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Sustainability reporting in family versus non-family firms: the role of the richest European families

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Abstract

The purpose of this study is to compare the sustainability reporting practices of family firms with those of their non-family counterparts and to examine the role of social visibility and reputation. The empirical analysis relies on the 84 firms controlled by one of the European billionaires listed in the Forbes' 2015 World's Billionaires Ranking. After controlling for several variables, our findings are consistent with the argument that family firms attach greater importance to sustainability reporting. However, we do not find evidence that within the family firms' arena those with greatest exposure to reputational damage attribute greater importance to sustainability reporting. We do however find evidence that within firms that attach lower prominence to sustainability issues, family firms, especially those controlled by billionaires, are less likely to present detailed sustainability information in their websites, via autonomous sustainability reports.

Key words: Sustainability Reporting, Family firms, Forbes, World's Billionaires Ranking.

1. Introduction

Corporate social responsibility (CSR) is inextricably linked to the impacts the companies' activities have on society. It implies that they consider "the impact of their actions on stakeholders in society, while simultaneously contributing to global sustainability" (Sarkar and Searcy 2016, p. 1433). Whilst defining it as companies' responsibility for their impacts on society, the European Commission (2011) acknowledges the disclosure of non-financial information sustainability reporting, as an important cross-cutting issue. The recent requirement of publication of information pertaining to, namely, environmental, social and employee issues, respect for human rights, anti-corruption and bribery matters, by major European entities, is a testimony of the importance of CSR reporting (Montecchia et al. 2016). This information is nowadays mostly disclosed through sustainability reporting, whether it would be by the way of websites, annual reports, or autonomous reports (ibid.).

Although there is a burgeoning stream of research on CSR in a family firm setting (e.g. Aoi et al. 2015; Bingham et al. 2011; Bergamaschia et al. 2016; Berrone et al. 2010; Block and Wagner 2014a, 2014b; Cennamo et al. 2012; Cui et al. 2016; Déniz and Suárez 2005; El Ghoul et al. 2016; Lamb and Butler 2016; Hirigoyen and Poulain-Rehm 2014; Labelle et al. 2016; Liu et al. 2017; Marques et al. 2014; Martínez-Ferrero et al. 2016; Uhlaner et al. 2004; Van Gils et al. 2014; Yu et al. 2015; Zientara 2016), the topic of sustainability reporting in such a setting has been under-researched. As far as the authors are aware, only a little over a handful of studies on sustainability reporting focusing on family firms has been published (Campopiano and De Massis 2015; Cuadrado-Ballesteros et al. 2015; Gavana et al. 2017; Iyer and Lulseged 2013; Nekhili et al. 2017). Such scarcity can indeed be considered as surprising in view of the ubiquity of these firms and their fundamental role in

economies worldwide (Campopiano and De Massis 2015). These studies are all very recent and, with the exception of Cuadrado-Ballesteros et al. (2015), they have been conducted on a single-country setting. What is more, these studies focus on the comparison between family firms' sustainability reporting with such reporting by their non-family counterparts. There is a noteworthy scarcity of evidence regarding sustainability reporting within the family business arena. Gavana et al. (2017), who examined the impact of the visibility of the firm on sustainability reporting, is the only of these studies exploring this latter issue. In this study, we examine whether the visibility of the family, rather than that the firm, is a factor influencing sustainability reporting by family firms.

In the wake of Campopiano and De Massis (2015), one can distinguish two categories of empirical studies on sustainability reporting focusing on family firms: the first is based on samples exclusively composed of family firms; the second uses mixed samples of family and non-family firms and compare sustainability reporting between both types of firms. The purpose of this study is to contribute to this literature on sustainability reporting by family firms by comparing such reporting by family firms with that of non-family firms. In addition, in view of the lack of research on the differences that exist within the family firm arena (Bergamaschia and Randerson 2016), we also compare sustainability reporting between family firms controlled by European billionaires listed in the Forbes 2015 World's billionaires Ranking and those without such type of control. This is done with the aim of studying the importance of reputation in influencing sustainability reporting by family firms, and we consider this as the major contribution of this study.

