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Do Customers Value CSR Disclosure? Evidence from Italian Family and Non-Family Firms

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Abstract: CSR reporting is a relevant part of a firm's dialogue with stakeholders, therefore it is of interest to study whether this form of communication is an effective tool for gaining customers' support. This paper addresses this issue by comparing the effect of CSR disclosure on family and non-family firms' revenues. In doing so, we analyze a sample of Italian non-financial listed firms and we control for the effect of visibility to stakeholders, governance characteristics, risk, and several accounting variables. We find that CSR reporting has a significant effect on revenues when a company is characterized by consumer proximity, in terms of product or services visibility for consumers, but that the effect is positive for family firms and negative for non-family companies.

Keywords: CSR disclosure; family firms; consumers; visibility; socioemotional wealth; legitimacy; stakeholders

1. Introduction

The modern view of CSR claims that companies are socially responsible for the communities in which they operate [1,2]. There is a growing awareness of the importance of addressing economic, social, and environmental issues in a firm's strategy and literature has engaged in investigating the effect of CSR on building reputation [3–6], and in analyzing the effect of a firm's CSR commitment on its performance [7].

CSR has been interpreted as a firm's response to its stakeholders' expectations [8,9], which are central for corporate marketing. In the field of marketing, CSR is seen as a means of enhancing the support of a company's stakeholders in general and of customers in particular [10] by the use of CSR programs in corporate marketing and communication.

Literature has investigated consumers' responses to CSR [11,12], CSR practices and purchase intention [13], customers' different expectations for the different CSR dimensions [14], and the perceived relevance of CSR among marketing practitioners [15]. Studies have highlighted the need for research addressing the issues of communication strategies and media for engendering awareness of CSR practices and stimulating stakeholders' identification [10].

There is evidence that companies respond to stakeholder expectations by engaging in CSR disclosure in order to prove that they are socially and environmentally-responsible and that they behave consistently with their society's values [16]. Research has studied the choice of the reporting media used to communicate a firm's CSR behavior [17] and it has also analyzed the effect of public policy's, relevant groups', and stakeholders' pressure on a firm's CSR disclosure extent [4,18–26]. CSR reporting is a means for obtaining, maintaining, or repairing a firm's legitimation and gaining support from particular stakeholder groups [27]. Recent studies have investigated the effect of governance characteristics on CSR disclosure, focusing on family firms [28], and the effect of visibility and stakeholder pressure on their CSR reporting extent [29,30]. They have found significant differences between family and non-family firms, pointing out that family influence enhances a firm's CSR reporting commitment. All in all, literature suggests that customers expect a company to behave in a socially-responsible way and they positively respond to a firm's CSR activities. We know that CSR reporting is a tool for demonstrating that a company is fulfilling its stakeholders' expectations and that family and non-family firms use this type of reporting differently. To the best of our knowledge, no studies have yet analyzed whether CSR reporting is an effective tool for achieving customer support for a firm. We attempt to bridge this gap by focusing on the differences between family and non-family businesses. Family businesses are a leading and ubiquitous organizational form. They account for two-thirds of all companies around the world, they produce more than 70% of global GDP annually and they contribute to job creation all over the world, providing 50–80% of all employment [31]. Anderson et al. [32] find that 34% of the S&P 500 firms are family controlled. Given their role in economies all over the world, it is of interest to study the effectiveness of their CSR disclosure as marketing communication tool. The Italian setting is of particular interest for family firms' studies as 94% GDP is produced by private and listed family businesses [31], owning families are particularly committed to maintaining control of the firm [33] and, according to AIdAF (Associazione Italiana delle Aziende Familiari, Milan, Italy), about 60% of Italian Stock Exchange is made of family companies [34]. Beretta, Alessi, and Fiat are some examples of historical well-known Italian family firms that actively engage in CSR disclosure [28]. We study a sample of 210 Italian non-financial listed companies for the period 2006–2015, analyzing the effect of their CSR reporting extent on revenues. We also control for several governance characteristics and accounting variables.

Overall, our findings indicate that CSR communication by means of annual reporting is more effective for family firms and that it depends on consumers' proximity to the business.

This study contributes to literature in different ways. It contributes to family firms' literature by addressing an unexplored issue, i.e., the effect of CSR disclosure on family firms' stakeholders. It contributes to the field of study grounded on the socioemotional wealth perspective, as it provides empirical evidence on the SEW effect on consumers' trust on a firm's self-provided CSR information. Finally, it contributes to the field of literature that studies the relation between CSR and marketing, analyzing the effect of a formal and systematic type of CSR communication on sales.

The remainder of the paper is organized as follows: Section 2 provides the theoretical background, literary review, and hypothesis development; Section 3 describes the methodology and data; Section 4 reports and discusses the empirical findings; Section 5 concludes, underlines the study's limitations and implications for practice, and also indicates some suggestions for future research.

