep	0.0209***	0.0183***	0.0273***	0.0346***	0.0363***	0.0336***
	(0.00402)	(0.00389)	(0.00224)	(0.00212)	(0.00207)	(0.00117)
CSR*FF	0.00466	0.0241	0.0170	0.00514	0.00190	0.00816
	(0.0288)	(0.0274)	(0.0136)	(0.0152)	(0.0147)	(0.00882)
FF	1.116	1.304	0.316	0.379	0.565	0.180
	(1.122)	(1.048)	(0.361)	(0.592)	(0.567)	(0.269)
Size	9.650***	6.160***	15.93***	5.980***	4.556***	15.30***
	(0.281)	(0.153)	(0.300)	(0.148)	(0.0943)	(0.164)
ΔSales	− 5.55e-05	− 0.000102	− 5.82e-05***	− 9.00e-05	− 0.000127	1.84e-05***
	(0.000275)	(0.000280)	(1.37e-05)	(0.000145)	(0.000146)	(4.54e-06)
ROA	0.0257**	0.0307***	0.0298***	0.00861	0.00945	0.0239***
	(0.0127)	(0.0112)	(0.00528)	(0.00668)	(0.00613)	(0.00353)
Leverage	− 0.000193	0.0130***	0.000263	0.00651*	0.00682***	0.00654***
	(0.00742)	(0.00383)	(0.000660)	(0.00392)	(0.00240)	(0.000380)
CFO	− 2.41e-10	− 2.44e-10	− 3.28e-10***	− 1.22e-10	− 1.69e-10	− 3.13e-10***
	(2.26e-10)	(2.19e-10)	(0.000)	(1.19e-10)	(1.17e-10)	(0.000)
Dividend	− 5.88e-10	1.22e-10	1.18e-09***	− 6.36e-10	− 1.56e− 10	− 2.80e-09***
	(2.26e-09)	(2.22e-09)	(6.12e-11)	(1.19e-09)	(1.18e-09)	(0.000)

Table 2 (continued)

Panel B. Results for Eq. 2

CSR dependent variable:	CSRStrategy			ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM
CAPEXinv	3.64e-10	7.57e-10	− 1.36e-10***	2.75e-10	3.81e-10	− 4.23e-10***
	(6.59e-10)	(5.85e-10)	(0.000)	(3.48e-10)	(3.23e-10)	(0.000)
R&Dinv	1.23e-09	- 8.19e-11	− 1.64e-09***	8.56e-10	6.02e-10	4.17e-09***
	(1.91e-09)	(1.81e-09)	(8.67e-11)	(1.01e-09)	(9.74e-10)	0
ADVinv	− 9.01e-10	− 3.67e-10	2.16e-10***	1.16e-10	3.00e-10	− 1.34e-10***
	(5.79e-10)	(5.06e-10)	(0.000)	(3.06e-10)	(2.81e-10)	(0.000)
BoardSize	0.206***	0.199***	0.0904***	− 0.0736**	− 0.0581*	− 0.166***
	(0.0598)	(0.0544)	(0.0215)	(0.0316)	(0.0297)	(0.0127)
BoardActivity	− 0.0434	− 0.0639**	− 0.0965***	− 0.0619***	− 0.0693***	− 0.0513***
	(0.0356)	(0.0324)	(0.0250)	(0.0188)	(0.0177)	(0.0109)
Duality	1.275***	1.173***	0.438**	1.879***	1.911***	3.029***
	(0.346)	(0.316)	(0.170)	(0.182)	(0.172)	(0.108)
CEObackgr	2.594***	2.472***	3.620***	4.043***	4.020***	4.571***
	(0.488)	(0.488)	(0.252)	(0.258)	(0.257)	(0.210)
CEOage	− 0.00543	− 0.00893	0.00642***	0.00919***	0.00976***	0.0451***

Table 2 (continued)

Panel B. Results for Eq. 2

CSR dependent variable:	CSRStrategy			ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM
	(0.00603)	(0.00582)	(0.00172)	(0.00318)	(0.00311)	(0.000925)
CEOtenure	0.444***	0.104**	0.976***	0.432***	0.325***	0.732***
	(0.0589)	(0.0479)	(0.0375)	(0.0311)	(0.0271)	(0.0283)
%FemaleDir	0.337***	0.311***	0.368***	0.356***	0.354***	0.457***
	(0.0132)	(0.0122)	(0.0121)	(0.00698)	(0.00662)	(0.00708)
CSRCommittee	19.51***	23.63***	22.18***	9.182***	10.33***	7.357***
	(0.322)	(0.303)	(0.116)	(0.170)	(0.163)	(0.126)
COVID19	4.872***	4.970***	0.458***	2.500***	2.586***	− 1.093***
	(0.357)	(0.351)	(0.145)	(0.188)	(0.185)	(0.0715)
CivilLaw		− 10.09***			− 0.247	
		(1.990)			(1.373)	
StkOri		0.947***			0.435***	
		(0.0952)			(0.0657)	
Religion		− 0.140**			0.0495	
		(0.0602)			(0.0416)	
IndvCult		0.0113			0.0386	
		(0.0401)			(0.0276)	
MascCultu		− 0.0924***			− 0.0198	
		(0.0247)			(0.0169)	

Table 2 (continued)

Panel B. Results for Eq. 2

CSR dependent variable:	CSRStrategy			ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM
EU		− 4.280**			2.052	
		(1.893)			(1.310)	
	Industry, Country, Year controlled					
R-square	0.4196***	0.5800***		0.3801***	0.4891***	
Hansen test	1489.76***			662.14***		
z			78,038.98			74,806.71
m_1			− 14.53			− 10.17
m_2			− 1.02			− 4.29
Hansen (2)			1021.93			1328.64

N = 38,666 observations corresponding to 4822 firms for the period 2010–2020
*** *p*-value < 0.10; ** *p*-value < 0.05; *** *p*-value < 0.01
z is the Wald test of the joint significance of the coefficients obtained, distributed asymptotically as χ2 under the null hypothesis of no relation;
mi is the serial correlation test of order i that uses first-difference residuals, distributed asymptotically as N (0.1) under the null hypothesis of no serial correlation;
Hansen (2) is a test of over-identification restrictions, distributed asymptotically as χ2 under the null hypothesis of no correlation between the instruments and the error term

Panel B, Table 2). It was important for us to conduct formal tests in this respect in order to ensure that the effects of $\varphi 1 > \varphi 4$; $\varphi 1+\varphi 3 = \varphi 1$; $\varphi 4 + \varphi 6 > \varphi 4$ were not trivial. Specifically, the test was aimed at examining whether Equation [1] indeed yielded results significantly different from zero at specific values of Z or/and W.

The results for Equation [1]—presented in the first column of Panel A in Table 2—were found to show that independent directors do not affect Tobin's Q (coeff. = − 5.64e-05, p-value = 0.731). CSR strategies thus tend to raise non-family firms' market value with a confidence level of 99%. This effect was found not to be moderated by the presence of independent directors (Equation [1]: **CSR*Indep** coeff. = − 2.67e-06, p-value = 0.364), who were found to have a positive impact on CSR (Equation [2] in Panel B: **Indep** coeff. = 0.0209, p-value = 0.000). These results led us to accept Hypothesis 1—i.e. that independent directors play a governance role in determining a firm's CSR strategies and that this role contributes to resolving any stakeholder conflicts and raises such firm's market value. However, the presence of such directors is not valued directly by investors, who use CSR strategies as a mediator. Our results were found to confirm those of Ho and Harjoto (2011; 2012), Harjoto and Ho (2011), Fernández-Gago et al. (2016), and Harjoto and Laksmanan (2018), further revealing that independent directors do not play a moderating role in the relationship between CSR and market value.