Family business research acknowledges that two of the fundamental drivers of business decision in family firms are the perpetuation of the control of the family over

the business and the safeguard of the firm's reputation with stakeholders (Prencipe et al. 2014). Family firms' reputation and social capital represent critical assets that have enduring economic effects on the business that these organizations endeavour to protect (ibid.). The owners of this type of firms are more likely to focus on firm survival and aim to keep long term control, and this is likely to entail the existence of long-term dealings between the same set of shareholders, managers and practices and external stakeholders (such as the case of customers, suppliers and lenders) (ibid.).

Our study focuses on sustainability reporting through firms' websites. The Internet has become the main tool of firms' communication with their stakeholders "since it allows companies to publicise detailed and up-to-date information less expensively and faster than ever before" (Montechia et al. 2016, p. 44). This medium is nowadays "the preferred channel employed to reveal corporate identity, to manage external impressions and to legitimate companies' behaviours towards stakeholders (Montechia et al. 2016, pp. 44-45). We examine the prominence of sustainability reporting in the website (section devoted to sustainability issues on the homepage) and the provision of sustainability reports.

Based on a theoretical framework that views sustainability reporting as an instrument used by firms to legitimise their behaviours and influence stakeholders' perceptions of their reputation, we expect that firms which present the greatest exposure to reputational damage will engage in higher levels of sustainability reporting to minimize unwanted scrutiny that could impair the firm's reputation.

The empirical analysis relies on the 84 firms controlled by one of the European billionaires listed in the Forbes' 2015 World's Billionaires Ranking. After controlling for several variables, our findings are consistent with the argument that family firms attach greater importance to sustainability reporting. However, we do not

find evidence that within the family firms arena those with greatest exposure to reputational damage attribute greater importance to sustainability reporting. We do however find evidence that within firms that attach lower prominence to sustainability issues, family firms, especially those controlled by billionaires, are less likely to present detailed sustainability information in their websites, via autonomous sustainability report.

The paper unfolds as follows. In section 2 we present the theoretical framework used and develop the hypotheses. Thereafter follows a section presenting the research design. In section 4 we present the main findings. Finally, section 5 is devoted to the discussion of the findings and the offering of some concluding remarks.

2. Theoretical framework

The theoretical framework adopted in this study combines a theory that is gaining attention in explaining the CSR behaviour of family firms, the socio-emotional wealth theory (Marques et al. 2014), with legitimacy theory. In contrast to lenses of analysis that see man as being motivated solely by economic considerations and suggest that those in a position of power and superior information will use it to exploit others, both these theories emphasise the importance of non-economic values in driving human behaviour.

The socioemotional wealth theory has been developed specifically within the field of family business research (Prencipe et al. 2014). Deephouse and Jaskiewicz (2013, p. 340) view the concept of socioemotional wealth as summarizing “a family’s affective value gained from a firm”. It refers to goals common to the family members

such as the intention to pass the business to the descendants, the provision of employment to the members of the family, and social status in the community (ibid.). As Lamb and Butler (2016, p. 9) put it, "socioemotional wealth is essentially the non-economic utilities that the family owners receive from running their family firms". This concept thus captures a set of "non-financial affect-related values" whose preservation deserves special attention within family firms (Prencipe et al. 2014, p. 366). These values include the following: "fulfilment of the needs for belonging, affect, and intimacy; identification of the family with the firm; desire to exercise authority and to retain influence and control within the firm; continuation of family values through the firm; preservation of family firm social capital and the family dynasty; discharge of familial obligations; and the capacity to act altruistically towards family members using firm resources." (ibid.)

Legitimacy theory is one of the more established theoretical lenses of analysis in the sustainability-reporting field of research (Branco and Rodrigues 2008; Deegan 2002; Gavana et al. 2017; Hoogiemstra 2000; Michelon 2011; Michelon et al. 2015; Milne and Patten 2002; Montechia et al. 2016; Patten 1991; Patten 1992; Patten and Crampton 2004; Pellegrino and Lodhia 2012). It has been the dominant theoretical framework in examining the disclosure of social and environmental information as part of the social and environmental accounting literature (Crane and Glozer 2016). In spite of the noticeable "proliferation of theoretical perspectives", the purpose of achieving legitimacy is commonly acknowledged by scholars as a primary one "that encourages and motivates companies to disclose social and environmental information" (Montechia et al. 2016, p. 44).

The most cited and probably most popular definition of legitimacy has been offered by Suchman (1995 p. 574), according to whom legitimacy is "a generalized

perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." Suchman notes that "legitimacy management rests heavily on communication" (Suchman 1995, p. 586). The legitimacy theory lens of analysis allows to explain CSR and the reporting thereof by reference to notion that a firm should behave in accordance to what society views as socially acceptable and has to communicate such behaviour.