2. Theoretical Framework, Literary Review, and Hypotheses Development

2.1. Legitimacy, Stakeholder Theory, and Socioemotional Wealth

Legitimacy and stakeholder theory are the most popular frameworks used to study a firm's socially and environmentally-responsible behavior. According to Suchman ([35], p. 574), "legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed systems of norms, values, beliefs, and definitions" and a firm may obtain and maintain legitimacy by behaving in compliance with society's values and beliefs [36]. Legitimacy is a perspective of institutional theory, which claims that companies behave in order to achieve external validation for their actions and legitimacy [37]; they are allowed to carry out their operations by a social contract, and they have to demonstrate that they behave according to society's norms to keep the contract alive and continue to operate [38].

Stakeholder theory highlights that society is made up of different groups of individuals who differ in terms of expectations and influence on a company's behavior [39]. These groups are characterized by their different legitimacy in claiming a stake, power in terms of capacity to produce an effect and urgency intended as the degree to which their claim requires immediate attention [40]. The combination of these characteristics shapes stakeholders' salience and a firm's need to meet their expectations. Stakeholders will accord legitimacy to an organization as long as they perceive that they will benefit from its activities [41]. When a firm is not perceived as legitimate, customers can refuse to purchase its products, shareholders might withdraw their financial support; media and social activist groups may engage in negative campaigns; and local communities may not grant permission to carry out the activities there, so a company has to maintain its legitimacy in order to survive [22].

Family companies have a different perception of stakeholders' legitimacy, power, and urgency than non-family firms [42] because of the strict interaction between the family and the business shaping a family firm's objectives and behavior. Family firms are known to pursue not only financial but also non-financial goals, which has been traced, by quite recent literature, to the socioemotional wealth (SEW) construct [43,44]. The SEW approach has been developed by drawing on behavioral agency theory, which combines elements of prospect theory, behavioral theory, and agency theory. The socioemotional wealth concept refers to the stock of affective endowments, which the owning family has through its control of the business; the preservation of these emotional values is the reference point for family firms' behavior and affects their concern for stakeholders' expectations [44]. These emotional values are related to: the influence the family exerts on the business, the sense of identification between the family and the firm (that is perceived as an extension of the family itself), the social ties that the family builds by means of the business, emotional attachment between family members who operate in the company, and the renewal of family bonds to the business by passing on the firm to future generations [44]. The preservation of these dimensions makes family firms more attentive to their stakeholders' needs and expectations, of the relationship with internal and external stakeholders [45,46], of the sustainability of their operations [47], and of reputation compared to their non-family counterparts [9,48]. Family members' identification with the firm and their influence on the business shape family firms' reputation management, resulting in a better reputation than non-family companies, as international evidence suggests [49].

2.2. CSR and Marketing

Bronn and Vrioni ([50], p. 207) describe the relationship between corporate marketing and CSR as a "communications tool for increasing customer loyalty and building reputation" because CSR can increase stakeholder support for the organization [10].

Hart [51] has pointed out that environmental social responsibility may provide a firm with a sustained competitive advantage as social and environmental needs provide a firm with a great repositioning opportunity by creating shared value [52]. Consistently, there is evidence of a significant relationship between environmental and financial performance [53] and between the principles of green marketing and a business' overall competitiveness [54]. McWilliams et al. [55] highlight the strategic implications of CSR. It is not directly linked to the characteristics of the product but, given the beneficial effects on a firm's stakeholders, it is an effective tool for improving a firm's reputation. In accordance with Fombrun, [56] reputation is a strategic asset that produces tangible benefits and, among them, premium prices for products. Consumers rely on a firm's reputation when they have to value a product of which they have little information [57]. Investors perceive the decision to engage in CSR as an indicator of a future increase in financial performance as consumers tend to support companies' socially-responsible practices and, at the same price and product quality, they prefer to buy a product from a socially-responsible business [58]. On the other hand, empirical findings [59] do not reveal a significant relationship between CSR practices and the reputation index as the index also depends on a firm's financial performance [3].

Lii et al. [60] find that the relationship between CSR initiatives and consumer evaluation depends on a consumer perception of the focal brand's social and spatial distance as psychological distance, in terms of a lack of connections between a consumer and a firm [61], and moderates the effect of CSR actions. They find that CSR initiatives have a stronger effect on consumers' attitudes towards a brand and perceived credibility of a marketing campaign when consumers perceive that a firm shares similar values and that the initiative is located close to the consumers' country.

Literature has pointed out a positive relationship between ethics and consumer choices [62], and there is evidence that consumers' attitudes differ in relation to a retailer's type of CRM action [63].