For our sample family firms, the effect of CSR strategies on market value was shown to be $\varphi_1 + \varphi_4 = 0.00107 - 0.0196 = -0.0185$. This corresponds to the negative impact we predicted in Hypothesis 2a for the strategies followed by family firms' in regard to CSR orientated towards satisfying their SEW preferences (expropriation of minority interests). As shown by the test results (Panel B), we found this effect to be significant and non-trivial with a confidence level of 99%. The independent directors of family firms were found to generate a negative impact on market value (Equation [1]: **Indep*FF** coeff = − 0.0278, *p*-value = 0.000), confirming Hypothesis 2c—i.e. that investors assign a negative value to the role played by these directors in safeguarding debtholder interests in regard to high-risk projects (correction of the debtholder expropriation effect). However, as predicted by hypothesis 2b, independent directors were found to have a dissuasive-moderating-effect on CSR strategies; their presence was found not directly determine the CSR strategies followed by family firms (Equation [2] of Panel B: **Indep*FF** coeff. = 0.00466, *p*-value = 0.871) but to moderate the effect of CSR on market value in those cases in which the family employs economic or market criteria in its investment decisions (Equation [1]: **CSR*Indep*FF** coeff. = 0.00879, *p*-value = 0.000). The moderating effect of independent directors on family firms was found to reduce the negative effect produced by these firms' CSR strategies ($\varphi_1 + \varphi_3 + \varphi_4 + \varphi_6 = 0.00107 + 0.000 - 0.0196 + 0.00973$), which, as shown in Panel A, was found to be significant and non-trivial with a confidence level of 99%. The above results led us to accept Hypothesis 2.

We found our results to be robust to changes in the dependent and independent variables and to the methodology specification. In this sense, the results shown in columns 4–6 of Panel B and Panel A reflect the use of **ESScore** instead of **CSRStrategy**. Columns 7–12 of Panel A present the evidence for changes in the dependent variable, using **logMV** instead of **QTobin**. The same goes for columns 7–9 for **CSRStrategy,** and columns 10–12 for **ESScor**e. In addition, Table 3 reflect the robustness of the results for the family firms variable, using **FamilyOwn** (in table FO) instead of **FF**. We observed the same effects for all the independent variables.

We also performed a robustness analysis that involved applying the two equations to our two subsamples—family vs non-family firms. Although the results confirmed our initial results, a more complex analysis was needed for our subsample of family firms; this is described in the following section.

The Economic Impacts of CSR Strategies and Independent Directors on Family Firms

In order to determine the relevance of CSR strategies and to detect any possible moderating role played by independent directors on family firms' market values, we estimated Equation [1] and the elasticities of these models for a subsample. Regarding the nature of our sample family firms, we included in this equation three dummy variables suited to identify whether such firms were controlled by the **Founder**, the **1stGeneration**, or the **2ndGeneration**. Each of these variables took the value 1 if the founder, the first, or the second succeeding generation were active in the company management or sat on the board of directors, and 0 otherwise (Villalonga & Amit, 2006).

In addition, for greater robustness, we divided the CSR score into its environmental (**ENV**) and social (**SOCIAL**) dimensions. In line with Chen et al. (2014), the environmental data we included referred to energy consumption, water recycling, carbon emissions, waste recycling, and spills/pollution, whilst the social factors we considered included employee turnover, injuries, accidents, training, employees, donations, and any health and safety disputes.

Panel B of Table 4 presents the robustness results of Equation [2], which we found to be similar to those we had obtained previously. Elasticities were not determined as CSR is not a monetary variable. Panel A of Table 4 shows the results obtained for Equation [1], both for the basic model focussed on global CSR strategies, and for the robustness

Table 3 Robust Analysis for Family firms' categorization (FamilyOwn variable)

Dependent variable:	Equation 1: QTobin			Equation 2: ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM
CSR	0.00126***	0.00237***	0.00863***			
	(0.000382)	(0.000376)	(0.00200)			
Indep	− 0.000300	− 0.000355	− 0.000899	0.0348***	0.0369***	0.0340***
	(0.000258)	(0.000256)	(7.61e-08)	(0.00218)	(0.00214)	(0.00119)
CSR*Indep	8.63e-07	2.20e-06	1.47e-05			
	(4.83e-06)	(4.81e-06)	(1.27e-08)			
CSR*FO	− 0.0278***	− 0.0478***	− 0.0155***			
	(0.00967)	(0.00960)	(0.00395)			
Indep*FO	− 0.360***	− 0.373***	− 0.344***	− 0.000306	− 0.000285	− 0.000317
	(0.00784)	(0.00598)	(0.00633)	(0.000360)	(0.000256)	(9.28e-08)
CSR*Indep*FO	0.00883***	0.00957***	0.00613***			
	(0.000343)	(0.000329)	(0.000141)			
FO	0.000421	0.000327	− 0.00386***	− 0.00544	− 0.0316	0.0783
	(0.00124)	(0.00120)	(0.000528)	(0.0143)	(0.0326)	(0.0628)
Size	− 1.50e-08	2.80e-08	− 7.93e-07***	5.969***	4.528***	15.27***
	(3.92e-07)	(3.90e-07)	(6.87e-08)	(0.148)	(0.0943)	(0.162)
ΔSales	− 9.46e-06	− 9.48e-06	− 1.80e-05***	− 9.01e− 05	− 0.000127	2.03e-05***
	(7.42e-06)	(7.48e-06)	(7.90e-08)	(0.000145)	(0.000146)	(4.49e-06)
ROA	7.72e-06	4.11e-06	2.33e-05***	0.00841	0.00961	0.0215***
	(1.96e-05)	(1.94e-05)	(4.77e-06)	(0.00668)	(0.00613)	(0.00351)
Leverage	− 0.000162	− 0.000242	− 0.000980***	0.00626	0.00668***	0.00717***
	(0.000200)	(0.000149)	(1.61e-05)	(0.00392)	(0.00240)	(0.000381)
CFO	0.000	0.000	0.000	− 1.27e-10	− 1.74e-10	− 3.03e-10***
	(0.000)	(0.000)	(0.000)	(1.19e-10)	(1.17e-10)	(0.000)
Dividend	5.71e-11	(0.000)	− 8.55e-11***	− 5.97e-10	− 1.04e-10	− 2.91e-09***
	(6.11e-11)	(6.09e-11)	(0.000)	(1.19e-09)	(1.18e-09)	(0.000)
CAPEXinv	0.000	0.000	0.000	2.65e-10	3.78e-10	− 4.03e-10***
	(0.000)	(0.000)	(0.000)	(3.48e-10)	(3.23e-10)	(0.000)
R&Dinv	− 1.18e-10**	− 1.20e-10**	0.000	9.12e-10	6.11e-10	4.21e-09***
	(5.15e-11)	(5.09e-11)	(0.000)	(1.01e-09)	(9.74e-10)	(0.000)
ADVinv	0.000	0.000	0.000	1.05e-10	3.02e-10	− 1.63e-10***
	(0.000)	(0.000)	(0.000)	(3.05e-10)	(2.81e-10)	(0.000)
BoardSize	0.00532***	0.00584***	0.0122***	− 0.0726**	− 0.0558*	− 0.169***
	(0.00162)	(0.00158)	(0.000611)	(0.0316)	(0.0297)	(0.0129)
BoardActivity	− 0.00915***	− 0.0118***	− 0.000471	− 0.0619***	− 0.0708***	− 0.0435***
	(0.000966)	(0.000940)	(0.000614)	(0.0188)	(0.0177)	(0.0111)
Duality	0.0174*	0.000726	0.158***	1.868***	1.888***	3.071***
	(0.00941)	(0.00917)	(0.00393)	(0.183)	(0.172)	(0.110)
CEObackgr	− 0.0124	− 0.0229*	− 0.0806***	4.063***	4.048***	4.552***
	(0.0134)	(0.0134)	(0.00700)	(0.258)	(0.257)	(0.209)
CEOage	5.83e-05	0.000250	0.000352***	0.00920***	0.00970***	0.0452***
	(0.000164)	(0.000162)	(3.84e-05)	(0.00319)	(0.00311)	(0.000934)