Being an outcome that leads to the enhancement of affective value to family members, a favourable reputation of the family firm is likely to be a major socioemotional wealth goal (Deephouse and Jaskiewicz 2013). Many studies adopting a legitimacy theory perspective analyse reputation as a determinant of sustainability reporting (Branco and Rodrigues 2008; Bebbington et al. 2008; Branco and Rodrigues 2008; Michelon 2011). Branco and Rodrigues (2008, p. 287) see reputation and legitimacy as two inextricably linked notions, in the sense that the latter "requires a reputation that must be retained".

3. Relevant literature and hypothesis development

The few studies comparing sustainability reporting practices between family and non-family firms present mixed evidence. Whereas Iyer and Lulseged (2013) and Cuadrado-Ballesteros et al. (2015) found no evidence of any difference between the two types of firms in terms of their sustainability reporting, the findings of Campopiano and De Massis (2015), Nekhili et al. (2017) and Gavana et al. (2017) suggest that such difference does exist.

Cuadrado-Ballesteros et al. (2015) is the only of these studies using and international sample (composed of 575 non-financial listed companies from 13 countries for the period 2003-2009). They examined sustainability in family businesses, as well as the specific role of independent directors in this regard. They found no statistically significant difference between family firms' sustainability reporting compared to similar practices by their non-family counterparts.

Iyer and Lulseged (2013) examined the association between the family status and sustainability reporting of large S&P 500 US companies and found no statistically significant difference in the likelihood of sustainability reporting between family and non-family firms. Nekhili et al. (2017) used a sample of 91 of the 120 largest publicly traded firms in France for the period 2001-2010. They examined the moderating role of family involvement in the relationship between sustainability reporting and firm market value. Their findings suggest that family firms report less information pertaining to sustainability issues than their non-family counterparts. However, the relation between market-based financial performance and sustainability reporting was found to be positive in the case of family firms and negative non-family firms.

Campopiano and De Massis (2015) analysed sustainability reporting of 98 large- and medium-sized listed Italian firms. Their findings revealed that when compared to their non-family counterparts family firms disseminate a greater variety of reports, are less compliant with CSR standards and place emphasis on different CSR topics. Acknowledging the higher concern of family firms with reputation and legitimacy when compared to their non-family counterparts, Gavana et al. (2017b) used a sample of 230 Italian non-financial listed firms for the period 2004-2013. They examined whether family firms are more sensitive to social visibility than their non-family counterparts and also whether more visible family firms are more sensitive to

such visibility than the less visible counterparts. They analysed the interaction between family ownership with a proxy for social visibility, media exposure (measured by the number of containing the firm's name), and found that such interaction to be significantly positive. They concluded that social visibility reinforces family firms propensity to disclose sustainability information and that such firms are more sensitive to media exposure than their non-family counterparts.

In this study, we examine whether the visibility of the family, rather than that the firm, is a factor influencing sustainability reporting by family firms. We assess the controlling family's visibility by considering that firms controlled by one of the European billionaires listed in 2015 World's Billionaires Ranking, compiled and published by the American business magazine Forbes, are more visible than firms included in a matched sample of family and non-family firms based on size and country.

When compared their non-family counterparts, family firms have an additional specific stakeholder, the family itself (Déniz and Suaréz 2005; Zellweger and Nason 2008). This entails some interesting consequences from the point of view of stakeholder relations and its management. First, relationships with this particular stakeholder are significantly influenced by trust and emotions (Déniz and Suaréz 2005). Second, in this type of firms there is likely to exist an enhanced incentive to make sure that stakeholders are satisfied because of the manifold stakeholder roles often played by individuals in family firms (e.g., employee, family member, owner, manager) (Zellweger and Nason 2008). Given that leaders are either members of the family or possess emotional links to it, in family firms altruistic measures taken for the interest of the organization and its stakeholders may prevail (Miller and Le Breton-Miller 2006).

Family businesses seem to have a longer-term perspective than other organizations that may be explained by an interest in benefitting future generations of the family through the business as opposed to investors or markets (Davis et al. 2010). Family shareholders view their ownership as an asset to pass on to their heirs, rather than wealth to consume during their lifetimes (Anderson et al. 2003; Anderson and Reeb 2003). Given that family firms are less likely to experience the same pressures to meet expectations from shareholders as other firms, it is likely that their managers recognize the importance of other stakeholder groups and satisfy multiple stakeholders.