Literature suggests that consumers' expectations about a firm's ethical behavior affects the extent to which they punish or reward a company [64] and to which they support a company's socially-responsible behavior [65]. There is evidence that they are particularly concerned with a company's attitude towards employees, the community in which it operates, and ethical and environmental issues [66]. Stakeholders are concerned not only about matters that directly harm their own interests: for example, consumers are interested in product quality but also about child labor [10]. As a matter of fact, consumers are stakeholders in different ways: on the one hand they have an interest in a product's characteristics in terms of quality and safety, on the other they are members of society; as citizens, they are concerned for a firm's socially and environmentally-responsible behavior and they may purchase or refuse to purchase for social and environmental reasons [67]. CSR influences consumers' satisfaction because it enhances the firm–consumer identification [68] and, through this, consumers' willingness to support a company [69]. Literature reports studies that demonstrate that when consumers buy or recommend a product, they are led more by their perception of the firm than of the product [70].

According to Podnar ([65], p. 75), CSR communication is "a process of anticipating stakeholders' expectations, articulation of CSR policy and managing of different organization communication tools designed to provide true and transparent information about a company's or a brand's integration of its business operations, social and environmental concerns, and interactions with stakeholders".

2.3. CSR Communication by CSR Reporting

Stakeholders' engagement, public relations, and communication are fundamental tools for gaining or maintaining a company's legitimation for continuing its operations [71].

"Legitimacy management rests heavily on communication" [35] and a growing number of firms engage in communicating CSR information in order to shape or change the perception of their legitimacy [72]. Conversely, there is evidence that CSR information disseminated by means of a firm's sources may raise skepticism [73] because individuals are less prone to rely on self-interest than on neutral sources [74], but direct communication is the only means for a company to control its CSR behavior information [75]. There is also evidence that the effectiveness of CSR communication depends on a firm's reputation: a good reputation amplifies the positive returns of CSR information whilst a bad reputation results in the opposite effect [74]. A firm's dialogue with stakeholders may take different forms and CSR reporting is a tool through which a company informs them of its good behavior [76,77]. There is evidence of a growing social and environmental concern amongst investors [78], and of a positive relation between CSR disclosure and a firm's value [79], so companies increase their engagement in CSR reporting when they are facing new equity issues [80]. The degree of a company's commitment to CSR disclosure is perceived as an indicator of the importance the firm attaches to the societal and environmental implications of its operations [81]. So, through CSR disclosure, firms can demonstrate that they have the legitimacy to operate and that they behave as "good corporate citizens" [16]. Furthermore, there is evidence of a relationship between a firm's reputation and its CSR disclosure behavior [82]. A firm's engagement in CSR disclosure depends on its own characteristics, in terms of size or media exposure, as they cause a broader scrutiny [23,83,84], and on its industry's peculiarities in terms of consumer proximities or potential environmental impact, as these characteristics enhance stakeholders' pressure [22].

2.4. Hypotheses

Communication is a firm's fundamental tool to gain legitimacy, and society positively values firms that engage in reporting their CSR behavior [85]. This type of CSR communication is an effective strategy for shaping the perception of a firm's legitimacy [37]; providing valuable information on social and environmental commitment consolidates a company's reputation and enhances stakeholders' trust [86]. A firm's ethical image is a relevant issue for consumers in valuing a product [55], and a company's CSR behavior influences their purchasing intent [87]. Customers are stakeholders from two points of view: on the one hand as users of the company's products and, on the other, as members of society, they are indirectly affected by the social and environmental effects of a firm's operations [10]. Therefore, a systematic communication by means of annual CSR reports should consolidate their trust in the company with positive effects on a firm's revenues.

Hypothesis (H1). *CSR reporting has a positive effect on revenues.*

A firm's CSR activities positively affect consumers' behavior. However, empirical studies point out that some consumers may be skeptical about a company' social and environmental behavior as they think that it is self-interest led [88]. There is also evidence that consumers' confidence in a firm's CSR engagement depends on the information source. A firm's CSR report is a non-neutral source and some consumers may be skeptical about its content [71]. A firm's reputation has a strong moderating effect on consumers' skepticism and a good reputation enhances the positive effect of CSR information self-provided by a company [74,89].

Family firms behave in order to preserve their socioemotional wealth. In so doing, they operate to avoid damaging the firm's image, given the strong identification between the owning family and the company. So, they behave in order to meet the expectations of their various stakeholders. There is evidence that they take care of employees' welfare [90,91], also providing more stable employment [92] and, in turn, they receive strong support from their internal stakeholders [93]. They engage in environmental preservation [45], are highly committed to philanthropic activities in the community at large [94], and are more prone to use proactive stakeholders' engagement [46]. Moreover, there is evidence that the preservation of SEW results in a better quality of mandatory financial information [95] and that family firms' financial reports present a lower level of abnormal discretionary accruals than non-family firms' reports [96,97]. This behavior results in a better reputation: Deephouse and Jaskiewicz [49], analyzing a sample of large firms from eight different countries and cultures, find a significant relationship between family ownership and a firm's reputation. For these reasons, we argue that family firms' reputation should enhance consumers' trust in family firms' CSR reporting, resulting in a better effect of this type of communication on revenues for family than non-family companies.

