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Straight Talk or Green Talk? Family Firms and the Integrity of CSR Reporting

Bernard Mnzava
Department of Accounting and Finance, The Institute of Finance Management,
11101 Dar es salaam, Tanzania
Email: bmnzava@gmail.com bernard.mnzava@ifm.ac.tz

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Abstract

This study investigates whether family firms are less prone to corporate social responsibility (CSR) decoupling. By analyzing 34,588 firm-year observations across 41 countries (2006–2017) using panel regression on STATA 18 software, study finds that family firms exhibit significantly lower levels of CSR decoupling, greenwashing, and brownwashing compared to non-family firms. These findings suggest that family firms prioritize stakeholder interests and maintain greater alignment between CSR disclosure and performance. Moreover, country-level cultural practices moderate this relationship. Grounded in socioemotional wealth theory, the results imply that family firms, driven by long-term stakeholder relationships and reputational concerns, are more likely to engage in transparent and responsible CSR reporting.

Keywords: Family firms, CSR decoupling, socioemotional wealth theory, CSR reporting, greenwashing, brownwashing, institutional void.

1. Introduction

In the wake of growing attention towards sustainable consumption and behavior, expectations about firms and their operations are also changing. The debate over corporate social responsibility (CSR) has gained popularity among researchers in recent decades (Bénabou & Tirole, 2010; Deng et al., 2013; Gregory et al., 2016; Citterio et al., 2024; Oduro et al., 2025) who justify CSR investment as an important determinant of firm performance. In general, CSR covers a firm's social aspect like; human rights, community engagement, workforce, and product responsibility (Saeed, 2021), environmental aspect – resource use, emission, and environmental innovation (Bose et al., 2021), and governance aspect – shareholder rights and management structure (Hussain et al., 2023; Zhao & Wang, 2024). More recently, scholars started to work on CSR decoupling which occurs when the CSR disclosure is not in line with the actual CSR performance of the firm (Sauerwald & Su, 2019) and creates clouded judgment among firms' stakeholders as disclosures are either overestimated or underestimated (Delmas & Burbano, 2011). However, research is still

scarce on how family firms engage in CSR disclosures and therefore, this paper examines the impact of family firms on CSR decoupling using the global dataset.

It is important to study CSR disclosures of family firms as they are incentivized to sustain their legitimacy and a strong relationship with stakeholders (Gomez-Mejia et al., 2011) because of the long-term orientation of such firms to improve the probability of succession (Cruz et al., 2014; Gómez-Mejía et al., 2007). In contrast, non-family firms are more short-term oriented and prefer short-term financial benefits (Gómez-Mejía et al., 2007; Kellermanns et al., 2012), which may lead them to overstate the CSR performance. Considering these arguments and theoretical underpinnings from the socioemotional wealth (SEW) theory, this paper addresses two important research questions: (1) What is the effect of family business ownership on corporate social responsibility decoupling? (2) Do country-level cultural practices moderate this relationship?

A lot of research has already been done on greenwashing/CSR decoupling. The negative influences which along with greenwashing, the antecedents and consequences, and more important, how to prevent this in practice. However, more research needs to be done in the field of greenwashing/CSR decoupling where else it could come from. There is limited empirical research on how different ownership structures influence likelihood of firms engaging in decoupling practices and the governance role of institutional investors, families and the state as owners. This is an important gap in the literature because firm ownership plays a key role in decision-making in relation to environmental systems. This paper focuses on two different aspects: family firms and culture.

We used an international sample of family firms from 2006 to 2017 to test our hypotheses. If family firms care about their stakeholders, we expect a negative association between being a family firm and CSR decoupling. The results show that family firms are less likely to engage in CSR decoupling either measured as a absolute difference, positive gap, or negative gap between CSR disclosure and performance. We also find that country-level cultural practices moderate the association between family firms and CSR decoupling. Importantly, we find that power distance, negatively moderates family firm–CSR decoupling association while other dimensions of national culture positively moderate the established relationship between family firms and CSR decoupling.

This paper contributes to CSR decoupling literature (Crilly et al., 2012; Hawn & Ioannou, 2016; Tashman et al., 2019; Asif, 2020) by showing that family firms are less likely to engage in CSR decoupling to preserve their family succession and build their image of stakeholder friendly firms. The study also adds to family firms' literature (Burkart et al., 2003; Villalonga et al., 2015; Miller et al., 2007) and document that apart from financial gains, family firms also perform well in non-financial matters. Finally, this study contributes to studies on national culture (Minkov & Kaasa, 2022; Rehman et al., 2021) by showing that country-level culture plays a significant role in the association between family firms and CSR decoupling. This study has important implications for the managers and investors. The findings suggest that family firms prioritize stakeholder interests and

maintain greater alignment between CSR disclosure and performance. Moreover, country-level cultural practices moderate this relationship. Grounded in socioemotional wealth theory, the results imply that family firms, driven by long-term stakeholder relationships and reputational concerns, are more likely to engage in transparent and responsible CSR reporting.