A fundamental aspect to consider pertains to the importance of firm and family reputation to family shareholders (Anderson et al. 2003; Anderson and Reeb 2003; Prencipe et al. 2014; Zellweger and Nason, 2008). Given the strong identity overlap between individual, family, and firm reputation, the reputation of the family firm will often be regarded as an individual and family reputation (and vice versa), and it will be seen as creating value for the individual, the family, and the firm at the same time (Zellweger and Nason 2008). Hence, the family endeavours to create a distinctive image and to obtain a good reputation, not only because of its relevance to the business success but also, and probably mainly, because of its relevance in terms of family interest and social status (Sageder et al. 2016).

Many see reputation as a determinant of sustainability reporting (Branco and Rodrigues 2008; Toms 2002; Hasseldine et al. 2005; Bebbington et al. 2008; Branco and Rodrigues 2008; Michelon 2011). According to Branco and Rodrigues (2008, p. 686), companies disclose sustainability information "mainly to present a socially responsible image so that they can legitimise their behaviours to stakeholder groups and influence the external perception of reputation."

According to Cruz et al. (2014, p. 1299), given that the identity of the family members is so inextricably linked to the firm that its stakeholders perceive it as an extension of the family itself, family members are especially careful about the image they project to external stakeholders. As a result, family firms are expected to be more willing to engage in socially responsible practices that lead to the enhancement of their reputation and legitimacy (Cennamo et al. 2012; Cruz et al. 2014). Concurrently, as emphasised by the proponents the socio-emotional wealth theory, given that family members are not faceless owners, they are more exposed to losses of socioemotional wealth as a result of socially irresponsible actions when compared to other types of owners (Berrone et al., 2010; Cruz et al. 2014).

Thus, to protect their socioemotional wealth, family owners are more likely to engage in socially responsible practices to obtain, enhance and protect both the family and the firm's reputation and legitimacy. On the other hand, family owners that, in view of their own and their firm visibility, are more exposed to reputational damage and are more likely to experience socioemotional wealth losses or to experience higher levels of such losses, are more likely to engage in socially responsible practices to obtain, enhance and protect their and their firm's reputation and legitimacy.

Based on the above, we propose the two following hypotheses:

H1: Family firms are more likely to place sustainability information in more prominent sections of their web sites and to provide sustainability reports than non-family firms.

H2: Family firms controlled by more visible families are more likely to place sustainability information in more prominent sections of their web sites and provide sustainability reports than less visible family firms.

4. Research Design

4.1. Sample

The empirical study relies on the 2015 World's Billionaires Ranking, compiled and published by the American business magazine Forbes. This ranking is published every year since 1987. In 2015, there was a record of 1.826 people on the list, with an average net worth coming in at 3.86 billion USD and a total net worth of 7.1 trillion USD.

We started by identifying the European's richest people included in the 2015 World's billionaires Ranking. We focus on the European setting in order to guaranty the homogeneity of the sample. Then, we identified the firms controlled by these billionaires but that are listed on a stock exchange and whose website is available in English. Our sample comprises 84 firms controlled by one of the European billionaires listed in the Forbes ranking (Family Forbes firms).

Given that the purpose of this study is to analyse the sustainability reporting practices of the firms controlled by the European's richest billionaires, when compared to other family firms and to non-family firms, our sample includes a matched sample based on size and country. For each firm controlled by a billionaire, we selected the two most similar firms, in terms of size, from the same country and providing information in English in their website.

In order to ensure that our results are not sensitive to outliers, the observations whose absolute value of the standardized residuals is greater than 2 were excluded from the sample. The final sample is thus composed of 256 firms from 16 European countries.

Table 1 presents the sample distribution by country and by type of firm. The most represented countries are France, Italy, Russia and Germany, with 45, 38, 30 and 27 firms, respectively. The least represented countries are Austria, Denmark and Switzerland. In general terms, about 60% of the firms included in the sample are family firms and about half of them are firms controlled by a billionaire included in the Forbes list.

