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Drivers of Corporate Social Responsibility (CSR) in Family Businesses

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Declaration of Authenticity

I hereby declare that the Master's Thesis presented herein is my own work, or fully and specifically acknowledged where adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree program.

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Abstract:

This thesis analyzed the Drivers and Implementation Approaches of Corporate Social Responsibility (CSR) in Family Businesses. Qualitative Analysis based on Semi-Structured Interviews was conducted in the region of *Southern Lower Saxony* and later on quantified through category-based Content Analysis. The results suggest that Drivers of CSR can be divided into value-based and strategic, and Implementation Approaches into informal and formal. Family Businesses are more likely to be driven by values and implement an informal approach. Further, a model to define CSR, called *Four-Peak Pyramid of Corporate Social Responsibility*, was developed. It consists of two fundamental stones of CSR, Compliance and Profitability, and four peaks called Marketplace, Workplace, Community and Environment.

Key words:

Corporate Social Responsibility (CSR), Sustainability, Family Businesses, Drivers

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1. Introduction

Despite Milton Friedman's famous quote that the only *"social responsibility of business is to increase its profits"* (Friedman 1970), Corporate Social Responsibility (CSR) has been widely accepted and implemented in world-wide businesses (O'Donohoe 2016). Especially big corporations have been under pressure from customers, civil society and NGOs to implement ethical and responsible business practices (e.g. Argenti 2004). Thus, research has also focused for a long time mainly on big enterprises, especially on publicly-traded corporations.

Most of the literature on Family Businesses[1] and their approach to Corporate Social Responsibility starts with highlighting the small amount of research that has been done on this topic (e.g. Campopiano et al. 2012, De la Cruz Déniz et al. 2005, Gibb Dyer & Whetten 2006, Herrera Madueño et al. 2014, Hirigoyen & Poulain-Rehm 2014, López-Cózar et al. 2014, Lopez-Torres et al. 2015, Starnawska & Popowska 2015, Uhlaner et al. 2004, Wiklund 2006).

The sentence *"only a few studies, at our best knowledge, address the issue of corporate social responsibility in family business"* (here exemplary from Campopiano et al. 2012) has been written too many times to still be true. However, research has not come anywhere close to a consensus on the role of CSR in family firms. Most authors agree that – from a theoretical perspective – family businesses would be expected to show more commitment to CSR practices, e.g. due to the building of positive moral capital (e.g. Gibb Dyer & Whetten 2006, Wiklund 2006), stronger connection with stakeholders (e.g. Bingham et al. 2011) or long-term orientation and the effect of corporate reputation (e.g. Block & Wagner 2010). However, empirical research has mostly failed to provide conclusive evidence of a positive link between family firms and CSR orientation (e.g. Amann et al. 2012, De la Cruz Déniz et al. 2005, Herrera Madueño et al. 2014, Hirigoyen & Poulain-Rehm 2014).

This research builds upon the assumption that the incongruence between theoretical expectations and empirical results is due to a lack of understanding of the nature of CSR commitment and its difference between family and non-family firms.

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[1] The terms *family business* and *family firm* will be used simultaneously throughout this work.

More specifically, this work wants to examine the drivers of CSR involvement and how they influence the way in which CSR is implemented in a company.

For this, a differentiation of drivers established by Ven & Graafland (2006) is applied, distinguishing between an intrinsic value-based motivation and an extrinsic motivation based on strategic considerations. Research on family businesses has shown that the involvement of family in ownership or management of a firm shapes its decision-making and therefore distinguishes these firms from others (Chua et al. 1999). In most societies, families are responsible for passing on values and ethics and are considered a source of education and morals. These shared values ensure a family's cohesion in social life as well as in a family business (Aranoff 2004, Starnawska & Popowska 2015, Stavrou et al. 2006). Therefore, family businesses are associated with a stronger influence of values on business decisions (Stavrou et al. 2006). Apart from this internal perspective, family businesses also have a stronger relationship with their local communities and the family members are more closely identified with their firms (e.g. Block & Wagner 2010). Thus, family businesses also experience a stronger pressure to adapt to values important to their stakeholders to positively influence their reputation (e.g. Block 2010). Therefore, this work establishes the hypothesis that family-businesses show a stronger orientation towards values-driven CSR.

Further, this work tests the influence of these differing drivers on the implementation, assuming that the intrinsic motivation for CSR in family firms leads to an informal implementation approach, whereas the extrinsic motivation in non-family firms is followed by a more formalized implementation.

Besides these research hypotheses, a model for the definition of CSR, called *Four-Peak Pyramid of Corporate Social Responsibility*, was developed and will be tested in this work.

This research is mainly exploratory in nature, aiming at establishing a clearer understanding of how CSR differs between family and non-family businesses. Therefore, a qualitative research approach was chosen using semi-structured interviews. However, the results from the qualitative research applied in this work will be partially quantified through a Category-based Content Analysis methodology intending to confirm or refuse the established hypotheses for the chosen sample.

1. Introduction

Therefore, a geographical cluster was chosen as model region for this research. Southern Lower Saxony – *German: Südniedersachsen* – is a region which is often underrated in terms of its economic relevance. However, the most important companies of the area do not only represent an important share of labor opportunities in the region, but can also be considered so-called *hidden champions*, being among the world leaders within their respective business sectors. Thus, the regional focus permits an interesting insight into an underestimated economic region while at the same time providing a relevant sample for this research – a sample representative of many European economies.[2]

The remainder of this thesis is structured as follows.

In the *next section*, the existing literature regarding the topic of Corporate Social Responsibility and Family Business Research in general, as well as regarding CSR in Family Businesses in particular will be reviewed. This includes an overview of the terminology used in both academic theory and professional practice and the definition of Family Business for the sake of this work.

The *third section* presents the theoretical part of this work and is broadly divided into three subsections. Firstly, the so-called *Four-Peak Pyramid of Corporate Social Responsibility* will be developed based on the reviewed literature defining the term of CSR for the purpose of this research. Secondly, hypotheses regarding the drivers for and implementation approaches to CSR in family and non-family firms will be derived. And thirdly, the research methodology will be explained, consisting of the methodology behind semi-structured interviews, the definition of the research sample and the approach to Content Analysis.

The *fourth section* summarizes the findings of the qualitative research and is structured by interviewed companies while the *fifth section* discusses the results in relation to the research hypotheses and regarding the model of CSR. Further, this part presents implications for future research and the limitations of this work. The *sixth section* concludes this work by summarizing the key points for both academic research and professional application.

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[2] In the following publication, the companies that supported the research of this thesis will be made anonymous to ensure data protection.

2. Literature Review

The following part of this thesis provides the theoretical framework and reviews the status of literature and research regarding the topics of both Corporate Social Responsibility and of family businesses and their approach to CSR. The Literature Review is generally divided into two main parts.

The first part reviews the status quo of research regarding Corporate Social Responsibility and is divided into four sections. Firstly, the historic development of CSR and related terminologies are reviewed. Secondly, related concepts are briefly summarized and delimited from the term of CSR. Thirdly, current definitions of CSR are reviewed establishing the basis for the development of a CSR concept introduced *in part 3.1*. And fourthly, arguments for and drivers of CSR are examined highlighting the importance of the topic both in academic research and business reality.

The second part focusses on the research regarding the topic of family businesses and consists of three sections. Firstly, different definitions of family businesses and their development are revised and it will be defined what constitutes a family business for the purpose of this work. Secondly, different aspects of family businesses are introduced highlighting the importance of family businesses for national economies and the relevance of the topic for academic research. Thirdly, past research regarding the implementation of CSR in family businesses is examined establishing both the link between the two aspects of this work and the ground for this work's own investigation.

The Literature Review has as its objective to provide the reader of this work with a profound understanding of research and both academic and professional debate on the topic.

2.1. Corporate Social Responsibility

2.1.1. Historic Development & Terminology of Corporate Social Responsibility

In the year 1953, Howard R. Bowen (in: Carroll 1999, p. 270) asked: *"What responsibilities to society may businessmen reasonably be expected to assume?"* and defined the social responsibilities as

> *"the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society"*.

He was the first to explicitly address these *social responsibilities* and is therefore considered by Carroll (1999) the *"Father of Corporate Social Responsibility"*. However, Bowen was not the first to address social issues in the context of business. Quite famous is the example of Henry Ford who decided to *"pay his workers enough to afford to buy the cars they produced"* (Polášek & Duch 2010). Generally, economics and society have always been tied together and human and economic development have benefitted mutually (e.g. Hart & Milstein 2003, Polášek & Duch 2010).

The academic debate about CSR, still termed *Social Responsibility (of businessmen)* or *Business Responsibility* back then, started in the early 1960's with three definitions that are still influencing what we define as CSR today. Firstly, Davis (1960, in: Carroll 1999, p. 271) defined social responsibilities as

> *"businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest"*

and argued that they were justified *"by bringing long-run economic gain to the firm"* (Carroll 1999). Secondly, for Frederick (1960, in: Carroll 1999, p. 271) Social Responsibilities implied

> *"a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms."*

Thirdly, McGuire (1963, in: Carroll 1999, p. 271) stated that

"the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations".

Davis and Frederick already set the tone for an ongoing discussion, whether CSR should be linked to the *economic interest* to bring *long-run economic gain* (Davis arguing from a strategic business perspective) or should be seen as *willingness* to use the resources for *broad social ends* (Frederick arguing from a rather ethical standpoint). Furthermore, it is necessary to highlight McGuire's definition that defined CSR as *extending beyond economic and legal obligations*, an important distinction from *compliance*, which will be addressed in the next section of this work.

In the 1970's, academic research brought up new aspects to the debate surrounding the responsibilities of business. Johnson (1971, in: Carroll 1999, p. 273) mentioned that

"a socially responsible firm is one whose managerial staff balances a multiplicity of interests [...and] *takes into account employees, suppliers, dealers, local communities, and the nation".*

As Carroll (1999) rightfully analyzed, Johnson is referring as one of the first towards - what is today known as - a stakeholder approach. Further contribution was done by Eilbert & Parket (1973, in: Carroll 1999, p. 278) who compared social responsibility with *'neighborliness'*:

"Perhaps the best way to understand social responsibility is to think of it as 'good neighborliness.' The concept involves two phases. On one hand, it means not doing things that spoil the neighborhood. On the other, it may be expressed as the voluntary assumption of the obligation to help solve neighborhood problems."

In this statement, we can identify the idea of a negative and/or positive *externality* that the Oxford English Dictionary defines as

"a side-effect or consequence (of an industrial or commercial activity) which affects other parties without this being reflected in the cost of the goods or services involved; a social cost or benefit" (in Chandler & Werther 2014, p. 145).

Another noteworthy and often-used (e.g. Galbreath 2010, Godfrey 2005) approach of that decade was developed by Carroll in 1979 who explained CSR as a

concept consisting of four elements: economic (to produce goods and service), legal (to follow the law), ethical (to fulfill society's expectations) and discretionary (to voluntarily exceed the before-mentioned responsibilities) (Carroll 1999). Later, Carroll changed the term of discretionary responsibilities for *"philanthropic"* (Carroll 1991) and added the following clarification regarding the economic responsibilities of a business:

> *"Many today still think of the economic component as what the business firm does for itself, and the legal, ethical, and discretionary (or philanthropic) components as what business does for others. Although this distinction is attractive, I would argue that economic viability is something business does for society as well, although we seldom look at it in this way."* (Carroll 1999, p. 284)

In the 1980's, academic research did not bring completely new concepts and definitions of CSR but rather redefined how different parts of CSR interact with each other. As an example, we can look at the work of Tuzzolino & Armandi (1981, in: Carroll 1999) who proposed a need-hierarchy framework based on Maslow's pyramid of needs arguing that corporations like humans have physiological, safety, social, esteem and self-actualization needs. Further, Peter Drucker (1984, in: Carroll 1999) addressed the compatibility of profitability and responsibility by mentioning that *"business ought to 'convert' its social responsibilities into business opportunities"* (Carroll 1999, p. 286), an approach quite relevant in today's CSR practice.

The 1990's brought several new or renewed concepts that all built upon earlier definitions of CSR, including Corporate Social Performance (CSP), stakeholder theory and business ethics theory (Carroll 1999). One of the main works regarding CSP was presented by Donna J. Wood (1991, p. 693) who defined CSP as

> *"a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships.*

In easier words, CSP can be defined as the measurable outcome of CSR-related business behavior and actions. It is, thus, not a competing concept but rather an application of CSR theories.

An explanation of the so-called Stakeholder Theory (often also Stakeholder Approach or Stakeholder Management) can be found in David Polašek's work (Polašek & Duch 2010, p. 17f.):

> *"It [the Stakeholder Theory] was originally detailed by R. Edward Freeman in the book 'Strategic Management: A Stakeholder Approach'. The concept identifies and models the groups, which are stakeholders of a company and describes and recommends methods by which management can give due regard to the interests of those groups."*

Chandler & Werther (2014, p. 4) define a firm's *stakeholder* along Freeman's theory as

> *"any group or individual who can affect or is affected by the achievements of the organization's objectives".*

Further, Chandler & Werther (2014, p. 5) draw the link between stakeholder theory and CSR through two questions:

> *"What is the relationship between a firm and the societies within which it operates? What responsibility does a firm owe society to self-regulate its actions in pursuit of profit?"*

We should therefore regard stakeholder theory as a concept closely related but not identical to Corporate Social Responsibility.

On the other hand, and according to Chandler & Werther, Business ethics differs from CSR mainly in two ways:

> *"First, while CSR tends to include more of a macro perspective and evaluates the extent to which firm behavior affects society as a whole,* business ethics *focuses on more micro issues, such as individual behavior and decision making. And, second, while CSR is often externally focused and tied more closely to functions such as marketing,* business ethics *focuses internally on creating an ethical environment and has its roots in legal compliance."* (Chandler & Werther 2014, p. 555)

However, the underlying idea of both concepts is similar and cannot be clearly distinguished (for example, it is hard to imagine a company that externally focuses

truthfully on socially responsible behavior without fostering ethical behavior internally). Thus, this work will not further elaborate on the difference in both definitions but rather regard business ethics and CSR as two sides of the same coin.

All in all, there is many concepts and terms in use surrounding the topic of CSR, of which some are overlapping with different definitions of CSR, some are rather broader, others more narrow focusing on specific aspects of social responsibility and ethics. This work does not intend to define or distinguish all the terms and their differing definitions. However, to give the reader an overview of different terminologies related to the topic, it follows a collection of terms that the author has come across during his research (the collection does not claim completeness):

- *Business Ethics* (e.g. Carroll 1999, Chandler & Werther 2014)
- *Business in Society* (e.g. Polašek & Duch 2010)
- *Caring* or *Creative Capitalism* (Muhammad Yunus and Bill Gates, according to Chandler & Werther 2014)
- *Corporate Citizenship* (e.g. Carroll 1999)
- *Corporate Ethics* (e.g. Polašek & Duch 2010)
- *(Corporate) Public Responsibility* (e.g. Preston & Post 1975, in: Carroll 1999)
- *Corporate Social Innovation* (e.g. O'Donohoe 2016)
- *Corporate Social Performance* (e.g. Wood 1991, Carroll 1999)
- *Corporate Social Policy Process* (e.g. Carroll 1999)
- *Corporate Social Responsiveness* (e.g. Wood 1991, Carroll 1999)
- *Corporate Stewardship* (e.g. O'Donohoe 2016)
- *Corporate Sustainability* (e.g. Salzmann et al. 2005)
- *Creating Shared Value* (Porter & Kramer 2011)
- *(Social) Issues Management* (e.g. Carroll 1999)
- *Moral Management* (e.g. Carroll 1991)
- *Societal Value-Added* (e.g. Polašek & Duch 2010)
- *Stakeholder Theory* or *Management* (e.g. Polašek & Duch 2010)
- *Strategic Philanthropy* (e.g. Polašek & Duch 2010)
- *Sustainable Value Added* (Figge & Hahn 2004)
- *Triple Bottom Line* (e.g. Polašek & Duch 2010)

Despite the multiplicity in the terminology, the concept that is most commonly referred to, both in academic research and business life, is the one of *Corporate Social Responsibility* or *CSR* which will therefore be solely used in the remainder of this work.

One focus of research regarding Corporate Social Responsibility has been on the relationship between social and financial performance. As early as 1985, Aupperle et al. (1985) compared nine studies from the 1970's of which five found a positive relationship between a company's CSR performance and its return on equity (ROE), earnings per share (EPS) or stock market performance in general. In comparison, only one of the studies found a negative correlation. Margolis & Walsh (2003) even investigated 127 studies between 1972 and 2002. 109 studies took the social performance as independent variable, 54 of them found a positive relationship with the firm's financial performance, seven a negative one, 28 did not achieve statistically significant results, and 20 showed mixed findings. 22 studies took social performance as their dependent variable and 16 of these proved a positive relationship between financial performance and a firm's social involvement. Despite different methodologies and findings, we can therefore conclude that companies with a high social performance have a higher probability to outperform their peers financially. This highlights the importance of the topic for both academic research and practical business implementation.

2.1.2. What Corporate Social Responsibility is Not

Sustainable Development

"Development is a whole. Its ecological, cultural, social, economic, institutional and political dimensions can only be understood in their systematic interrelationships, and action in its service must be integrated." (Dag Hammarskjöld Foundation 1975, p. 28)

In 1975, the Dag Hammarskjöld Report on Development and International Cooperation set the basis for a new concept of development that goes far beyond a narrow understanding of development in purely economic terms and instead

suggests a holistic perspective taking into account many different dimensions, as mentioned above. However,

> "*sustainable development as a political and scientific agenda emerged as a political vision with the Brundtland report in 1987. According to which, 'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs'*" (Islar 2016, p. 10).

Thus, we can define *Sustainable Development* as a holistic approach to development that *meets the needs of the present without compromising the ability of future generations to meet their own needs* along different dimensions, such as *ecological, cultural, social, economic, institutional and political*. If we define Corporate Social Responsibility as Frederick did in 1960 (in: Carroll 1999, p. 271), as

> "*a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.*",

we can see that both concepts are necessarily interlinked and CSR can be seen as one part of the much broader concept of Sustainable Development, more specifically as the contribution of the for-profit sector for Sustainable Development.

Sustainability

Sustainability is often defined as well according to the Brundtland report from 1987 as *meeting the needs of the present without compromising the ability of future generations to meet their own needs* (e.g. Dyllick & Hockerts 2002). Others, however, see sustainability as the ultimate goal (Marrewijk 2002) or as a broad concept serving as an umbrella to sustainable development or also to CSR (Marrewijk 2002). If sustainability is the ultimate goal, then also Corporate Sustainability can be defined as the ultimate goal of a company's activities with *"CSR as an intermediate stage where companies try to balance the Triple Bottom Line"* (Marrewijk 2002, p. 7), often also referred to as *"Profit, People, Planet"*.

For this work, we define Corporate Social Responsibility as the means – the process – leading to Sustainability, the end – or *ultimate goal*.

Economists often use the capital theory approach to sustainability, generally including man-made capital, human capital, natural capital and social capital (Figge & Hahn 2004).

"It follows, according to the constant capital rule, that development can be called sustainable, if it ensures constant capital stocks or at least constant capital services over time. The question whether different kinds of capital can be substituted by one another is addressed by the concepts of weak and strong sustainability. The main difference between weak and strong sustainability is the degree to which substitutability between different forms of capital is considered. Weak sustainability implies that all forms of capital are substitutable by each other so that any loss in one kind of capital can in theory be substituted by a surplus in other forms of capital [...] The belief in non-substitutability of at least some kind of capital and, therefore, the need to conserve critical nonsubstitutable stocks are central features of strong sustainability." (Figge & Hahn 2004, p. 174)

This work will be based on a concept of strong sustainability, not allowing for the substitution of one kind of capital by another, and the definition of Corporate Social Responsibility, that will be applied, will refer back to this distinction.

Compliance

Another concept that is often used in the context of CSR and without clear distinction between the two terms is *Compliance*. The Oxford English Dictionary defines *Compliance* as *"the practice of obeying rules or requests made by people in authority"* (Oxford 2005). Thus, we can define compliance as acting in accordance to the rules set by the law, industry regulations, contracts or other agreements. Already McGuire (1963, in: Carroll 1999, p. 271) stated that

"the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations".

This implies that for Corporate Social Responsibility it is not sufficient only to comply with economic and legal obligations but to go beyond what is legally required. Compliance can therefore be seen as the foundation on which the social responsibility of a company can be built; compliance is a necessary condition but not sufficient.