This study is structured as follows: section 2 presents the literature review; section 3 describes data and methodology; section 4 describes results; section 5 concludes the study.

2. Theoretical Background, Literature Review and Hypotheses Development

The socioemotional wealth (SEW) theory explains how family firms prioritize non-financial goals such as family identity, influence, and legacy preservation (Gómez-Mejía et al., 2007). A defining feature of family firms is their focus on long-term succession and sustained family control, which can outweigh traditional goals of profit maximization (Gomez-Mejia et al., 2011). As a result, family firms often adopt conservative strategies, preferring stability over risky short-term gains. While they may take risks, such decisions are typically aimed at preserving family control rather than maximizing financial returns. This long-term orientation and emotional investment in the firm shape their operational choices, including greater accountability to stakeholders. Neo-institutional theory suggests that organizations respond to external pressures—normative, mimetic, and coercive—in order to gain legitimacy rather than optimize efficiency (DiMaggio & Powell, 1983). Normative pressures stem from industry standards and societal expectations; mimetic pressures arise when firms imitate successful peers; and coercive pressures result from regulatory or legal demands. Together, these forces can shape firms' CSR strategies and influence the occurrence of CSR decoupling.

Importantly, CSR decoupling is not always deliberate. When regulations are vague or poorly communicated, firms may unknowingly misalign their disclosures and performance, creating unintentional CSR gaps. This misalignment, though not always strategic, can mislead stakeholders and undermine trust. In this context, family firms—guided by their SEW priorities—may be less susceptible to these pressures or may respond differently compared to non-family firms. Their desire to maintain legitimacy and stakeholder trust, rooted in emotional and reputational concerns, may reduce their likelihood of engaging in CSR decoupling.

2.1. Family Firm and CSR Decoupling

Although the SEW preservation of family firms is often explained as a reason for family firms to behave socially and environmentally friendly and it is necessary to maintain control over the firm within the family continuously (Berrone et al., 2012). Therefore, family members may be favored for key positions within the company, even if they lack the necessary experience or expertise. These individuals are often selected to prioritize the

family's interests rather than those of other stakeholders (Cruz et al., 2014), potentially aggravating the negative consequences (Kellermanns et al., 2012).

Nevertheless, it seems more likely that the SEW leads to increased CSR engagement and improved CSR performance. Prior literature shows a positive relationship between family ownership and CSR or environmental performance (Berrone et al., 2010; Bingham et al., 2011; Dyer & Whetten, 2006; Yu et al., 2015; García-Sánchez et al., 2021; Citterio et al., 2024; Oduro et al., 2025). Across different settings, research shows that family firms are associated with CSR performance (Bingham et al., 2011; Dyer & Whetten, 2006; García-Sánchez, Martín-Moreno, et al., 2021; Yu et al., 2015) or environmental performance (Berrone et al., 2010; Zhao & Wang, 2024). The literature is often based on the SEW theory and the stakeholder theory. Investing in the relationship with stakeholders and CSR engagement could positively influence the position of a family firm. The SEW of a family firm is protected by creating social insurance through a good relationship with stakeholders (Godfrey, 2005), which results in reciprocity during more challenging periods. The first hypothesis is as follows:

- H1: Family business ownership is negatively associated with CSR decoupling

2.2 Institutional and Cultural Contexts in CSR Decoupling

Institutional theory emphasizes the role of formal institutions—laws, regulations, and governance structures—in shaping corporate behavior. In contrast, neo-institutional theory extends this view to informal institutions, such as cultural norms and societal expectations, which influence organizational practices beyond compliance. Numerous studies have linked CSR decoupling to institutional environments, demonstrating that weak regulations, institutional voids, and rising stakeholder pressures increase the risk of misalignment between CSR disclosures and performance (Delmas & Burbano, 2011; Kim & Lyon, 2015; Jamali et al., 2017; Cui et al., 2020).

Tashman et al. (2019) define institutional voids as ineffective governance systems that hinder market functions. In such environments, CSR decoupling may be more prevalent due to limited regulatory oversight and enforcement. Weak institutions reduce the likelihood of CSR misrepresentation being detected or sanctioned, diminishing the reputational risk associated with decoupling. While family firms are generally expected to avoid CSR decoupling to preserve their socioemotional wealth (SEW), institutional voids may weaken this restraint. When decoupling becomes normalized within an industry or region, even family firms may engage in it to remain competitive. This mimetic behavior aligns with neo-institutional theory, which predicts that firms will imitate peers in response to uncertainty or survival pressures.

Complementing the role of formal institutions, culture—an informal institution—also shapes CSR practices. According to Hofstede's (2011) cultural framework, six dimensions influence organizational behavior: power distance, individualism, achievement orientation, uncertainty avoidance, long-term orientation, and indulgence. These cultural traits guide

how societies perceive authority, risk, time, and ethical behavior, which in turn affect CSR priorities and reporting practices.