Table 3 (continued)

Dependent variable:	Equation 1: QTobin			Equation 2: ESScore		
Econometric method:	fe	re	GMM	fe	re	GMM
CEOtenure	0.000342	7.18e-05	− 0.00342***	0.430***	0.326***	0.723***
	(0.00161)	(0.00150)	(0.00110)	(0.0311)	(0.0271)	(0.0285)
%FemaleDir	0.00149***	0.00127***	0.00663***	0.356***	0.353***	0.458***
	(0.000376)	(0.000367)	(0.000272)	(0.00698)	(0.00662)	(0.00734)
CSRCommittee	− 0.00821	− 0.00172	− 0.0664***	9.192***	10.34***	7.421***
	(0.00943)	(0.00931)	(0.00561)	(0.170)	(0.163)	(0.128)
COVID19	− 3.57e-05	− 3.07e-05	1.82e-05***	2.495***	2.583***	− 1.122***
	(2.54e-05)	(2.51e-05)	(3.80e-06)	(0.188)	(0.185)	(0.0732)
CivilLaw		− 0.0899			− 0.154	
		(0.102)			− 1.371	
StkOri		0.0110**			0.448***	
		(0.00488)			(0.0656)	
Religion		− 0.000434			0.0514	
		(0.00309)			(0.0415)	
IndvCult		− 0.00540***			0.0432	
		(0.00204)			(0.0276)	
MascCultu		0.000744			− 0.0217	
		(0.00125)			(0.0169)	
EU		0.156			2.261*	
		(0.0976)			− 1.309	
	Industry, Country, Year controlled					
R-square	0.3191***	0.3504***		0.3800***	0.4915***	
Hansen test	251.03***			641.17***		
z			5.56e + 07			73,887.5
m_1			− 13.09			− 10.22
m_2			− 12.91			− 4.28
Hansen			2137.95			1322.52

N = 38,666 observations corresponding to 4822 firms for the period 2010–2020
***p-value < 0.10; **p-value < 0.05; ***p-value < 0.01
z is the Wald test of the joint significance of the coefficients obtained, distributed asymptotically as χ2 under the null hypothesis of no relation;
mi is the serial correlation test of order i that uses first-difference residuals, distributed asymptotically as N (0.1) under the null hypothesis of no serial correlation;
Hansen (2) is a test of over-identification restrictions, distributed asymptotically as χ2 under the null hypothesis of no correlation between the instruments and the error term

models in which this variable was broken down into its environmental and social aspects. The main variables included in the model were **CSR** and **Indep** and their interaction **CSR * Indep**, reflecting the moderating effect of independent directors. In robustness model I, **CSR** was replaced by **ENV** and, in robustness model II, by **SOCIAL**.

In all three models, the overall, environmental, and social strategies of CSR (coeff. = − 0.367, − 0.371, and − 0.368, respectively) were found to have a negative impact on company market value, as reflected in the Tobin's Q result, all with confidence levels of 99%. This negative effect was found to be partially compensated by the presence of independent directors (**CSR**: coeff. = 0.211, **ENV:** coeff. = 0.214, **SOCIAL**: coeff. = 0.211), with a 99% level of confidence.

We then interpreted the economic impact produced by the presence of independent directors. The analysis showed that CSR strategies had reduced the Tobin's Q value of our sample family firms by 36.7%, possibly due to the prevalence of SEW criteria in making sustainability-related investment decisions. When such investment decisions had been made

Table 4 Basic and robust models of analysis for a subsample of family firms

Panel A. Market value, CSR and independent directors

Equation [1]: Tobin Q

	Basic model "CSR"			Robust model I "ENV"			Robust model II "SOCIAL"		
	fe	re	GMM	fe	re	GMM	fe	re	GMM
	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)
CSR	− 0.367***	− 0.359***	− 0.505***						
	(0.0331)	(0.0203)	(0.0857)						
EnvScore				− 0.371***	− 0.359***	− 0.540***			
				(0.0324)	(0.0200)	(0.0832)			
SocialScore							− 0.368***	− 0.358***	− 0.520***
							(0.0327)	(0.0201)	(0.0856)
Indep	− 0.00793**	− 0.0122***	0.000755	− 0.00792**	− 0.0121***	0.00190	− 0.00793**	− 0.0122***	0.00110
	(0.00324)	(0.00311)	(0.00604)	(0.00324)	(0.00311)	(0.00639)	(0.00324)	(0.00311)	(0.00602)
CSR*Indep	0.211***	0.130**	0.305*	0.214***	0.135**	0.318*	0.211***	0.129**	0.317**
	(0.0629)	(0.0542)	(0.162)	(0.0629)	(0.0542)	(0.163)	(0.0629)	(0.0542)	(0.161)
Size	2.62e-06	0.00261*	− 0.00672*	0.00281	0.00610***	− 0.00748	0.000250	0.00246**	− 0.00584*
	(0.00145)	(0.00135)	(0.00359)	(0.00227)	(0.00212)	(0.00639)	(0.00124)	(0.00116)	(0.00319)
ΔSales	0.00191	0.00210	0.000418	0.00201	0.00234	0.000447	0.00190	0.00203	0.000395
	(0.00173)	(0.00175)	(0.000638)	(0.00173)	(0.00175)	(0.000654)	(0.00173)	(0.00175)	(0.000635)
ROA	− 3.08e-07	− 2.36e-06	− 9.77e-06	− 4.99e-06	9.26e-08	− 2.63e-05	− 1.27e-06	1.30e-06	− 2.11e-05
	(1.49e-05)	(1.47e-05)	(2.25e-05)	(1.36e-05)	(1.33e-05)	(2.07e-05)	(1.39e-05)	(1.37e-05)	(2.32e-05)

Table 4 (continued)