Philanthropy

Lastly, Corporate Social Responsibility is often confused with the term of *Philanthropy* which Oxford English Dictionary defines as *"the practice of helping the poor and those in need, especially by giving money"* (Oxford 2005). In the context of CSR, *(Corporate) Philanthropy*, thus, refers to corporate donations to social, cultural, environmental or other causes without direct economic compensation. Carroll (1999) mentions philanthropic responsibilities putting them on the top of his CSR pyramid with economic, legal and ethical responsibilities being closer to the foundation of the pyramid. We can therefore regard philanthropy and corporate donations as an add-on of CSR strategies, which should be the last step in becoming a socially responsible company. Thus, philanthropy is neither necessary nor sufficient condition for CSR and cannot replace other dimensions of Corporate Social Responsibility.

2.1.3. Definition of Corporate Social Responsibility

There is not one definition of Corporate Social Responsibility, but several diverging ones depending on the researcher, the institution or also the country (Chandler & Werther 2014). Chandler & Werther themselves define CSR as follows:

> "*A view of the* corporation *and its role in* society *that assumes a* responsibility *among firms to pursue goals in addition to profit maximization and a* responsibility *among a firm's stakeholder's to hold the firm accountable for its actions.*" (ibid., p. 6)

Interesting about this definition is that it includes also a responsibility of the stakeholders to hold the firm accountable and not only a responsibility of the company towards the stakeholders. Also the European Union and the United Nations in their definitions put emphasis on the role of the stakeholders:

> "[CSR] *can be understood as a management concept and a process that integrates social and environmental concerns in business operations and a company's interactions with the full range of its stakeholders.*" (UNITAR 2016)

> "[CSR is a] *process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close*

collaboration with their stakeholders, with the aim of: maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large; identifying, preventing and mitigating their possible adverse impacts." (European Commission 2011)

Apart from focusing on stakeholders' involvement, both definitions also have in common that they define CSR as a process that integrates concerns of different kind into business operations. The European Commission goes one step further by requiring an integration into the *core strategy* of the organization. Further, they implicitly mention externalities by adding as aims the maximization of stakeholder value (positive externalities) and the mitigation of *adverse impacts* (negative externalities).

"Defining Corporate Social Responsibility [...] has not been and will not be an easy task as there the most likely will not be a generally agreed definition. There seems to be an infinite number of definitions of CSR, ranging from the simplistic to the complex ones, and a range of associated terms and ideas." (Polašek & Duch 2010)

As Polašek mentions, there is no *generally agreed definition*; nevertheless, any research needs to clearly state the definitions on which the research is based. The *chapter 3.1* of this work will therefore provide a model for CSR developed based on the reviewed literature.

2.1.4. Drivers of Corporate Social Responsibility

"The businessmen believe that they are defending free enterprise when they declaim that business is not concerned 'merely' with profit but also with promoting desirable 'social' ends; that business has a 'social conscience' and takes seriously its responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else may be the catchwords of the contemporary crop of reformers. In fact, they are – or would be if they or anyone else took them seriously – preaching pure and unadulterated socialism. Businessmen who talk this way are unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades.

[...] In each of these cases, the corporate executive would be spending someone else's money for a general social interest. Insofar as his actions in accord with his 'social responsibility' reduce returns to stockholders, he is spending their money." – Milton Friedman (1970).

Milton Friedman has shaped the academic and political discourse of economics until today. Despite his famous quote arguing against the social responsibility, however, he has failed to influence the development regarding today's importance of CSR both in academic theory and professional practice. This raises the question for the arguments that are used in favor of Corporate Social Responsibility and the motivations to research CSR academically and to incorporate it in business practice. Or more explicitly: *What are the drivers of Corporate Social Responsibility and its implementation?*

Two of the main competing arguments in favor of CSR were developed as early as the 1960's and have been mentioned earlier in this work. Davis (1960, in: Carroll 1999) justified socially-responsible actions beyond the direct economic activities of a firm because *they were bringing long-run economic profits*, thus assuming that a positive impact on profit was necessary to *justify* CSR activities. Frederick (1960, in: Carroll 1999), on the other hand, emphasized the *public posture* and *willingness* of businessmen to use resources *for broader social ends*, thus assuming an ethical or moral duty or responsibility beyond the company's profits.

Davis' argumentation is today often referred to as *Business Case* or more commonly *Business Case for (Corporate) Sustainability* (Schaltegger et al 2011, Salzmann et al. 2005). For example, Holme & Watts (2000, p. 3) concluded in their report for the World Business Council for Sustainable Development that

"a coherent CSR strategy, based on integrity, sound values and a long-term approach, offers clear business benefits to companies and a positive contribution to the well-being of society".

Bieker & Gminder (2001) identified the *Business Case* as a normative definition of CSR in which companies *"do something for the environment and [...] show social responsibility - as long as it counts financially."* Thus, ecological and social aspects of CSR have to contribute to the economic perspective and are thus subordinated to the latter. Bieker & Gminder then present two other normative

definitions, the *Human Case* that *"looks at sustainability how it can serve the human beings"* and the *Green Case* that *"looks at sustainability how it can serve the environment."* In these cases, the two other categories are subordinated to the social or – respectively – ecological perspective. An equal approach to all three of the above dimensions is often referred to as the *Tripple Bottom Line* in which companies take into account the social, ecological and economic positive and negative impact of their economic activities and account for all three of them (SustainAbility 2001).

Another categorization of arguments for CSR has been defined by Chandler & Werther (2014) as what they call the four *"Foundations of CSR"*: an Ethical Argument, a Moral Argument, a Rational Argument, and an Economic Argument. From the perspective of Ethics,

> *"CSR is an argument of two forms of ethical reasoning – either consequentialist (utilitarian) or categorical (Kantian). Consequentialist ethical reasoning justifies action in terms of the outcomes it generates (the greatest good for the greatest number of people), while categorical ethical reasoning justifies action in terms of the principles by which the action is carried out (the application of core ethical principles, regardless of the outcomes they generate)."* (ibid., p. 24)

Thus, both ethical arguments are based on universal values, one focusing on outcomes, the other on principles. None of them directly refers to the profit of a company, but it can be inferred that both outcomes and principles take into consideration different aspects of social responsibility, including the economic perspective.

From a moral standpoint, the authors see CSR as

> *"an argument of moral reasoning that reflects the relationship between a company and the principles expected by the wider society within which it operates. It assumes businesses recognize that for-profit entities do not exist in a vacuum and that a large part of their success comes as much from actions that are congruent with societal values and norms as from factors internal to the company."* (ibid., p. 25)

In a moral argument, again, values have been emphasized. These, however, are not universal but depending on the environment in which the firm operates (including internal factors) and which gives the firm its legitimacy.

A rational argument can be found in

"businesses seeking to maximize their performance by minimizing restrictions on operations. [...] where individuals and activist organizations feel empowered to enact change, CSR represents a means of anticipating and reflecting societal concerns to minimize operational and financial constraints on business." (ibid., p. 28)

In this rational argument, therefore, CSR is mainly seen as a mean of risk management and long-term planning reducing the firm's dependence on external factors. Thus, this argument is clearly linked with a company's strategy and economic performance.

Lastly, Chandler & Werther look at CSR from an economic point of view and identify that:

"CSR is an argument of economic self-interest for business. CSR adds value because it allows companies to reflect the needs and concerns of their various stakeholder groups. By doing so, a company is more likely to retain its societal legitimacy and maximize its financial viability over the medium to long term." (p. 29)

In the economic argument, CSR is seen as a source of competitive advantage and an opportunity to improve the firm's financial performance. It is therefore strongly linked with a firm's (core) strategy.

Summarizing the categories of Chandler & Werther, we can identify two main orientations: an intrinsic motivation based on values, either moral or ethical, and an extrinsic motivation based on strategic motives, either related to a rational argumentation or because CSR is seen as a possibility to maximize financial performance.

This broad distinction is being confirmed by other researches. Ven & Graafland (2006, p. 1) defined two main motivations for CSR:

"the moral (intrinsic) motive, which holds that CSR is a moral duty of companies towards society, [...and...] the strategic (extrinsic) motive, which holds that CSR contributes to the financial success of the company in the long run."

They further explain that the strategic motive expects a financial payoff because of the positive impact of CSR on company's reputation among customers and employee commitment, retention and productivity, among other factors (Ven & Graafland 2006).

Peters et al. (2009) focus *"on the sense-making process of the CEO with respect to pro-CSR intent"* and differentiate between personal values – including benevolence, universalism and social power – and organizational factors, such as stakeholderism and resource availability. Although the authors project the values purely onto the CEO and not the company as a whole, the general differentiation between values and strategic factors is similar.

Similarly, Hemingway & Maclagan (2004) differentiate between commercial or strategic factors and altruistic or idealistic factors based on managers' values.

They also provide a comprehensive overview what each of the motives can be based on (Hemingway & Maclagan 2004). Factors influencing a strategic motivation are:

- corporate image and the usage of CSR for strategic marketing
- CSR as a response to stakeholder demands
- need to cover up misdemeanor
- expected influence on financial performance
- increasing diversity among the workforce
- business community involvement (e.g. for recruitment purposes)

Factors influencing an altruistic or idealistic motivation are:

- individual values or interests of a manager
- ideals of corporate philanthropy
- religious, political or social believes
- relationship orientation of manager or corporate culture
- values connected to social changes
- interests in particular causes
- professional pride

Hemingway & Maclagan (2004) further expand that the influence of personal values depends on the amount of autonomy that a manager has in introducing CSR-related activities. Finally, Ven & Graafland (2006, p. 1) concluded that

"the moral (intrinsic) motive […] induces a stronger involvement in CSR than the strategic (extrinsic) motive."

2.2. Family Business

2.2.1. Definition of Family Businesses

"[The family is] the oldest and longest running social unit in our world […] the emergence of business concerns from within families is simply a historical fact" (Zachary 2011, p. 26).

As examples, Zachary specified *"farmers, guild members, crafters, and local commerce, to name a few"*. In many of these cases, the physical location of the business was equal to the location of family life, e.g.

"in the case of the early, small-scale storefront businesses, [where] families often lived in the upper floors of the building with the store on the street level."

Further, Zachary explained that

"only with the industrial age, did the segmentation of the family from the business widen along with the development of wage or salary work for a non-family employer" (p.27).

Thus, the family business is one of the most traditional forms of labor.

Although today's economic environment has changed completely and family businesses include not only *small-scale storefront businesses* but firms of all sizes and industry sectors up to big multinational corporations around the world (e.g. Morck & Yeung 2003), academics agree that family businesses differ from non-family businesses (e.g. Chua et al. 1999). Thus, *"academia has begun to recognize the importance of family business studies"* (Chrisman et al. 2005, p. 555) and *"family business research gets more and more accepted as independent field of study in (business) economics"* (Harms 2014, p. 281).

Despite the recognized academic relevance and the importance of family firms for national economies all around the world, there is still no consensus about what defines a family business (Chua et al. 1999; Harms 2014; Litz 1995; Steiger et al. 2015; among others). Probably one of the first intents to define the family business was given by Donnelley in 1964 but remained without broader academic relevance (Zachary 2011). The academic dispute over the definition of family firms started in the 1980's and is still ongoing (Chua et al. 1999; Harms 2014; Steiger et al. 2015).

Traditional definitions focused on the family involvement in ownership, governance and/or management and the aspect of family succession, as well as any combination of those factors (Chua et al. 1999; Steiger et al. 2015). Considering that many authors did not differentiate between governance and management, earlier definitions can be divided into

"three qualifying combinations of ownership and management: (A) family owned and family managed; (B) family owned but not family managed; and (C) family managed but not family owned." (Chua et al. 1999, p. 20).

These traditional definitions are often summarized as *Components-of-Involvement* or *demographic approach* (Steiger et al. 2015) and examples can be found in Handler who defined a family business along its ownership and management (according to Chua et al. 1999); in Churchill & Hatten (1987, p. 54) for whom the main factor for the definition of a family business is the

"occurrence or the anticipation that a younger family member has or will assume control of the business from an elder";

and in Litz (1995) who defines a family firm as a business where ownership and management are concentrated within a family unit and the members of the family strive to maintain both ownership and management.

Further discussion can be found regarding the question whether ownership means controlling ownership and how controlling ownership would be defined (Chua et al. 1999; Westhead & Cowling 1998); whether family management requires one family manager, more than one or more than half of the management (Westhead & Cowling 1998); and whether a family refers to only one nuclear family or possibly to

more than one family, to individual family members or extended families (Chua et al. 1999).

More recent research, however, has shifted their focus towards the so-called *Essence-Based Approach*. Here it is assumed that the demographic components mentioned above are only the necessary condition for a family firm but not the sufficient one. A family firm, thus, should only be defined as a family firm if a family uses their involvement in ownership, governance or management in a way that shapes the vision and strategy of the business (Harms 2014; Steiger et al. 2015). This approach was shaped by the works of Chua et al. (1999) and Chrisman et al. (2005).

A distinct concept is the one of so-called *familiness* (e.g. Harms 2014), a term that was originally introduced by Habbershon & Williams (1999, according to Pearson et al. 2008) and later defined by Pearson et al. (2008, p. 963):

> *"The structural, cognitive, and relationship dimensions of social capital serve as the behavioral and social resources that constitute familiness. We identify how family firms uniquely possess these familiness resources."*

A similar approach can be found in the F-PEC scale (Family – power, experience, culture) in which the *Components of Involvement* are included in the term of *power* but soft factors are prevailing. The F-PEC Scale, however, represents a continuum and does not serve to differentiate between family and non-family businesses (Harms 2014).

Several authors have tried to summarize and categorize the different academic approaches to the definition of family businesses. Westhead & Cowling (1998) identified five common approaches: by self-identification; by ownership; by management; intergenerational succession; or by multiple diverging combinations of the before-mentioned. Harms (2014) grouped the definitions in six clusters: Components of Involvement and Essence-Based Approach; F-PEC Scale and Familiness; definitions with empirical orientation; additional earlier definitions; additional self-developed approaches; and works without any definition of family businesses. Steiger et al. (2015) recognized seven types of definitions than were grouped into three main approaches: Components of Involvement Approach; Essence-Based Approach; and a combination of both. A comparison of these three approaches to cluster definitions highlights the lack of a consensus in the definition

of family businesses. However, this work does not intend to contribute to the ongoing search for the *right* or *best* definition of what a family business constitutes.

Instead, we will use the definition developed by Jess H. Chua, James J. Chrisman and Pramodita Sharma (1999) who proposed that *"a company is a family business because it behaves as one"* (Essence-Based Approach), which might appear tautological as long as this distinct behavior is not clearly identified. Therefore, Chua, Chrisman and Sharma suggested the following definition (p. 25):

> ***The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.***

This definition includes all necessary aspects without being too narrow. The family involvement can happen through ownership and/or management and must shape the vision of the business[3]. Family involvement refers to either one or a few families and succession is not necessary but usually desired. The usage of this definition is also aligned with the recommendation given by Harms (2014, p. 305) to

> *"apply one of the principle definitions displayed in the clusters 1 to 3* [Components of Involvement and Essence-Based Approach; F-PEC Scale and Familiness; definitions with empirical orientation; see above] *[…] because these approaches identify all relevant elements (ownership structure, involvement of the family in management decisions and transgenerational issues) of a comprehensive family business definition (components of involvement, essence/intention)".*

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[3] Involvement in Management or Ownership alone is not sufficient since it does not necessarily lead to a distinctive behavior of the business. A distinctive characteristic of the firm can only be expected as long as the family uses its involvement to shape the vision or strategy of the company.

2.2.2. Aspects of Family Firms

Apart from discussions about what defines a family business, academia has further put the focus on researching what makes a family business unique, what differentiates it from non-family firms, what is the relevance of family businesses for national and international economies and how being a family firm affects financial performance. Thus, the following section aims to briefly capture the most important aspects of academic research about family businesses.

Regarding the uniqueness of family businesses, Yu et al. (2012) developed a numerical taxonomy of variables that differentiate a family business and concluded that the most important factors of distinction are the family involvement, the family values and characteristics, and the succession processes. As topics for further investigation, they suggested the noneconomic performance of family firms (Yu et al. 2012). Generally, there seems to be agreement among scholars that a distinctive feature of family businesses is the identification and emotional attachment with and trust within the company by owners and managers (e.g. Block & Wagner 201; Campopiano et al. 2012; De la Cruz Déniz Déniz & Cabrera Suárez 2005) which leads to a higher long-term orientation of the business (e.g. Gibb Dyer & Whetten 2006).

Furthermore, academics have put emphasis on the question whether family involvement affects and especially increases the financial and economic performance of a company (Chrisman et al. 2005). Chrisman et al. analyzed several studies regarding the involvement of founding families and concluded that it influences financial performance positively. This confirmed a study by Anderson and Reeb (2003) which further concluded that having a family CEO additionally has a positive effect on financial performance. Gallo et al. (2000), however, indicated that *"aversion to risk and fear of losing control of the business lead many family businesses to seriously limit their growth potential"*.

Incongruity among academics can be further found regarding the number of family businesses around the world and their relevance for national economies and job markets (Shanker & Astrachan 1996; Westhead & Cowling 1998). Both Shanker & Astrachan and Westhead & Cowling found the disagreement about this question to be related to the different definitions of family businesses that were applied in studies identifying respective quantities (see *2.3 Definition of Family Businesses*). Shanker &

Astrachan defined a broad definition of *Low Family Involvement* and a narrower one of *High Family Involvement* and analyzed their respective influence on the US economy. A *Low Family Involvement* requirement lead them to a quota of 92% family businesses which contributed 50% of national GDP and 60% of employment opportunities. However, the *High Family Involvement* criteria yielded only approx. 20% of family businesses in the US with a contribution of 12% to the GDP and 15% to the employment (Shanker & Astrachan 1996). Westhead & Cowling analyzed the importance of family businesses in the UK and applied seven different definitions resulting in proportions of family businesses between 15 and 80.8 (Westhead & Cowling 1998). For this work, an exact share of family businesses is not needed; however, the results, diverging they might be, highlight the importance of family businesses in general.

In view of the importance of family businesses for national economies and employment (e.g. Shanker & Astrachan 1996) and the importance of family values for the distinction of family and non-family firms (e.g. Yu et al. 2012), it can be argued that there is a need for research regarding the noneconomic performance of family businesses, as indicated by Yu et al.

2.2.3. Family Businesses and CSR

The research on Family Businesses and their orientation towards CSR is still relatively young. Some authors examined family businesses in terms of very specific questions related to ethics and social responsibility. Morck & Yeung (2003), for example, focused on the (negative) role big family-owned corporations have on their country's development through corruption and rent-seeking behavior. Both Flören & Wijers (1996) and Donckels (1998, both in: Uhlaner et al. 2004), on the other hand, found a positive relationship between family businesses and their focus on employees' well-being.

To this author's best knowledge, two of the first researches examining this relationship from a more holistic perspective are the works of Uhlaner et al. (2004) and De la Cruz Déniz Déniz & Cabrera Suárez (2005). Uhlaner et al. interviewed 42 small and medium-sized companies in the Netherlands and found that

> *"[the] family character of the business most frequently impacts employee, client, and supplier relationships"* (p. 2).

The study also confirmed that family businesses take socially responsible behavior into consideration when dealing with the before-mentioned stakeholders. However, Uhlaner et al. did not provide a comparison with non-family businesses and did not quantify the corporate social responsibility shown by their respondents. De la Cruz Déniz Déniz & Cabrera Suárez compared 112 Spanish family firms and concluded that

> *"[these organizations are] not a homogeneous group in terms of their orientation towards corporate social responsibility."* (p. 27).

The research of De la Cruz Déniz Déniz & Cabrera Suárez, however, did not compare family businesses with non-family businesses but focused on differences within family firms.

To date, most of the literature either focusses on listed companies with family involvement or on family-owned SMEs. The first group comprises, for example, the works of Bingham et al. (2011), Block (2010), Block & Wagner (2010), Gibb Dyer & Whetten (2006) and Wiklund (2006), which are all based on analysis of the Standard & Poor's 500 firms, or Stavrou et al. (2006), based on the Fortune 500. The second group is naturally more diverse in terms of the samples used and consists of research done by Contreras Soto et al. (2012) about family-owned businesses in Guanajuato, Mexico; by Duh et al. (2005) comparing Slovenian family and non-family firms; by Herrera Madueño et al. (2014) focusing on the motivation behind CSR in family SMEs; and at least partially the work of Campopiano et al. (2012) about family involvement and the role of internal stakeholders in family SMEs; among others.

Another focus of research can be found on very specific regional or national samples, often with emphasis on developing countries or countries in transition. Apart from the works of Uhlaner et al. (2004) on Netherlands, De la Cruz Déniz Déniz & Cabrera Suárez (2005) on Spain, Contreras Soto et al. (2012) on Mexico, and Duh et al. (2005) on Slovenia, mentioned above, a regional focus can also be found in Amann et al. (2012) on CSR differences between family and non-family businesses in Japan; in Belak et al. (2012), again comparing Slovenian businesses; in Elbaz & Laguir

(2014), on CSR orientation in Moroccan family firms; and in Tewari & Sharma (2015), on the role of HR in augmenting CSR practices in India.

