The influence of Female Directors on the Family Firm Status – Corporate Social Responsibility relationship

Vincent Broeckaert graduated in June 2017 from the Master Strategic Management. Vincent tried to provide clarity to the debate concerning type of firm, family or non-family, and their concern for the environment. In order to achieve that, he used an advanced concept of Corporate Social Responsibility and looked at the influence of women in the board.

To this day, there is no theoretical consensus in the family business literature on whether family firms are more or less social responsible than non-family businesses. Scholars argue that these contradictions can arise from the multidimensionality of corporate social responsibility. Social initiatives directed to internal- and external stakeholders are different concepts and should be examined separately. Businesses can be social responsible to one kind of stakeholders, while being social irresponsible to the other kind of stakeholders. Based the extent literature and the importance of the family reputation for the family business, it was expected that family businesses would more be social responsible to their external stakeholders and less concerned about their internal stakeholders than their non-family counterparts. In addition, variables related to the firm or the environment can influence the relationship and cause inconsistent findings. Vincent investigated the impact of the proportion of women in the board. Although the academic literature points out that female directors have a positive impact on a firm's CSR commitment, they are often perceived as incompetent or as family delegates in family firms. Consequently, the positive impact will be diminished in family firms.

To adequately answer the problem statement, global top-performing family businesses from Global Family Business Index were matched to similar non-family businesses from the Fortune 500 list. The companies were matched on two conditions: (1) industry and (2) amount of employees. The firm's CSR ratings were retrieved from CSRHub (2016), the proportion of females in the board was manually collected from the corresponding corporate annual reports and the data for the control variables was retrieved from Orbis. Only the data from the year 2016 was observed.

Subsequently, this study found that, as expected, family businesses are less socially responsive to their internal stakeholders as opposed to their non-family counterparts. Yet, no support was found for a higher responsiveness of family businesses towards their external stakeholders in comparison to non-family businesses. Remarkably, this study found that family businesses are also less socially responsive to their external stakeholders compared to non-family businesses. Hence, this study found that family firms are generally less socially responsible than non-family businesses. Additionally, no support was found for any moderating effect of the proportion of females in the board of directors on the relationship between family firm status and CSR. Concluding, this study indicates that non-family managers in family firms should be aware of the expected resistance by family members when pursuing corporate social actions. In addition, it is a call for family firms not overlook social concerns since they can have implications for firm outcomes.

If you are interested in the Master thesis you could contact the Tilburg Institute of Family Business via tifb@tilburguniversity.edu and request the pdf file.