

Top Manager Background Characteristics, Family Control and CSR Performance

ABSTRACT

This study explores the relationship between top manager characteristics and company CSR performance. Using integral CSR, corporate governance, corporate commitment, social participation and the environmental protection index, we found that the academic degree held by a top manager is the main factor that influences company CSR performance, especially events related to environmental protection. The positive association between top managers' working experience and CSR is significant only for the environmental protection index. Furthermore, we find that the family-control type of company will influence the associations between top manager characteristics and CSR performance. This study considers the importance of the top managers' cognitions and reactions for CSR events in CSR performance, while most of the prior studies only consider the influence of managers' agency problem. Moreover, our results provide evidence to demonstrate that management capability may complement strong governance for family-controlled companies. This study offers deeper insights for capital markets to understand the influence of managers' background characteristics on company CSR performance. In addition, it provides evidence to recommend a further consideration for family-controlled type on enhancing the CSR of companies.

Key words: Corporate social responsibility (CSR); top manager's background characteristics; family-controlled companies; corporate governance; performance

INTRODUCTION

Seeking profit has been the major objective of company operation and the main judgment of company value for investors before the last century. However, this viewpoint not

only caused tension between managers and stakeholders but also destroyed the order of capital markets and the economic environment. To reduce the conflicts, capital markets have seen a new trend in recent years that combines earning profits and maintaining relationships with other stakeholders at the same time. This trend, known as corporate social responsibility (CSR), has gradually become an important issue for both academic and practical purposes in recent years.

The effort of a company to engage in CSR is an important index to evaluate its value and this becomes an unavoidable trend. For practice, the investigation report announced by KPMG indicated that, among Fortune 500 companies, more than half of them issued CSR reports in 2005. The report suggests that besides the companies' CSR engagement, the information transparency of CSR has become an important part of company operation, as well. Moreover, in Taiwan, the investigation report of *Global Views Magazine* about the participation in CSR for Taiwanese-listed companies in 2010 shows that, when selecting supplier and clients, the financial condition and the product quality have no longer been the only concern; more than 74% listed CSR as a factor companies take into consideration¹. Furthermore, for competition strategy, Michael Porter indicated that "...the combination of corporate social responsibility and corporate strategy will be the core competency for companies in the future."

For the execution of CSR, the top manager is the one who decides whether the company will engage in CSR and to what extent they will engage; in such, this decision will indeed affect the output and performance of CSR. Moreover, the top manager's intention for CSR will affect corporate culture, as they are the role models of the staff in the organization. However, while the top manager plays an important role in the decision of a company's policy in CSR (Quazi, 2003; Swanson, 2008; Godos-díez et al., 2011), most of the studies related to CSR neglect to consider the impact of top managers². Therefore, this research

explores the association between top manager background characteristics and company CSR performance by using the CSR rankings announced by *Common Wealth Magazine* for Taiwanese-listed companies from 2007 to 2010³. As per that publication, we used five categories of CSR indicators, including integral CSR index, corporate governance, corporate commitment, social participation and environmental protection.

Additionally, prior studies suggest that the business characteristics and management practices differ between family and non-family companies, especially for Asian ones. For instance, contrary to seeking for maximization of profit, which is the main goal of most non-family-controlled companies, the main operational objective of some family-controlled companies is to remain in business and to preserve the company for posterity. Furthermore, while top managers of family-controlled companies are always family members, the top managers' CSR intensity could be influenced by the status, emotional relationship, attributes and norms of the family. In other words, CSR performance should be different between family-controlled and non-family-controlled ones.

Therefore, this study proposes that companies' CSR performance will be associated with their top managers' education degrees, working experience, and family or non-family organizational atmospheres. The empirical results show that the average educational degree of top managers is positively associated with both integral company CSR performance and environmental protection index, which suggest that top managers with higher educational degrees are more likely to comprehend the importance of stakeholder perception on company long-term performance. Such top managers also have better integration capability to be more aware of the benefit of CSR investment, and are thus more likely to engage in CSR activities consequently. Moreover, the results also reveal that the experience of top managers is positively associated with company environmental protection index, which suggest that work experience will help managers to learn and react faster to the changes in the environment, so

that they can respond to company environmental-related issues more efficiently and earn better environmental protection images for companies.