In terms of the research presented by the different authors, the works can be divided broadly into three categories: theoretical papers arguing why family businesses are expected to show a certain orientation towards CSR (e.g. López-Cózar et al. 2014, Starnawska & Popowska 2015, Zahra et al. 2014), empirical and quantitative research trying to prove a difference between family firms or between family and non-family businesses (e.g. Amann et all 2012, Bingham et al. 2011, Block 2010, De la Cruz Déniz Déniz & Cabrera Suárez 2005, Stavrou et al. 2006) and quantitative research, often based on semi-structured interviews, aiming to understand differences more in depth (e.g. Campopiano et al. 2012, Uhlaner et al. 2004).

Despite these numerous works with very different samples and research focuses, there is no agreement among academics about the question whether family businesses show a stronger, the same or even lower commitment to Corporate Social Responsibility than non-family businesses (e.g. López-Cózar et al. 2014).

Regarding the last group, Morck & Yeung (2003) proved that countries with very large family-controlled corporate groups are less likely to progress and show higher levels of poverty. They further suggested that this relation is due to the tendency of influential families to use corruption in order to seek higher rents from their businesses. However, it must be noted that - to quote the authors - *"correlations do not necessarily imply causal relationships."* Thus, the study did not provide a negative relationship between family businesses and corporate social responsibility in general. Anderson et al. (2009) also showed that family businesses tend to be less transparent and that this lack of transparency was often used to *"accrue private benefits"*. Further, Hirigoyen & Poulain-Rehm (2014) analyzed a sample of 363 listed companies and found that family businesses scored significantly worse in the rating of *Corporate Governance* in comparison with non-family businesses. Generally, several authors proposed a possible negative influence on CSR in family businesses due to the prevalence of family interests (e.g. Zahra et al. 2014, Gibb Dyer & Whetten 2006).

De la Cruz Déniz Déniz & Cabrera Suárez (2005) associated family firms both with positive and negative orientations towards CSR and their study suggests that family businesses are not *"a homogeneous group in terms of their orientation towards corporate social responsibility."* Thus, they identified three clusters of family organizations: The first does not see CSR as a competitive advantage and think they do not have the resources to solve social issues; the second looks at CSR as a competitive advantage only and does not intend to solve social issues; the third and biggest cluster does not regard CSR as a source of competitive advantage but believes that solving social issues is a philanthropic duty although costs are incurred to do so. A neutral causality between family involvement in a business and its orientation to CSR has also been found by Herrera Madueño et al. (2014) who concluded that there are no significant differences between family and non-family businesses in terms of implemented CSR practices. Further, Amann et al. (2012) could not find any *"significant differences in CSR policies between family and non-family businesses"* in their research on Japanese firms. Similar results were encountered by Duh et al. (2007) for a Slovenian sample. An ambiguous picture is also shown by Campopiano et al. (2012) who encountered lower compliance with CSR standards in family firms while those at the same time showed stronger commitment to CSR in general. Bingham et al. (2011, p. 577) found

> *"relative differences between family and nonfamily firm CSP, with family firms engaging in significantly more positive social initiatives than nonfamily firms."*

However, they did not conclude that there was a significant difference in the number of social concerns between family and non-family businesses.

Nevertheless, many researchers have found a positive link between family involvement in a business and its orientation towards Corporate Social Responsibility. Block (2010) showed that there was a lower probability of downsizing and related deep job cuts in family firms. This confirms an earlier study by Stavrou et al. (2006) with the same conclusion. The study of Landry et al. (2013) indicated that family businesses show a lower level of tax aggressiveness. Niehm et al. (2008) analyzed the community involvement of companies and showed that family firms possess a stronger connection with their local communities. Elbaz & Laguir (2014) found a positive relation between family involvement in Moroccan firms and its orientation towards CSR. This result is consistent with the findings of Uhlaner et

al. (2004) for the Dutch market and Tewari & Sharma (2015) for Family-run businesses in India.

In more general terms, O'Boyle et al. (2010) evaluated a sample of 526 family businesses and showed that the involvement of a family leads to a stronger ethical focus of the business. Block & Wagner (2010) concluded that family ownership leads to a *"lower level of corporate social responsibility concerns"* compared to ownership by investors. Starnawska & Popowska (2015) argue that family businesses show a stronger involvement in CSR due to the stronger importance of non-financial goals and their effect on long-term orientation of the business. A similar result has been shown before by Gibb Dyer & Whetten (2006) who argued that CSR is regarded as a way to protect the image and reputation of a company and therefore the family assets. Comparing different factors influencing CSR orientation in companies, López-Cózar et al. (2014, p. 80) arrived to the conclusion that

> *"the aspects favoring the implementation of CSR policies- having a strong entrepreneurial culture (familiness), a long-term orientation, an idea of leadership based on the personal preferences of the owners, and a special relationship with the local community; are stronger than those who can be considered a barrier- centralized decision making with an individualistic style of internally processing such questions, priority of the interests of the family and nepotism."*

The following table, *Figure 1*, provides an overview of the research regarding the relationship between family involvement and the CSR activity of a firm, thus summarizing above review.

2. Literature Review

Relationship between family involvement and CSR activity of a firm	
Negative relationship	
Morck & Yeung (2003)	Countries with large family-controlled businesses show higher levels of poverty
Anderson et al. (2009)	Family firms tend to be less transparent and use lack of transparency to accrue private benefits
Hirigoyen & Poulain-Rehm (2014)	Family businesses score significantly worse than non-family businesses in rating of Corporate Governance
Gibb Dyer & Whetten (2006)	possible prevalence of family interests
Zahra et al. (2014)	possible prevalence of family interests
Mixed results	
De la Cruz & Cabrera Suárez (2005)	family businesses are no homogeneous group in terms of their CSR orientation (CSR as moral duty vs. CSR as competitive advantage)
Herrera Madueño et al. (2014)	no significant differences between family and non-family firms in terms of implemented CSR practices
Amann et al. (2012)	no significant differences between family and non-family firms in terms of CSR policies
Duh et al. (2007)	no significant differences
Campopiano et al. (2012)	lower compliance of family firms with CSR standards but higher commitment to CSR in general
Bingham et al. (2011)	family firms engaging in more positive social initiatives but no difference in number of social concerns
Positive relationship	
Block (2010)	lower probability of downsizing and related job cuts in family firms
Stavrou et al. (2006)	lower probability of downsizing and related job cuts in family firms
Landry et al. (2013)	lower level of tax aggressiveness in family businesses
Niehm et al. (2008)	family firms show stronger connection with local communities
Elbaz & Laguir (2014)	positive influence of family involvement on CSR orientation in general
Uhlaner et al. (2004)	positive influence of family involvement on CSR orientation in general
Tewari & Sharma (2015)	positive influence of family involvement on CSR orientation in general
O'Boyle et al. (2010)	involvement of family leads to stronger ethical focus of a firm
Block & Wagner (2010)	lower level of CSR concerns in family-owned companies
Starnawska & Popowska (2015)	stronger CSR involvement due to importance of non-financial goals and long-term orientation
Gibb Dyer & Whetten (2006)	CSR leads to positive image and thus protects family assets
López-Cózar et al. (2014)	aspects favoring CSR implementation in family businesses are stronger than aspects serving as barrier

Figure 1: Relationship of family involvement and CSR activity of a firm (summary of own research)

3. Theoretical Part

3.1. Definitional Model for Corporate Social Responsibility

As described above (*for more information, see 2.1.4*), there is no generally agreed definition of Corporate Social Responsibility. Thus, the author will provide a concept of CSR developed based on the literature reviewed.

Firstly, as both European Commission and UNITAR explain, Corporate Social Responsibility is *a process*, or – as Marrewijk (2002) called it – *"an intermediate stage"* leading to the ultimate goal *Sustainability*. Thus, and as mentioned earlier, Corporate Social Responsibility is the *contribution of the for-profit sector* to a development that has sustainability as its final goal (*see 2.1.3 for more details*). In this process, CSR is necessarily interlinked with other dimensions, such as the political, cultural or ecological. This relationship is summarized in the following graphic *(Figure 2)*:

Figure 2: CSR as the for-profit contribution to Sustainable Development (based on own research)

Secondly, it needs a clear understanding of the necessary and sufficient conditions for Corporate Social Responsibility as such.

As described in 2.1.3., *compliance can be seen as the foundation on which the social responsibility of a company can be built*. This definition is in opposition to Carroll (1999) who put the Economic responsibilities before the Legal ones and calls

them *"the foundation upon which all others rest"*. However, even Milton Friedman (1970) recognized in his famous *New York Times* article *The Social Responsibility of Business is to Increase its Profits* that the responsibility of a corporate executive is

> *"to make as much money as possible **while conforming to the basic rules of the society,** both those embodied in law and those embodied in ethical custom."*

Friedman conditioned the maximization of profit by the compliance with both law and ethical custom. Also from a perspective of risk management, noncompliance can threaten the existence of a business since the executive would be committing a criminal act. When developing a model of CSR, compliance should, thus, be the most basic level of this system.

Once a business complies with the legal and contractual duties and ethical customs, its foremost responsibility is to be profitable since otherwise none of the other responsibilities can be fulfilled in the long term. Polašek & Duch (2010, p. 23) write that

> „[an] *eminent role in current development of CSR, similarly as in its history, plays profit. Profit, in good times and bad, is where any discussion of companies' responsibilities should start. Without profit, there is no future for shareholders, employees, customers, business partners or in other words for stakeholders. Without profit, there is no future for CSR.*"

With *Compliance* and *Profitability,* we have therefore identified the two fundamental stones of the model that describes Corporate Social Responsibility.

Traditionally, CSR and Sustainability are often divided among three pillars or groups, called *economic*, *social* and *ecological* (or *environmental*) perspective; *People, Profits, Planet*; or *Tripple Bottom Line*. An alternative division suggests to divide the social perspective (or *People*) into an internal and external dimension, often called *Workplace* and *Community*. Polašek & Duch (2010), for example, use the categories *Marketplace, Workplace, Community,* and *Environment*. Since the approach towards employees and working conditions differs very much from the approach towards local communities (or social issues in the general society), this categorization of four dimensions facilitates a more effective analysis of CSR activities and will therefore be

used in this work. A comparison of both categorizations can be found in the following table *(Figure 3)*:

Three categories	Four categories
economic dimension	*Marketplace*
social dimension	*Workplace*
	Community
environmental dimension	*Environment*

Figure 3: Categories of Corporate Social Responsibility (based on Polašek & Duch (2010), p. 156)

Having established four dimensions of CSR, the question arises how these dimensions are interlinked in between of each other and what is the internal logic within each of the dimensions. This work suggests a model based on the concept of strong sustainability not allowing for the substitutability of one capital by another.

The constant capital rule in sustainability defines sustainability by a system's usage of capital. This capital can be *man-made capital* (e.g. produced goods), *human capital* (e.g. skills), *social capital* (e.g. relationships), *natural capital* (e.g. natural resources) (Figge & Hahn 2004). A system, process or business can therefore be considered sustainable as long as capital remains constant. A differentiation is made between *'weak'* and *'strong' sustainability*:

> *"interrelation between the various forms of capital in a systems-theory perspective would also indicate that the elements that form the whole may be substituted by each other – we can consume some of our natural capital (in the form of environmental degradation, for example) as long as we offset this loss by increasing our stock of man-made capital, making use of the technological advances mankind is continuously adopting. This way of dealing with resources has been called 'weak sustainability' as opposed to 'strong sustainability', which requires that the resource structure must remain unchanged"* (Bardy & Massaro 2012, p. 159).

Critics of 'strong' sustainability argue that man-made capital always requires a certain usage of natural resources and that all forms of capital should be managed at optimal level and the relationship between different capitals should be maintained in the long run (Bardy & Massaro 2012). Since this work has defined *sustainability* as

the ultimate goal of CSR, it can be seen as an ideal stage. In this ideal scenario, long-term sustainability should maintain the *resource structure*. As Chad Holliday, former CEO of DuPont, wrote in 2001:

> *"We will not be able to sustain our businesses over the long haul because they are based on two assumptions that no longer hold. One is that cheap, unlimited supplies of hydrocarbons and other non-renewable resources will always be available. The other is that the earth's ecosystems will indefinitely absorb the waste and emissions of our production and consumption"* (Holliday 2001).

Based on the notion of *strong* sustainability, this work suggests four independent though interlinked pillars of CSR (*Marketplace, Workplace, Community, and Environment*) which are influencing each other and can be commonly influenced but which do not allow for substitution in between.

Lastly, the question remains about how the internal logic within each dimension should look like. First of all, it will be assumed that any CSR-related activity within the sphere of core strategy and business operations has more impact than CSR activities that are undertaken outside of a firm's direct economic influence (e.g. Schaltegger et al. 2011) and that those activities have a more direct positive link back to the profits that constitute one of the stones in the fundament of any business (Holliday 2001).

Second, the model accounts for the non-substitutability of capital also within each dimension by using the concept of *externalities*. As mentioned earlier, the Oxford English Dictionary defines externalities as:

> *"a side-effect or consequence (of an industrial or commercial activity) which affects other parties without this being reflected in the cost of the goods or services involved; a social cost or benefit"* (in Chandler & Werther 2014, p. 145).

Thus, within each dimension, we can define negative and positive externalities of a firm's economic activities. Aiming for sustainability as the ultimate goal means to *minimize the negative externalities* and to *maximize the positive ones*. Since the substitutability of capital has been rejected, negative externalities cannot be offset by positive ones (for example, a company cannot offset their air pollution by saving on water since a planet without clean air will not be sustainable). Thus, we can define

three hierarchical aspects within each of the four dimensions: firstly, the minimization of negative externalities of our economic activities; secondly, the maximization of positive externalities of these activities; thirdly and least important, the implementation of other CSR activities outside of our core business (e.g. philanthropy).

Based on the assumptions and definitions stated above, it is possible to develop a model for Corporate Social Responsibility that we will call the *Four-Peak Pyramid of Corporate Social Responsibility (Figure 4)*:

Figure 4: The Four-Peak Pyramid of Corporate Social Responsibility (based on own research)

3.2. Derivation of Hypotheses

The following section derives hypotheses from the reviewed literature which will then be tested in the practical part of this research.

Drivers of CSR in Family and Non-Family Businesses

"We distinguish between a positive strategic view and positive moral view on CSR. A positive strategic view on CSR implies that companies believe that there exists a win–win relationship between CSR and the financial success of the company. […] However, the profit motive is not the only reason to contribute to CSR. […] Many companies […] have a business culture that upholds certain business principles according to which CSR is perceived as a moral duty of the firm." (Ven & Graafland 2006, p. 2)

Ven & Graafland define two main drivers for Corporate Social Responsibility: an (intrinsic) moral motive and an (extrinsic) strategic motive. This differentiation is

supported by Hemingway & Maclagan (2004) who suggest that *"the commercial imperative is not the sole driver of CSR"* but that it can instead be driven by managers' *"personal values and believes"*. A similar differentiation is made by Peters et al (2009) who distinguish between *personal values* and *organizational factors*. Other research has identified more than two motivational dimensions, e.g. Roy et al (2013) who defined *Customer Propositions, Stakeholder Value, Founder Characteristics and Business Values,* and *Business Motives* (purpose of the firm) as the main CSR drivers in SMEs in Rajasthan. However, the first two dimensions relate to financial or competitive, thus strategic, motives; the latter two to characteristics and purpose, thus values. Similarly, the four arguments that Chandler & Werther (2014) define (for more information, see *2.1.4 Drivers of Corporate Social Responsibility*) as relevant drivers for CSR can be grouped into **values** *(Moral* and *Ethical Argument)* and **strategy** *(Rational* and *Economic Argument)*.

Thus, this research will be based on the research propositions of Ven & Graafland (2006, p. 10) that the motivation of companies can be attributed to one of the two following statements:

"Our firm's efforts with respect to CSR will have a positive influence on our financial results in the long term."

"To behave in a responsible way is a moral duty of businesses towards society."

While these motivations are not mutually exclusive, this work will be based on the assumption that one of the two is generally prevailing in driving a company's involvement in CSR.

Hemingway & Maclagan (2004, p. 36) further mention that

"such action [the implementation of CSR activities based on personal values] *depends on the amount of autonomy associated with the individual's role in the organization, or the opportunity to influence events through organizational political processes."*

The autonomy of family members in a family business can be assumed to be higher than the autonomy of managers who have to report their, mostly financial, success to investors. Thus, this work argues that family members in a family business

have more possibilities to implement CSR-related actions based on their individual values.

Additionally, family businesses differ from non-family businesses due to the influence of family values (e.g. Yu et al. 2012). If managers have more autonomy to act upon values and they are shaped by joint family values, we can argue that family values will have an influence on CSR-related activities in family firms. Several researches serve to strengthen this proposition. Uhlaner et al. (2004) show a stronger *relationship orientation* of family businesses which is one of the factors that Hemingway & Maclagan (2004) consider as moral motives for CSR. Similarly, Niehm et al. (2008) mention a stronger connection of family businesses with local communities. Starnawska & Popowska (2015) assume a stronger CSR orientation of family businesses due to the importance of non-financial goals. Lastly, De la Cruz Déniz Déniz & Cabrera Suárez (2005) defined three clusters of family businesses in terms of their CSR orientation of which the biggest one does not regard CSR as a source of competitive advantage but believes that solving social issues is a *moral duty*.

Non-family businesses, on the other hand, can be assumed to permit less autonomy to managers to implement their personal values, which Hemingway & Maclagan (2004) consider important for the implementation of CSR based on values.

Furthermore, this autonomy will be limited by the requirements of stockholders. Although Friedman's statement that *"his* [the manager's] *actions in accord with his 'social responsibility' reduce returns to stockholders"* (Friedman 1970) is today generally not considered *"pure and unadulterated socialism"* as Friedman called it, we can still consider the Return on Investment as one of the foremost goals of executives of any publicly-traded company.

Generally, non-family businesses have been shown to have more formal strategy systems than family businesses, thus following a stronger financial logic in their decision-making processes (Gallo et al. 2000). Therefore, it can be assumed that the CSR involvement of non-family businesses will be rather based on strategic decisions.

Based on the reviewed literature and the assumptions stated above, we can then derive the following research hypotheses regarding the Drivers for Corporate Social Responsibility in Family and Non-Family Businesses:

H1: **The motivation for companies' CSR involvement can be attributed to one of two main drivers: driven by values or driven by strategy.**

> **H1a:** **The CSR involvement of family businesses is more likely to be driven by values.**

> **H1b:** **The CSR involvement of non-family businesses is more likely to be driven by strategy.**

Approach towards CSR in Family Businesses

"We believe that family businesses have their own, unique approach to social responsibility. They are socially responsible, and this responsibility takes an informal dimension [...] where social responsibility activities are not elements of formal strategic process [...]" (Starnawska & Popowska 2015, p. 120)

The authors of the above statement claim that Family Businesses have a different approach to Corporate Social Responsibility which is rather influenced by the characteristics of the family than by formal strategic processes (Starnawska & Popowska 2015). This statement links the first hypotheses regarding the drivers of CSR to its execution and the process of implementation assuming that the approach of family businesses *takes an informal dimension*.

This assumption is consistent with findings of family business research regarding other aspects of business, such as the financial logic:

"[the findings] suggest that many of these [family businesses] do business in the way that the personal characteristics of their founders dictate. The founders' influence is direct if they are still alive, or continues indirectly through the tradition carried on by their successors. This contrasts with what would be called 'generally accepted and recommended' patterns of strategic and financial behavior" (Gallo et al. 2000, p. 27).

The authors found less formalized processes regarding financial behavior in family firms and it can be assumed that the influence of family values or *tradition* – as mentioned by the authors – will be even stronger for *softer* parts of the business, such as CSR.

The assumption of Starnawska and Popowska is further consistent with findings by López-Cózar et al. (2014, p. 79) who showed that non-family firms focus on strategic considerations in their CSR approach such as

> *"whether to create a separate department for social responsibility, whether it should receive board-level attention, and which issues should be under the authority of the social responsibility management function".*

In family businesses, on the other hand, the decision-making regarding CSR aspects is often concentrated within the family or individual members, sometimes leading to *'paternalism'* (López-Cózar et al. 2014). Belak et al (2012, p. 438) further found

> *"significant differences between family and non-family enterprises regarding informal and formal measures of business ethics implementation".*

Their study showed that role-modeling, an informal measure of CSR implementation, was *"presented to a greater extent in family than in non-family businesses"*. This links to the important role of the founder that both López-Cózar (et al. 2014) and Gallo (et al. 2000) identified. On the other hand, non-family businesses implement CSR more often through a Core Value Statement, a formal measure, as identified by Belak et al. (2012).