Panel A. Market value, CSR and independent directors

Equation [1]: Tobin Q

	Basic model "CSR"			Robust model I "ENV"			Robust model II "SOCIAL"		
	fe	re	GMM	fe	re	GMM	fe	re	GMM
	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)
Leverage	0.000785**	0.000261	− 0.000862	0.000774**	0.000246	− 0.000735	0.000784**	0.000254	− 0.000880
	(0.000386)	(0.000327)	(0.000640)	(0.000386)	(0.000327)	(0.000650)	(0.000386)	(0.000327)	(0.000656)
CFO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Dividend	0.000	0.000	1.30e-10	0.000	0.000	1.29e-10	0.000	0.000	1.30e-10
	(2.53e-10)	(2.50e-10)	(1.20e-10)	(2.53e-10)	(2.50e-10)	(1.18e-10)	(2.53e-10)	(2.50e-10)	(1.28e-10)
CAPEXinv	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(6.04e-11)	(0.000)	(5.53e-11)	(6.04e-11)	(0.000)	(5.32e-11)	(6.04e-11)	(0.000)	(5.86e-11)
R&Dinv	− 2.23e− 10	− 2.78e-10*	− 1.51e-10	− 2.30e-10	− 2.82e-10*	− 1.60e-10	− 2.24e-10	− 2.73e-10	− 1.64e-10
	(1.76e-10)	(1.68e-10)	(1.51e-10)	(1.76e-10)	(1.68e-10)	(1.51e-10)	(1.76e-10)	(1.68e-10)	(1.50e-10)
ADVinv	− 7.11e-11	0.000	− 8.03e-11	− 6.78e-11	0.000	− 8.13e-11	− 7.08e-11	0.000	− 7.79e-11
	(8.92e-11)	(6.46e-11)	(1.21e-10)	(8.93e-11)	(6.46e-11)	(1.16e-10)	(8.93e-11)	(6.45e-11)	(1.24e-10)
BoardSize	0.00453	0.00709	0.00276	0.00440	0.00632	0.00584	0.00456	0.00680	0.000698
	(0.00711)	(0.00635)	(0.0186)	(0.00710)	(0.00634)	(0.0187)	(0.00710)	(0.00635)	(0.0186)
BoardActivity	− 0.000194	− 9.47e-05	0.000227	3.94e-05	− 0.000175	0.000848	− 0.000147	− 0.000241	0.000624
	(0.000800)	(0.000783)	(0.00125)	(0.000752)	(0.000733)	(0.00119)	(0.000766)	(0.000747)	(0.00128)
Duality	− 0.0457	− 0.0533	− 0.0795	− 0.0473	− 0.0502	− 0.111	− 0.0459	− 0.0488	− 0.0727
	(0.0376)	(0.0347)	(0.0960)	(0.0375)	(0.0346)	(0.0956)	(0.0375)	(0.0346)	(0.0950)
CEObackgr	− 0.0554	− 0.0499	− 0.00745	− 0.0558	− 0.0485	− 0.0108	− 0.0551	− 0.0448	− 0.0164
	(0.0912)	(0.0905)	(0.102)	(0.0912)	(0.0904)	(0.114)	(0.0912)	(0.0906)	(0.108)
CEOage	0.000391	0.000618	0.00126	0.000425	0.000768	0.00105	0.000400	0.000783	0.000868

Table 4 (continued)

Panel A. Market value, CSR and independent directors

Equation [1]: Tobin Q

	Basic model "CSR"			Robust model I "ENV"			Robust model II "SOCIAL"		
	fe	re	GMM	fe	re	GMM	fe	re	GMM
	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)
	(0.000687)	(0.000664)	(0.00145)	(0.000686)	(0.000663)	(0.00143)	(0.000687)	(0.000665)	(0.00142)
CEOtenure	− 0.0110*	− 0.00215	− 0.0313*	− 0.0111*	− 0.00223	− 0.0309	− 0.0110*	− 0.00218	− 0.0324*
	(0.00600)	(0.00505)	(0.0190)	(0.00600)	(0.00505)	(0.0189)	(0.00600)	(0.00505)	(0.0189)
%FemaleDir	0.00190	0.00202*	0.0101***	0.00176	0.00221*	0.00894***	0.00187	0.00216*	0.00944***
	(0.00130)	(0.00122)	(0.00286)	(0.00127)	(0.00120)	(0.00270)	(0.00128)	(0.00121)	(0.00276)
CSRCommittee	− 0.0741**	− 0.0452	− 0.0982	− 0.0819**	− 0.0522	− 0.0987	− 0.0748**	− 0.0397	− 0.117
	(0.0355)	(0.0344)	(0.0903)	(0.0354)	(0.0343)	(0.0886)	(0.0350)	(0.0339)	(0.0907)
Founder	0.308***	0.184***	0.141	0.316***	0.190***	0.190	0.310***	0.182***	0.166
	(0.0788)	(0.0634)	(0.235)	(0.0787)	(0.0634)	(0.248)	(0.0787)	(0.0633)	(0.231)
1stGeneration	0.00854***	0.0104***	0.00104	0.00852***	0.0104***	0.00107	0.00854***	0.0105***	0.000867
	(0.00111)	(0.00102)	(0.00207)	(0.00110)	(0.00102)	(0.00209)	(0.00111)	(0.00103)	(0.00209)
2ndGeneration	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
COVID19	− 0.0310	− 0.0732***	0.000	− 0.0335	− 0.0724***	− 0.00302	− 0.0311	− 0.0700***	0.000
	(0.0247)	(0.0243)	(0.000)	(0.0246)	(0.0242)	(0.0283)	(0.0246)	(0.0242)	(0.000)
CivilLaw		0.264			0.267			0.274	
		(0.294)			(0.295)			(0.293)	
StkOri		0.457**			0.459**			0.462**	
		(0.224)			(0.225)			(0.223)	
Religion		0.00525			0.00561			0.00535	
		(0.00773)			(0.00773)			(0.00769)	

Table 4 (continued)

Panel A. Market value, CSR and independent directors									
Equation [1]: Tobin Q									
	Basic model "CSR"			Robust model I "ENV"			Robust model II "SOCIAL"		
	fe	re	GMM	fe	re	GMM	fe	re	GMM
	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)
IndvCult		− 0.00330			− 0.00368			− 0.00356	
		(0.00560)			(0.00561)			(0.00558)	
MascCultu		0.000870			0.00120			0.000942	
		(0.00307)			(0.00308)			(0.00306)	
EU		0.0547			0.0518			0.0512	
		(0.256)			(0.256)			(0.255)	
	Industry, Country, Year controlled								
R-square	0.2109***	0.2908***		0.2160***	0.2923***		0.2117***	0.2920***	
Hansen test	50.89***			16.35			67.75***		
z			97.63			99.76			100.64
m_1			− 2.66			− 2.64			− 2.55
m_2			− 0.89			− 0.95			− 0.86
Hansen (2)			444.48			454.78			449.93
Panel B. CSR and Independent directors									
Equation [2]: CSR									
	Basic model "CSR"			Robust model I "ENV"			Robust model II "SOCIAL"		
	fe	re	GMM	fe	re	GMM	fe	re	GMM
	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)
Indep	− 0.0206	− 0.00998	− 0.0225	− 0.0106	− 0.00785	− 0.0155	0.0138	0.0168	− 0.00813

Table 4 (continued)