Existing studies have explored culture's impact on CSR performance, engagement, and commitment. For example, CSR tends to be stronger in countries with high uncertainty avoidance and weaker in those with high individualism, power distance, or competitiveness (Thanetsunthorn, 2015; Peng et al., 2012; Li & Wu., 2020). However, the specific role of national culture in moderating CSR decoupling—especially in the context of family firms—remains underexplored. This study builds on these theoretical perspectives by integrating both institutional voids and cultural dimensions to assess their influence on the relationship between family firm ownership and CSR decoupling. The second hypothesis is as follows:

- H2: Institutional quality and national culture moderate the effect of family business ownership on CSR decoupling.

The figure below illustrates the direct effect of family business on CSR decoupling (H1), as well as the moderating role of institutional quality and national culture in this relationship (H2).

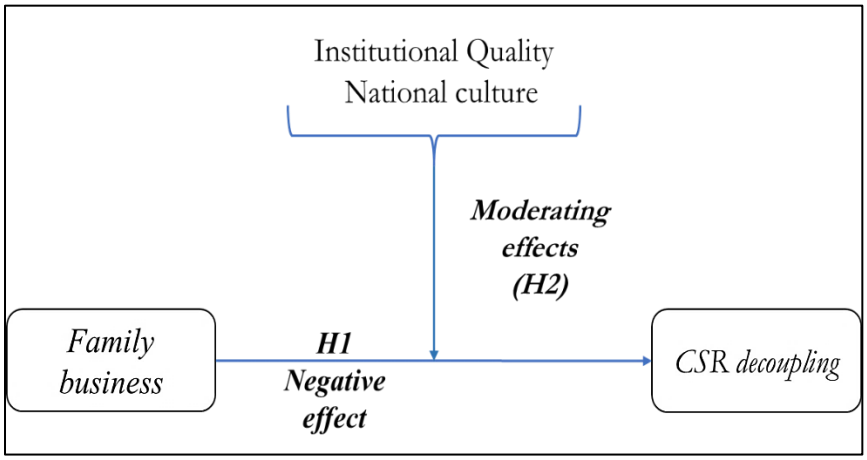

Figure 1: Research Framework

3. Methodology

3.1 Data and Sample

This study used data from several data sources. The main database used is Thomson Reuters' ASSET4 Refinitiv Eikon due to its broad ESG and financial data. The firm-year information in this database was enhanced by Bloomberg's ESG data and data from

Worldscope. In addition, public indices, such as Hofstede's cultural dimensions and the World Bank's World Governance Indicators, were used.

The pooled data contains 104,007 firm-year observations covering the period 2002-2017. The data originate from firms from 66 different countries. The firm-years lacking CSR decoupling data were excluded from the analysis. For example, the years 2002-2005 did not cover CSR decoupling data, which resulted in the omission of these years. Subsequently, the firm years with missing data on FIF, WGI, or Cultural dimensions were executed. The firm-years with missing values for control variables were replaced, following the methodology of Gull et al. (2023a), by the average scores for firm-years in the corresponding year and sector. As a result, firm-years with missing sector data were also executed. Finally, a small number of observations may lead to misrepresentation of a country. Therefore, countries with fewer than 20 firm-years were removed from the analyses (Gull et al., 2023a).

As a result, Table 1 indicates that after all the adjustments of filtering and removing missing observations using panel regression on STATA 18 software, we have reduced the initial dataset of 104,007 firm-years to a final sample of 34,588 firm-year observations across 41 countries from the period 2006 to 2017.

Table 1: Sample size After Adjustments

Sample	Firm-years.
Initial population	104,007
Minus: incomplete CSR-linked data	66,586
Minus: incomplete FIF data	0
Minus: incomplete cultural dimensions	1,100
Minus: incomplete governance indicators	1,646
Minus: incomplete SIC	57
Minus: countries with less than 20 observations	30
Final Sample	**34,588**

Table 2 and Table 3 show the distribution of the sample across countries and the distribution across years. Table 2 shows the distribution of the sample across 41 countries, representing a total of 34,588 observations over the company year from 2006 to 2017. The USA represents the largest part of the sample with 32.6% of observations, followed by Japan (12.6%), the UK (7.3%) and Australia (6.5%). Canada (5.7%) and Hong Kong (4%) were also highly represented. On the other hand, countries such as Argentina, Hungary, Luxembourg and the Czech Republic are not particularly well represented, making up less than 0.2% of the sample.