Table 1

4.2. Variables

This study compares sustainability reporting practices between family firms controlled by a billionaire included in the Forbes list, other family firms and non-family firms. Two measures of sustainability reporting practices are used. The first measures the prominence attributed to this issue, through the classification of the firms into two groups, those that present in the main menu of its website a link named corporate sustainability (or similar) and those that do not adopt such procedure. In this, we follow Chaudhri and Wang (2007), Guziana and Dobers (2013) and Branco et al. (2014), who consider that the existence of a primary link to sustainability-related matters in the homepage is evidence of the recognizance of the necessity and import of prominent presentation of a company's engagement with sustainable development.

Thus, the first dependent variable used in this study (LINK) is a binary variable that assumes the value 1 if the firm presents this link in the main menu and 0 otherwise.

We found that almost all the firms that have in the main menu of their website a link named corporate sustainability (or similar) also provide sustainability reports (or similar) available for download, which is not the case in the group of firms that do not have this link, in which only some firms provide sustainability reports. A second analysis is then carried out considering only the group of firms that do not present any link named corporate sustainability (or similar) in the main menu of their website. These firms are classified in two groups, those that make available in any part of its website at least the 2014 sustainability report (or similar) and those that do not adopt this procedure. Thus, the second dependent variable used in this study (RELAT) is a binary variable that assumes the value 1 if the firm makes the sustainability report (or similar) available on its website and 0 otherwise.

The website of the firms included in the sample was analyzed in order to construct the two dependent variables used in this study (LINK and RELAT). This analysis occurred in January, February and March 2016.

In order to compare the reporting practices on sustainability matters between family and non-family firms, we split the sample into two groups giving rise to one of the main independent variables used in this study (FAMILY), a binary variable that assumes 1 if the firm is classified as a family firm and 0 otherwise. We classify a firm as a family firm when there is an individual or a family that holds more than 50% of the shares or, holding a lower stake, performs functions in the top management, that is, serves as chairman and/or as chief executive officer. The information about the ownership structure of each firm was collected from the corporate governance reports presented on the firms' websites.

In order to analyse whether the reporting practices of the family firms differ, depending on whether they are controlled or not by a billionaire included in the Forbes list, we use a second main independent variable (FAMILY_Forbes) that assumes 1 if the firm is controlled by a billionaire included in the Forbes list and 0 otherwise.

Additional independent variables are also used as a way of control for alternative explanations of sustainability reporting practices, namely, the firm size (SIZE), leverage (LEV), profitability (ROA), growth rate (GROWTH) and board characteristics (BOARD). The data used to compute these variables is collected from the Worldscope database, except for the variable BOARD whose information is collected from the corporate governance reports presented on the firms' websites. Table 2 presents detailed information regarding each one of the variables used in this study.

Table 2

4.3. Models

With the aim of comparing the sustainability reporting practices among family firms controlled by a billionaire that integrates the Forbes list, other family firms and non-family firms, we perform two types of analysis. First, we apply the logistic regression model (1) to the entire sample, and use as dependent variable a measure of the prominence that the entities give to the issue of sustainability in their websites. The dependent variable (LINK) is thus a binary variable that assumes the value 1 if

the firm presents in the main menu of its website a link named corporate sustainability (or similar) and 0 otherwise.

Modelo 1

$$LINK_i = \beta_0 + \beta_1 * FAMILY_1 + \beta_2 * FAMILY_Forbes_2 + \beta_3 * SIZE_3 + \beta_4 * LEV_4 + \beta_5 * ROA_5 + \beta_6 * GROWTH_6 + \beta_7 * BOARD_7 + \varepsilon_i \quad (1)$$

The main independent variables used in this model are the variables FAMILY and FAMILY_Forbes variables. If family firms are more likely to display a link named corporate sustainability (or similar) in the main menu of their website, the coefficient $\boldsymbol{\beta_1}$ will be positive and statistically significant. If this probability is even higher in the group of family firms that are controlled by a billionaire included in the Forbes list, the coefficient $\boldsymbol{\beta_2}$will also be positive and statistically significant.

Second, we apply the logistic regression model (2) to the sub-sample of firms that do not present any link named corporate sustainability (or similar) in the main menu of their website, and use as dependent variable the likelihood of firms providing the sustainability report (or similar) somewhere on their website. The dependent variable (RELAT) is thus a binary variable that assumes the value 1 if the firm makes the sustainability report (or similar) available on its website and 0 otherwise.