Panel B. CSR and Independent directors

Equation [2]: CSR

	Basic model "CSR"			Robust model I "ENV"			Robust model II "SOCIAL"		
	fe	re	GMM	fe	re	GMM	fe	re	GMM
	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)
	(0.0189)	(0.0108)	(0.0200)	(0.0168)	(0.00954)	(0.0176)	(0.0184)	(0.0121)	(0.0246)
Size	5.534***	1.744***	4.207***	3.859***	1.751***	3.418***	12.63***	4.955***	9.858***
	(0.562)	(0.322)	(0.594)	(0.288)	(0.158)	(0.298)	− 1.571	(0.841)	− 1.708
ΔSales	− 0.0713**	− 0.0380**	− 0.00900	− 0.0688**	− 0.0371**	− 0.00436	0.0100	0.000968	0.00174
	(0.0301)	(0.0172)	(0.0318)	(0.0306)	(0.0176)	(0.0322)	(0.00960)	(0.00402)	(0.00700)
ROA	0.00880	− 0.00447	0.00779	0.0123**	− 0.00174	0.0109*	0.0182	0.00357	0.000939
	(0.00593)	(0.00339)	(0.00626)	(0.00574)	(0.00329)	(0.00603)	(0.0122)	(0.00660)	(0.0127)
Leverage	0.00948	0.000268	0.00604	0.00882*	0.00291	0.00571	− 0.0176*	− 0.00432	− 0.0154
	(0.00673)	(0.00385)	(0.00711)	(0.00522)	(0.00293)	(0.00545)	(0.0101)	(0.00690)	(0.0122)
CFO	0.000	3.23e-10	1.45e-10	− 2.23e-10	1.95e-10	0.000	− 7.45e-10	3.33e-10	− 1.13e-10
	(3.93e-10)	(2.25e-10)	(4.15e-10)	(3.52e-10)	(2.00e-10)	(3.69e-10)	(5.01e-10)	(2.73e-10)	(5.80e-10)
Dividend	1.38e-09	1.23e-09	2.41e-09	2.58e-10	1.04e-09	7.28e-10	2.67e-09	2.10e-09*	3.30e-09
	(4.41e-09)	(2.52e-09)	(4.66e-09)	(4.34e-09)	(2.49e-09)	(4.56e-09)	(2.35e-09)	(1.17e-09)	(4.36e-09)
CAPEXinv	1.89e-10	6.94e-10	1.21e-09	5.05e-10	8.23e-10**	6.36e-10	1.29e-09	9.83e-10	1.53e-09
	(1.05e-09)	(6.03e-10)	(1.11e-09)	(7.33e-10)	(4.09e-10)	(7.64e-10)	(1.18e-09)	(6.54e-10)	(1.82e-09)
R&Dinv	1.24e-09	6.07e-10	− 1.98e-09	1.69e-09	2.65e-10	− 1.84e-09	0.000	1.40e-10	− 3.45e-09
	(3.07e-09)	(1.76e-09)	(3.24e-09)	(2.90e-09)	(1.66e-09)	(3.05e-09)	(3.69e-09)	(2.11e-09)	(3.88e-09)
ADVinv	5.43e-10	− 9.81e-10	− 3.10e-10	1.92e-09*	− 3.55e-10	1.57e-09	1.26e-09	− 3.77e-10	1.48e-09
	(1.56e-09)	(8.91e-10)	(1.64e-09)	(9.95e-10)	(5.55e-10)	(1.04e-09)	(2.81e-09)	(1.58e-09)	(4.02e-09)
BoardSize	− 0.142	0.0935	− 0.0141	− 0.152	0.0379	0.0251	− 1.194***	− 0.365*	− 1.420***
	(0.124)	(0.0708)	(0.131)	(0.103)	(0.0584)	(0.108)	(0.334)	(0.202)	(0.390)

Table 4 (continued)

Panel B. CSR and Independent directors

Equation [2]: CSR

	Basic model "CSR"			Robust model I "ENV"			Robust model II "SOCIAL"		
	fe	re	GMM	fe	re	GMM	fe	re	GMM
	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)
BoardActivity	− 0.00983	− 0.0120	− 0.0180	− 0.0208	− 0.0357	− 0.0495	− 0.105	0.0515	− 0.133
	(0.0565)	(0.0324)	(0.0597)	(0.0526)	(0.0300)	(0.0552)	(0.0911)	(0.0494)	(0.0990)
Duality	2.318***	1.007***	1.395**	2.323***	0.686**	0.948	0.0190	− 0.0275*	− 0.0321
	(0.651)	(0.373)	(0.688)	(0.572)	(0.324)	(0.599)	(0.0289)	(0.0158)	(0.0286)
CEObackgr	4.201***	0.645	2.650	4.545***	0.867	2.598	0.171	0.0389	0.0444
	(1.590)	(0.910)	(1.679)	(1.561)	(0.895)	(1.641)	(0.304)	(0.181)	(0.318)
CEOage	0.00688	− 0.00200	− 0.0205	0.00375	− 0.00496	− 0.0280**	0.453***	0.152***	0.332***
	(0.0120)	(0.00684)	(0.0126)	(0.0113)	(0.00643)	(0.0118)	(0.0592)	(0.0325)	(0.0603)
CEOtenure	0.169	0.130**	0.281**	− 0.0138	− 0.0325	− 0.0287	0.000	0.000	0.000
	(0.105)	(0.0598)	(0.110)	(0.0804)	(0.0451)	(0.0839)	(0.000)	(0.000)	(0.000)
%FemaleDir	0.289***	0.101***	0.247***	0.299***	0.0982***	0.246***	0.000	0.000	0.000
	(0.0216)	(0.0124)	(0.0228)	(0.0197)	(0.0112)	(0.0207)	(0.000)	(0.000)	(0.000)
CSRCommittee	4.169***	2.224***	2.348***	6.823***	4.139***	4.948***	0.000	0.000	0.000
	(0.605)	(0.346)	(0.639)	(0.562)	(0.320)	(0.590)	(0.000)	(0.000)	(0.000)
Founder	− 5.546**	− 3.867***	− 7.459***	− 3.140**	− 2.639***	− 3.550**	0.000	0.000	0.000

Table 4 (continued)

Panel B. CSR and Independent directors

Equation [2]: CSR

	Basic model "CSR"			Robust model I "ENV"			Robust model II "SOCIAL"		
	fe	re	GMM	fe	re	GMM	fe	re	GMM
	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)	coeff. (std. error)
	(2.399)	(1.373)	(2.534)	(1.345)	(0.741)	(1.394)	(0.000)	(0.000)	(0.000)
1stGeneration	0.0154	− 1.328	− 3.596	0.822	− 0.638	− 1.156	0.000	0.000	0.000
	(2.387)	(1.366)	(2.520)	(1.367)	(0.754)	(1.418)	(0.000)	(0.000)	(0.000)
2ndGeneration	2.201	0.742	− 1.085	2.323	1.239	0.0628	0.000	0.000	0.000
	(2.353)	(1.347)	(2.485)	(1.469)	(0.816)	(1.527)	(0.000)	(0.000)	(0.000)
COVID19	1.812***	1.148***	0.578	1.970***	0.916***	0.664	0.000	0.000	0.000
	(0.428)	(0.245)	(0.452)	(0.418)	(0.240)	(0.440)	(0.000)	(0.000)	(0.000)
CivilLaw				5.220	2.622	2.587			
				(3.904)	(2.108)	(4.019)			
StkOri				0.327**	0.420***	0.493***			
				(0.163)	(0.0882)	(0.168)			
Religion				0.306***	0.0777	0.272**			
				(0.103)	(0.0553)	(0.106)			
IndvCult				0.0578	0.0904**	0.159**			
				(0.0747)	(0.0404)	(0.0770)			
MascCultu				0.00421	− 0.0560**	− 0.0298			
				(0.0409)	(0.0221)	(0.0421)			
EU				1.762	0.490	3.224			
				(3.397)	(1.833)	(3.496)			

Table 4 (continued)

	Industry, Country, Year controlled								
R-square	0.4151***	0.5376***		0.4282***	0.5980***		0.3337***	0.4783***	
Hansen test	165.30***			206.19***			160.60***		
z			280.63			131.48			150.01
m_1			− 4.24			− 1.45			− 4.91
m_2			− 0.58			− 1.07			− 0.44
Hansen			378.91			354.19			362.48

N = 6152 observations corresponding to 790 family firms for the period 2010–2020

***p-value < 0.10; **p-value < 0.05; ***p-value < 0.01

z is the Wald test of the joint significance of the coefficients obtained, distributed asymptotically as χ2 under the null hypothesis of no relation; *mi* is the serial correlation test of order i that uses first-difference residuals, distributed asymptotically as N (0.1) under the null hypothesis of no serial correlation; *Hansen* is a test of over-identification restrictions, distributed asymptotically as χ2 under the null hypothesis of no correlation between the instruments and the error term

by boards with a greater presence of independent directors, their impact was found to be only − 15,6% (**CSR** y + **CSR*Indep** elasticity = − 0.367 + 0.211)—i.e. 57.5% lower (**CSR*Indep/CSR** E = 0.211/0.367). Similar results were found when analysing CSR strategies along their social or environmental dimensions.