Table 2: Sample Distribution Among Countries

Country	Freq.	Percent	Cum.	Country	Freq	Percent	Cum.
Argentina	22	0.1	0.1	Ireland	127	0.4	39.5
Austria	151	0.4	0.5	India	681	2	41.4
Australia	2,247	6.5	7	Italy	439	1.3	42.7
Belgium	253	0.7	7.7	Japan	4,375	12.6	55.4
Brazil	411	1.2	8.9	Korea South	857	2.5	57.8
Canada	1,983	5.7	14.6	Luxembourg	32	0.1	57.9
Switzerland	554	1.6	16.3	Mexico	242	0.7	58.6
Chile	180	0.5	16.8	Malaysia	369	1.1	59.7
China	580	1.7	18.4	Netherlands	267	0.8	60.5
Colombia	94	0.3	18.7	Norway	197	0.6	61
Czech Rep	42	0.1	18.8	New Zealand	181	0.5	61.6
Germany	840	2.4	21.3	Philippines	86	0.2	61.8
Denmark	260	0.8	22	Poland	201	0.6	62.4
Spain	434	1.3	23.3	Portugal	97	0.3	62.7
Finland	248	0.7	2.4	Russia	263	0.8	63.4
France	911	2.6	26.6	Sweden	435	1.3	64.7
Great Britain	2,508	7.3	33.9	Singapore	467	1.4	66
Greece	131	0.4	34.3	Thailand	240	0.7	66.7
Hong Kong	1,367	4	38.2	Turkey	224	0.6	67.4
Hungary	27	0.1	38.3	U.S.A.	11,284	32.6	100
Indonesia	281	0.8	39.1	Total	34,588	100	

Table 3 illustrates the annual distribution of the 34,588 company-year observations included in the study, covering the period from 2006 to 2017. Observations increase progressively over time, starting with 1,508 in 2006 (4.4%) and peaking in 2017 with 4,937 observations (14.3%). This growth reflects both the increasing availability of CSR-related data and reporting practices over the years. In particular, more than half of the sample (52.3%) corresponds to the period from 2013 to 2017, indicating a growing interest and engagement in corporate social responsibility reporting in the last years of the study period.

Table 3: Sample Distribution Among Years

	Freq.	Percent	Cum.
2006	1,508	4.4	4.4
2007	1,683	4.9	9.2
2008	2,012	5.8	15
2009	2,287	6.6	21.7
2010	2,669	7.7	29.4
2011	2,116	6.1	35.5
2012	2,855	8.3	43.7
2013	2,976	8.6	52.3
2014	3,122	9	61.4
2015	3,824	11.1	72.4
2016	4,599	13.3	85.7
2017	4,937	14.3	100
Total	34,588	100	

3.2. Variables

3.2.1. Dependent Variable

To measure the dependent variable, a proxy for CSR decoupling (CSRD) was used. CSR decoupling is often measured as the difference between environmental reporting and environmental performance (García-Sánchez et al., 2021; Gull et al., 2023b; Sauerwald & Su, 2019; Shahab et al., 2022). To measure the CSR decoupling Asset4 ESG performance score and the Bloomberg ESG disclosure score were used. The scores of Asset4 ESG performance and Bloomberg ESG disclosure were measured on a scale of 0 to 100. The variable CSRD was computed by subtracting the ESG performance score from the ESG disclose score (Gull et al., 2023a) and therefore the range of CSRD is -100 to 100.

3.2.2. Independent Variable

The independent variable is Family-influenced firms (FIF). To measure the influence of family firms there are two widely known measures. The first measure indicates a firm as a family-influenced firm if a family owns at least 5 percent of the shares (Berrone et al., 2010). The other method is defined according to the criteria of ownership, management, and control (Cascino et al., 2010; García-Sánchez, Rodríguez-Ariza, et al., 2021; Parra-Domínguez et al., 2021; Singla et al., 2014). That means the majority shareholder is a family or family group, at least 20 percent of the voting rights must be held by this family or family group and at least one family member must be part of the management team or the board of directors. Due to restrictions in availability of the data, this study used the method of Berrone et al. (2010) to measure FIF. It is worth noting that this method is widely used in the family firm literature. In addition, a study examining firm diversification based on family firm status yielded consistent findings across various methodologies, including

those employing a 5 percent threshold, higher thresholds, or incorporating family-influenced board members (Gomez-Mejia et al., 2010).

3.2.3. Moderating Variables

This study analyzed seven moderating effects. Firstly, the moderating effect of a country's institutional voids (VOID) is examined. Institutional voids are a meta-index of six different indices of the World Bank's WGI: Voice and accountability, Political stability and absence of violence, Government effectiveness, Regulatory quality, Rule of law, and Control of corruption (Tashman et al., 2019). These six indices are a tool to compare the institutional quality of a country and are publicly accessible. Each indicator is a weighted average of the underlying variables (Kaufmann et al., 2011). For example, the indicator of Regulatory quality refers to the perception of the government's ability to formulate and implement well-reasoned policies and regulations (Kaufmann et al., 2011). Following the methodology of Tashman et al. (2019), VOID was measured by taking the average score out of the six indicators and reverse coding the variable. Thus, a higher score on VOID means a higher degree of institutional voids (poorer institutional quality).