Model 2

$$RELAT_i = \beta_0 + \beta_1 * FAMILY_1 + \beta_2 * FAMILY_Forbes_2 + \beta_3 * SIZE_3 + \beta_4 * LEV_4 + \beta_5 * ROA_5 + \beta_6 * GROWTH_6 + \beta_7 * BOARD_7 + \varepsilon_i \quad (2)$$

The independent variables used in model (2) are identical to those used in model (1) and both models are estimated with industry and country fixed effects.

5. Findings

5.1. Descriptive analysis

Table 3 presents the descriptive statistics of the variables used in the empirical study, considering the entire sample and each of the sub-samples analysed.

Table 3

Overall, we find that about half of the firms (48.4%) present in the main menu of their website a link named corporate sustainability (or similar). When analysing the sub-samples of firms, we find that the presence of this link is more evident in the sub-group of family firms controlled by a billionaire included in the Forbes list (with 57.1%), and is less evidenced in the sub-group of non-family firms (with 40.0%).

Regarding the variable RELAT, it refers only to the firms with no link to sustainability issues in the homepage. Even without presenting such link, 54% of the non-family firms provide a sustainability report (or similar), a proportion that is higher than on the cases of family-firms (40,3%) and family firms controlled by billionaires (29,8%). That the subgroup of family firms controlled by billionaires present the highest proportion of firms presenting a link to sustainability issues in the homepage (57,1%) and the lowest proportion of firms without such a link providing a sustainability report in the website (29,8%).

Regarding the independent variables, we find that SIZE and GROWTH have a mean value of 15,052 and 7.603, respectively, and there are no statistically

significant differences among the three sub-samples of firms. The LEV and the ROA have a mean value of 28.4% and 4.4%, respectively. The LEV is significantly smaller, and the ROA is significantly higher, in the sub-sample of family firms controlled by a billionaire included in the Forbes list, when compared to the other sub-samples of firms. We also find that in 26% of the firms, the role of chairman and chief executive officer is performance by the same person, and this percentage is significantly lower in in the sub-samples of family firms, when compared to the non-family firms.

5.2. Regressions results

Table 4 presents the results of the OLS regression for the model (1), which comprises the entire sample. The results presented in the column C1 allow us to compare the reporting practices on sustainability among family and non-family firms. With the column C2, we further examines whether the family firms controlled by a billionaire that is included in the Forbes list are distinguished from the other family firms.

Table 4

The dependent variable (LINK) is an indicator that assumes 1 if the firm presents in the main menu of its website a link named sustainability (or similar) and 0 otherwise. The coefficient of the variable FAMILY is positive and statistically significant (both in C1 and C2), which indicates that the probability of presenting a link named sustainability (or similar) in the main menu of the website is significantly higher for family firms, as compared to non-family firms.

However, the coefficient of the variable FAMILY_Forbes (in C2) is not statistically significant, which indicates that there are no statistically significant differences in the presence or absence of a link to sustainability in the main menu of the firms' websites among firms controlled by a billionaire that is included in the Forbes list and other family firms. It is thus evident that it is not the fact that the a firm is controlled by a billionaire that causes it to demonstrate on its website a greater concern with sustainability issues, but rather the fact that this control is done by a family.

Regarding the control variables, we find that the coefficient of the variable SIZE is positive and statistically significant, which indicates that the larger the firm, the greater the probability that it will present a link named sustainability (or similar) in the main menu of its website. The coefficient of the variable GROWTH is also statistically significant but has a negative sign. Finally, the coefficients of the variables LEV, ROA e BOARD are not statistically significant.

Table 5 presents the results of the OLS regression for the model (2), which comprises only the sub-sample of firms that do not present any link named corporate sustainability (or similar) in the main menu of their website. The results presented in the column C1 allow us to compare the reporting practices on sustainability among family and non-family firms. With the column C2, we further examines whether the family firms controlled by a billionaire that are included in the Forbes list are distinguished from the other family firms.

Table 5

The dependent variable (RELAT) is an indicator that assumes 1 if the firm makes the 2014 sustainability report (or similar) available on its website and 0 otherwise if the firm. Contrary to what happened with the analysis of the model (1), the analysis of the model (2) shows that the coefficient of the variable FAMILY is negative and statistically significant, which indicates that the probability of firms without a sustainability link (or similar) in the main menu of their website to present a sustainability report (or similar) is smaller in in the group of family firms as compared to non-family firms.