Lastly, the results of Uhlaner et al. (2004) mention several informal measures of CSR in family businesses, such as *"small acts of kindness"* towards their employees instead of planned investments, or long-term relationships with suppliers built on *"personal friendship"*.

Thus, we can derive the following research hypotheses regarding the implementation of Corporate Social Responsibility in Family and Non-Family businesses:

H2: The implementation of companies' CSR involvement can be divided into two main approaches: informal implementation and formal implementation.

H2a: Family Businesses show a less formalized approach to CSR.

H2b: Non-Family Businesses show a more formalized approach to CSR.

The following *Figure 5* summarizes the Hypotheses H1 and H2:

Figure 5: Research model H1 & H2 – drivers of CSR & approach of implementation in Family and Non-Family Businesses (based on the literature reviewed)

3.3. Methodology

To the author's best knowledge, this research is the first in addressing the Drivers of Corporate Social Responsibility in Family Businesses from the perspective detailed above. Thus, this research is exploratory in nature. The aim of this research is not to scientifically prove the hypotheses developed in section 3.2 and to derive statistically relevant correlations, but to extend the academic and professional knowledge in this field. The methodology is directed to explore the research hypotheses, to develop a deeper understanding of the drivers of CSR and to possibly set a path for future quantitative research which might allow to provide scientific prove for the results that this work wants to establish. Qualitative Research methods will therefore be applied in the Practical part of this work, including Semi-Structured Interviews. However, this research also aims at deriving conclusive results for the chosen sample. Thus, Content Analysis will quantify the results additional to their qualitative interpretation.

The following section introduces the research methodology that will be used in the Practical part of this work and is divided into three subsections. The first subsection highlights the process and scientific background of Semi-Structured Interviews that will be applied as a method of Qualitative Research. The second subsection explains the Sample with which the Interviews will be conducted and the third subsection summarizes the main aspects of the Content Analysis that will be used to derive information from the Semi-Structured Interviews.

3.3.1. Qualitative Research Methodology

"The use of semi-structured interviews, with their open format, provides a valuable means to allow researchers to explore how far their own theoretical priors are reflected in the behavior and perceptions of significant actors [...], and to enable new 'grounded' theorizing to be formulated." (Horton et al. 2004, p. 348)

As mentioned before, this research has an exploratory character aiming at broadening the academic understanding of the drivers that lead to the implementation of Corporate Social Responsibility and how these differ between

Family and Non-Family Businesses. As Horton et al (2004) mention, the goal is to test the *theoretical priors* and to *enable new 'grounded' theorizing*. Therefore, this work applies the qualitative method of Semi-Structured Interviews following the guidelines provided by the RAND Corporation (Harrell & Bradley 2009).

> *"Semi-structured interviews consist of several key questions that help to define the areas to be explored, but also allows the interviewer or interviewee to diverge in order to pursue an idea or response in more detail."* (Gill et al. 2008, p. 291)

In case of this research, the key questions shall help to understand more in depth the drivers of CSR in Family and Non-Family Businesses and how they affect the respective implementation. Further, the interview shall test the hypotheses established in the previous section.

The *Training Manual for Data Collection Methods* provided by the RAND corporation (Harrell & Bradley 2009, pp. 29ff.) identifies seven steps for the preparation and execution of Semi-Structured Interviews. This research complied with those guidelines as follows:

Frame the Research

The Research Question has been identified and defined *in part 3.2* of this work. The research aims at testing the hypotheses and at developing a deeper understanding necessary to guide future research.

Sampling

The Sampling will be explained in a detailed manner *in 3.3.2. Sample for Qualitative Research*. The goal of sampling in this research is to identify family and non-family businesses which are comparable and allow for a comparison of drivers and implementation approaches. For this work, a *Cluster Sampling* approach is chosen:

> *"Cluster sampling helps reach a certain population, and also focuses the research in one geographic area. For instance, a school, retirement community, or daycare facility for dementia patients can be selected and then a sample from these populations can be drawn, which might be difficult to do from a larger population."* (Harrell & Bradley 2009, p. 32)

Designing Questions and Probes

Harrell & Bradley differentiate between three types of interview questions: Descriptive, Structural and Contrast questions.

"In the most general sense, descriptive questions ask people to describe things and may provide insights or suggest areas for query that the researcher might not have considered. Structural questions help the researcher understand relationships between things, and to categorize groups of like things or like processes. Contrast questions help the researcher understand what terms mean." (ibid., p. 35)

All three types of questions are incorporated in the design of the guideline questionnaire for the semi-structured interviews. Firstly, descriptive questions are mainly used to understand the history of the company and its relation to CSR as well as the development of CSR within the company in general. Further, descriptive questions are aimed at specific aspects of CSR, such as the involvement of employees or the usage of CSR in marketing. Secondly, structural questions address the structure of Corporate Social Responsibility and related departments within the company as well as policies and principles of CSR. Thirdly, Contrast questions are used to differentiate the terminology within the company and the influence of different decision-making actors.

Furthermore, the RAND manual addresses problematic questions that should be avoided. For this research, several possible biases can be identified and their mitigation needs to be included in the design of questions. Such biases mainly refer to leading questions of the researcher and socially-desirable answers from the respondent (since most corporations would prefer to appear socially responsible). The questionnaire was therefore checked by a sociologist to avoid those biases as much as possible.

Harrell & Bradley (ibid., p. 44) also address so-called Probe questions:

"Probing is a way to stimulate the interview. Interviewers use probes when they do not understand what the respondent has said and thus need further clarification. [...] Interviewers should also probe when they think that the respondent has not told them everything they can; the answer provided is a "non-

answer," in that it does not answer the question; if the interviewer thinks the respondent has not understood the question; or if the respondent says "I don't know." Sometimes "I don't know" really means "I need more time to think about this" or "I don't really understand what you are asking."

Probe questions will be mainly used spontaneously based on the conversation with and answers from the respondent. However, most relevant questions were identified and checked for possible misunderstandings; follow-up questions were planned in case of missing depth in the answers provided.

Developing the Protocol

"Protocols allow researchers to structure the interview. The process of developing a protocol includes the formation of questions and probes and thus compels the researcher to clarify and prioritize the information wanted from each interview. [...] Additionally, interviews are time-constrained, so the protocol guides the researcher to prioritize the research questions and to understand which questions are "must ask" and which are secondary." (ibid., p. 49)

The Protocol for the Semi-Structured Interviews of this research was designed to guide the respondent throughout the topics that needed to be covered without leading him to the answers – thus, avoiding this bias. Therefore, the author opted for a mixture of a funnel protocol – that *"employ[s] broad questions [...] before asking more pointed questions"* (ibid.) – and an inverted funnel – that *"begin[s] with closed questions [...] and gradually build[s] to more open-ended questions"* (ibid.). More specifically, the protocol was designed to start with rather specific questions that are easy to answer building up via so-called *grand-tour*[4] questions to more open-ended ones leading to a conversation. Towards the end, the protocol was intended to come back to more pointed questions before finalizing the conversation.

The general Interview Protocol can be found in the attachments *(see 8.1 Guidelines for Semi-Structured Interviews).* It was adapted for each interview to cover questions regarding specific aspects of the respective company.

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[4] *"The grand tour question is a good type of question to use near the beginning of an interview, because it often encourages a respondent to speak. A grand tour question might be relatively simple, and sometimes includes multiple small questions or repeated phrases."* (Harrell & Bradley 2009, p. 36)

Preparing for the Interview

In the RAND manual (Harrell & Bradley 2009), this section mainly refers to research with several different interviewers which need to cooperate to ensure consistent interview formats. In this work, all interviews were conducted by the author himself, thus not requiring for additional cooperation with other interviewers.

Conducting the Interview

The interviews were conducted between July 19 and August 16, 2016 by the author of this work. Four of the interviews took place in the company headquarters of the respondents; one interview was performed via telephone.

Capturing the Data

All interviews were recorded and later on the records were transcribed. Additionally, notes were taken during the interview including non-verbal aspects of the conversation, where necessary.

3.3.2. Sample for Qualitative Research

The Oxford Dictionary (2005) defines a sample as *"a number of people or things taken from a larger group and used in tests to provide information about the group"*. For the purpose of this research, the sample should enable a deeper understanding of differences in Drivers and Implementation approaches between Family and Non-Family Businesses with special regard to the Family Businesses and the role of the family in driving CSR implementation. Thus, the sample should fulfill the following requirements: include both Family and Non-Family Businesses with higher proportion of Family Businesses to focus the research on this group of companies; include comparable companies, in terms of financial situation, number of employees and internationalization; avoid cultural differences that might affect the role of families in business decisions.

Based on this criteria, a Cluster Sampling approach was chosen: *"Cluster sampling helps reach a certain population, and also focuses the research in one geographic area."* (Harrell & Bradley 2009, p. 32) This approach allows for the

selection of a geographical region – thus, avoiding cultural biases – that offers a sample of Family and Non-Family Businesses of similar size.

Such a geographical region was found in Germany, more specifically in Southern Lower Saxony (*Südniedersachsen*), a region that is generally defined as comprising the districts (*Landkreise*) Göttingen, Holzminden, Northeim and Osterode am Harz as well as the City of Göttingen (Regionalverband Südniedersachsen e.V. 2016). The region is mostly rural with only one smaller city (Göttingen) and several medium-sized towns. Despite limited national or international recognition, there are several bigger companies of international presence that serve as sample fulfilling all of above requirements.

The sample of companies was developed based on the Niedersachsen Report of the Northern German bank Nord/LB (Nord/LB 2015). The report presents on a yearly basis the 100 biggest companies of Lower Saxony, *Niedersachsen*, by revenue. From this 100 companies, nine are located in the four districts of Southern Lower Saxony, as presented in *Figure 6 (not included in this publication)*:

Ranking	Company Name	Location	Revenue[5]	Employees

Figure 6: Biggest Companies by revenue in Southern Lower Saxony (Figure 6 is not included in this publication)

From the nine companies, three were excluded from the sample. ▮▮▮▮▮▮
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[5] In Million Euros

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Thus, the sample consists of four Family Businesses and two Non-Family Businesses ██

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████████████████████████████ The sampling was based on a geographical cluster in combination with requirements for a comparable size of the company. From this, it follows that this work will regard Southern Lower Saxony *(see Figure 7)* – *Südniedersachsen* – as a model region for its research.

Figure 7: Map of the German State of Lower Saxony highlighting this research's model region Southern Lower Saxony (retrieved from www.d-maps.com)

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[6] Names and information about the participating companies were excluded from publication. This refers also to all future parts which are blacked out.

3.3.3. Content Analysis for Qualitative Research

Based on the Sampling described above, representatives of six companies were asked to participate in an in-depth semi-structured interview. These interviews will be transcribed to ensure the preservation of the data and to facilitate the analysis. The analysis will be split into two main parts. In Part 4 of this work, the interviews will be presented with a short summary, including data of the respondents and the companies themselves as well as the main arguments discussed in the interviews. In Part 5 of this work, a deeper analysis of the content of interviews will take place; the information from the interviews will be compared; and the results will be interpreted and analyzed regarding the hypotheses stated above.

Content Analysis

> *"The qualitative content analysis, thus, represents an approach of an empirical, methodologically controlled assessment of also larger parts of text, in which the material will be evaluated, imbedded in its context of communication, based on content-analytical rules, without jumping to premature quantifications."* (Mayring 2000)[7]

The aim of this work is to analyze the drivers for and the approach towards implementation of Corporate Social Responsibility. Both are implicit factors that influence the way CSR is thought and done in a company, but they cannot be seen in the implemented CSR activities. Thus, an analysis needs to go beyond the projects and activities undertaken by the enterprise to understand the underlying factors of motivation and decision-making. Further, to test the hypotheses and to reach a result which allows to either confirm or refuse them, a standardized, *methodologically controlled* analysis needs to be used to quantify qualitative results. Therefore, Content Analysis based on Philipp Mayring (2000, 2010) and Elo & Kyngäs (2007) will be applied to analyze the data from the Semi-Structured Interviews.

The center of content analysis consists of so-called *Categories* which allow for the identification of pre-defined concepts or hypotheses. This *Categories* can later be evaluated both on a qualitative and quantitative basis (Mayring 2010). Thus, Mayring

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[7] From German: "*Die qualitative Inhaltsanalyse stellt also einen Ansatz empirischer, methodisch kontrollierter Auswertung auch größerer Textcorpora dar, wobei das Material, in seinen Kommunikationszusammenhang eingebettet, nach inhaltsanalytischen Regeln ausgewertet wird, ohne dabei in vorschnelle Quantifizierungen zu verfallen.*" (own translation)

(ibid.) also refers to this approach as *"qualitatively-oriented category-based text analysis"*[8].

Deductive Approach

> *"Content analysis is a method that may be used […] in an inductive or deductive way. Which of these is used is determined by the purpose of the study. If there is not enough former knowledge about the phenomenon or if this knowledge is fragmented, the inductive approach is recommended. The categories are derived from the data in inductive content analysis. Deductive content analysis is used when the structure of analysis is operationalized on the basis of previous knowledge and the purpose of the study is theory testing."* (Elo & Kyngäs 2007)

As mentioned before, this research is the first in addressing the differences in drivers of Corporate Social Responsibility between Family and Non-Family Businesses. However, it builds upon extensive literature regarding both CSR and Family Business research. Based on this literature, hypotheses were formulated and the goal of the interviews and its analysis is to test the developed theory. Thus, the analysis will be using a deductive approach to analyze the content of the semi-structured interview. For this deductive approach, categories will be formulated based on the hypotheses and consequently be tested through the analysis and will not be derived from the data in the analysis.

Definition of Categories

> *"If a deductive content analysis is chosen, the next step is to develop a categorization matrix and to code the data according to the categories. In deductive content analysis, either a structured or unconstrained matrix of analysis can be used, depending on the aim of the study. It is generally based on earlier work such as theories, models, mind maps and literature reviews […] When using an unconstrained matrix, different categories are created within its bounds, following the principles of inductive content analysis. If the matrix is structured, only aspects that fit the matrix of analysis are chosen from the data. This can also be called testing categories, concepts, models or hypotheses."* (Elo & Kyngäs 2007)

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[8] From German: *„qualitativ orientierte kategoriengeleitete Textanalyse"* (own translation)

Since the aim of this research is to test the hypotheses stated above, a structured categorization matrix was chosen. This matrix should include both categories testing the hypotheses H1a, H1b, H2a, and H2b, developed in *3.2. Derivation of Hypotheses*, as well as categories testing the *Definitional Model for Corporate Social Responsibility* explained in *part 3.1*. The quantified analysis of categories relating to the hypotheses will be accompanied by a qualitative evaluation of the interviews. Thus, the following matrix *(Figure 8)* shows the categorization used in the analysis of the semi-structured interviews:

	Values			Strategy		
Drivers for CSR						
	Informal			Formal		
Implementation of CSR						
	Compliance	Profitability	Marketplace	Workplace	Community	Environment
Definitional Model						

Figure 8: Structured Categorization Matrix for Content Analysis (based on previous chapter)

Structure of Analysis

Deductive content analysis is a structured approach to data analysis which should follow a certain pre-defined order. Researchers don't fully agree on the steps included in the process; nevertheless, the reviewed theories are compatible. Mayring (2010) suggests eleven steps: definition of research question; selection of material for analysis; classification into the communication model; definition of analysis units; theory-based definition of categories; modeling of the coding guideline; start of the deductive category application; check of the category definitions; application to the material; reliability check of the category application; and qualitative and quantitative analysis of the categories. Elo & Kyngäs (2007), on the other hand, only defined six steps for the deductive content analysis: selecting the units of analysis; making sense of the data as a whole; developing structured analysis matrix; data coding according to the categories; hypothesis testing; reporting the analysis and results.

For this research, the author will use a mixed approach of both Mayring and Elo & Kyngäs with the following steps:

1. Definition of research question and hypotheses *(as explained in chapters 3.1 and 3.2)*

2. Development of a structured categorization matrix *(explained above)*,

3. Recording of the data in form of in-depth semi-structured interviews and transcription of those interviews into a written document *(as explained in chapter 3.3.1)*,

4. Summary of the research data and overall impressions *(in Chapter 4 Results)*,

5. Selection of analysis units & data coding according to the categories *(using MAXQDA for technical support)*,

6. Qualitative and quantitative analysis of categories & testing of hypothesis *(in Chapter 5 Discussion of Results)*.

With its structured, category-based design, Content Analysis resembles Grounded Theory methodology (e.g. Cropley 2015) and both approaches are often confounded (Suddaby 2006). However, it is important to differentiate the two approaches and to notice that this work is not using Grounded Theory. Suddaby (ibid.) defines, for example, that Grounded Theory is an inductive approach that cannot be used to test hypothesis. Furthermore, Grounded Theory is an

"overall method for systematically gathering and analyzing data, but content analysis describes a specific context within which a distinct type of data can be gathered and analyzed" (ibid, p. 636).

More specifically, whereas in Grounded Theory the process of data gathering and data analysis often overlap, this research clearly separates both steps and Content Analysis is used in a deductive way to test the data after its complete gathering for pre-defined hypotheses.

4. Results

In *Part 3.3.2* of this work, a cluster sample was defined which consisted of six independent companies with their headquarters in the region of Southern Lower Saxony. All six companies were contacted and asked to attend an interview of approximately 45 to 60 minutes. Out of these six companies, five were willing to support this research; one company did not respond to the request despite several attempts. Thus, the final sample for the qualitative research of this thesis was composed of the five companies listed in *Figure 9* below:

Ranking	Company Name	Location	Revenue[9]	Employees

Figure 9: Final Cluster Sample for Qualitative Research *(Figure 9 is not included in this publication)*

Following, the companies will be briefly presented and the interviews will be summarized to provide an overview of each company and its CSR activities and to present the results of the quantitative part of Content Analysis.

A comparative approach to the interviews can be found in *section 5* succeeding this chapter.

4.1. First Interview: Company A

4.1.1. Summary of the Interview

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[9] In Million Euros

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Company A qualifies as Family Business by any definition *(see 2.2.1 for more information on Family Business definitions)*.

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The Semi-Structured Interview with the company was conducted at the headquarters in ████████ on July 19, 2016 by the author of this work and took approximately 80 minutes. The respondents were A. S., Chief Compliance Officer of ███████████████, and K. L., Corporate Social Responsibility Officer of ████████ ███████████████████████████

Asked to state the main argument for Company A to engage in CSR, the representatives ████████ replied:

"There is a system of giving and taking and in this system you cannot only take. You also have to give something back, starting with the area of remuneration. [...] On the long-term, everyone who is only looking for his own benefit, will be shipwrecked."[10]

Throughout the interview, they mentioned several times that both the general motivation for CSR and the definition of priority areas to engage in are generally defined by the owner of the company:

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[10] From German: *„Also es gibt ein System von Geben und Nehmen. Und in dem System kann man nicht nur nehmen. Geht nicht. Man muss Dinge zurückgeben, das fängt an im Bereich von Entlohnung. Wo Sie eben einen Mitarbeiter arbeiten lassen, dann müssen Sie ihm dafür natürlich auch einen Gegenwert geben. Und genauso ist das natürlich auch in der Gesellschaft, in der Volkswirtschaft, in einer wie auch immer definierten Struktur. Sie profitieren ja auch von diesem System. Also, es sind nicht immer nur die harten Fakten, sondern eben auch die weichen Fakten. Und von daher werden langfristig eben alle die Schiffbruch erleiden, die grundsätzlich immer nur primär auf ihren eigenen Vorteil aus sind."*

> *"There are no strategic goals for CSR. This is also related to the fact that we are managed by the owner. The owner has an idea and the idea will be implemented. It would be presumptuous to call this a clearly-defined strategy. It also includes a lot of spontaneity."*[11]

Examples of this decisions by the owner include the work for underprivileged children that the Foundation opened ████████████████████████████ █████████████████████████████████; as well as engagement in (Paralympic) sports.

Another repeated factor throughout the interview was the influence that the upcoming stock market launch has on the field of compliance and CSR. Both respondents recognized the need to develop a more formal approach to above-mentioned initiatives that relates to the strategy. They also recognized that many of the structural changes of the last years were driven by the growth of the company and the expected IPO.