Secondly, the moderating effects of Hofstede's 6-dimensional model of national culture were measured (Hofstede, 2011). Hofstede is an open source for cultural dimension values of countries across the world. The six dimensions are the Power distance index (pdi), Individualism (ind), Motivation towards achievements and success (mas), Uncertainty avoidance (uai), Long-term orientation (lto), and Indulgence versus restraint (ivr). These dimensions are indices with a score from 0-100, which measures the national average of a score. For example, a relatively high score on individuality indicates a greater societal focus on an individual interest. Hofstede's cultural dimensions were used before in several studies regarding CSR (DasGupta & Roy, 2023; Halkos & Skouloudis, 2017; Ho et al., 2012; Thanetsunthorn, 2015).

3.2.4. Control Variables

Following García-Sánchez, Rodríguez-Ariza, et al. and Parra-Domínguez et al. (2021), this study controls for firm size (SIZE) and firm age (Fage). Furthermore, this study controlled for variables that are linked to CSR decoupling (García-Sánchez, Hussain, et al., 2021; Gull, Hussain, Khan, Mushtaq, et al., 2023b; Hawn & Ioannou, 2016; Sauerwald & Su, 2019; Shahab et al., 2022). Namely, board size (BS), board gender diversity (BGD), board independence (IB), and financial performance measures such as return on assets (ROA) and debt-to-asset ratio (DtoA).

3.3. Model

The first hypothesis concerns testing the relationship between family firms and CSR decoupling. After establishing a model without control variables, the following equation will be used to test hypothesis 1:

$$CSRD_{IT} = \beta_0 + \beta_1 FIF_{it} + \beta_2 SIZE_{it} + \beta_3 IB_{it} + \beta_4 BGD_{it} + \beta_5 BS_{it} + \beta_6 ROA_{it} + \beta_7 Fage_{it} + \beta_8 DtoA_{it} + \beta_9 YEAR_{it} + \beta_{10} Sector_{it} + \varepsilon_{it} \quad (1)$$

In addition, to test hypothesis 2, the interaction between FIF and Institutional Void is added to the equation, see below.

$$CSRD_{IT} = \beta_0 + \beta_1 FIF_{it} + \beta_2 VOID_{it} + \beta_3 FIF * VOID_{it} + \beta_4 SIZE_{it} + \beta_5 IB_{it} + \beta_6 BGD_{it} + \beta_7 BS_{it} + \beta_8 ROA_{it} + \beta_9 Fage_{it} + \beta_{10} DtoA_{it} + \beta_{11} YEAR_{it} + \beta_{12} Sector_{it} + \varepsilon_{it} \quad (2)$$

4. Results

In this section, the empirical findings of this study are presented. The section presents the descriptive statistics and discusses the main results. Some additional analyses are also elaborated.

4.1 Descriptive Statistics and Correlation

Table 4 provides an overview of the descriptive statistics for the dependent, independent, moderator, and control variables. The mean CSR decoupling score (CSRD) is 30.40, suggesting a considerable gap between CSR disclosure and actual CSR performance, with a significant presence of brownwashing (mean = -34.19) across the sample. However, "greenwashing" appears to be present only among a small percentage of companies (N = 5,170) with a mean of 8.804.

It is noteworthy that less firm-years in the sample involve overstating of the CSR performance then understating of the performance. Furthermore, both mean values of greenwashing and brownwashing indicate that, in absolute terms, firms tend to understate performance more than they overstate it. The minimum score of the return on assets (ROA) is -9824.53. This score suggests an outlier status, reflecting its substantial deviation from the mean and standard deviation of the variable. It indicates certain actions might be necessary. Board independence (BI) has a mean of 58.082. Board Gender Diversity (BGD) has a mean of 0.151, suggesting limited gender diversity on boards. Firm age (Fage) averages 64.508 years, indicating many firms are well-established, which can influence their CSR practices.

Table 4: Descriptive Statistics

	N	Mean	Std.Dev.	Min	Max
CSRD	34,588	30.399	21.530	0.01	97.73
GreenW	5,170	8.804	8.367	0.01	52.25
BrownW	29,418	-34.194	2.889	-97.73	-0.01
FIF	34,588	0.073	0.095	0	1
VOID	34,588	-1.153	0.464	-1.87	0.8
pdi	34,588	48.090	15.537	11	104
idv	34,588	68.680	25.485	13	91
mas	34,588	61.280	17.580	5	95
uai	34,588	56.010	21.677	8	112
ivr	34,588	56.600	16.969	17	97
lto	34,588	48.040	24.825	13	100
Size	34,588	6.783	0.755	1.62	9.6
BI	34,588	58.082	26.300	0	100
BGD	34,588	0.151	0.142	0	2.57
BS	34,588	10.269	3.557	1	38
ROA	34,588	4.928	54.291	-9824.53	269.11
Fage	34,588	64.508	36.597	2	313
DtoA	34,588	0.472	0.220	0	16.08

Table 5 shows the bivariate analysis of the relevant variables. Some correlations are in between -0.8 and -0.7 or 0.7 and 0.8, this could indicate possible multicollinearity. However, the VIF-scores, are all between 1.00 and 5.05 and therefore not alarming.