For the influence of organizational atmospheres, this study finds that the association between the working experience of top managers and CSR performance is significant only for corporate governance indicators for non-family-controlled companies, while the association between the educational degree of top managers and CSR performance are significant for most of the CSR indicators for family-controlled companies. In such, we propose that the results suggest that the unique characteristics within a family-controlled company will affect that company's attitude toward CSR and indeed affect top managers' efforts in CSR activities.

The remainder of this paper is organized, as follows. We review relevant literature and discuss our main hypotheses in the next section. The research design, sample selection process and sources of data are described in the third section. The empirical results are revealed in the fourth section, and the implication of findings will be discussed in the final section.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The concept of CSR can be traced back to the early 19th century, during which the viewpoint originated from classical economic theory since major consideration for CSR is economic factors; that is, CSR-related activities are helpful for a company to gain economic benefits (Friedman, 1970). Within its evolution, studies of CSR began to attract attention and be discussed in detail, with focus on factors such as stakeholder issues (Rowe, 2006); environmental protection and employees' welfare (Huang & Chi, 2005); corporate performance (Liao, Lin & Yu, 2009); information disclosure (Cheng, 2011), and so on.

Recent studies in CSR can be roughly divided into two categories. One of them focuses

on factors that affect CSR activities (Liao, Lin & Yu, 2009; Kang, 2010; Cheng, 2011), and the other focuses on the impact of CSR activities (Pava & Krausz, 1996; Griffin & Mahon, 1997; Konar & Cohen, 2001; Simpson & Kohers, 2002; Tsao & Chen, 2006; Shen & Zhang, 2008). However, while a top manager plays an important role in the direction of a company's policy in CSR (Quazi 2003; Swanson 2008; Godos-díez et al., 2011), Godos-díez, Fernández-gago and Martínez-campillo (2011) discuss the impact of top managers on CSR through agency theory, which is rarely considered when considering the influence of top managers on CSR. Therefore, the current study explores the association between top managers' characteristics and company CSR performance, and discusses related literature, as follows.

Background characteristics of Top Managers and CSR

Management Theory suggests that the decision-making procedure of managers is associated with their knowledge and what they value (Hambrick & Mason, 1984). Prior studies about the background and organizational performance of top managers indicate that top managers' education, background and work experience will affect their capacities, strategies, behavior and performance (Miller et al, 1982; Dollonger, 1984; Hambrick & Mason, 1984; Bantel & Jackson, 1989; Thomas et al., 1991; Wiersema & Bantel, 1992; Thomas & Simerly, 1995; Williams et al., 2000; Herrmann, 2002). According to Hambrick and Mason (1984), top managers' living and working experience will affect their perception, values and behavior, and thus, affect the performance of organizations through their recognition of the economic environment. Prior studies suggest that a manager's educational degree can affect his or her (or their team's) abilities in information analyzing, innovation and ability to handle complex environments (Kimberly & Evanisko, 1981; Hambrick & Mason, 1984; Bantel & Jackson, 1989).

In comparison with financial performance, which only can gain a short-term positive

reaction from investors, performance of CSR can promote a long-term positive image to stakeholders. For instance, Moser and Martin (2012) indicate that CSR activities are more likely undertaken at the expense of shareholders when these CSR activities are done to respond to the needs or demands of a broader group of stakeholders. Additionally, experience and ability of top managers have important effects on CSR performance. According to Thomas and Simerly (1995), the character of top managers is related to organizational strategy and systemic change in economic performance; thus, it should also be related to CSR performance.

Education

Bantel and Jackson (1989) stated that managers' educational degree affects their ability to deal with external environment, communication and coordination, innovation, information processing, tolerance and knowledge. Numerous previous studies have revealed that top managers (or teams) with higher education have greater ability for information processing and innovation (Kimberly & Evanisko, 1981; Hambrick & Mason, 1984; Bantel & Jackson, 1989; Usdiken, 1992). Hambrick and Mason (1984) note that top managers who have higher educational degrees are more capable of dealing with external changes and complex environments. Wiersema and Bantel (1992) stated that top managers with higher education have more opportunities to become involved with and manage external activities in comparison with managers with lower education. The training on collecting and analyzing data during their education will lead to better ability in their judgment. In addition, managers with higher education showed greater tolerance; therefore, they are more capable of making decisions under complex situations (Kimberly & Evanisko, 1981; Wiersema & Bantel, 1992; Usdiken, 1992).