> *"This* [not having strategic goals for CSR] *does not mean that we do not need to work on these topics in the future. This is something that evolves: if you look at the reporting duties regarding CSR and Sustainability, then it also means that you need to put a strategy next to it [...] We will need to focus on this during the next years."*[12]

4.1.2. Quantitative Results of the Content Analysis

Regarding Hypothesis H1 about the Drivers of CSR, the Category-Based Content Analysis revealed a high number of both value-based intrinsic drivers and strategic extrinsic drivers. More specifically, a total of 26 statements were linked to values and 14 drivers were accounted for strategic considerations. With regards to

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[11] From German: *„Also in meinem Bereich gibt es sie nicht. Das hat aber auch damit zu tun, dass wir bisher inhabergeführt sind. Und der Inhaber hat eine Idee und die Idee wird umgesetzt. Da jetzt aber zu sagen, dass das eine auf Jahre festgeschriebene Strategie ist, das wäre vermessen. Also, da ist auch so ein bisschen, sagen wir mal Spontaneität mit drin."*

[12] From German: *„Was aber nicht bedeutet, dass wir nicht dann auch in Zukunft gerade auch an diesen Themen arbeiten müssen. Also, das ist eben auch ein Feld, was entsteht, wenn Sie sehen, dass wir im Bereich CSR und Nachhaltigkeit eine Berichtspflicht haben, dann bedeutet das auch, dass Sie da dann auch eine Strategie danebenlegen müssen. [...] Das werden wir mit Sicherheit in den nächsten Jahren mehr fokussieren müssen."*

Hypothesis H2 about the Implementation Approaches to CSR, the result was less obvious: 12 examples of informal implementation were found in contrast to 11 formal approaches.

Since the topic of this work is the drivers and implementation approaches in Family Businesses, the interview was recoded to account for those drivers and those implementation approaches that are directly influenced by the family. This means that the statement made by the respondent reveals a clear relation to the family and the influence of the family is directly visible in the statement. Further drivers and implementation approaches might also be influenced by the family, but either this influence is an indirect one or the influence cannot be associated to the statement in question without unscientific guesswork.

The recoding of the interview with Company A showed that 9 out of the 26 value-based drivers regarding Hypothesis H1 are directly impacted by the family, whereas none of strategic motives could be linked to the family involvement. In terms of H2, 7 out of 12 informal implementation approaches were associated with the involvement of the family while again none of the formal approaches showed this linkage.

As mentioned above, a recurring topic throughout the interview was the influence of the upcoming stock market launch on the general business activities and CSR structures within the company. Taking into consideration the importance of this topic for the current development of ███████, the quantified results were tested for this influence. Therefore, the interview was recoded dividing the categories for both hypotheses into long-term and recent drivers and implementation approaches. This categorization revealed that the impact of the expected IPO and its preparation can be quantified. Out of the 26 value-based drivers, only one was identified as a recent driver, whereas 25 had a long-term influence on the CSR activities of the firm. On the other hand, 5 of the 14 strategic drivers were categorized as recent. An even more significant picture could be revealed for the implementation approach: 11 out of 12 informal examples were of long-term existence, whereas 9 out of 11 formal approaches were identified as recent or even as expected changes in the future.

The following *Figure 10* sums up the quantitative results of the Content Analysis of the interview with the representatives of the Company A:

4. Results

	Values	Strategy
Drivers for CSR	26	14
directly influenced by the Family Involvement	9	0
Long-term Drivers	25	9
Recent / Expected Drivers	1	5
	Informal	**Formal**
Implementation of CSR	12	11
directly influenced by the Family Involvement	7	0
Long-term Implementation	11	2
Recent / Expected Implementation	1	9

Figure 10: Quantitative Results of the Content Analysis of the Interview with Company A (based on own research)

4.2. Second Interview: Company B

4.2.1. Summary of the Interview

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████ Despite having a long tradition as stock corporation, the company, thus, qualifies as Family Business by most of the *definitions explained in 2.2.1 of this work* with significant influence of families in management and ownership and several generations of those families involved.

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The Semi-Structured Interview with the company was conducted at the headquarters ██████ on July 20, 2016 by the author of this work and took approximately 90 minutes. The respondent was J.Z., Head of Environment and Sustainability ███ ████████████

Asked to state the main argument for Company B to engage in CSR, J. Z. explained:

"Sustainability means for us to think and act in generations. This is what we have been doing for 160 years and this is what we want to keep on doing in the future. For the human, the employee and at the same time for the nature."[13]

A recurring topic throughout the interview was that the company's business requires long-term planning and investment of time, thus automatically leading to sustainable development of company assets:

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██████████████████████████████████ *[...] In the same way, responsibility is executed regarding future generations of humans and nature."*[14]

Further, the respondent strengthened the influence of the owning families regarding social initiatives and the importance of sustainability:

"It is a special concern of ██████████*, chairman of the supervisory board, to emphasize the area of education of young people, of students"*[15]

"And what is representative of this familiar imprint of the company is that the family ███████ *has a private foundation which is not incorporated into the company's activities and which is supporting many educational projects, but*

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[13] From German: „*Nachhaltigkeit bedeutet für uns, dass wir in Generationen denken und handeln, das tun wir schon seit 160 Jahren und das wollen wir auch genauso weiter tun. Für den Menschen und den Mitarbeiter und gleichzeitig auch für die Natur.*"

[14] From German: ███ ████████████████████ *Gleichzeitig drückt das eben aber auch aus, dass die Menschen eine Verantwortung gegenüber der Natur haben* ████████████████████████████ ████████████████████

[15] From German: „*...es ist ein besondere Anliegen von* ██████████*, dem Vorsitzenden des Aufsichtsrates, im Bereich der Entwicklung von Jugendlichen, von Studierenden hier Impulse zu setzen.*"

also cultural projects to keep this region attractive. […] If you ask in how far the values of the family play a role for the company, the following can illustrate this best: We are a publicly-traded company since ▮▮▮▮ *and are kept within the family for the 8th generation. Without sustainability, we wouldn't exist anymore."[16]*

On the other hand, the importance of sustainability for the strategic development of the company was emphasized:

"All of this is regarded in the context of employee loyalty, to provide them with an attractive environment while at the same time using their long-term experience, because ▮▮▮▮▮▮▮ *is a long-lasting process. […] The retention period is a very important criterion for the product development."[17]*

„It is not only the thought that this topic [Sustainability] is close to the family's heart but there are many developments, climate change, migration, digitalization, and we need to respond to them with the strategic development of the company. To design ▮▮ *under these global trends, to do this in a more sustainable way, is important to the overall strategy."[18]*

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[16] From German: „*Und, was maßgeblich ist, was dann mehr auch zu der Familienprägung gehört, ist, dass die* ▮▮▮▮▮▮▮▮▮ *eine private Stiftung haben, die nicht in das Unternehmensgeschehen eingebunden ist, wo aber hier sehr viele Bildungsprojekte unterstützt werden, kulturelle Projekte, um hier diese ganze Region attraktiv zu halten. Das ist eben dann das persönliche Unterstützungs- und Förderungsziel, was sich die Familie gesetzt hat. Wenn Sie nun danach fragen, inwieweit die Werte der Familie eine Rolle spielen, dann kann man das eigentlich am Besten wie folgt darstellen: Wir sind ja eine Aktiengesellschaft* ▮▮▮▮▮, ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮ *und sind als familiengeführtes Unternehmen in der 8. Generation per se ja schon auf Nachhaltigkeit ausgerichtet, sonst gäbe es uns nicht mehr.*"

[17] From German: „*…all das wird natürlich unter dem Kontext betrachtet, die Mitarbeiter hier an das Unternehmen zu binden, ihnen ein attraktives Umfeld zur Verfügung zu stellen und gleichzeitig natürlich auch diese langjährige Erfahrung zu nutzen,* ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮, *gehen 10 Jahre ins Land und wenn Sie dann Mitarbeiter haben, die nur 3 oder 4 Jahre bleiben, hat das keinen großen Gewinn auf die Produktentwicklung hin. Die durchschnittliche Verbleibdauer im Unternehmen liegt bei 15 Jahren. Die Fluktuationsrate ist relativ gering, weil eben diese Bindung an das Unternehmen, das Festhalten an gutem Nachwuchs, ein ganz wichtiges Kriterium ist.*"

[18] From German: *"Es ist ja nicht nur der Gedanke, dass der Familie diese Themen sehr am Herzen liegen, sondern es sind ja auch generell die Entwicklungen, die wir tagtäglich erleben, Klimawandel, Migration, Digitalisierung. Auch das müssen wir natürlich sehr genau im Auge haben bei der strategischen Entwicklung des Unternehmens und wie wir das in die Gesamtstrategie,* ▮▮ *unter diesen großen Megatrends nachhaltiger gestalten kann.*"

4.2.2. Quantitative Results of the Content Analysis

Examining the quantitative results of the Content Analysis, they show mixed results both for Hypothesis H1 and H2. The analysis revealed a total of 39 times that a driver was mentioned; out of those 17 were identified as intrinsic, value-based motives; 22 – and thus the majority – was categorized as extrinsic strategic motives.

Regarding Hypothesis H2, the result was equally divided between formal and informal implementation approaches with eight identified mentions each.

Considering that this work wants to identify the influence of the family on the CSR activities of a company, the interview was recoded, following the same pattern as the recoding done in the Company A interview above, to show those drivers and implementation approaches that are clearly influenced by the family behind the firm. Again, additional drivers and implementation approaches might be influenced by the family, but this linkage could not be taken from the analysis of these statements alone.

This additional analysis showed that 8 out of 17 value-based drivers were directly influenced by the family, whereas only 2 out of 22 strategic drivers could be linked to the family background. The majority of implementation examples could not be linked directly to the influence of the family; nevertheless, 3 out of 8 informal approaches were identified to show this linkage.

The following *Figure 11* sums up the results of both the original and the additional analyses:

	Values	Strategy
Drivers for CSR	17	22
directly influenced by the Family Involvement	8	2
	Informal	Formal
Implementation of CSR	8	8
directly influenced by the Family Involvement	3	0

Figure 11: Quantitative Results of the Content Analysis of the Interview with Company B (based on own research)

4.3. Third Interview: Company C

4.3.1. Summary of the Interview

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████████████████████████████████████ Despite the involvement of the founding family, Company C cannot be considered a Family Business by the definition *stated in 2.2.1.* of this work.[19]

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████████████████████████ the company defines Sustainability as one of their three core values and wants to act *"responsibly towards all stakeholders"*. One of their main focusses of CSR involvement is the cooperation with universities and the financing of research and development.

The Semi-Structured Interview with the company was conducted at the headquarters in █████████ on August 8, 2016 by the author of this work and took approximately 45 minutes. The respondent was I. H., responsible for Corporate Social Responsibility within Corporate Communications of Company C.

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[19] Neither a *dominant coalition* of owning families exists nor does the family █████████ has the *intention to shape and pursue the vision of the business* (see 2.2.1)

Asked to state the main argument for the CSR engagement of Company C, the respondent answered that it meant

"to manage the company sustainably. Sustainable economic success. And this is supported by CSR. If you combine the economic activities with it, you get a good base for a long-term and not only short-term success."[20]

Throughout the interview, a recurring theme was the importance of CSR and Sustainability for the success and future growth of the company. The cooperation with research institutes and universities, for example, is driven by

"the importance for the company. Of course, there is a benefit on different levels, but for us the cooperation is mainly important to advance the company, but also the individual employee. [...] It is also concerned with getting the contact to academics and to provide those academics – and this is the benefit for universities – with practical work opportunities and insights into the practical side of their studies. All of these are desired and wanted effects, but the main driver for ▮▮▮▮▮ is that it provides us with insights into new scientific findings."[21]

Similarly, I. H. identified the continuous development of employees, the strengthening of local living conditions for the employees or the reduction of resource usage as key elements of the CSR involvement which in turn lead to positive effects for the company's economic success.

Regarding the role and importance of Sustainability for the company, I. H. further mentioned:

"Everywhere, the topic of sustainability plays a role. For example, when talking about the investment into environmental-friendly infrastructure, but also when

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[20] From German: *„Nachhaltig zu wirtschaften. Also nachhaltiger Unternehmenserfolg. Und das stützt CSR. Wenn man sozusagen das wirtschaftliche Tun damit kombiniert, ist das eine gute Basis um langfristig Erfolg zu haben und nicht nur kurzzeitig."*

[21] From German: *„Dass es für die Firma wichtig ist. Natürlich gibt es da einen Benefit auf ganz unterschiedlichen Ebenen, aber für uns sind diese Kooperationen vor allem für das Weiterkommen der Firma wichtig, aber auch der einzelnen Mitarbeiter natürlich. [...] Da geht´s natürlich auch darum, dass wir Kontakt zu Akademikern bekommen, und dass wir auch den Akademikern – das haben dann die Hochschulen wieder davon – praktische Arbeitseinsätze und Einblick in die praktische Welt ihres Studiums quasi geben können. Aber das sind alles auf jeden Fall auch gewollte und gewünschte Effekte, aber im Wesentlichen treibend ist da für ▮▮▮▮▮ auch, an den neuesten wissenschaftlichen Erkenntnissen zu bleiben."*

looking at acquisitions and to ensure that they are not short-lived but help to sustainably advance the company. You can look at sustainability like a filter which is always used to test decisions. [...] Sustainability is not a goal in itself but the frame for our economic activities."[22]

4.3.2. Quantitative Results of the Content Analysis

The quantitative results from the Content Analysis regarding Hypotheses H1 and H2 show very clear results. Regarding H1, only four drivers based on intrinsic motives but a total of 15 strategic drivers were identified. For H2, the analysis revealed a total of 12 mentions of implementation approaches, out of which 2 were informal and 10 showed formal characteristics.

Having a closer look at the four value-based drivers, the examples reveal that one refers to the involvement of the founder's grand-granddaughter ▮▮▮▮▮▮ ▮▮▮▮▮▮ organizing events for retired employees; another explains the legacy of the founder and its impact on today's focus on sustainability; and the last two mention the "familiar" atmosphere that is still characteristic for the company. Despite not being a Family Business anymore, we can thus still see the impact of a former family background on the CSR orientation of Company C. Nevertheless, the strategic drivers prevail by far.

The following Figure 12 shows a summary of the quantitative results for Company C:

	Values	Strategy
Drivers for CSR	4	15
	Informal	Formal
Implementation of CSR	2	10

Figure 12: Quantitative Results of the Content Analysis of the Interview with Company C (based on own research)

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[22] From German: „*überall spielen Nachhaltigkeitsthemen da eine Rolle. Sei es in Investitionen in eine umweltfreundliche Infrastruktur, aber auch bei Akquisitionen zu schauen, dass die Integration läuft, dass das also auch nicht so Eintagsfliegen sind, sondern dass die wirklich auch nachhaltig sind, das Unternehmen voran bringen. Das ist sozusagen wie eine Folie, vor der dann auch Entscheidungen immer wieder geprüft werden. Das ist natürlich auch für ein Unternehmen normal: Nachhaltigkeit ist kein Ziel an sich, sondern das ist sozusagen der Rahmen für das wirtschaftliche Tun.*"

4.4. Fourth Interview: Company D

4.4.1. Summary of the Interview

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████████████████████████ Despite still holding a small share of the company stock, there is no visible influence of the family in today's business anymore. ███

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██████████████████████████████████, thus, has no family background.

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Sustainability is considered one of the core values of the company which is most visible in the sustainable sourcing processes ██████████████████████ ███████████████████████████████████

The Semi-Structured Interview with the company was conducted at the headquarters in ████████ on August 9, 2016 by the author of this work and took approximately 40 minutes. The respondent was F. M., responsible for Sustainability Communications and Corporate Reporting.

As the main argument for Company D to engage in Sustainability, F. M. mentioned:

"Today, sustainability is a clear differentiation factor for a company and additionally gives us the opportunity to do good, locally and beyond, on an economic level, on a social one and on an ecological one as well."[23]

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[23] From German: *„Nachhaltigkeit ist ein klarer Differenzierungsfaktor für ein Unternehmen [...] und gibt uns die Möglichkeit, letztendlich lokal und überregional Gutes zu tun, sowohl wirtschaftlich wie auch sozial und ökologisch."*

4. Results

Sustainability as differentiation from the competition was generally a key argument by the respondent and was reappearing several times throughout the interview:

> *"The topic of sustainability evolved over time, you can find prove in the evolution of our corporate reporting where the topic gained relevance throughout the years. I reckon that Sustainability is a clear differentiation factor from the competition. […] where can we differentiate ourselves from the competitors? That is the aspect of sustainability. There is an increased awareness, the consumers want sustainably-produced products, they request it. Of course, this affects us."[24]*

> *"Something like this* [a Sustainability Day] *wouldn't have happened ten years ago, because it was not yet as important. And it wasn't yet this business driver, I believe, that it is today. As I said: a clear differentiation factor for our company."[25]*

Further, F. M. explained one of the sustainability flagships of the company, the sustainable sourcing ▮▮▮▮▮▮▮▮▮▮▮▮, as follows:

> *"Of course, we are not doing this only out of love – we need to be frank about this – but also because it pays off for us. We are ensuring the access to a strategically relevant natural resource. But we are also doing much good on the ground. And – following the motto: "Do Good and talk about it" – that is part of our external communication."[26]*

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[24] From German: *„Sicherlich hat sich das Thema Nachhaltigkeit nach und nach entwickelt, das siehst du an der Evolution von unseren Unternehmensberichten, wie das Thema nach und nach immer mehr an Bedeutung gewonnen hat. Ich meine, für mich ist Nachhaltigkeit auch ein ganz klarer Differenzierungsfaktor vom Wettbewerb. […] wo schaffen wir es, uns wirklich vom Wettbewerb zu differenzieren? Das ist der Aspekt der Nachhaltigkeit. Es gibt so ein gestiegenes Awareness, die Konsumenten wollen nachhaltig erzeugte Produkte, die verlangen danach. Dementsprechend affektiert uns das natürlich auch.“*

[25] From German: *„so etwas hätte es, glaube ich, vor zehn Jahren noch nicht gegeben, weil es einfach noch nicht so wichtig war. Es war aber auch noch nicht so dieser Geschäftstreiber, glaube ich, der es heutzutage ist. Wie gesagt, klarer Differenzierungsfaktor vom Unternehmen.“*

[26] From German: *"Das wird natürlich auch, muss man ehrlich sagen, nicht nur alles aus Liebe gemacht, wir haben natürlich auch was davon. Wir sichern uns den Zugang zu einem strategisch wichtigen Rohstoff. Aber wir tun eben auch viel Gutes vor Ort. Frei nach dem Motto: „Tu Gutes und rede darüber“, ist das natürlich Bestandteil der externen Kommunikation."*

Another important factor that has been mentioned several times throughout the interview is the intention to make the workplace safe and the region attractive in order to be *"Employer of Choice"*:

"We want to be the Employer of Choice; we want to take care of our people. Naturally, this means as well to be compliant with the different local guidelines, to ensure labor safety and so on."[27]

„Another tool [as example for the usage of guidelines and policies] *is of course to be Employer of Choice. It is of central importance to push forward in terms of labor safety. Thus, we developed a Management Safety Manual that helps the people on side to implement this with guidelines on how to make the work safer."[28]*

"We want to be Employer of Choice. What do we do to increase retention? We create a family-oriented employment policy."[29]

4.4.2. Quantitative Results of the Content Analysis

For Company D, the quantitative results of the Content Analysis reveal a similar picture as with Sartorius before, indicating a prevalence of strategic motives and formal implementation approaches. In detail, the results for Hypothesis H1 show 6 intrinsic drivers and 16 extrinsic, strategic motives; Hypothesis H2 counts as well 16 formal implementation approaches and only one informal approach.

A summary of the results can be found in *Figure 13* below:

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[27] From German: *„Wir wollen der Employer of Choice sein, wir wollen uns um unsere Mitarbeiter kümmern. Natürlich müssen wir dann auch compliant sein mit unseren verschiedenen Richtlinien vor Ort, dass die Arbeitssicherheit gewährleistet ist und so weiter."*

[28] From German: *"Ein anderer Hebel bei uns ist natürlich, Employer of Choice zu sein. Dafür ist es natürlich von zentraler Bedeutung, dass wir die Arbeitssicherheit entsprechend pushen, da haben wir dann ein Management-Safety-Manual entwickelt, um das umzusetzen und um den Leuten vor Ort quasi Leitlinien mit auf den Weg zu geben, wie man eine höhere Arbeitssicherheit erreichen kann."*

[29] From German: *„Wir wollen ja Employer of Choice sein, als Beispiel. Was machen wir, um unsere Mitarbeiter zu halten? Wir schaffen eine familienorientierte Personalpolitik."*

4. Results

	Values	Strategy
Drivers for CSR	6	16
	Informal	**Formal**
Implementation of CSR	1	16

Figure 13: Quantitative Results of the Content Analysis of the Interview with Company D *(based on own research)*

4.5. Fifth Interview: Company E

4.5.1. Summary of the Interview

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██████████████████████████████ Despite having a non-family management, the company qualifies as Family Business with clear involvement of the family in ownership and governance; and an intention to maintain the family involvement.