Hypothesis (H2). *CSR disclosure has a better effect on consumers' behavior of family than non-family firms.*

3. Data and Methods

3.1. Data

Our sample comprises all the firms listed on the Italian Stock Exchange. After excluding financial and state-controlled firms given their regulatory peculiarities, the final sample is represented by an unbalanced panel of 210 firms with data available for the period 2006–2015. Financial and accounting data were collected from AIDA (Italian Digital Database of Companies), a database of Bureau van Dijk. Ownership data was hand-collected with the information available in AIDA and the CONSOB databases. Social responsibility disclosure information was hand-collected by sustainability reports for each firm/year in the sample period using a content analysis based on a grid of 93 items consistent with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. We assigned a value of 1 if an item (k) was disclosed (dk, i, t = 1) and 0 otherwise. For each year, a firm has a disclosure index (SUSi, t) that ranges from 0 to 1, calculated as SUSi, t = Σdk, i, t/N, where N is the maximum number of items relevant for firm i, thus excluding the items not relevant for each firm. In order to ensure the reliability of the analysis, we adopted the following procedure. To avoid the problem of failing to analyze an issue, the first and the third authors, separately, performed a content analysis for the whole sample. Then the second author reviewed the process to assure the evaluation's consistency.

Consistently with prior research, to verify the robustness of our results, we use two different definitions of family firm, the first one is based solely on ownership, the second one takes into account joint ownership and the presence of family members on the board of directors [98–101]. With the first approach, we define a family firm as one where a family has direct or indirect control, owning a minimum of 20% of common shares (family_1). The alternative approach is to define a family firm as one where a family has direct or indirect control, owning a minimum of 20% of common shares and at least a family member sits on the board of directors (family_2). To analyze the relationship between revenues and CSR disclosure, we take into account advertising costs and a number of control variables which may correlate with revenues and the extent of disclosure: visibility, size, leverage, risk, board dimension, consumer proximity, environment sensitivity, and presence of the founder, presence of family members on the board or a family CEO [19,22,102–106]. The dependent variable, RV, is measured as the ratio of revenues to total assets. We use the ratio of services costs to total assets in order to take into account advertising costs. We measure visibility as the log of the number of articles with the firm's name that appeared in the Italian financial newspaper "Il Sole 24 Ore" for each year of the sample period [4,107]. Size may be proxied by different measures that may lead to different results [108]. Literature suggests total assets as a proxy for a company's visibility in terms of environmental and social impact [24], therefore we chose to measure size by the log of total assets [4,9,22,109,110]. Leverage is measured by the book value of financial debt-to-equity ratio [9,22,83]. Risk is proxied by the industry beta estimated with market data in the previous three years. Board dimension is the log of the number of directors on the board. Consumer proximity is a binary variable assuming value 1 for firms well known to the public as a consumer of its products and services [22]. The firms in the telecommunications, textiles and apparel, household and personal products, food and beverages, drug retailers, electricity, gas distribution, and water utilities sectors assume a value of 1. Environmental sensitivity is a binary variable equal to 1 for firms which have a significant impact on the environment [22,111]. The firms in the mining, oil and gas, chemical, steel, construction, gas and water, electricity, and paper sectors assume a value of 1. Founder is a dummy equal to 1 if the founder is present in the firm's management [43]. Involvement of the family in the business may affect CSR disclosure [9,43,90,94,112]. To control for this involvement, we use two variables. Fmulti is the number of family members that sit on the board. A dummy variable, family CEO, takes value 1 if the CEO is a family member and 0 otherwise. In Appendix A, we present a detailed description of each variable used in this paper.

3.2. Methods

To verify the hypotheses, we use a panel approach. This is the most suitable technique given the longitudinal structure of the database. To detect the presence of multicollinearity problems, we calculated the variance inflation factors (VIFs) for each variable. However, all VIFs, not tabulated, are well below the critical threshold of 10, reducing multicollinearity concerns in the panel regression models. The impact of disclosure can be potentially determined by other firm's characteristics that have a simultaneous effect on revenues. This endogeneity problem may be the result of reverse causalities or omitted variables. Using revenue as a proxy for consumer support may cause an endogeneity problem, as there is evidence that a firm's size significantly affects CSR disclosure [22], so we used revenues scaled by total assets. Empirical literature provides several methods to deal with endogeneity issues [113]. As a first approach to this problem, we resorted to legged variables: and estimated a panel OLS model where the disclosure variable is given by past CSR reporting (SUSt-1) and advertising costs are proxied by past service costs (Servicest-1), moreover we controlled for year and industry fixed effects. The second approach was to use a GMM estimation with contemporary dependent and independent variables and considering past independent variables and specifically CSR reporting as reliable instruments [114,115].