CSR performance is closely related to complex ethical issues and affected by the ability

to observe and deal with stakeholder perception (Egri & Herman, 2000; Lyons & Dredge, 2006; Maak, 2007; Reave, 2005; Sosik, 2005; Stace & Dunphy, 2002; Waldman et al., 2006). Compared to other company activities, the decision and execution process of CSR are made with a high level of uncertainty and complexity. Higher-educated top managers will have better information processing and integration capability to improve CSR performance. Shafer, Fukukawa and Lee (2007) indicated that managers must first have the ability to recognize the importance of stakeholder perception on the success of the organization; only then can they make correct decisions related to CSR. Besides, Usdiken (1992) also stated that the ability to observe events is related to their education background. Therefore, based on the viewpoint of the awareness of the importance of stakeholders, higher-educated managers will be more capable of an early observation of the impact of stakeholder perception on the company and then urge the company to engage in CSR activities.

Therefore, this study proposes the first hypothesis, as follows:

HYPOTHESIS 1

Top managers' educational degrees are positively related to company CSR performance.

Working experience

Working experience is suggested to affect managers' working style and their performance for many studies (Outerbridge, 1986; Abdolmohammadi & Wright, 1987; McDaniel et al., 1988; Libby, 1995). Hambrick and Mason (1984) stated that top managers' experience and training process will affect their perception, recognition, values and behaviors, and these factors will indeed affect their understanding of corporate environment and further affect the performance of the organization. Wu (1996) points out that managers'

performance will be affected by their work experience. Moreover, global market development-related studies also find that working experience in foreign countries of top managers can increase their global vision of the organization, and top management with working experience in foreign countries are more capable of reacting to the complex market and further affecting the performance of the multinational corporation (Adler & Bartholomew, 1992; Sambharya, 1996; Yan & Sorensen, 2004; Liao, Wen & Cai, 2009).

From the viewpoint of improving CSR performance, Thomas and Simerly (1995) indicated that the experience and knowledge of political, economic, social and technological issues of top managers will be useful for improving their CSR performance. Besides, Wen (2001) indicated that working experience will help managers learn and react faster to the changes of environment-related events. While CSR is an important criterion in evaluating corporate overall performance, experienced top managers with better understanding of related issues, and who react to this trend faster, are expected improve their company's CSR performance as a result.

Therefore, this study proposes the second hypothesis, as follows:

HYPOTHESIS 2

Top managers' working experience is positively related to a company's CSR performance.

The influence of family

Prior studies suggest that the business characteristics and management practices differ between family and non-family companies. While top managers of family-controlled companies are always family members, the top managers' CSR intensity should be different

between family-controlled and non-family-controlled companies, since family-controlled companies are expected to be influenced by the status, emotional relationship, attributes and norms of the family.

From the viewpoint of agency problem, family-controlled is always one of the most important features of Asian companies (La Porta et al., 1999; Claessens et al., 2000; Faccio & Lang, 2002; Anderson & Reeb, 2003; Lin & Zhang, 2009), and agency problems in family-controlled companies are different from those of non-family-controlled companies. Anderson and Reeb (2003) indicate that besides the separation of operation and ownership, as with non-family corporations, family-controlled companies possess another agency problem that comes from the conflict between controlling and non-controlling shareholders. Based on the perspective of Convergence of Interest Hypothesis, Lin and Zhang (2009) indicated that the controlling shareholders are more likely to develop a long-term plan for the company since the controlling shareholder's benefit is convergent with company operation results. On the other hand, from the outlook on entrenchment effect, Yeh, Lee and Woidtke (2001) stated that agency problems will affect the degree of the interest sharing between controlling and non-controlling shareholders in family-controlled companies, as well as the efforts in CSR. Banfield (1958) and Morck and Yeung (2004) indicated that family-controlled companies generally neglect, and have less incentive, to improve the relationship between enterprises and other stakeholders. Besides, from the viewpoint of enhancing reputation and reducing agency cost, both Kotler and Lee (2005) and Godfrey (2005) indicated that a company will place more emphasis on CSR activities in order to gain stakeholders' trust in the company and then reduce the agency cost. In addition, top managers in family-controlled companies generally are family members and controlling shareholders, they will have different reaction and decision in CSR issues in comparison with top managers of non-family controlled companies based on the different types of agency problems in these two kinds of companies.