Table 5: Pairwise Correlations and VIF Score

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	VIF
(1) CSRD	1.000																
(2) FIF	-0.107*	1.000															1.06
(3) VOLD	-0.059*	-0.015*	1.000														2.16
(4) pdi	-0.089*	0.013	0.704*	1.000													4.14
(5) idv	0.104*	-0.008	-0.508*	-0.780*	1.000												5.05
(6) mas	-0.119*	-0.113*	-0.089*	-0.013	-0.019	1.000											1.42
(7) uai	-0.050*	0.012	0.171*	0.264*	-0.361*	0.364*	1.000										1.60
(8) ltvr	0.082*	-0.010	-0.397*	-0.664*	0.769*	-0.145*	-0.336*	1.000									3.41
(9) lto	-0.044*	-0.003	0.143*	0.415*	-0.684*	0.324*	0.530*	-0.722*	1.000								3.81
(10) Size	0.283*	-0.147*	0.143*	0.173*	-0.191*	0.013	0.168*	-0.222*	0.227*	1.000							1.52
(11) BI	0.159*	-0.064*	-0.221*	-0.413*	0.561*	-0.252*	-0.426*	0.304*	-0.574*	-0.037*	1.000						1.79
(12) BGD	0.201*	-0.033*	-0.095*	-0.162*	0.199*	-0.196*	-0.139*	0.179*	-0.159*	0.160*	0.220*	1.000					1.15
(13) BS	0.174*	-0.067*	0.161*	0.169*	-0.159*	0.048*	0.184*	-0.223*	0.177*	0.499*	-0.142*	0.084*	1.000				1.41
(14) ROA	0.028*	0.008	0.013	0.013	-0.015*	-0.011	-0.010	-0.010	0.009	-0.005	0.009	0.012	-0.004	1.000			1.00
(15) Fage	0.172*	-0.077*	-0.055*	-0.035*	-0.009	0.061*	0.072*	-0.036*	0.124*	0.211*	-0.058*	0.105*	0.189*	0.004	1.000		1.09
(Ctrl)	0.078*	0.005	0.065*	0.038*	-0.024*	-0.044*	0.005	-0.029*	0.017*	0.174*	-0.008	0.059*	0.119*	-0.035*	0.057*	1.000	1.04

* Correlation is significant at the 0.01 level.

4.2 Multivariate Analysis

Before conducting the regression analysis, all firm-level variables are Winsorised at 5%, to mitigate the power of outliers. All models have been estimated using random coefficient panel regression. Table 6 shows the results from the first regressions. In this table, hypothesis 1 is tested and the effect of family-influenced firms (FIF) on CSR decoupling (CSRD) is examined. Model 1 examines the effect of FIF on CSRD without the inclusion of control variables. These control variables are introduced in Model 2. The results in model 2 indicate a significant negative association between FIF and CSRD (β = -2.5980, p<0,01). This is in line with the findings of Parra-Domínguez et al. (2021).

Table 6: Random Effects Panel Regression Analysis, Family Influenced Firms on CSR Decoupling

	(1)	(2)
Variables	CSRD	CSRD
FIF	-4.3884***	-2.5980***
	(0.3752)	(0.3182)
Size		14.2747***
		(0.2918)
BI		0.0580***
		(0.0059)
BGD		11.5737***
		(1.0137)
BS		0.3636***
		(0.0470)
ROA		0.3477***
		(0.0182)
Fage		0.0505***
		(0.0065)
DtoA		1.1894
		(0.7965)
Constant	26.1367***	-94.3213***
	(0.2493)	(7.5205)
Observations	34,588	34,588
Year-effects	No	Yes
Sector-effects	No	Yes
Country-effects	No	Yes
R-squared overall	0.0114	0.2795

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 7 presents the moderating effects of institutional and cultural factors on the relationship between family-influenced firms (FIF) and CSR decoupling (CSRD). Model 1 examines institutional voids (VOID), revealing a significant negative direct association

with CSRD ($\beta = -3.4132$, $p < 0.01$), contrary to Tashman et al. (2019). The interaction term (FIF×VOID) is not significant, thus hypothesis 2 is partly rejected.

In model 7, which proposes that long-term orientation (*lto*) will mitigate the association between *FIF* and *CSRD*. The analysis indicates a significant negative direct association between *lto* and *CSRD* ($\beta = -0.0652$, $p < 0.01$). However, the interaction term, *FIFxlto,* exhibits a significant positive association with *CSRD* ($\beta = 0.0500$, $p < 0.05$).