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██████████████████████████████ Energy efficiency, renewable energies and generally sustainable technology solutions are their core business and thus, Sustainability is part of the everyday business.

The Semi-Structured Interview with the company was conducted via telephone on August 16, 2016 by the author of this work and took approximately 50 minutes. The respondent was T. K., formerly Head of Corporate Compliance and

Internal Audit. ██████████████████████████████████

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When asked to state the main argument for Company E to engage in the field of Sustainability and Social Responsibility, the respondent recognized that Sustainability

"constitutes the foundation and self-conception of the company. If it wasn't that important for us to implement this, we wouldn't be able to survive. Since our business is to produce renewable energy products, energy-efficient products, for a worldwide market, it is the main pillar of our business. It is not a nice-to-have thing; it is necessary to exist."[30]

A recurring topic throughout the interview was the influence, also emotional influence that the founding and owning family still has despite the non-family management that the company implemented. The following examples highlight this:

"You also need to take into consideration that the family ████ *is ever-present in the company, with their actions and with the modesty they exemplify."*[31]

"Although they don't hold an official management function anymore, their influence – and also emotional influence – is enormous."[32]

"The family ████████████████████████████ *bear a strong relation with this city and also feel responsible for the region."*[33]

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[30] From German: *"das ist die Basis, das Verständnis des Unternehmens. Wäre es nicht so wichtig für uns, das umsetzen zu müssen, wäre das Unternehmen in dieser Form gar nicht bestandsfähig. Das heißt, weil wir Erneuerbare-Energie-Produkte, energieeffiziente Produkte produzieren, für den Markt weltweit, ist das ist im Grunde genommen das Standbein des Unternehmens. Es ist nicht schön zu haben, es ist einfach: Wir müssen es machen, um weiter bestehen zu können."*

[31] From German: *"Man muss aber bedenken, dass die Familie* ████ *sehr präsent im Unternehmen ist, mit ihrem Handeln, mit der Bescheidenheit, die sie vorleben."*

[32] From German: *"Deswegen, auch wenn sie keine aktive Geschäftsführung mehr im Unternehmen innehaben, der Einfluss der Familie, auch der emotionale Einfluss, ist schon enorm."*

[33] From German: *„Die Familie* ████████████████████████████████ *so viel Bezug zu der Stadt haben und auch diese Verantwortung empfinden."*

However, T. K. also recognized several times the strategic relevance of Sustainability and Compliance for the company's success and existence, for example:

"The company is still a pioneer in the field of Renewable Energies and if you look at the products that are being developed, this [Sustainability] *is not only the leading maxim but also our everyday business. On this, we base the development and distribution of our products and the continuity of our company."*[34]

On the other hand, Corporate Social Responsibility was seen as something that has no direct link to the company's business and is not used in external communication. This becomes apparent in the following example:

"When we decide to support one project or another, then it will be done and that's it. Those in need profit from it, but if we talk about it, who would this report be of any use for? Us as a company? Maybe, maybe not. For us, what counts is to produce reasonable products. These people or this project will not benefit from us talking about it. Do they profit from our support? Yes. But we don't talk about it, we only exemplify the support."[35]

4.5.2. Quantitative Results of the Content Analysis

The quantitative results of the Content Analysis show a mixed picture for the drivers and a quite clear one for the Implementation Approaches. Regarding Hypothesis H1, 16 value-based and 11 strategic drivers were found. On the other hand, the analysis for H2 revealed 20 examples of informal implementation and only 3 formal implementation approaches.

Considering that this work wants to identify the influence of the family on the CSR activities of a company, the interview was recoded to show those drivers and implementation approaches that are clearly influenced by the family behind the firm.

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[34] From German: *"Und das Unternehmen ist immer noch der Vorreiter auf dem Gebiet der erneuerbaren Energien. Und wenn man schaut, welche Produkte jetzt entwickelt werden, das ist immer noch der Leit-, nicht nur der Spruch, sondern tatsächlich unser Geschäft. Nur darauf basiert das, womit wir unsere Produkte entwickeln und verkaufen und das Fortbestehen des Unternehmens sichern."*

[35] From German: *„Es wird, wenn man sich entschieden hat, ein Projekt zu unterstützen, dann wird es gemacht, und das war's. Und die Bedürftigen profitieren davon, aber wenn wir noch mehr berichten, wem nützt denn dieser Bericht? Uns vielleicht als Unternehmen? Vielleicht, vielleicht aber auch nicht. Es ist wichtiger, vernünftige Produkte auf den Markt zu bringen. Diesen Leuten oder diesem kleinen Projekt, das wir gefördert haben, wird es wenig nützen, wenn wir darüber sprechen, das würde auch nichts bringen. Also, bringt es etwas, dass sie unsere Unterstützung bekommen haben? Ja, aber es wird darüber nicht geredet, und es wird einfach vorgelebt, würde ich mal sagen."*

For H1, this recoding significantly impacted the ratio of intrinsic and extrinsic drivers showing that 9 of the value-based but only one of the strategic drivers are directly influenced by the family. Considering the second hypothesis, the direct impact of the family involvement was less obvious and the new categorization revealed 4 informal implementation approaches that were impacted by the family whereas none of the formal executions was influenced by the owners.

The following table *(Figure 14)* summarizes the quantified results of the Content Analysis:

	Values	Strategy
Drivers for CSR	16	11
directly influenced by the Family Involvement	9	1
	Informal	**Formal**
Implementation of CSR	20	3
directly influenced by the Family Involvement	4	0

Figure 14: Quantitative Results of the Content Analysis of the Interview with Company E *(based on own research)*

5. Discussion of Results

The following section discusses the results of the Semi-Structured Interviews and Content Analysis and aims at deriving conclusions regarding the hypotheses stated before and implications for future academic research and professional application.

This part is divided into several subsections. Firstly, the relevance of the sample and its impact on the results will be examined and some overall findings will be presented. Secondly, the Hypotheses H1 regarding Drivers and H2 regarding Implementation Approaches of CSR as well as the Definitional Model for CSR, the so-called *Four-Peak Pyramid of Corporate Social Responsibility*, will be tested. Thirdly, from the results of the tested hypotheses, implications for future academic research will be derived. And lastly, a recognition of the limitations, that this work is naturally subject to, will close the chapter.

5.1. Evaluation of the Sample

For the research, a total cluster sample of six companies was formed, of which five assisted the Semi-Structured Interviews with the author of this thesis.

As a requirement, we defined that the sample should include both Family and Non-Family Businesses with higher proportion of Family Firms to focus the research. Out of the five interviewed companies, three were categorized as Family Businesses. This categorization was confirmed through the interviews where it was visible that they are

> *"governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families."* (Chua et al. 1999)

The intention to shape and pursue the vision of the business was visible in all three interviews with the family firms:

"[Not having strategic goals for CSR] *also has to do with the fact that we are owner-managed. The owner has an idea and this idea will be implemented.*" (Company A)[36]

"*If you ask in how far the values of the family play a role for the company, the following can illustrate this best: We are a publicly-traded company* ▬▬▬▬ *and are kept within the family for the 8th generation. Without sustainability, we wouldn't exist anymore. And if you look at this history, you can see that our business has always been based on responsibility, trust and trustworthiness.*" (Company B)[37]

"*For them* [the family] *it is of upmost importance to maintain the autonomy of the company and not to allow that the business is sold and would exist under a different name. Therefore, they still have a great influence.*" (Company E)[38]

A further criterion for the sample was the comparability of companies in terms of their financial situation, number of employees and internationalization. This requirement has obviously been tested before the cluster was finalized and is explained above. The analyses of the interviews and company backgrounds, however, confirmed this comparability. All five companies have a stable financial situation with positive outlooks. ▬▬, which indicates as well a sustainable financial situation. In terms of the internationalization, all companies have acquired smaller companies abroad and also founded own sales and

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[36] From German: *"Das hat aber auch damit zu tun, dass wir bisher inhabergeführt sind. Und der Inhaber hat eine Idee und die Idee wird umgesetzt."*

[37] From German: *„Wenn Sie nun danach fragen, inwieweit die Werte der Familie eine Rolle spielen, dann kann man das eigentlich am Besten wie folgt darstellen: Wir sind ja eine Aktiengesellschaft* ▬▬▬▬*, kommen aus der Magdeburger Börde und sind als familiengeführtes Unternehmen in der 8. Generation per se ja schon auf Nachhaltigkeit ausgerichtet, sonst gäbe es uns nicht mehr. So und wenn man jetzt diese gesamte Historie betrachtet, dann ist das eigentlich ziemlich gut hier in diesem Bericht von 2011/12 beschrieben, was im Grunde genommen auf Verantwortung, Vertrauen und Verlässlichkeit beruht."*

[38] From German: *„Denen ist enorm wichtig, dass das Unternehmen selbstständig erhalten bleibt und nicht irgendwie aufgekauft wird und unter einem anderen Namen existiert. Nur so haben sie weiterhin den Einfluss."*

production facilities around the world and today count with a significant number of employees and realized revenues outside of Germany.

The comparison of the companies also revealed that all of them can be considered so-called *hidden champions*, companies rather unknown to the general public but among the leading companies worldwide in their specific segments, both in terms of their market share and regarding their technological leadership. Furthermore, the analysis has shown that all companies regard sustainability or social responsibility as a core characteristic of their business. This was difficult to test in the sampling process but is of great importance for the relevance of the results of this research. As a last criterion, it was necessary to avoid cultural differences where possible to account for the role of the family in business. All of the companies in the sample highlighted that they are deeply rooted in Southern Lower Saxony; ██████ ██ ████████████████████████████████.

The analysis of the interviews, thus, confirms the relevance of the applied sampling approach and the chosen cluster. We can further assume that the structure of the region somehow resembles typical economic situations in Germany and Central Europe; however, this has not been and cannot be tested within the scope of this work.

5.2. Overall findings

Looking at the Interviews from a broader perspective, one striking difference between the respondents is in how they understand and differentiate the terms of Corporate Social Responsibility and Sustainability.

For some, both terms have a similar, overlapping meaning:

"And if you say Corporate Social Responsibility, you obviously have to reflect what you understand by this term. CSR is basically, when translated into

German, Nachhaltigkeit *[Sustainability], in ecological, economic and social topics."* (Company B)[39]

"After all, Corporate Social Responsibility is the social responsibility of the business, and that's what we do with our Sustainability Agenda which consists of four pillars: ███████████████████████████. *This encompasses all of these ecologic and economic topics where we try to operate sustainably."* (Company D)[40]

The same understanding of the terms can be found in the following statement; additionally, the respondent emphasizes that they prefer the term of Sustainability:

"Well, we mainly use the word Sustainability for our activities in this field. Sustainability is also one of our firm's core values. […] This includes three dimensions: one is the sustainable management of the company […] the second one is the ecological sustainability […] and the third area is what we call social contribution." (Company C)[41]

However, conflicting understandings of the two terms can be found in the examples of the other two companies. For Company E, Sustainability is a broad term that they see as part of all their products and of the business itself, whereas

"Corporate Social Responsibility is the support of projects and donations for social ends."[42]

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[39] From German: *"Und wenn Sie jetzt sagen Corporate Social Responsibility, da muss man sich natürlich erst mal überlegen, was versteht man denn eigentlich darunter. CSR ist eigentlich, wenn Sie es ins Deutsche übersetzen, Nachhaltigkeit. In ökologischen und ökonomischen und sozialen, gesellschaftlichen Themen."*

[40] From German: *"Corporate Social Responsibility ist ja im Grunde die unternehmerische soziale Verantwortung, das tun wir ja, wenn wir sagen: unsere Nachhaltigkeitsagenda, die besteht aus vier Säulen:* ███████████████ ███████████, *die deckt alle diese Bereiche ab, sowohl die ökologischen als auch die ökonomischen, wir versuchen, in vielen Bereichen nachhaltig zu wirken."*

[41] From German: *"Also wir benutzen hauptsächlich das Wort Nachhaltigkeit für unsere Aktivitäten in dem Bereich. Nachhaltigkeit ist ja auch einer unserer Unternehmenswerte […] Da würden wir darunter fassen drei Dimensionen jetzt im Wesentlichen und das ist zum einen nachhaltige Unternehmensführung. Und dazu gehört tatsächlich auch, das Unternehmen so aufzustellen, dass es auch gesund wächst. Und das zweite ist ökologische Nachhaltigkeit, da geht es um den sorgsamen Umgang mit den Ressourcen und mit Produkten, die eben nicht nur ökonomisch wichtig sind, also ökonomischen Kriterien genügen sondern auch ökologischen. Und der dritte Bereich ist dann sowas wie, wir haben das, gesellschaftlicher Beitrag ist das dritte."*

[42] From German: *„Ok, dieser Bereich CSR wäre dann für Sie also Projektförderung, also Spenden sozusagen für soziale Zwecke." – „Wir decken diesen Bereich so ab, ja."*

The responses from Company A reveal that Sustainability in their company mainly refers to the aspects of sourcing and environmental questions, but they agree that this is part of their regular business processes:

"Well, there is sustainability in terms of our supply chain, for example the efforts not to source from conflict regions – one keyword here is conflict minerals from the Congo. But then there is also our biogas plant that we built on the factory site to sustainably source our energy [...] And all these sustainability initiatives are already part of our regular processes."[43]

Further, Corporate Social Responsibility takes a *"rather philanthropic approach"*, which is similar to the one mentioned by Company E.

If we take a closer look at these differences, we can see that the three stock companies have a responsible person for sustainability within the department of corporate communications – who was also representing the company for the purpose of this work – and they regard CSR as part of this topic. The non-stock companies, on the other hand, were represented in this research through a Compliance Officer who was also (partially) responsible for the area of CSR whereas sustainability was not clearly fixed in the company structures. This hints towards another or an additional division of companies, besides one based on the involvement of a family and not included in the original hypotheses which will be examined further in the following sections.

5.3. Evaluation of Hypothesis

5.3.1. Hypothesis H1: Drivers of Corporate Social Responsibility

Based on the reviewed literature, Hypothesis H1 was developed *in section 3.2* of this work, as follows:

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[43] From German: „*Also wir haben da Nachhaltigkeit im Sinne von unserer Lieferkette, natürlich Bemühungen, dass das nichts aus irgendwelchen Konfliktregionen kommt und bezogen wird, also Stichwort ist jetzt Konfliktmineralien aus dem Kongo. Dann haben wir eine Biogasanlage gebaut extra auf dem Firmengelände, um eben möglichst nachhaltig Energie entwickeln zu können. [...] Und wie gesagt, diese Nachhaltigkeitsinitiativen sind alles Dinge, die schon längst in unseren Prozessen aufgegangen sind,"*

H1: The motivation for companies' CSR involvement can be attributed to one of two main drivers: driven by values or driven by strategy.

Throughout the interviews several examples of both groups of drivers have been identified.

Value-based Drivers

Value-based drivers, for example, include **universal ethics**:

"Actually, I don't think that this is only the reason for our company, but that this reason is the same in whichever structure. There is a system of giving and taking and in this system you cannot only take. You also have to give something back, starting with the area of remuneration […] And the same applies for the whole society, for the economy as a whole."[44]

We can see the universality in that the respondent does not only expect everyone to act in the same responsible way but also that this ethical reasoning applies to everyone equally.

On the other hand, we can find value-based drivers that do not reflect a universal approach but are rather based on **personal moral values**:

"And what is representative of this familiar imprint of the company is that the family ▮▮▮▮▮ has a private foundation […] which is supporting many educational projects, but also cultural projects to keep this region attractive. That is the personal sponsoring and supporting goal of the family."[45]

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[44] From German: *"Also letztlich glaube ich gar nicht, dass es der Grund ist ▮▮▮▮▮. Sondern der Grund ist eigentlich in jeder anderen Struktur gleich. Also es gibt ein System von Geben und Nehmen. Und in dem System kann man nicht nur nehmen. Geht nicht. Man muss Dinge zurückgeben, das fängt an im Bereich von Entlohnung. Wo Sie eben einen Mitarbeiter arbeiten lassen, dann müssen Sie ihm dafür natürlich auch einen Gegenwert geben. Und genauso ist das natürlich auch in der Gesellschaft, in der Volkswirtschaft, in einer wie auch immer definitierten Struktur."*

[45] From German*: "Und, was maßgeblich ist, was dann mehr auch zu der Familienprägung gehört, ist das eine, dass die Familien ▮▮▮▮▮ eine private Stiftung haben, die nicht in das Unternehmensgeschehen eingebunden ist, wo aber hier sehr viele Bildungsprojekte unterstützt werden, kulturelle Projekte, um hier diese ganze Region attraktiv zu halten. Das ist eben dann das persönliche Unterstützungs- und Förderungsziel, was sich die Familie gesetzt hat."*

In this example, we can see that the family sees education and culture as a value and has a personal interest to support the region. There is no implicit or explicit expectation for everyone to support the same ideas but this engagement is based on their own moral values.

The examples mentioned above cover two of the arguments for CSR that Chandler & Werther (2014) mention: **the ethical and moral reasoning**. Other approaches *(for more information see 2.1.4)* of value-based or intrinsic motivation have been defined by Hemingway & Maclagan (2004) and can be identified in the interviews as well:

> *"It is a special concern of Mr. ███████ [...] to emphasize the area of education of young people, of students"*[46]

Here we can see an example where a CSR activity – the support for Asian Studies at the university - is implemented based on **the personal interest** of a member of the family through his governance function.

> *"When we decide to support one or another project, then it will be done and that's it. Those in need profit from it, but if we talk about it, who would this report be of any use for? [...] Do they profit from our support? Yes. But we don't talk about it, we only exemplify the support."*[47]

The respondent does not see a benefit for the company, only for the receiver of donations, but they still support the project. Thus, we can regard this as an example of **ideals of corporate philanthropy** that drive the company's activities in the field.

Another value-based driver that Hemingway & Maclagan (2004) suggest is the influence of **religious ideas**. These have not been explicitly mentioned as an influence in any of the companies; however, one respondent recognized them as a possible driver as well as an underlying factor influencing values in business:

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[46] From German: *"...es ist ein besondere Anliegen von Herrn ███████, dem Vorsitzenden des Aufsichtsrates, im Bereich der Entwicklung von Jugendlichen, von Studierenden hier Impulse zu setzen."*

[47] From German: *„Es wird, wenn man sich entschieden hat: „Ja, wir unterstützen die und die Projekte", dann wird es gemacht, und das war's. Und die Bedürftigen profitieren davon, aber wenn wir noch mehr berichten, wem nützt denn dieser Bericht? [...] Also, bringt es etwas, dass sie unsere Unterstützung bekommen haben? Ja, aber es wird darüber nicht geredet, und es wird einfach vorgelebt, würde ich mal sagen."*

"But it is obvious that in Germany we follow a Western concept of values which is based also on Christian ideas."[48]

More explicit was the mentioning of what we can consider **social ideas**, for example the support of fair play and self-esteem of accident victims:

"[When recovering from an accident,] Sport can be an important factor to better the self-esteem."[49]

Further, we can identify **values connected to social change**, in this case the changing awareness of society regarding environmental and sustainable topics:

"In some way, we also have a responsibility towards future generations. And we cannot always live just as we want. It makes me sad to see this sometimes. [...] This Throwaway Society is not good."[50]

Several companies also mentioned CSR activities related to the arrival of refugees to Germany during the last year, an important social change in European, and especially German society.

Often, the driver for CSR also seems to be **the interest in a particular cause**, for example the help ███████ for children ██████████████ in the civil war in Syria.

Additional to the value-based drivers sourced from the literature, one strong value throughout all the interviews was also the **regional connectedness** or the connectedness with the region, which had an economic factor – to keep the production and labor in the home region instead of offshoring it – but also a social one – to support the local community through different types of donations and activities.

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[48] From German: *„Also, es ist natürlich klar, dass wenn wir in Deutschland unterwegs sind, dass wir so einem westlichen Wertegefühl folgen, das sich ja schon auch an kirchliche Dinge anlehnt."*

[49] From German: *„Und da kann eben dann die Facette Sport auch nochmal so das Selbstwertgefühl steigern."*

[50] From German: *"Wir haben auch eine Verantwortung für nachfolgende Generationen. Und wir können nicht immer so leben, wie wir gerade wollen. Das macht mich traurig, wenn ich das sehe. [...] diese Wegwerfgesellschaft ist generell einfach nicht schön."*

Strategic Drivers

On the side of the strategic drivers, Chandler & Werther (2014) defined **a rational** – to anticipate societal concerns that could constrain the business – **and an economic argument** – to retain societal legitimacy and company performance by reflecting on the needs and concerns of stakeholders. For both arguments, we can find confirmation in the ███████ sustainable sourcing of Company D:

> *"We have always been a big player in the area of* ████████*. With the rising awareness among the population* [about sustainability]*, we had to provide a solution here."*[51]

We can see that a societal concern has been recognized and the sustainable sourcing is a response to this concern, thus following the rational logic explained above.