Although our results indicate that the market favours the sustainability strategies adopted by company boards with a significant presence of independent directors, they also show that, in family firms, this presence has a negative impact on the Tobin's Q value (effect of the **Indep** variable in the basic model: coefficient = − 0.00793; in robust model I: coefficient = − 0.00793; in robust model II: coefficient = − 0.00793) at a 95% level confidence. Thus, despite the dissuasive roles played by independent directors, the market was found not to positively value their presence on the board because they correct the debtholder expropriation effect in the selection of investment projects.

Overall, our results show that investments in CSR-related areas—made with the intention of maintaining the owning family's SEW—do not create value in family businesses unless the board features a significant representation of independent directors. This finding confirmed Hypothesis 1a—i.e. that the prioritisation of SEW criteria generates economic disadvantages for non-family investors. Nevertheless, in line with Hypothesis 2b, independent directors were found to often exercise a dissuasive function that favours the inclusion of market criteria in the selection of CSR strategies, thus correcting any over-reliance on the SEW criterion. Without governing—but nevertheless performing a moderating role—their presence may counteract the reduction in company value that would otherwise be generated by the application of family-oriented CSR strategies.

With respect to the negative effect of investment in CSR-related policies on value creation, our results go against those of previous research, according to which there is a positive relationship between these variables (Harjoto & Laksmana, 2018). However, it should be noted that our subsample only included family firms, whilst previous studies had considered other types. However, our results do corroborate those of previous studies that had identified the high costs arising from such investments (Buchanan et al., 2018). Moreover, in line with Barnea and Rubin (2010), we found that overinvestment in CSR destroys corporate value.

However, our main research finding pertains to the association of any actions taken to preserve the owning family's SEW with reduced market value for the family business concerned. In line with Gómez-Mejía et al. (2011), we observed that, even when—by doing so—they jeopardise their own financial performance, family firms tend to make investments aimed at maintaining their SEW, and that such investments do include those oriented towards CSR due to the positive effect produced on the firm's image and reputation (Cruz et al., 2014; Marques et al., 2014). Our evidence complements the views expressed by Villalonga and Amit (2006) and Cruz et al. (2014), according to whom, family firms often prioritise CSR as a strategy aimed at preserving their own SEW regardless of any harm this may cause to their economic performance.

In addition, as prime evidence in this regard—and in line with Johannisson and Huse (2000) and Fiegener et al. (2000)—it should be noted that independent directors are not subordinate employees. They have no blood ties or commitments of friendship with the founder and other family members and usually seek to defend the interests of the debtholders who had supported their nomination. This standpoint indirectly favours the company in general and maximises its value (Cuadrado-Ballesteros et al., 2015). However, under these circumstances, family members may reorient their firm's decisions to the end of taking greater account of market criteria and thus reduce the predominance of SEW-oriented concerns in favour of others geared more towards market value. This policy would be adopted with the aim of encouraging independent directors to allow the owning family to take care of the day-to-day decision-making in the hope of eliciting the resignation of such directors in the not-too-distant future. This attitude is often adopted because family members can view independent directors as an unnecessary layer of interference in their decision-making process and as an element that puts the family's power in jeopardy (Leung et al., 2014). Moreover, family firms are characterised by the existence of intergenerational synergies based on mutual help and on openness in interpersonal communication, and these aspects may suffer from the presence of outsiders.

With respect to the negative impact of board independence on economic performance, our results confirm those of previous studies (Cabrera-Suárez & Martín-Santana, 2015; Leung et al., 2014), which had shown that high proportions of independent directors on the board do indeed produce a negative impact on the performance of a family business. These directors represent the interests of others—i.e. the financial entities that nominated them (Johannisson & Huse, 2000)—and therefore, in seeking to protect debtholder interests, they will be opposed to investing in any high-risk projects favoured by minority shareholders. In addition, there may be a natural reaction to independent directors' efforts to maximise returns on investment projects or focussing on capital structures, liquidity, solvency, profitability, and any other economic criterion of interest to any potential acquirers of the company, whilst relegating the intrinsic value of the family business to an almost insignificant level. Such an outlook may lead the owning family and other investors to view independent directors as perceiving the family business merely as a vehicle to be exploited for its market value, rather than as a

meaningful and cherished heritage to be passed down from one generation to the next.

Complementary Analyses

In addition to the above considerations, the supervision performed by independent directors is not always well received by the management of family firms (Leung et al., 2014), especially if it has the potential to endanger the emphasis placed on SEW priorities or to promote the inclusion of non-family investors (Cuadrado-Ballesteros et al., 2015). Family firms may consider independent directors as an unnecessary interference in their decision-making process and as an element that jeopardises the owning family's position and power (Leung et al., 2014). Should they feel their prerogatives to be threatened under the supervision of independent directors, family members may seek to obstruct the board's exercise of its responsibilities. Such decisions would be made with greater emphasis by the initial succeeding generations of the founding family, who may view independent directors as delegates of the founder, introduced in order to intimidate the successors and make them mere figureheads on the board, with no real responsibilities (Morck & Yeung, 2003). However, over time and as the successive generations become further removed from that of the founder, this aversion to independent directors usually decreases (Bammens et al., 2011) as the management of the family business becomes more professionalised (Dyer, 1986) and the potential contribution of independent directors is more widely recognised.

In view of these considerations, we considered it useful to examine whether the role played by independent directors—in the selection of CSR strategies based more on market criteria than on the family's SEW—changes with succeeding generations of the owning family, possibly from a dissuasive role to a governance one, as is the case for non-family firms. In this respect, the weaker the family ties to the company become—for example, with the increasing distance of successive generations from that of the founder—the more any proactive CSR strategy will tend to diverge from SEW interests (Bingham et al., 2011).

Accordingly, we proposed four complementary models that added, to the model represented in Equation [1], the **Founder**, **1stGeneration**, **2ndGeneration**, and **NextGeneration** (i.e. the third and subsequent succeeding generations) variables, together with their interaction with **CSR**, **Indep**, and **CSR*Indep**. In addition, in Equation [2] we replaced the variable **Indep** with its interactions with the four dummy variables. The results we obtained are summarised in Table 5, Panels A and B, respectively.

In the first complementary model, described in Panel A.1., we analysed the role played by independent directors in family firms managed by the founders. Here, we found the economic impact of any CSR strategies implemented to be − 37.2%, and to then decrease to − 0.9% as the presence of independent directors on the board is increased by one standard deviation (**CSR*Indep** + **CSR*Indep*Founder** = 0.000771 + 0.00849).

In family firms controlled by the first succeeding generation of the founding family (complementary model II), the impact of CSR strategies was found to be − 1.09% (**CSR*1stGeneration** elasticity), and to decrease to − 0.5% with a greater presence of independent directors (**CSR*1stGeneration** elasticity + **CSR*Indep*1stGeneration** = − 0.0109 + 0.00851).

In Panel A.2., for companies managed by the second succeeding generation (complementary model III) the impact of CSR strategies was found to be − 3.72% (**CSR*2ndGeneration** elasticity), then decreasing to approximately − 1% with a greater presence of independent directors (**CSR*2ndGeneration** + **CSR*Indep*2ndGeneration** = − 0.0372 + 0.00849).

For the following succeeding generations (complementary model IV), the impact of CSR strategies was found to be − 37.3% (**CSR**), situation that does not occur in the case of that family firms´ member are in the next generation (**CSR*NextGeneration** = 0.450). The presence of independent directors was found to have a complete corrective effect, producing an increase of 13.94% in the value of the company [(**CSR*Indep**—**CSR*Indep*NextGeneration** = 0.0539 + 0.00850) + (**CSR** + **CSR*NextGeneration** = − 0.373 + 0.450)]. In our opinion, these results show that family firms in this generational situation may still be subject to conflicts and family ties, leading to inappropriate CSR decisions. Accordingly, as shown in Panel B, independent directors were found to play a governance improvement role in the decision-making process. In succeeding generations of the family firm, these directors are well equipped to advise on business strategies—thanks to their experience, professional training, and abilities (as neutrals)—to help resolve any family conflicts.