$$\begin{aligned} RV &= \alpha_0 + \beta_1 * SUS + \beta_2 * \text{Visibility} + \beta_3 * \text{Cons. Proximity} + \beta_4 * \text{Environ. Sensitivity} \\ &+ \beta_5 * \text{Services} + \beta_{6-7}(\text{SUS interactions}) + \beta_{8-9} * (family\text{ influence}) + \Phi(\text{Control variables}) \end{aligned} \tag{1}$$

where

- SUS interactions: SUS*Consumer Proximity, SUS*Environmental Sensitivity

- Family influence: Fmulti, Family CEO
- Control variables: Size, Leverage, Beta, Consumer Proximity, Environmental Sensitivity, Board Dimension, Founder, D_{year} for each year in the sample period.

4. Discussion

4.1. Results

In Table 1, we provide the descriptive statistics for the variables considered in this study, and analyze the mean difference between family and non-family firms. The results are relative to the first definition of family firms, based solely on ownership, but the results, unreported, are qualitatively the same using the second definition based on ownership and board participation. Listed family firms in our sample exhibit greater revenue to asset ratios, greater size as measured by the log of assets and better visibility, as proxied by the log of articles in the financial press than non-family firms. Further, we find that family firms, on average, have bigger boards than non-family firms, and they also have higher cost of service ratios than non-family firms. The results indicate that the distribution on family and non-family firms in the consumer proxy and environmental sensible industries is significantly different. No significant differences are observed between family and non-family firms with respect to level of CSR disclosure, leverage, and risk. Family members serve as chief executive officer in more than half of the family firms.

Table 1. Descriptive statistics and mean differences between family and non-family firms

	Family	**Non-Family**	**t**
	Mean (Std)	**Mean (Std)**	
RV	0.768 (0.480)	0.629 (0.515)	−6.10 ***
SUS	0.573 (0.297)	0.541 (0.257)	−0.79
Visibility	1.265 (1.413)	0.803 (1.247)	−8.36 ***
Size	12.690 (1.847)	11.886 (2.033)	−9.07 ***
Leverage	1.520 (3.73)	1.093 (2.998)	−1.07
Beta	0.812 (0.208)	0.817 (0.2557)	0.49
Board Dimension	2.226 (0.415)	2.119 (0.434)	−6.05 ***
Services	0.231 (0.154)	0.206 (0.173)	−2.88 ***
Consumer Proximity	0.386	0.210 (0.408)	−9.33 ***
Environmental Sensitivity	0.368	0.425 (0.425)	2.78 ***
Founder	0.538	0.412	−5.89 ***
Family Members on Board	2.339 (1.450)	-	
Family CEO	0.589	-	

*** Represent significance at 0.01 level.

Table 2 presents the results of the correlation analysis. Overall, these results taken together with the variance inflation factors, not tabulated, suggest that multicollinearity will not be a major concern in the following regression analysis.

Table 2. Pairwise correlations

	SUS	**Vis.**	**Size**	**Lev**	**Beta**	**BD**	**CP**	**ES**	**Found.**	**Services**	**FMB**	**FCeo**
RV	**−0.080**	**−0.083**	**−0.163**	0.005	−0.021	**−0.162**	**0.214**	**−0.092**	**0.117**	**0.351**	**0.161**	**0.143**
SUS		**0.390**	**0.319**	−0.020	−0.035	**0.243**	−0.027	−0.002	**−0.090**	**0.065**	**0.044**	**0.047**
Visibility			**0.591**	−0.017	−0.024	**0.406**	**0.045**	**−0.142**	**−0.228**	**0.020**	**0.081**	**0.043**
Size				−0.022	**−0.055**	**0.514**	0.002	−0.010	**−0.248**	**−0.233**	**0.156**	**0.079**
Leverage					−0.023	**−0.045**	0.033	−0.004	0.011	−0.016	−0.006	0.013
Beta						**−0.133**	**−0.121**	**−0.443**	**0.187**	**0.056**	−0.030	−0.013
Board Dimension							**−0.120**	**0.116**	**−0.143**	−0.029	**0.121**	**0.060**
Cons. Proximity								**−0.276**	−0.041	**0.155**	**0.094**	**0.092**
Environ. Sens.									**0.046**	**−0.082**	−0.025	−0.047
Founder										**0.078**	**0.132**	**0.164**
Services											**0.067**	**0.015**
F Memb. on Board												**0.679**

Bold represents significance at a 0.05 level.