We also find the coefficient of the variable FAMILY_Forbes (in C2) is negative and statistically significant, which indicates that the probability of presenting a sustainability report (or similar) is even smaller in the group of family firms controlled by a billionaire that is included in the Forbes list.

6. Discussion and conclusions

This study compares sustainability reporting between family firms which are expected to lose more from not having a solid reputation of being socially responsible with a matched sample of family firms regarding which there is no such expectation, as well as with non-family firms. It is based on a lens of analysis that, using insights from socioemotional wealth and legitimacy theories, approaches sustainability reporting as an instrument used by firms to legitimise their behaviours and influence stakeholders' perceptions of their reputation. Among family firms, we expected that those which present the greatest exposure to reputational damage, because of their social visibility, will engage in higher levels of sustainability reporting to minimize unwanted scrutiny that could impair the firm's reputation. We suggested that family

firms would have significant reputation costs concerns and sustainability reporting could be deemed as an instrument used to promote trust from their stakeholders. Contrary to previous research exploring the influence of social visibility on sustainability reporting (Gavana et al. 2017), which focused on the visibility of the firm, we examine whether the visibility of the family is a factor influencing sustainability reporting by family firms.

After controlling for several variables, our findings are consistent with the argument that family firms attach greater importance to sustainability reporting. However, we do not find evidence that within the family firms' arena those with greatest exposure to reputational damage attribute greater importance to sustainability reporting. We do however find evidence that within firms that attach lower prominence to sustainability issues, family firms, especially those controlled by billionaires, are less likely to present detailed sustainability information in their websites, via autonomous sustainability reports. The general findings that family firms attach greater importance to sustainability reporting is consistent with our expectation and with the findings of Campopiano and De Massis (2015). These authors found that family firms placed more emphasis on creating a website section dedicated to sustainability issues, were more likely to establish foundations and more inclined to publish additional sustainability related reports, such as environmental reports. They consider that these findings "can be interpreted in light of the greater importance that family firms attach to the actions that affect their reputation and that foster dialogue with their external stakeholders." (Campopiano and De Massis, 2015, p. 518) Moreover, explicit reporting initiatives such as these "reflect the typically higher attention paid by family firms" to the enhancement of their visibility and family reputation and to the augmentation of their legitimacy in society (Campopiano

and de Massis, 2015, p. 528). Family firms do seem to be more concerned with their reputation, in particular with their reputation of being socially responsible. We have not found evidence that family firms controlled by highly visible billionaires attach more importance to sustainability reporting than family firms that are not controlled by such individuals. This is not consistent with the findings of Gavana et al. (2017), which imply that social visibility reinforces family firms propensity to disclose sustainability information. However, whereas Gavana et al. (2017) examine the firm's social visibility, we consider the family's social visibility. It may be the case that the visibility of the family is not as important as the visibility of the firm.

In the arena of firms that seem to attribute lesser import to having a reputation for being socially responsible (those that do not have a link to sustainability issues in the homepage), family firms, in particular those controlled by a billionaire, are less preoccupied with offering detailed information on their CSR practices (by way of providing a sustainability report). This is not consistent with our expectations. We consider the argument presented by Campopiano and de Massis to explain the lower propensity towards compliance with CSR standards presented by family firms when compared to their non-family counterparts. According to these authors, given that compliance with such standards entail satisfying requirements in a relatively passive manner to obtain a label of compliance with institutional norms and rules, this finding may be interpreted in the light of the more autonomous nature of family firms and lower dependence on the institutional context (Campopiano and de Massis, 2015, p. 528). This is likely to make even more sense in the case of family firms controlled by billionaires, who, given they wealth, are more likely to have great autonomy and low dependence on the institutional context.

This study presents some obvious limitations related to the sample: it is of small size; it composed only of large companies. Another limitation is related to the data capture method which obviously has implications on the conclusions. Possible extensions to this study are related to the use of a larger sample of companies including smaller companies. Another interesting avenue for further research is to use more refined content analysis methods.