From the above results, we concluded that markets tend to take a negative view of the application of CSR strategies, although this perception wanes with successive generations of the owning family. Moreover, although the presence of independent directors does partially counteract the adverse reaction to any CSR investments undertaken by family firms, it is always viewed negatively by the capital market. This corrective effect is reduced when the company's founder remains in charge, possibly due to problems arising from the personality and leadership traits that often characterise the founder and the extensive power he/she enjoys due to the limited presence of other family units. For companies controlled by the third or successive generations, any CSR strategies employed on the basis of good governance criteria in relation to independence are viewed positively by the market. The third and subsequent succeeding generations are

Table 5 Complementary analysis by founding-family generation

Panel A. Moderating effect of independent directors on market value by founding-family generation (Equation [1])

Panel A.1. Founder and 1st generation

	Complementary model I			Complementary model II		
	re coeff.(std.error)	fe coeff.(std.error)	GMM coeff.(std.error)	re coeff.(std.error)	fe coeff.(std.error)	GMM coeff.(std.error)
CSR	− 0.372***	− 0.359***	− 0.435***	2.37e-05	0.00269*	− 0.0126***
	(0.0331)	(0.0203)	(0.00113)	(0.00157)	(0.00147)	(3.68e-05)
Indep	− 0.00813**	− 0.0122***	− 0.00296***	− 0.000797	− 0.000644	− 3.80e-05**
	(0.00324)	(0.00311)	(7.65e-05)	(0.000902)	(0.000885)	(1.58e-05)
CSR*Indep	0.000771**	0.000260	0.000855***	1.13e-05	8.20e-06	− 1.16e-05***
	(0.000386)	(0.000328)	(2.73e-06)	(1.69e-05)	(1.67e-05)	(2.45e-07)
CSR*Founder	− 7.50e-05	− 0.000164	− 0.00774***			
	(0.00239)	(0.00225)	(0.000127)			
Indep*Founder	− 0.00143	− 0.00148	0.000664***			
	(0.00157)	(0.00154)	(7.40e-05)			
CSR*Indep*Founder	0.00849***	0.0104***	0.00105***			
	(0.00110)	(0.00102)	(2.86e-05)			
CSR*1stGeneration				− 0.0109**	− 0.0124***	− 0.000923***
				(0.00599)	(0.00311)	(7.50e-05)
Indep*1stGeneration				0.00275	0.00249	0.00243***
				(0.00169)	(0.00165)	(5.70e-05)
CSR*Indep*1stGeneration				0.00851***	0.0104***	0.00118***
				(0.00110)	(0.00102)	(3.33e-05)

Panel A.2. Second and later generations

	Complementary model IIII			Complementary model IV		
	re coeff.(std.error)	fe coeff.(std.error)	GMM coeff.(std.error)	re coeff.(std.error)	fe coeff.(std.error)	GMM coeff.(std.error)
CSR	− 0.000345	0.00222	− 0.0122***	− 0.373***	− 0.359***	− 0.465***
	(0.00152)	(0.00142)	(4.07e-05)	(0.0331)	(0.0203)	(0.00121)
Indep	4.63e-05	− 4.76e-05	0.00144***	− 0.00794**	− 0.0122***	− 0.0624***
	(0.000859)	(0.000839)	(1.87e-05)	(0.00324)	(0.00311)	(0.000587)
CSR*Indep	− 1.60e-06	1.93e-07	− 3.73e-05***	0.0539**	0.0323*	0.00992***
	(1.64e-05)	(1.62e-05)	(3.38e-07)	(0.0216)	(0.0177)	(0.000116)
CSR*2ndGeneration	− 0.372***	− 0.360***	− 0.415***			
	(0.0331)	(0.0203)	(0.00115)			
Indep2ndGeneration	0.665***	0.338***	0.429***			
	(0.153)	(0.0951)	(0.0524)			
CSR*Indep2ndGeneration	0.00849***	0.0104***	0.00156***			
	(0.00110)	(0.00102)	(3.11e-05)			
CSR*NextGeneration				0.450**	0.285**	0.202***
				(0.217)	(0.079)	(0.000855)

Table 5 (continued)

Panel A.2. Second and later generations

	Complementary model IIII			Complementary model IV		
	re	fe	GMM	re	fe	GMM
	coeff.(std.error)	coeff.(std.error)	coeff.(std.error)	coeff.(std.error)	coeff.(std.error)	coeff.(std.error)
Indep* NextGeneration				0.000776**	0.000242*	0.000499***
				(0.000387)	(0.000128)	(4.61e-05)
CSR*Indep* NextGeneration				0.00850***	0.0104***	0.00101***
				(0.00110)	(0.00102)	(3.40e-05)

Panel B. Moderate effect of independents on CSR by founding-family generation (Equation [2])

	re	Fe	GMM
Indep*Founder	− 0.00143	− 0.00148	0.000664***
Indep*1stGeneration	0.00275	0.00249	0.00243***
Indep2ndGeneration	0.665***	0.338***	0.429***
Indep* NextGeneration	0.000776**	0.000242*	0.000499***

N = 6152 observations corresponding to 790 family firms for the period 2010–2020
***p-value < 0.10; **p-value < 0.05; ***p-value < 0.01

normally less strongly orientated towards the protection of SEW (an attitude more typical of the founder and of the first succeeding generation), and, in their investment decisions, tend to follow market criteria in which the creation of value is the main priority.

The interaction of these results with those of Panel B provides further evidence that, in family firms managed by their founders or members of the first succeeding generation, independent directors play a dissuasive role with respect to CSR strategies. However, in firms managed by the subsequent generations, these directors play a governance role similar to that observed in non-family companies.

Conclusion

A few prior studies have contributed to the literature on ethical issues in family businesses, indicating that their ethics dynamics differ substantially from those of non- family businesses (Amann et al., 2012; Blodgett et al., 2011; Campopiano & Massis, 2015). However, the important role played by independent directors in their firms' decisions to invest in CSR and their related impact on market value has gained limited attention. To make a contribution in this respect, we examined the interventionist perspective by examining the influence of independent directors on companies' investment decisions in regard to CSR and the impact of such decisions on such firms' market value, with particular attention to family ones—which, in the absence of independent directors, are assumed to prioritise the preservation of their own SEW. We identified board independence as a corporate governance mechanism necessary to ensure rational decision-making in family businesses, thus promoting the creation of value in CSR.

In non-family firms, independent directors play an active governance role in CSR investments, seeking to resolve any stakeholder conflicts and to promote decisions that benefit the company's market value. Conversely, our results show that any CSR project promoted by a family business is associated with a 36.7% decrease in its market value. This effect is partially counterbalanced by the greater independence of the board of directors—an effect that increases as family businesses are inherited by successive generations. On the other hand, although independent directors have a dissuasive effect against any over-emphasis on family interests—which often underpins a firm's selection of CSR strategies—their presence on the board is viewed negatively by investors due to the role they play in protecting the interests of the institutions that had promoted their appointment—i.e. financial entities.