Table 7: The Moderating Effects of Institutional and Cultural Factors on the Relationship Between Family-Influenced Firms (FIF) and CSR Decoupling (CSRD)							
	1	**2**	**3**	**4**	**5**	**6**	**7**
Variables	CSRD	CSRD	CSRD	CSRD	CSRD	CSRD	CSRD
FIF	-2.2390***	-2.2430***	-2.2380***	-2.4154***	-2.1747***	-2.1268***	-2.0330***
	(0.3259)	(0.3262)	(0.3271)	(0.3325)	(0.3261)	(0.3266)	(0.3283)
Controls Included							
VOID_c	-3.4132***						
	(0.3800)						
FIFxVOID_c	-0.6000						
	(0.7287)						
pdi_c		-0.0913***					
		(0.0126)					
FIFxpdi_c		-0.0549**					
		(0.0216)					
idv_c			0.0599***				
			(0.0082)				
FIFxidv_c			0.0192				
			(0.0129)				
mas_c				-0.1546***			
				(0.0115)			
FIFxmas_c				0.0585***			
				(0.0213)			
uai_c					-0.0376***		
					(0.0096)		
FIFxuai_c					0.0579***		
					(0.0156)		
ivr_c						0.1310***	
						(0.0122)	
FIFxivr_c						-0.0289	
						(0.0186)	
lto_c							-0.0652***
							(0.0086)
FIFxlto_c							0.0500***
							(0.0139)
Constant	-67.6311***	-69.1943***	-69.4623***	-67.1594***	-66.8294***	-70.9208***	-70.0642***
	(7.1146)	(7.1195)	(7.1204)	(7.0733)	(7.1207)	(7.1215)	(7.1242)
Observations	34,588	34,588	34,588	34,588	34,588	34,588	34,588
Year-effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector-effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared overall	0.2013	0.2047	0.2070	0.2120	0.2022	0.2093	0.2059

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Furthermore, upon examining all models presented in Table 7, a consistent pattern of the coefficients of the control variables is noticeable. Thereby, the influence of FIF on CSR disclosure (CSRD) varies across models, with its effect being least pronounced in model 7 (β = -2.0330, $p < 0.01$) and most pronounced in model 4 (β = -2.4154, $p < 0.01$). Additionally, the proportion of explained variance is highest in model 4 (R-squared overall = 0.2120). In comparison with model 2 from Table 6 (R-squared overall = 0.1987), all models in Table 7 demonstrate an increase in the proportion of explained variance.

The analysis reveals significant control variable relationships affecting CSR decoupling (CSRD). Larger firms (Size) have a higher likelihood of CSRD (β between 11.3767 and 11.9124). Increased board independence (BI) is positively associated with CSRD, with β between 0.0346 and 0.0497. Greater board gender diversity (BGD) also shows a positive association (β between 7.9708 and 8.8692). Board size (BS) is positively correlated with CSRD (β between 0.2293 and 0.2521). Profitability (ROA) has a slight positive effect on CSRD, with β between 0.0042 and 0.0045. Older firms (Fage) tend to have higher CSRD, with β between 0.0611 and 0.0696. Firms with higher debt-to-assets ratios (DtoA) show a positive association with CSRD, with β between 1.0250 and 1.2457. These findings indicate that firm size, board characteristics, profitability, age, and leverage significantly influence CSR decoupling behavior.

5. Discussion and Conclusion

This study examines how the institutional void and the six cultural dimensions of Hofstede's cultural framework (Hofstede, 2011) moderate the impact of family firm ownership on CSR decoupling. This study employed an unbalanced random effects panel regression analysis, encompassing 34,588 firm-year observations from 41 countries spanning the period 2006 to 2017. The study discusses the results as follows.

First, based on the socioemotional wealth (SEW) theory, family firms are expected to have lower levels of CSRD decoupling. The preservation of SEW, which includes non-financial aspects of the firm (Gómez-Mejía et al., 2007), would contribute to more focus on stakeholder interests (Miller & Le Breton-Miller, 2005). In addition, family firms often have a long-term vision compared to non-financial firms, so they may be less driven by short-term financial goals. In addition, a bad reputation for the company would also affect the family's reputation (Adams et al., 1996; Dyer & Whetten, 2006; Ward, 1987). Consistent with prior research of Parra-Domínguez et al. (2021), the findings of this study imply that family firms exhibit significantly less CSR decoupling. Additional analyses, which split CSR decoupling into greenwashing and brownwashing, also indicate significantly less greenwashing and brownwashing in family firms.

Second, there is no significant evidence suggesting that institutional void moderates the influence of family firms on CSR decoupling scores. Contrary to Tashman et al. (2019), which indicated higher CSR decoupling in countries with greater institutional void, this study did not find a direct effect of institutional void on CSR decoupling. One possible

explanation for the different results is that the sample of Tashman et al. (2019) predominantly features emerging market multinational enterprises (EM-MNEs), which are often characterized by higher levels of institutional void. However, additional analysis revealed that institutional void is associated with higher greenwashing scores. The initial expectation was that increased institutional void would lead to less regulation and weaker oversight, potentially causing companies to allocate fewer resources to CSR performance and creating more incentives for CSR decoupling. It is plausible that socioemotional wealth (SEW) is resilient enough to uphold the family firms' interests, even if institutional void allows decoupling performances.