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Table 1. Sample distribution by country and by type of firm

	Family *Forbes*	**Family non-*Forbes***	**Non-Family**	**Total**
Austria	0	1	1	2
Denmark	1	1	0	2
Finland	1	1	3	5
France	15	9	21	45
Germany	9	5	13	27
Italy	13	22	3	38
Netherlands	3	0	5	8
Norway	2	1	3	6
Poland	3	1	7	11
Portugal	3	2	3	8
Russia	9	18	3	30
Spain	5	1	10	16
Sweden	6	1	8	15
Switzerland	1	1	1	3
Turkey	8	8	7	23
United Kingdom	5	0	12	17
Total	**84**	**72**	**100**	**256**

Table 2 - Variables

Name	Lable	Measurement
LINK	Link on sustainability in the main menu of the firm website	Assumes 1 if the firm presents in the main menu of its website a link named corporate sustainability (or similar) and 0 otherwise.
RELAT	Sustainability report presented in the firm website	Assumes 1 if the firm makes the 2014 sustainability report (or similar) available on its website and 0 otherwise.
FAMILY	Family firm	Assumes 1 if the firm is classified as family firm and 0 otherwise.
FAMILY_Forbes	Family firm controlled by a billionaire included in the Forbes list	Assumes 1 if the firm is controlled by a billionaire that is included in the Forbes list and 0 otherwise.
SIZE	Firm size	Natural logarithm of total assets.
LEV	Firm leverage	Total liabilities divided by total assets.
ROA	Firm Return on assets	Net income divided by total assets.
GROWTH	Firm growth rate	Average change in revenue in the last 5 years.
BOARD	Board characteristic	Assumes 1 if the role of chairman and the chief executive officer is performed by the same person and 0 otherwise.

Table 3 – Descriptive statistics

	Mean	Median	STD
All firms (N=256)			
LINK	0,484	-	-
RELAT	0,422	-	-
SIZE	15,052	14,917	1,324
LEV	0,284	0,278	0,169
ROA	0,044	0,036	0,068
GROWTH	7,603	7,300	10,093
BOARD	0,260	-	-
Family firms – Forbes (N=84)			
LINK	0,571	-	-
RELAT	0,298	-	-
SIZE	15.168	15.113	1.349
LEV	0.248	0.262	0.159
ROA	0.068	0.056	0.077
GROWTH	8.531	8.910	9.144
BOARD	0.240	-	-
Family firms - Non Forbes (N=72)			
LINK	0,500	-	-
RELAT	0,403	-	-
SIZE	14.883	14.554	1.247
LEV	0.322	0.293	0.170
ROA	0.029	0.026	0.065
GROWTH	8.440	7.760	10.316
BOARD	0.240	-	-
Non-family firms (N=100)			
LINK	0,400	-	-
RELAT	0,540	-	-
SIZE	15.077	14.936	1.358
LEV	0.287	0.294	0.173
ROA	0.036	0.029	0.056
GROWTH	6.222	5.900	10.622
BOARD	0.300	-	-

Table 4 – Regression results (Model 1)

	C1	**C2**
Constant	-6.245***	-6.206***
FAMILY	1.002***	0.973***
FAMILY_Forbes	-	0.055
SIZE	0.314***	0.311***
LEV	0.884	0.896
ROA	-0.661	-0.740
GROWTH	-0.031*	-0.031*
BOARD	0.280	0.279
INDUSTRY		
Basic Materials	2.695***	2.689***
Oil and Gas	1.806***	1.808***
Telecommunications	1.850**	1.847**
Consumer Services	1.238***	1.228***
COUNTRY		
Spain	1.841***	1.837***
Sweden	1.530**	1.522**
LR statistic	0.309***	0.310***
McFadden R^2	0.232	0.232

The model is estimated with industry and country fixed effects. Statistically significant coefficients are presented.
***, ** and * indicate statistically significance at 1%, 5% and 10%, respectively.

Table 5 – Regression results (Model 2)

	C1	C2
Constant	-8.434**	-8.840**
FAMILY	-2.067***	-1.567**
FAMILY_Forbes	-	-1.219*
SIZE	0.824***	0.861***
LEV	-1.976	-2.379
ROA	3.054	4.594
GROWTH	0.069**	0.075**
BOARD	-1.532***	-1.586***
INDUSTRY		
Basic Materials	-3.706**	-3.676**
Technology	-2.437***	-2.596***
LR statistic	0.413***	0.442***
McFadden R^2	0.260	0.278

The model is estimated with industry and country fixed effects. Statistically significant coefficients are presented. ***, ** and * indicate statistically significance at 1%, 5% and 10%, respectively.