According to the SEW model we adopted, the presence of independent directors may lead family members to reorder their socio-emotional external preferences towards a closer alignment with market criteria whilst maintaining internal SEW, especially in regard to the operational outlook and day-to-day decision-making. Thus, family firms are pressured to shelve any sentimental projects in favour of others that are economically more viable; an approach that tends to be resisted in firms that are still managed by the founder or the

next succeeding generation, but is more readily accepted in firms managed by the second and subsequent generations. In this case, independent directors play a role that is similar to the one they play in non-family firms. In brief, the role played by independent directors is largely determined by the generational status of the firm (although family conflicts may alter this balance).

On the other hand, the potential imposition of balanced risk-probability criteria in other projects means that the presence of independent directors is not highly valued by the capital market. This reaction is understandable in the sense that these directors often represent the interests of the financial entities that had promoted their incorporation, the aim of which is to maximise the returns from investment projects and to optimise liquidity, solvency, profitability, and any other economic criteria relevant to debtholders, and that will thus be less inclined to invest in projects with higher risk, as diversified investors would wish.

Theoretical Contribution and Research Implications

From a theoretical point of view and in line with the arguments of the agency theory, our results suggest that the presence of independent directors leads to the protection of the interests of the lenders or minority shareholders who had proposed their appointment, indirectly benefiting the company in general by reorienting decisions towards market criteria as opposed to the prevalence of SEW. In addition, supporting the arguments of the resource and capability theory and the stakeholder theory, their presence endows family firms with a greater degree of professionalisation that complements the family's operational view, which is more focused on constant, day-to-day decision-making. In the case of CSR strategies, this leads to less sentimental but more economically viable projects.

Our study contributes to the debate on the impact of CSR on market value by expanding our knowledge on the factors that influence the relationship between CSR and financial performance in family firms (Barnea & Rubin, 2010; Harjoto & Laksmana, 2018). Thus, our findings suggest that, in family firms, the benefits associated with CSR do not always translate into a transfer of wealth from majority to minority shareholders, which is a control mechanisms necessary to regulate and monitor decision-making. Previous studies, such as Jo and Harjoto (2011), included a corporate governance index in their analysis. We extend research on the role played by corporate governance mechanisms by analysing the moderating role played by board independence and by considering the case of family firms, which engage in behaviours that are is markedly different from those of their non-family counterparts.

In this regard, we reinforce the understanding of the potential value of board independence in influencing not only CSR practices, but also the performance they can generate. Our findings confirm that more independent boards exercise more effective control and oversight of the family business. Few studies have hitherto linked board independence with performance, and fewer still in regard to family firms (Cabrera-Suárez and Martin-Santana, 2015). Moreover, validation analyses performed prior to the regression of the basic models themselves enabled us to confirm that board independence can be compromised—thus becoming less effective—in family businesses as board members are clearly nominated and influenced by the stakeholders they represent; i.e. financial entities (Cuadrado-Ballesteros et al., 2015). Thus, we make a contribution by showing how the impact of independent directors on the performance of family businesses is certainly questionable, as their supervision is not always well received by the management of family businesses (Leung et al., 2014).

With respect to the literature on family firms, by analysing the dynamic evolution of conflicts related to the relationship and the process based on successive generations, we indirectly contribute to the understanding of such conflicts, considering interpersonal incompatibilities, including feelings, tensions, frictions, and disagreements caused by different points of view between the family and the board of directors (Bettinelli et al., 2021). Furthermore, in line with the suggestions made by De Massis et al. (2018), Rovelli et al. (2022), and King et al. (2021), we contribute to understanding the ability and willingness of family firms to create and maintain reputations by balancing financial and socio-emotional concerns (Stock et al., 2024). In this sense, when considering how governance mechanisms affect the business sustainability of family firms in relation to SEW, we provide evidence regarding the decision-making processes occurring in family firms. In addition, we contribute to strengthening the evidence related to the 'founder's shadow', confirming that the family's socio-emotional bond with the firm weakens as successive family generations take over the firm. Finally, a substantial body of research supports the notion that family firms differ significantly from non-family ones. The reason underpinning such difference has been largely attributed to SEW considerations (García-Sánchez et al., 2021; Khan et al., 2022). However, when investors make their decisions, they consider the role played by the independent directors (Certo, 2003). Overall, our study shows and implies that independent directors play a significant role in family firms in regard to monitoring the CSR strategies for the creation of market value; as a result, such firms will have greater access to the investors' money.

Implications for Practice

Our findings have practical implications and expand our understanding of the strategies and priorities observed in

family vs non-family firms. We highlighted the relationship between CSR and value creation by including board independence as a moderating variable in our analysis; an approach that would aid family firm managers and directors in making decisions related to CSR. In particular, board independence needs to be promoted/protected in order to maintain the benefits of CSR. Thus, family firms need to take into account not only the interests of the owning family and other stakeholders, but also those of minority shareholders, who will find themselves at a disadvantage should any CSR measures taken not lead to improved economic performance—which may well be the case if there are not enough independent directors on the board. Family firm managers and directors should seek to balance their commitment to CSR with the need to create value in the firm, thereby achieving both economic and non-economic goals without diminishing the SEW of the founding family or the wealth of other stakeholders. One of the main implications of our findings is that family firm managers should seek and identify strategies appropriate to bring about CSR actions aimed at improving firm performance (Stock et al., 2024); for this to occur, the proportion of independent directors must be significant enough to be able to counteract the family's control and SEW priorities.

In addition, our findings show that greater board independence elicits positive investor reactions to CSR practices, thereby increasing a firm's market value. The analysis of value creation in terms of financial performance is particularly relevant for those investors who (i) want to invest in socially responsible companies and, at the same time, (ii) want to focus their investment portfolios on the company achieving superior financial performance, thereby generating higher returns. In this regard, promoting board independence will encourage and reassure minority investors that any family priorities regarding SEW will not prevent the company from achieving satisfactory economic performance. Finally, for regulators and legislators, our findings underscore the need to ensure board independence in family firms, a business structure that is critical to economic development in many areas. Therefore, in addition to playing an essential role in supporting CSR initiatives, the system should also facilitate the effectiveness of the board of directors, especially in ownership structures controlled by a single family or family group.

Limitations and Future Research

Our study has certain limitations that could be acknowledged and addressed in future research. First, although Tobin's Q is commonly used as a measure of performance, our results need to be confirmed in further studies by means of additional measures. Another limitation of our study is related to the omission of additional control variables that may influence market value—although those that we did include were based on criteria applied in previous work in this field. Additionally, other control mechanisms may moderate the CSR-value creation relationship in family businesses; an aspect that could be considered in future research—for example, in relation to the existence of an audit committee, or to the influence of the dual role of the COB and CEO and taking into account whether the latter is a member of the founding family. Although our findings are reliable and generalisable, the unbalanced nature of our sample may have affected their statistical power. In addition, future research could analyse any similarities and differences found in the roles played by independent directors in different countries, and also consider the question of age variability amongst successive generations of the owning family, which could affect their long-term viability. Another avenue suited to extend the literature would involve an examination of the interorganisational relationships in CSR practices and market value generation (Hadjielias et al., 2022). A longitudinal study on how market value changes over time would also be useful in validating the findings (Rovelli et al., 2022). Future studies could also consider other mechanisms, such as the role played by institutional investors. Finally, due to data limitations, we did not consider the underlying mechanism that independent directors employ to influence how investors react to CSR strategies. Accordingly, future research could explore such mechanism. As an example, how the presence of greater numbers of independent directors on various governance committees—including the CSR, audit, compensation, and nomination committees—impacts CSR strategies and how such impact differs between family and non-family firms (e.g. Gull et al., 2023).

Conflict of interest None.

Ethical Approval The work complies with ethical standards as a formal ethical approval was obtained from the University Research Ethics Protocol.

Research Involving Human Participants and/or Animals Not applicable.

Informed Consent Not applicable.

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