Table 3 shows the results of the panel OLS regressions. We present separately the results for family and non-family firms samples using two different models with and without interaction terms between CSR disclosure on the one hand, and consumer proximity or environmental sensitivity on the other. A third model takes into account for family firms the effect of family involvement in management through the presence of multiple family members on the board and a family CEO. As we can see comparing the results in Panel A and Panel B, the findings are robust with respect to the different definitions of family firms. We observe that CSR reporting is unrelated to revenues, but the sign of the coefficient is different for family and non-family firms. However, when we add the interaction effects in the third model, we find that the level of disclosure in family firms has a positive effect on revenues, and this effect is significant only for the firms closer to the consumers, while it is insignificant for firms in environmentally sensitive industries.

Table 3. Panel OLS regressions

Panel A: Family_1	**Model 1**		**Model 2**		**Model 3**
	Family	**Non-Family**	**Family**	**Non-Family**	**Family**
Interc.	0.710 ***	0.460 **	0.658 ***	0.457 **	0.605 ***
SUS $_{t-1}$	0.059	−0.015	−0.134	0.033	−0.101
Visibility	0.006	−0.029	0.006	−0.028	0.027
Size	0.034 ***	0.013	0.036 ***	0.013	0.026 **
Leverage	−0.000	−0.000	0.000	−0.000	0.001
Beta	−0.024	−0.008	0.013	−0.006	0.028
Board Dimension	−0.261 ***	−0.127 **	−0.256 ***	−0.130 **	−0.272 ***
Cons. Proximity	0.044	0.297 ***	0.014	0.316 ***	0.050
Environ. Sens.	−0.084 **	0.203 ***	−0.072	0.199 ***	−0.035
Founder	0.022	0.180 ***	−0.001	0.194 ***	−0.021
Services $_{t-1}$	1.205 ***	1.111 ***	1.248 ***	1.107 ***	1.229 ***
Fmulti					0.054 ***
Family CEO					0.020
Cons. Prox*SUS			0.708 ***	−0.390	0.661 ***
Eviron.*SUS			0.012	0.189	−0.089
year	yes	yes	yes	yes	yes
R2	0.24	0.32	0.25	0.32	0.29
OBS	770	465	770	465	770
Panel B: Family_2	**Model 1**		**Model 2**		**Model 3**
	Family	**Non-Family**	**Family**	**Non-Family**	**Family**
Interc.	0.939 ***	0.314	0.888 ***	0.320	0.770 ***
SUS $_{t-1}$	0.035	0.015	−0.187	0.072	−0.147
Visibility	0.010	−0.030 **	0.011	−0.029	0.033 **
Size	0.030 **	0.015	0.032 ***	0.015	0.026 **
Leverage	0.002	−0.000	0.003	−0.000	0.003 **
Beta	−0.076	0.013	−0.035	0.021	−0.030
Board Dimension	−0.296 ***	−0.093	−0.293 ***	−0.096	−0.310 ***
Cons. Proximity	0.001	0.334 ***	−0.036	0.357 ***	0.008
Environ. Sens.	−0.098 **	0.174 ***	−0.084 **	0.173 ***	−0.065
Founder	−0.014	0.204 ***	−0.043	0.217 ***	−0.031
Services $_{t-1}$	1.118 ***	1.195 ***	1.166 ***	1.193 ***	1.155 ***
Fmulti					0.055 ***
Family CEO					0.006
Cons. Prox*SUS			0.802 ***	−0.483 **	0.738 ***
Eviron.*SUS			0.034	0.215	−0.017
year	yes	yes	yes	yes	yes
R2	0.23	0.35	0.25	0.35	0.27
OBS	707	528	707	528	707

, * Represent significance at 0.05 and 0.01 levels, respectively.

The GMM findings, reported in Table 4, show the impact of CSR disclosure on revenues, assuming that disclosure is endogenously determined. These results confirm our previous findings suggesting a positive effect of CSR disclosure only for family firms operating in industries close to the consumers.

Table 4. GMM regression results. The models are the same shown in Table 3.