> *"Of course, we are not doing this* [the sustainable sourcing of ████████] *only out of love, we need to be frank about this, but also because it pays off for us. We are ensuring the access to a strategically relevant natural resource."[52]*

In this second statement about the ████████ sourcing, the economic logic – *"it pays off"* – is clearly visible, the access to a strategically relevant resource ensures long-term financial performance.

Further examples for strategic drivers can again be found in Hemingway & Maclagan (2004) and can be confirmed from the interviews. For the **Usage of CSR for Strategic Marketing**, we can take again the example of ████████ sourcing mentioned above:

> *"Of course, I try to use our flagships also for the external communication. […] We developed an own homepage about* ████████ *to push the communication about this topic."*[53]

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[51] From German: *"Und wir waren also immer schon ein sehr großer Player im Bereich dieser* ████████*. Und natürlich eben durch das Rising Awareness innerhalb der Bevölkerung mussten wir auch da eine Lösung anbieten."*

[52] From German: *"Das wird natürlich auch, muss man ehrlich sagen, nicht nur alles aus Liebe gemacht, wir haben natürlich auch was davon. Wir sichern uns den Zugang zu einem strategisch wichtigen Rohstoff."*

[53] From German: *„Da versuche ich natürlich auch, unsere großen Flaggschiffe der Kommunikation auch extern zu streuen. Bloß dazu: Wir sind ja auch sehr erfolgreich und aktiv im Bereich der* ████████*. Um das entsprechend kommunikativ zu pushen, haben wir eine eigene* ████████*-Homepage aufgebaut."*

Another example, Hemingway & Maclagan mention, is the relevance of CSR for the **Corporate Image** which is also visible in the following statement:

"When I started to engage with the topic, I thought about how all of this is related and what can be the consequences. Specifically, what are the possible effects on the company's image?"[54]

Regarding the **Influence on Financial Performance**, we can identify both cost effects and revenue effects which in the end lead to long-term profits:

"We just built a combined heat and power generation plant. Through this, we accomplished to reduce our emissions significantly, but we also save money."[55]

"[It is needed] *to manage the company sustainably. Sustainable economic success. And this is supported by CSR. If you combine the economic activities with it, you get a good base for a long-term and not only short-term success."*[56]

Further, a strategic driver can be the **Increasing Diversity among the Workforce** which has been recognized in one of the interviews where the company established diversity goals for leadership positions to reflect this increase.

Lastly, Hemmingway & Maclagan identify further drivers in the **Business Community Involvement** and **Recruitment Purposes** which are driving especially the university cooperation of the examined companies as can be seen in the following statements:

"Here, the key question is how you define CSR. […] The people that are educated there might be leading a ▮▮▮▮▮▮▮▮▮ in the future and could convert into our clients. So, it depends on how you see CSR because this also helps to develop the market."[57]

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[54] From German: *"Und als ich mich mit der Thematik Compliance beschäftigt habe, was hängt alles damit zusammen und was kann geschehen? Welchen Image-Schaden kann das Unternehmen erleiden?"*

[55] From German: *"Wir haben hier ein großes Heizkopplungs-Wärmekraftwerk gerade gebaut. Damit gelingt es uns, die Emissionen maßgeblich zu reduzieren, aber wir sparen dafür eben auch Geld."*

[56] From German: *„Nachhaltig zu wirtschaften, glaube ich. Also nachhaltiger Unternehmenserfolg. Und das stützt CSR. Wenn man sozusagen das wirtschaftliche Tun damit kombiniert, ist das eine gute Basis um langfristig Erfolg zu haben und nicht nur kurzzeitig."*

[57] From German: *„Und da ist letztlich dann auch die Frage, wie man jetzt eben CSR definiert. Also man kann sagen, klar ist das CSR, man kann eben auch sagen, dass die Leute die dort ausgebildet werden, ja vielleicht irgendwann ein*

> *"And of course, we are a firm that needs highly-specialized personnel. Naturally, this is also done to gain contact to these academics."*[58]

Further strategic drivers identified in the interviews that have not been mentioned in the reviewed literature include CSR as **Factor for Differentiation** or **Unique Selling Proposition**, in **Response to Global Trends** or driven by **Internationalization Efforts**.

Quantitative Results

When evaluating the hypothesis H1 quantitatively, we count a similar number for both drivers with 69 value-based drivers and 78 strategic drivers that were found in the five analyzed interviews. Further, there were no drivers found in the analysis process that could not be linked to one of the two categories.

Therefore, **Hypothesis H1 can be confirmed**: The motivation for companies' CSR involvement can be attributed to one of two main drivers: driven by values or driven by strategy.

Based on Hypothesis H1, the Sub-Hypothesis H1a was formulated as follows:

H1a: The CSR involvement of family businesses is more likely to be driven by values.

The chosen sample included three Family Businesses: Companies A, B and E. The individual results were summarized in the previous section of this work and – at first sight – provide a mixed picture regarding Hypothesis H1a. Out of the three companies, the quantitative analysis shows a prevalence of value-based drivers for

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und das ▮▮▮▮▮▮ wird dann bei uns Kunde. Also ist dann auch da die Frage, wie ist jetzt CSR zu sehen und gibt es irgendwann so eine Phase, die geht über in Marktvorbereitung."

[58] From German: *"Und wir sind natürlich ein Betrieb der hochspezielle Fachleute braucht. Da geht´s natürlich auch darum, dass wir Kontakt zu Akademikern kriegen"*

both Company A and Company E, but a higher number of strategic drivers for Company B.

However, the qualitative analysis reveals that, although Company B has strong drivers from both categories, the value-based drivers address more strongly the underlying basic motivation. This can be also seen in the final statement where the respondent was asked to sum up the company's main argument to engage in social responsibility and highlighted the wish to act in favor of employees, people and nature. Further, the respondent put several times emphasis on the value orientation of the company and how this influences the everyday business.

For Company E, we can find both strategic and value-based drivers with a prevalence of intrinsic motivation. Moreover, the interviewee focused on different occasions on the *"emotional"* role of the family within the company and explained how they work as a role model:

> *"You also need to take into consideration that the family* ▅▅▅ *is ever-present in the company, with their actions and with the modesty they exemplify."*[59]

Regarding Company A, the evaluation reveals the most significant prevalence of value-based drivers, especially considering that additional analysis revealed that many of the strategic drivers are either recent or even expected drivers for the future which do not influence the company's current CSR involvement yet.

All three companies were also tested for the direct influence of the family involvement on the discovered drivers. Overall, this analysis showed that 29 drivers across the three companies were directly shaped by the family behind the firm, of which only 3 were associated with strategic factors and 26 were value-based drivers.

To conclude, there seem to be additional factors despite the family involvement that influence the drivers behind a company's CSR involvement. These will be evaluated further on. However, based on the results from quantitative and qualitative analysis, **we can confirm the Hypothesis H1a**: The CSR involvement of family businesses is more likely to be driven by values.

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[59] From German: *"Man muss aber bedenken, dass die Familie* ▅▅▅ *sehr präsent im Unternehmen ist, mit ihrem Handeln, mit der Bescheidenheit, die sie vorleben."*

The *following Figure 15* sums up the overall quantitative results for H1a:

Drivers for CSR	Values	Strategy
Company A	26	14
Company B	17	22
Company E	16	11
Total	**59**	**47**
directly influenced by the Family Involvement		
Company A	9	0
Company B	8	2
Company E	9	1
Total	**26**	**3**

Figure 15: Quantitative Results of the Content Analysis for H1a: Drivers for CSR in Family Businesses (based on own research)

Furthermore, the research also tested the following Sub-Hypothesis:

H1b: The CSR involvement of non-family businesses is more likely to be driven by strategy.

The sample for this research included two Non-Family Businesses: Company C and Company D, both Frankfurt-listed companies with widespread shareholding.

The quantitative results for H1b reveal a very clear result with an overall amount of 41 drivers of which only 10 were counted as value-based and 31 as strategic motives. Also the individual results per company are comparable; for Company D, 6 value-based and 16 strategic drivers were identified; for Company C, 4 value-based drivers are accompanied by 15 strategic ones. This generally confirms the hypothesis H1b.

However, the qualitative analysis revealed an additional argument that needs to be taken into consideration. Both interviews had a strong focus on the topic of sustainability reporting and legal obligations for listed companies. Thus, the public listing seems to be an underlying factor influencing the strategic drivers.

Looking back at the Family Businesses, we find further confirmation for this assumption. Company B, the only publicly-traded Family Business in the sample, has a prevalence of strategic drivers over their value-based counterparts. Although the

family influence and values were highlighted throughout the interview, the legal obligations and reporting duties played an important role as well; for example:

"Our department is responsible for sustainability topics, including the sustainability reporting and the future integrated report. As you may know, the annual report and the sustainability report of listed companies will be consolidated and we are in the process of internationalizing this approach."[60]

Further confirmation can be found in the changes that are currently implemented by Company A to prepare for the initial listing and for the conversion into joint stock company as was analyzed in the previous part of this work.

Thus, the qualitative analysis puts in doubt whether the Hypothesis H1b can be confirmed since it seems reasonable that not the absence of family involvement but rather the existence of stockholder expectations and legal obligations for listed companies are the factors influencing the drivers for the company's CSR involvement.

Therefore, **Hypothesis H1b will be rejected and substituted** by the following Hypothesis for future research: The CSR involvement of Publicly-listed Companies is more likely to be driven by strategy.

The *following Figure 16* sums up the quantitative results for H1b:

Drivers for CSR	Values	Strategy
Company C	4	15
Company D	6	16
Total	10	31

Figure 16: Quantitative Results of the Content Analysis for H1b: Drivers of CSR in Non-Family Businesses (based on own research)

5.3.2. Hypothesis H2: Implementation Approaches

The second hypothesis of this work was linked to the first and based on the reviewed literature:

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[60] From German: *„Unsere Abteilung kümmert sich um Nachhaltigkeitsthemen inklusive Nachhaltigkeitsberichtserstattung und das künftige integrierte Berichtswesen. Sie wissen ja wahrscheinlich, dass Geschäftsberichte und Nachhaltigkeitsberichte von Aktienunternehmen zusammengeführt werden und da sind wir jetzt gerade dabei, das zu internationalisieren, die Kennzahlen zu definieren und dieses integrierte, gruppenweite Accounting auf die Beine zu stellen."*

H2: The implementation of companies' CSR involvement can be divided into two main approaches: informal implementation and formal implementation.
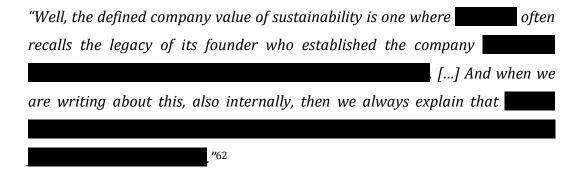
The underlying assumption (explained *in 3.2 of this work*) was that value-based drivers lead to informal implementation approaches whereas strategic drivers lead to formal implementation.

Informal Implementation Approaches

The literature indicates (for more information *see 3.2*) that an informal approach can be found, for example, when the **decision-making is concentrated** and **the family** or founder **dictates the way business is run**. This can be found in the following statement:

"There are no strategic goals for CSR. That is also related to the fact that we are managed by the owner. The owner has an idea and the idea will be implemented."[61]

This **influence** of the founder can also be **through tradition**:

"Well, the defined company value of sustainability is one where ▇▇▇▇ *often recalls the legacy of its founder who established the company* ▇▇▇▇ ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇. *[…] And when we are writing about this, also internally, then we always explain that* ▇▇▇▇ ▇▇ ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇."*[62]

Another example of informal approaches to CSR are so-called **small acts of kindness** referring to donations or support for individual employees not based on

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[61] From German: „*Also in meinem Bereich gibt es sie nicht. Das hat aber auch damit zu tun, dass wir bisher inhabergeführt sind. Und der Inhaber hat eine Idee und die Idee wird umgesetzt.*"

[62] From German: *"Ja, der Wert, den wir als Unternehmenswert definiert haben, Nachhaltigkeit, das ist schon auf jeden Fall einer, wo* ▇▇▇▇▇ *sich auf seinen Gründungsvater beruft, der ja das Unternehmen als* ▇▇▇▇▇ ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇. *Also das ist jetzt kein Unternehmenswert, Internationalität, aber spielt in unserem Unternehmen eine sehr, sehr große Rolle. Und da ist auch immer wieder wenn wir darüber schreiben, auch intern in unserem Mitarbeitermagazin, immer wieder sozusagen* ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇ ▇▇."

strategic, long-term considerations. For instance, this – although in a story from the past – can be found in the following statement:

> *"And then you would give a special support to people where they knew of the sickness of the father or that the house burnt down and where they decided that they need to help them. Back then, you would pass a 100-Mark bill, way more in that time, and tell them not to talk about it. That was basically CSR in the 50's."*[63]

The interviews also present us with an example from current times:

> *"Because, when we support something, it is rather in little. We do but we don't talk about it. For example, if we support the work with refugee children, then we just give the funds."*[64]

Further, **role-modeling** has been identified by Belak et al (2012) as one of the key implementation approaches for informal CSR execution. The analyzed interviews also link to this approach:

> *"You also need to take into consideration that the family ████ is ever-present in the company, with their actions and with the modesty they exemplify."*[65]

Besides, one way to informally implement CSR is **through personal friendships or relationships with stakeholders**, for which both internal as well as external examples have been found:
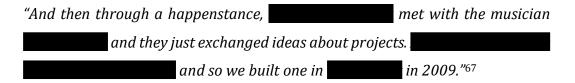
> *"…and I built up a network to get results faster and more effectively."*[66]

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[63] From German: *"und hat dann eben auch ganz gezielt Leute mal gefördert, wo sie wusste, schwere Krankheit vom Vater oder Haus gebrannt oder oder oder, wo man eben sagt, gut, da machen wir mal was. Früher war das dann so, da hat man mal so einen 100-Markschein, damals wesentlich mehr als heute, rübergeschoben und gesagt, sprich aber nicht drüber, haste von uns. Das war damals so, sag ich mal, CSR 50er Jahre."*

[64] From German: *"weil, wenn wir etwas unterstützen, unterstützen wir im Kleinen. Wir machen, aber wir reden nicht darüber. Wenn wir irgendwelche Projekte mit Flüchtlingskindern unterstützen, dann geben wir einfach…"*

[65] From German: *"Man muss aber bedenken, dass die Familie ████ sehr präsent im Unternehmen ist, mit ihrem Handeln, mit der Bescheidenheit, die sie vorleben."*

[66] From German: *„und mir ein Netzwerk aufgebaut, um effektiver, schneller an die Ergebnisse zu kommen"*

"And then through a happenstance, ▇▇▇▇▇▇▇▇▇ *met with the musician* ▇▇▇▇▇▇▇ *and they just exchanged ideas about projects.* ▇▇▇▇▇▇▇▇▇▇▇▇▇▇ *and so we built one in* ▇▇▇▇▇▇ *in 2009."*[67]

Further examples of informal approaches, that were not mentioned in the literature but could be identified through the analysis, include **spontaneous decisions** and **the absence of structural processes**.
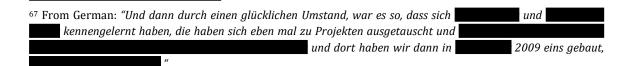
Formal Implementation Approaches

Similarly, the analysis yields several instances of formal implementation approaches including **strategic processes** – or as it is called by one respondent: *"a group-wide data collection"*[68] – leading to the definition of CSR goals.

Another mentioned formal approach could be **generally accepted and recommended patterns** (Gallo et al. 2000) that in the analysis can be found, for example, in the application of the GRI (Global Reporting Initiative) standard or the ISO norm 14001 for environmental management.

Moreover, formal implementation includes the question **whether this topic should receive board-level attention**. In the following statement, we can see that the company has clearly defined the level that is required depending on the decision:

"So, the supervisory board meets four times a year. For these occasions, the management puts together all important information, especially those incidents that require the approval from the supervisory board, especially because of size or scope of the project."[69]

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[67] From German: *"Und dann durch einen glücklichen Umstand, war es so, dass sich* ▇▇▇▇▇▇ *und* ▇▇▇▇▇▇ ▇▇▇ *kennengelernt haben, die haben sich eben mal zu Projekten ausgetauscht und* ▇▇▇▇▇▇▇▇▇▇▇▇▇ ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇ *und dort haben wir dann in* ▇▇▇▇▇ *2009 eins gebaut,* ▇▇▇▇▇▇▇▇▇▇▇▇▇▇▇."

[68] From German: *"eine gruppenweite Erhebung"*

[69] From German: *"Also, der Aufsichtsrat tagt vier Mal im Jahr. Der Vorstand stellt dann dementsprechend alle wichtigen Daten zusammen, inklusive der genehmigungspflichtigen Vorfälle, die also der Aufsichtsrats genehmigen muss, aufgrund der Größe des Projektes und der Dimension,"*

Formal implementation can also be related to clearly **defined structures for the social responsible management function**, as explained in the following response:

"We have a Sustainability Core Team and a Sustainability Board. [...] The Core Team consists of five people, including myself as representative of Corporate Communications. The Sustainability Board is more diversified and includes representatives of all the divisions. [...] They directly report to the CEO."[70]

A last formal implementation approach that was mentioned in the reviewed literature was the **Core Value Statement**, which was very present in the interviews with Companies B, C and D.

An additional approach to formal implementation of CSR that could be identified is the **measurement and structured evaluation** of CSR activities, for example:

"And through the requirements from ▮▮▮▮▮, it was stimulated that we also surveyed and controlled ecological and social, thus employee-based, figures for the whole group."[71]

Quantitative Results

The quantitative results confirm the qualitative analysis. A total number of 91 examples of implementation were identified throughout the five interviews, of which 48 represented formal approaches and 43 informal ones. The analysis did not discover any implementation examples that could not be allocated to one of the two predefined approaches.

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[70] From German: *"Wir haben ein Core-Team, ein Nachhaltigkeits-Core-Team, wir haben ein Sustainability Board, [...] Das ist einmal unser Kernteam, ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮, das besteht aus fünf Leuten, zum Beispiel mir als Vertreter der Konzernkommunikation. Dann gibt es ein etwas breit gefächertes sogenanntes Sustainability Board, das hat dann eben Vertreter aus den verschiedenen Bereichen. ▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮▮, und Vertreter aus den verschiedenen Divisionen sind also Bestandteil dieses Sustainability Boardes. Und das berichtet direkt an den CEO."*

[71] From German: *"Und durch die Anforderungen auch aus ▮▮▮▮▮▮ ist das dann ganz eindeutig gepusht worden, dass wir auch für den Konzern sowohl ökologische Kennzahlen als auch soziale, also mitarbeiterbezogene, Kennzahlen erheben und controllen."*

Therefore, **Hypothesis H2 is supported** by the results of this analysis: The implementation of companies' CSR involvement can be divided into two main approaches: informal implementation and formal implementation.

Further assumption was that value-based drivers lead to informal implementation approaches and strategic drivers to formal implementation. This assumption can be confirmed by the quantitative analysis. 16 informal implementation examples are directly related to value-based drivers and 18 formal implementations can be linked to strategic drivers; whereas only 3 formal implementations were connected with value-based drivers and 4 informal approaches directly related to strategic drivers.

Building up on above, Hypothesis H2a was formulated as follows:

H2a: Family Businesses show a less formalized approach to CSR.

The quantitative results for H2a turn out very similar to the analysis of H1a above. There is a prevalence of informal implementation approaches with 40 informal and 22 formal examples across the three Family Businesses. However, when looking at the individual analysis per company, the results differ a lot. Company E has a strong impact on the total results with 20 informal and only 3 formal approaches, whereas Company B has an equal count for both. The result of Company A is again influenced strongly by the expected IPO; there are 12 informal implementation approaches, of which 11 have a long-term impact and only 1 is of recent nature; and on the other side, we count 11 formal approaches of which only 2 are linked to long-term implementation and 9 are recent or expected changes in the implementation of CSR activities.

Regarding those approaches that are directly impacted by the involvement of the family, we can see that none of the formal implementations can be linked to the family behind the firms whereas a total of 14 implementation approaches are directly shaped by the family involvement.

Therefore, it can be argued that the family involvement leads to a less formalized approach to CSR and thus, **Hypothesis H2a is supported**: Family Businesses show a less formalized approach to CSR.