Third, consistent with expectations, a significant negative moderating effect for power distance was found. This implies that the difference in CSR decoupling between family firms and non-family firms widens in countries with higher power distance. This may indicate reduced vulnerability of family firms to agency problems, where managers prioritize their own interests. Additionally, it could suggest that the stronger position of managers in family firms, responsible for preserving socioemotional wealth (SEW), prevents the firm from CSR decoupling. Additional analyses confirm these findings, revealing an enlarged gap in greenwashing and brownwashing between family and non-family businesses if power distance increases.

This study contributes to the existing research about corporate social responsibility and family firms. This study gives insights for both managerial practices and scientific understanding of CSR decoupling in family firms. It suggests that family firms' CSR decoupling is driven by socioemotional wealth preservation. Unlike non-family firms, family firms exhibit less CSR decoupling, implying that CSR strategies align with family interests. However, not all hypotheses received support from the results of the study. Specifically, there was no evidence found for the moderating role of institutional voids, nor in the additional analyses of greenwashing and brownwashing separately. Therefore, it could be argued that the processes of family firms in their CSR practices and disclosure do not significantly change based on whether the formal institutional setting of a country is stronger or weaker.

5.1. Theoretical Contribution to SEW

There has been a very little research on the issue of family ownership and greenwashing. Some research has been done in polluting industries (Berrone et al., 2010; Kim et al., 2017). Kim et al., (2017) examined the relation between top management team attention and proactive environmental actions of polluting industries. They found that top management team attention to proactive environmental actions in family firms is related to real proactive environmental actions, while in non-family firms increased top management team attention to environmental actions is related to less proactive environmental actions. This leads to the suggestion that family firms are less likely to engage in greenwashing and non-family firms have a higher propensity to greenwash. Berrone et al., (2010) shows that family-

controlled firms present better environmental performance than non-family firms. The family firms are polluting less than non-family firms to protect their SEW and about reputation and legitimacy where they operate. In line with these anecdotal evidences current findings support the authors argument that family firms want to preserve their SEW which leads to a lower propensity to greenwash, while non-family firms are dealing more with short-term financial aims making them more prone to greenwashing.

The study focuses on the SEW theory in line with family firms. SEW is the single most important feature of a family firm´s essence that separates it from other organizational forms. Family controlled mills were 3 times less likely to join a cooperative (a rather lucrative option) than the non-family controlled mills because doing so implied the loss of the family's SEW (Gomez-Meija et al., 2007). The SEW explains the behaviors in the decision making process (Berrone et al., 2012). So, I assume that family firms want to protect their SEW, while environmental decoupling can be a threat in the direction of SEW

The study provides very important insights on the intersection of ownership and culture. The cultural dimension of power distance exhibits consistent significant reinforcing effects in the analysis of CSR decoupling, greenwashing, and brownwashing. This means that family firms engage less in greenwashing and brownwashing compared to non-family firms as power distance increases. This is in line with many theoretical assertions of SEW. Conversely, the cultural dimensions of uncertainty avoidance and long-term orientation show a mitigating effect. In addition to providing more context on the influence of external factors such as formal and informal institutions on the effect of family firms on CSR decoupling, these findings also offer insights for managers and stakeholders. The findings suggest that managers and investors can have more confidence in the sincerity of CSR disclosures from family firms across different cultural settings. This confidence stems from the observed tendency of family firms to engage less in CSR decoupling, including practices like greenwashing and brownwashing, particularly as cultural dimensions such as power distance increase.

5.2. Limitations and Future Research

While this study provides valuable insights, it also recognizes several limitations which could direct future research. Firstly, this study used country-level variables such as institutional void and Hofstede's cultural dimensions to predict firm-level CSR decoupling faces several limitations. Accordingly, the limitations included the risk of ecological fallacy due to the challenge of generalizing national-level data to individual firms accurately. Furthermore, generalization assumes heterogeneity within countries, while there may be regional differences in country culture.

Secondly, it is important to note that this research relies on national culture linked to the ISIN code (International Securities Identification Number), which uniquely identifies a security in a specific country which sometimes losses the important sample firms. Furthermore, it is only the national level score. Future research could explore regional or firm-specific cultural characteristics, particularly in relation to CSR decoupling among

firms. Including the regional culture in which a firm operates could enhance the precision of research on CSR decoupling.

Thirdly, another limitation of this study is its use of the percentage of shares owned by a family as the measure for family firms. In contrast, some studies also investigate the participation of family members or their representatives in key positions within a company. This broader approach could offer greater insights into the extent of family influence within a firm and the influence of preserving socioemotional wealth on decision-making and operational strategies. Future research should incorporate indicators beyond share ownership, such as the role of family members in key positions, to enhance understanding of family influence on corporate governance and operations.

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