Panel A: Family_1	Model 1		Model 2		Model 3
	Family	**Non-Family**	**Family**	**Non-Family**	**Family**
Interc.	0.780 **	−0.112	0.714 **	−0.376	0.518 ***
SUS	0.107	−0.242 **	−0.062	0.019	−0.025
Visibility	−0.008	−0.045	−0.009	−0.036	0.005
Size	0.039	0.044 **	0.042	0.045 **	0.039 **
Leverage	−0.008	0.010	−0.006	0.018	0.001
Beta	−0.088	0.224 **	−0.055	0.293 ***	−0.019
Board Dimension	−0.291 ***	−0.125	−0.280 ***	−0.050	−0.287 ***
Cons. Proximity	0.056	0.346 ***	0.019	0.356 ***	0.050
Environ. Sens.	−0.116 ***	0.159 **	−0.111 **	0.202 ***	−0.068
Founder	0.021	0.100	−0.001	0.081	−0.025
Services	1.246 ***	1.005 ***	1.290 ***	1.092 ***	1.315 ***
Fmulti					0.054 ***
Family CEO					0.035
Cons. Prox*SUS			0.654 ***	0.047	0.623 ***
Eviron.*SUS			−0.000	−0.526 **	−0.120
year	yes	yes	yes	yes	yes
R2	0.19	0.18	0.21	0.18	0.28
OBS	700	453	700	453	700
Panel B: Family_2	**Model 1**		**Model 2**		**Model 3**
	Family	**Non-Family**	**Family**	**Non-Family**	**Family**
Interc.	0.849 ***	−0.250	0.801 ***	−0.444	0.630 ***
SUS	0.100	−0.236 **	−0.113	0.032	−0.064
Visibility	−0.011	−0.051 ***	−0.009	−0.047 **	0.014
Size	0.044 **	0.046 ***	0.046 ***	0.051 ***	0.041 ***
Leverage	0.002	0.010	0.004	0.012	0.004 ***
Beta	−0.130	0.217 **	−0.097	0.295 **	−0.084
Board Dimension	−0.322 ***	−0.091	−0.314 ***	−0.051	−0.328 ***
Cons. Proximity	0.008	0.382 ***	−0.040	0.404 ***	0.015
Environ. Sens.	−0.131 ***	0.145 ***	−0.126 ***	0.200 ***	−0.100 **
Founder	−0.010	0.131 **	−0.038	0.108 **	−0.029
Services	1.232 ***	1.123 ***	1.273 ***	1.190 ***	1.244 ***
Fmulti					0.060 ***
Family CEO					0.029
Cons. Prox*SUS			0.772 ***	−0.028	0.682 ***
Environ.*SUS			0.027	−0.521 **	−0.051
year	Yes	Yes	yes	yes	yes
R2	0.23	0.16	0.25	0.16	0.28
OBS	642	511	642	511	642

, * Represent significance at 0.05 and 0.01 levels, respectively.

4.2. Discussion

These results show that CSR reporting does not have a significant effect on revenues for any type of business and they support only partially H1. CSR reporting has a significant effect on revenues only when the business is a high-profile company, i.e., characterized by proximity to consumers in terms of industry affiliation, such as household goods, beverages, textiles and apparel, etc. There is evidence that these firms are more likely to emphasize social issues, like community involvement [116], that affect consumers as members of society. Moreover, when a firm is closer to the individual consumer, it is more likely to be known to the general public, has a higher social visibility, its CSR communication by formal reporting is likely to have more resonance and, consequently, it might have a bigger impact on a firm's revenue. Conversely, CSR reporting does not affect revenues in firms operating in industries with a stronger potential impact on the environment, even when they are family controlled. It is unlikely to be due to a low consumer concern for environmental issues and interest for related information, but is more likely to be ascribable to consumers' lack of ability to rely on this information or to the limited amount of the information provided by these firms. On the one hand, literature provides mixed results on whether voluntary environmental disclosures and environmental performance are positively correlated, and consumers may provide a neutral response because they cannot distinguish greenwashing from substantive action [117]. On the other hand, previous research does not find a significant relationship between an industry's environmental sensitivity and extent of environmental disclosure [22], that is that these firms do not provide more information than firms belonging to non-environmentally sensitive industries in order to moderate stakeholders' environmental concerns. More recent literature confirms these findings and also indicates that family firms operating in environmentally-sensitive industries provide a lower CSR disclosure extent [29]. Therefore, CSR reporting, in this case, is not likely to provide enough information to influence consumers' behavior.