The following Figure 17 summarizes the quantitative results for this hypothesis:

Implementation of CSR	Informal	Formal
Company A	12	11
Company B	8	8
Company E	20	3
Total	**40**	**22**
directly influenced by the Family Involvement		
Company A	7	0
Company B	3	0
Company E	4	0
Total	**14**	**0**

Figure 17: Quantitative Results of the Content Analysis for H2a: Implementation Approaches of CSR in Family Businesses (based on own research)

Additionally, the Content Analysis was used to test the following Hypothesis:

H2b: Non-Family Businesses show a more formalized approach to CSR.

The quantitative analysis of the interviews with the Non-Family Businesses show a very clear picture with 26 formal implementation approaches and only 3 informal implementation approaches.

Nevertheless, the logic behind the implementation approaches is the same as with the drivers in the analysis of H1b. It seems reasonable that not the absence of family involvement but the formal requirements of the stock market influence the implementation approach to CSR.

Confirmation for this can be found in the high number of formal approaches in Company B, the only listed company in the group of Family Businesses. Furthermore, the influence of the IPO on the results of Company A strengthens this outcome, for example:

"And what we experience in preparation of the initial listing is that you also discuss structures. What we just did in one way or the other, now needs to receive a fix format."[72]

Thus, **Hypothesis H2b will be rejected** and substituted by the following Hypothesis for future research: Publicly-listed companies show a more formalized approach to CSR.

The *following Figure 18* sums up the quantitative results for H2b:

Implementation of CSR	Informal	Formal
Company C	2	10
Company D	1	16
Total	**3**	**26**

Figure 18: Quantitative Results of the Content Analysis for H2b: Implementation Approaches of CSR in Non-Family Businesses (based on own research)

5.3.3. Definitional Model for Corporate Social Responsibility

Besides the hypotheses evaluated above, an additional goal of this work was to test the Definitional Model for CSR, called *Four-Peak Pyramid of Corporate Social Responsibility* and developed in *part 3.1* of this work. For this, it is necessary to analyze the components of the model as well as their suggested hierarchy. As presented in *section 3.3.3*, categories were defined based on the components of the *Four-Peak Pyramid*, including its base stones *Compliance* and *Profitability* as well as its four peaks *Marketplace, Workplace, Community* and *Environment*.

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[72] From German: *"Und was wir jetzt eben in Vorbereitung dieses Börsengangs erleben, ist dass man da eben auch nochmal über Strukturen spricht. Was jetzt sonst andere eben immer so mit gemacht haben, gießt man dann auch mal in eine feste Form."*

Compliance

Compliance was defined as the fundament of the pyramid. This was supported by the following responses:

"If we do something, it is always conforming to the rules and there will be no weighting between benefits [...] and a possible breach of law; this never happens."[73]

"Well, and there it is our declared goal that we always act according to the law, independently of the local business culture. That means that just because in an exemplary country corruption belongs to the regular business procedures, this does not mean that we engage in it. Our decision in this regard is strict in that we resign from deals that can only be undertaken under these conditions."[74]

"There exists no rivalry. Compliance is firmly anchored in people's heads."[75]

The need to place Compliance before Profitability is also due to the possible cost of Non-Compliance which can also be seen in the following statement:

"What is the possible damage to the image that the company could suffer? Sometimes based on ignorance. [...] It can happen that decisions are taken that endanger many jobs."[76]

Other interviewees did not directly refer to the hierarchy of compliance but implicitly recognized its fundamental relevance, for instance:

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[73] From German: *"Wenn wir was tun, dann machen wir das regelkonform und es findet keine Abwägung statt zwischen Vorteilen [...] und einer möglichen Gesetzesüberschreitung, also das passiert nicht."*

[74] From German: *"So und da ist es natürlich erklärtes Ziel, dass wir stets regelkonform handeln, unabhängig davon, wie vor Ort manchmal die Geschäftskultur aussehen sollte. Das heißt, nur weil in manchen Beispielländern, Korruption zum normalen geschäftlichen Handeln gehört, heißt das noch lange nicht, dass wir uns daran beteiligen und unsere Entscheidung ist dahingehend relativ strikt, dass wir dann eben auf Geschäfte, wenn sie nur so erwirtschaftet werden können, verzichten."*

[75] From German: *"Und da gibt es keine Konkurrenz. Compliance ist mittlerweile auch so in den Köpfen verankert."*

[76] From German: *"Welchen Image-Schaden kann das Unternehmen erleiden? Aus Unwissenheit manchmal. Oder das ist ja nicht immer gewollt, dass es zu gewissen Konflikten kommt. [...] Und aus meiner Arbeit heraus konnte ich schon sagen, dass die Mitarbeiter hier oft in ihrem Streben nicht zum persönlichen Erfolg, sondern zum Erfolg des Unternehmens... Manchmal kann es da tatsächlich passieren, dass Entscheidungen getroffen werden, die dann sehr viele Arbeitsplätze gefährden können."*

> *"Compliance is a very important area that regulates the behavior of employees. [...] We have an Anti-Corruption Code and a Code of Conduct. There you can find essential principles how employees of* ▮▮▮▮▮ *are expected to behave and how misdemeanor is supposed to be reported. [...] This is a fundamental part of the company management."*[77]

The respondents further recognized the importance that compliance has for fair competition:

> *"In the area of compliance, it is important that everybody does it. One black sheep is sufficient. Because our proposition is that we want to succeed in the market through the quality and added value of our products and services. And this comparability can only be given if others don't apply unfair practices."*[78]

All in all, we can **confirm the role of Compliance as the most fundamental stone** in the pyramid that constitutes Corporate Social Responsibility.

Profitability

> *"Bottom line – and we make no secret of that: We are a business, we produce, we sell and we profit from it. What we earn, will be reinvested. But we are not a charity organization and we don't want to or have to be one."*[79]

This quote from one respondent sums up the perspective that was provided by all the respondents perfectly well. All of the companies, independent of ownership structures or family involvement see their primary goal in creating profit based on selling products and services. Further examples include:

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[77] From German: *"Compliance ist ein wichtiger Bereich, der ja das Verhalten der Mitarbeiter regelt. [...] Wir haben auch einen Antikorruptionskodex und einen Verhaltenskodex. Also da sind ganz wesentliche Prinzipien formuliert, wie* ▮▮▮▮▮ *-Mitarbeiter sich verhalten sollen, auch wie Missstände gemeldet werden sollen. [...] Das ist ein ganz wichtiger Teil der Unternehmensführung."*

[78] From German: *"Also im Bereich Compliance ist es wichtig, dass das auch alle machen. Ein schwarzes Schaf genügt. Denn unsere Prämisse ist, dass wir durch unsere Qualität und den Mehrwert unserer Produkte und Dienstleistungen am Markt bestehen wollen. Und diese Vergleichbarkeit kann ja aber erst hergestellt werden, wenn andere nicht durch unlautere Methoden aktiv werden."*

[79] From German: *"Unterm Strich ist es so, da machen wir auch keinen Hehl draus, wir sind Wirtschaft, wir produzieren, wir verkaufen und wir verdienen da dran. Das, was wir verdienen, wird dann wieder reinvestiert. Also, wir sind keine reine Hilfsorganisation, wollen wir auch gar nicht sein, müssen wir auch nicht."*

"We are a commercial enterprise and the economic success, the sustainable economic success is of course the corporate goal."[80]

"Of course you need to think where you see a specific added value. How can I reach an added value for the society, for the environment, but also for the company? Naturally, we consider how to utilize our budget purpose-oriented, but in the end the primary goal of the company is to operate reasonably and to create profit."[81]

These statements, however, only provide the hierarchy between profit and social responsibility, but do not yet place profitability into the context of CSR. This is additionally done by the following responses:

"I want to be frank about this: If we do not operate long-term profitably in the market, we cannot support sustainably either. Profitability and sustainable commitment go hand in hand. If we do not make revenues, we cannot build, for instance, a well in ▮▮▮▮▮▮ or invest in local education."[82]

"You always have to consider that you can only save someone from drowning if you are able to swim yourself. If you are in distress and you don't know which end goes up, you shouldn't have the purpose to save somebody. It will not work! This means you have to act from a solid position."[83]

Above comments highlight that profit do not only take precedence over questions of social responsibility because a company wants to earn money but simply

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[80] From German: *"wir sind ein Wirtschaftsunternehmen und der ökonomische Erfolg hat, also der nachhaltige ökonomische Erfolg, das ist natürlich das Unternehmensziel."*

[81] From German: *"Ich meine, natürlich musst du überlegen, wo du einen besonderen Mehrwert siehst. Wo schaffe ich sowohl Mehrwert für die Gesellschaft, für die Umwelt, wie aber auch für das Unternehmen? Dabei überlegen wir uns schon, wie wir unser Budget zielgerichtet einsetzen können. Letztendlich ist es natürlich aber auch oberstes Ziel eines Unternehmens, vernünftig zu wirtschaften und Profit zu machen."*

[82] From German: *"Denn auch da will ich ehrlich sein, wenn wir nicht langfristig profitabel am Markt auftreten, können wir nicht nachhaltig unterstützen. Das geht also wirklich noch mal diese Wirtschaftlichkeit und dieses nachhaltige Engagement, das geht für mich wirklich Hand in Hand. Wenn wir keinen Umsatz machen, können wir den Leuten in ▮▮▮▮▮▮ auch keinen Brunnen bauen oder in schulische Bildung investieren."*

[83] From German: *"Man muss dabei natürlich immer beachten, Sie können nur jemanden vor dem Ertrinken retten, wenn Sie selber schwimmen können. Also wenn man in Seenot ist und selber nicht mehr weiß, wo oben und unten ist, dann brauchen Sie nicht den Vorsatz haben, jemanden retten zu wollen. Das wird nicht funktionieren. Das heißt, man muss aus einer gewissen gesunden Stellung heraus operieren."*

because profitability is necessary to sustain socially responsible activities. Thus, we **can confirm Profitability as the second stone in the fundament** of the CSR pyramid.

Pyramid's Peaks

The common division of CSR and Sustainability is based on three pillars: Economic, Social and Ecological Responsibility. This model and this work are based on the division of the social dimension into an internal perspective *(Workplace)* and an external perspective *(Community)*. For further information, see *part 3.1 of this work*.

There are several examples of the economic perspective, here called *Marketplace*, and the ecological perspective, here called *Environment*. Examples from the interviews for the Marketplace dimension include, for example, regional business networks and cooperation; the fair treatment of suppliers and clients; the long-term support of academic careers that will influence the future business success of the company; the support of local economic structures in developing countries; the strategic sourcing of natural resources; or the focus on the effects of the supply chain. The Environment dimension is covered by the analyzed companies through the introduction of environmental management systems and norms; the involvement in climate protection initiatives; the reduction of soil erosion; general resource efficiency; the support of biodiversity projects; the replacement of exhaustible natural resources; sustainable energy production; the reduction of transport emissions, water usage or trash production; or the production of renewable energy sources. Both categories have, thus, been extensively covered and – considering that they are aligned with all of the most used definitions of CSR – need no further analysis.

Regarding the division between Workplace and Community, the Content Analysis of the interviews offers sufficient evidence to back this differentiation. The Workplace dimension includes examples, such as social benefits for employee families; development programs for future leaders; personal development trainings; educational seminars; sport activities and healthy living programs; the reduction of fluctuation and days absent; work safety measures; challenging work projects; or joint decision-making. The Community dimension, on the other hand, refers to the

sponsoring of regional teams or events; the support of local communities in developing countries; the financing of cultural activities; the support of refugees; social projects for children and other groups; humanitarian projects in regions of civil war or natural catastrophes; the support of Paralympic sport; social and sport projects for handicapped people; or educational projects in primary, secondary or tertiary education. Some of these examples relate to both dimensions at once, for instance:

> *"And of course, we are a firm that needs highly-specialized personnel. Naturally, this is also done to gain contact to these academics. At the same time, we offer them – and this is the benefit for the universities – practical work experience and insights into the professional side of their field of study ."*[84]

Here, we can see both a benefit for the community, in terms of educational institutions, as well as an effect on the workforce, in this case, future workforce of the company. Other examples include projects implemented in the community which are executed by employees, thus offering an external benefit while at the same positively influencing employee motivation. Thus, it is possible to clearly identify and distinguish the benefits regarding both dimensions.

Further support for the division of Workforce and Community lies in the closer relationship between the Workforce dimension and the economic impact for the company. This can be identified, for instance, in the following statement:

> *"There are many different opportunities of further education and personal development, and all of this is done in the context of binding employees to the company on a long-term basis. We want to offer them attractive conditions while taking advantage of their experience, because* ██████████████████ ████████████████████████ *and if you have employees that remain for three or four years only, it doesn't provide the necessary benefit for the product development."*[85]

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[84] From German: *"Und wir sind natürlich ein Betrieb der hochspezielle Fachleute braucht. Da geht´s natürlich auch darum, dass wir Kontakt zu Akademikern bekommen, und dass wir auch den Akademikern – das haben dann die Hochschulen wieder davon – praktische Arbeitseinsätze und Einblick in die praktische Welt ihres Studiums quasi geben können."*

[85] From German: *"Da gibt's unterschiedliche Möglichkeiten der Fortbildung und Weiterentwicklung und all das wird natürlich unter dem Kontext betrachtet, die Mitarbeiter hier an das Unternehmen zu binden, ihnen ein attraktives*

The categorization of four pillars is also supported by the quantitative analysis which shows that all four categories appear with similar amounts throughout the interviews. Specifically, we account for 32 mentionings of Marketplace-related examples, 31 of the Workplace dimension, 29 Community-related examples and 27 Environmental factors, indicating a possible hierarchy of the dimensions from left to right in the pyramid with Marketplace and Workplace being closer related to the profit of the company than Community and Environment.

All in all, the **analysis supports the Four Peaks of the CSR pyramid**. The following Figure 19 summarizes the results of the Content Analysis for the four dimensions:

Definitional Model	Marketplace	Workplace	Community	Environment	Total
Company A	8	4	9	2	**23**
Company B	4	6	4	10	**24**
Company C	6	10	5	5	**26**
Company D	7	5	5	5	**22**
Company E	7	6	6	5	**24**
Total	**32**	**31**	**29**	**27**	119

Figure 19: Quantitative Results of the Content Analysis for the Four Peaks of the CSR Pyramid (based on own research)

5.4. Implications for Future Research

The main target of this work has been to identify the Drivers for Corporate Social Responsibility in Family Businesses and the respective Hypothesis that the CSR Involvement of Family Businesses is driven by Values was tested and confirmed. However, the analysis for the Non-Family Businesses in the sample indicates that not the absence of family involvement but the stock market listing is the main factor that leads to the prevalence of strategic drivers in this part of the sample. Thus, the Hypothesis that the CSR Involvement of Non-Family Businesses is driven by Strategy has been rejected and a new hypothesis for future research has been formulated: that the CSR Involvement of publicly-listed companies is driven by strategy.

Umfeld zur Verfügung zu stellen und gleichzeitig natürlich auch diese langjährige Erfahrung zu nutzen, denn *und wenn Sie dann Mitarbeiter haben, die nur 3 oder 4 Jahre bleiben, hat das keinen großen Gewinn auf die Produktentwicklung hin."*

Similarly, the Hypothesis that the Implementation Approach of Non-Family Businesses is more likely to be formalized has been rejected and changed for future research to focus on the effect of stock market trading. Therefore, this work recognizes a need to further analyze the effect of different forms of ownership for the drivers of CSR and how these interact with the family involvement.

The results for Family Businesses offer an explanation to the differing results of family business research regarding CSR implementation in this type of companies. For example, the focus on formal measures of implementation would naturally result in a bias when comparing the CSR activities of family and non-family firms. Future analyses need to identify whether the drivers or implementation approach might have had an effect on the results of previous research. Academics that would like to compare the CSR involvement of family and non-family businesses in the future need to ensure that they include both formal and informal measures in their approach in order to avoid this bias.

In terms of professional application, the results of this work yield several implications for family businesses. When converting the ownership and legal entity of the firm, this will have an impact on the way CSR is performed and the structural and cultural change, that might be required in the company, should not be underestimated. On the other hand, a more strategic approach to CSR might offer opportunities for sustainable growth to family businesses.

5.5. Limitations

This work has used a clearly structured sampling and analysis approach including a category-based quantification of results. Nevertheless, it needs to be recognized that the representativeness of the sample is quite limited. The companies represent the most important businesses of their geographical region and the outcome has been conclusive. Still, the applicability of the results to other companies or other regions would need to be statistically tested through quantitative research including an extensive sample representative of the total population.

Another limitation lies in the nature of qualitative research: there are possible biases resulting from the respondents. Regarding the topic of CSR, one of the main

biases is the risk of socially-desired answers, meaning that interviewees might overrate their company's CSR involvement to appear socially responsible. In order to mitigate this risk, the guidelines for the Semi-Structured Interviews have been controlled by a sociologist before their application. Nonetheless, this limitation needs to be taken into consideration when applying the results of this research.

6. Conclusion

This thesis set out to develop a deeper understanding of the factors driving the Corporate Social Responsibility involvement of Family Businesses. Through the Content Analysis of Semi-Structured Interviews with five companies from the region of *Southern Lower Saxony* in Germany, the following results have been achieved.

Firstly, it has been shown that the Drivers of CSR can be grouped into value-based and strategic drivers. Secondly, the CSR involvement of family businesses is more likely to be based on values and the family values influence the CSR activities of a firm significantly. Thirdly, it has been analyzed that the implementation of CSR activities can be based on a formal or informal approach and that value-based drivers are likely to result in informal implementation whereas strategic drivers lead to formal CSR implementation. Thus, the implementation of CSR in family businesses likely follows less formalized approaches.

Further, the author recognized that the non-family businesses in the sample are not characterized by the absence of a family but rather by their legal structure, more specifically by being a stock market listed public company. Therefore, this work suggested two new hypotheses for future research to test the influence of stock market listing on drivers and implementation of CSR in family and non-family businesses.

Besides the analysis of the mentioned hypotheses, this work also developed and confirmed a model for the definition of CSR, the so-called *Four-Peak Pyramid of Corporate Social Responsibility*. This Pyramid consists of two base stones forming the fundament of the pyramid – Compliance and Profitability – as well as four peaks representing the CSR dimensions Marketplace, Workplace, Community and Environment.

All in all, this work provides two important contributions to the academic research in the field of Corporate Social Responsibility. It provides a deeper understanding of both drivers and implementation approaches for CSR in Family Businesses that can help guide future research in this field. Additionally, a model for CSR was developed which advances the understanding of the hierarchy within social responsibility and the division of CSR into four instead of three pillars enabling a more detailed analysis of internal and external social factors.

6. Conclusion

For the author, this work also opened the eyes for an underrated region represented by five companies that are not only *hidden champions* within their sectors but also leading companies in the field of Corporate Social Responsibility or Sustainability. The cluster approach provided an appropriate sample for this research and additionally offered interesting insights into the analyzed businesses.

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8. Attachment

8.1. Guideline for Semi-Structured Interview

- Organizational Data, incl. the right to record the interview & to publish the name of company and employee
- Presentation of the interviewer & topic of thesis
- Presentation of the interviewee, incl. his/her role regarding CSR & position in and affiliation with the company
- Do you differentiate between CSR, Compliance & Sustainability? How are these distinguished in the company? Are there any subtopics in which CSR is divided?
- How does the company's structure for the area of CSR, Compliance & Sustainability looks like? How many employees work in this field? How direct are they reporting to the management & owners of the company?
- Many companies have a so-called "founding myth". How was the company established? Which role does the founder play in today's everyday business? Is there some kind of "legacy"?
- Specific question regarding the history of the company & how it might relate to the topic of CSR.
- Since when do you speak of "CSR"? How has the perception of the topic changed over the years? Who introduced the topic?
- Do you have clearly-defined strategic goals for the areas of CSR, Compliance and Sustainability? How do they relate to the core strategy of the company?
- Do you have some priority areas in which CSR should take place? Which are these? Who defined them?
- Who defines the goals & focus areas for CSR within the company? What is the involvement of the owning family/the executive board?
- Are there any external forces/ groups/ people that influence the goals of CSR? Are there formal processes to include these stakeholders?
- Talking about "Stakeholder Management": How do you see the role of your company within the local community at the headquarters and other sites? What is the role that the owning family/ the executive board play in this relationship?
- Are there any formal rules/ guidelines/ policies for the implementation and execution of CSR?
- What is the role of employees in the definition and execution of CSR activities? How do you communicate the topic within the company? What are the main arguments used to explain the relevance to your employees?
- What is the role of CSR for the marketing of your company?
- How do you finance CSR? What is the role that the owning family/ executive board play in this? Has the financing changed over the last years?
- Do you measure or evaluate the outcomes or success of CSR activities?
- Specific question regarding the public CSR activities of the company and who defined them.
- In one sentence: What is the main reason or argument for the implementation of CSR in your company?
- Acknowledgment of the interviewee and discussion of next steps