Our findings show that CSR reporting presents opposing effects on revenues for family and non-family firms in the case of firms affiliated to industries operating in sectors close to the consumers. Family companies' engagement in CSR disclosure results in significantly higher revenues, confirming H1, whilst for non-family businesses, it has a lowering effect. According to Yoon et al. [74], this finding suggests that consumers are prone to trust in family firms' self-provided information on their CSR commitment, but, in the case of a non-family business, consumers are skeptical about non-neutral communication. These findings have seen two relevant contributions. On the one hand, they indicate that consumers, unlike what was previously suggested in literature [118], nowadays do not rely often only on newspapers and television but are also interested in a firm's CSR disclosure activity. As a matter of fact, the absence of a significant positive effect of media exposure on revenues lets us argue that CSR disclosure exerts a direct positive effect on consumers' behavior and not an indirect effect via increased media communication stimulated by a firm's social and environmental reporting. On the other hand, our results complement the findings of very recent study [119] on the effect of CSR disclosure on a firm's market valuation, which point outs that investors are positively influenced by CSR information provided by family firms, whilst the effect is reversed for non-family businesses. Taken together, these studies lead us to argue that stakeholders, and not only particular groups of them, are prone to trust in family firms' CSR communication, despite literature suggesting that firms that display their ethical and social commitment most are more likely to be critically observed by stakeholders [120]. Family firms' social and environmental reporting emphasizes different CSR topics [28], thus meeting the interests of a number of stakeholders. According to Bronn and Vrioni [50], companies that are going to pursue customer relationship management have to take into account the level of consumers' skepticism. So, CSR disclosure is a double-edged tool which, in the case of family businesses, has positive effects because it is part of a particular system of activities and relations with stakeholders that moderate their skepticism. This system involves internal as well as external stakeholders. Family firms are less likely to lay off staff and to hire when performance is at risk [92], they provide "care oriented" contracts to employees [91] and are more careful about their life quality [90]. There is evidence that family firms are less likely to undertake socially and environmentally harmful actions [9,121], and are more engaged in environmentally-friendly policies than non-family companies [45]. Being more rooted in their communities, they are more prone to address social problems [46] and they are strongly involved in philanthropic activities [94]. These activities and relations are related to the preservation of family members' socioemotional wealth. Family firms are concerned with stakeholders' support because a legitimacy gap would put the family's control and influence on the company at risk, meaning that family members might lose the emotional returns they derive from the business. They are particularly concerned with a firm's image as this is strictly linked to that of the family—therefore, family firms behave in order to preserve all their partners' trust, they develop strict relations with suppliers, employees, financiers, and customers as these bonds are a source of emotional return itself [44]. Family firms develops strong links with the community in which they operate in order to achieve or consolidate a relevant social status for the owning family. These relations are long-term oriented because family control on the business will be renewed through future generations. In so doing, family firms pursue and achieve a better corporate reputation [49], giving credibility to their self-provided information. Reputation shapes the effectiveness of social and environmental reporting, because it is the lens through which stakeholders analyze and evaluate firms' CSR activities [75].

5. Conclusions

This exploratory study analyzes consumers' response, measured in terms of revenues, to a firm's extent of CSR reporting by focusing on an Italian sample of family and non-family firms and on the differences between the two. We find that the effect of CSR disclosure depends on a firm's industry affiliation as we find a significant effect only for companies characterized by consumer proximity. Moreover, the effect depends on ownership type: it is positive for family firms and negative for non-family companies. These findings have relevant implications for corporate marketing as they indicate that CSR reporting—a costly communication tool—is not effective for all industries and it may be double-edged. According to literature, family firms are more engaged in activities beneficial for their stakeholders and for society at large. These determine a company's reputation among consumers that are stakeholders being customers as well as members of society. The evidence that the effect is positive for family firms, leads us to argue that CSR reporting is effective if it is part of a more complex dialogue with a firm's constituencies. These results have relevant implications for non-family firms as they point out the need to invest in activities beneficial for stakeholders which support the reliability of this signal. They also indicate that CSR disclosure may be an effective marketing tool for family firms that produce goods and services for final consumers. Further literature could investigate which activities, used to proactively engage stakeholders, best make CSR reporting effective. This research presents some limitations. The first is that, in focusing on the differences between family and non-family firms, we did not analyze the effect of a number of characteristics which may generate heterogeneity in family firms, therefore further research could explore, in depth, the differences between family firms. The second limitation relates to our sample, which is single country focused; it could be of interest to address this issue in an international setting in order to also take into account the effect of different cultures and regulations. During the period under study, pending directive 2014/95/EU, which requires companies to prepare a non-financial statement on a wide range of social and environmental issues, had not entered into force as well as the legislative decree 2016/254 that regulates its implementation in Italy. Therefore, our results show customers' perceptions of voluntary non-financial disclosure extent. Future research could verify if a change in regulation, from voluntary to mandatory, modifies consumers' response to a firm's extent of CSR reporting.

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Appendix A

Variable	Definition
RV	The ratio of revenues to total assets
SUS	Value of the social responsibility disclosure index calculated as SUSi, t = Σdk,i,t/N, where N is the maximum number of items relevant for firm i, thus excluding the items not relevant for each firm
Services	The ratio of services costs to total assets
Visibility	The natural logarithm of the yearly number of articles in the financial newspaper "Il Sole 24 Ore" with the firm's name
Size	The natural logarithm of total assets
Leverage	Book value of interest bearing debt to equity
Beta	A proxy for industry risk estimated with market data in the past three years
Board dimension	The natural logarithm of the number of directors on the board
Consumer Proximity	A dummy variable = 1 for firms well known to the public as a consumer of its products and services (telecommunications, textiles and apparel, household and personal products, food and beverages, drug retailers, electricity, gas distribution and water utilities) and 0 otherwise
Environmental Sensitivity	A dummy variable = 1 for firms which have a significant impact on the environment (mining, oil and gas, chemical, steel, construction, gas and water, electricity, paper) and 0 otherwise
Founder	A dummy variable = 1 if the founder is present in the firm's management and 0 otherwise
Fmulti	The number of family members that sit on the board
Family CEO	A dummy variable = 1 if the CEO is a family member and 0 otherwise

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