Furthermore, from the viewpoint of organizational atmospheres, Wang and Hong (2003) indicated that CSR performance is associated with the ethical atmosphere in the company. Family-controlled corporations and non-family-controlled ones are quite different with regard to a company's ethical atmosphere. Therefore, being the family-controlled type may affect a company's attitude toward CSR and indeed affect top managers' efforts in CSR activities. (Banfield, 1958; Schulze et al., 2001; Morck & Yeung, 2004; Godfrey, 2005)

Therefore, this study proposes the third hypothesis, as follows:

HYPOTHESIS 3

The associations between top managers' background characteristics and CSR performance are different between family-controlled and non-family-controlled enterprises.

RESEARCH METHODOLOGY

Data Resources and Measurements

The purpose of this research is to explore the relationship between the characteristics of top managers and company CSR performance; as a result, the measure of CSR performance is critical. Currently there is no specialized database dealing with the investigation of CSR about listed companies⁴ in Taiwan. The "Best Corporate Citizens Report (BCCR)"⁵ that is published annually by *Commonwealth Magazine* and the "Corporate Social Responsibility Report (CSRR)" that is published by *Global Views Magazine* are widely adopted in CSR study. Among the two rankings, the BCCR report provides detailed scores based on four dimensions of CSR, including corporate governance, corporate commitment, social participation and environmental protection. Therefore, this study uses the scores that include the overall and individual dimension indexes of the BCCR report as the measurement of CSR

performance from 2007 to 2010.

Background characteristics of top managers, corporate governance and financial data were retrieved from the Taiwan Economic Journal database (TEJ).

Empirical model

To explore the relationship between the characteristics of top managers and company CSR performance, we use the empirical model, as follows:

$$SCORE = \alpha_0 + \beta_1 EXPERIENCE + \beta_2 DEGREE + \beta_3 FIN + \beta_4 ACC + \beta_5 LAW + \beta_6 INDST + \beta_7 BDSZ + \beta_8 NI_SALE + \beta_9 SIZE + \beta_{10} DB + \varepsilon \quad \dots (1)$$

The SCORE represents the company's CSR performance, including total score in BCCR (TOTAL_SCORE) and individual score of four subsidiary dimensions, which are corporate governance (CG_SCORE), corporate commitment (COMMIT_SCORE), social participation (SOCIAL_SCORE) and environmental protection (ENVIROM_SCORE). CG_SCORE is used to evaluate the independence of the board of directors and corporate transparency. COMMIT_SCORE is used to evaluate the commitment to customers, the cultivation and care of employees and the investment in innovation. SOCIAL_SCORE tests whether the enterprises have long-term involvement in a particular social issue and exert an influence on it. ENVIROM_SCORE tests whether a company has specific missions and strategies in environment protection and energy saving. For our main hypotheses, we include working experience (EXPERIENCE) and education (DEGREE) to examine the effect of top managers' background characteristics on company CSR performance.

Since boards of directors are the final decision-makers of company affairs and are documented to have important impact on company activities, they should have fundamental effects on company CSR activities and performance, as well. For this reason, we include the percentage of independent directors' seats (INDST) and number of board directors (BDSZ) to control for the influence of boards of directors. Furthermore, company size, industry risk and

financial performance are demonstrated to affect the engagement of companies' CSR performance (Waddock & Graves, 1998), as well. For company size, compared to small companies, large companies have more stakeholders and draw more attention from capital markets; therefore, when facing CSR issues, their response and reaction should be taken more seriously⁶. For performance, companies with inferior financial performance or higher operational risk may engage in a lower level of investment in CSR because of the limit in financial and risk control. Therefore, we also include company size (SIZE), debt ratio (DB) and net profit ratio of the previous year (NI_SALE) as control variables and based on the literature. Definitions, measurement methods and the expected direction of variables are listed in Table 1.

Insert Table 1 about here

RESULTS AND ANALYSIS

Descriptive statistics

The descriptive statistics represented in Table 2 show that the average of TOTAL_SCORE is 7.64, which suggests that most sample companies performed well in CSR. The average CSR scores of four subsidiary dimensions are 7.16 for corporate governance (CG_SCORE), 7.55 for corporate commitment (COMMIT_SCORE), 7.95 for social participation (SOCIAL_SCORE) and environmental protection (ENVIROM_SCORE), respectively. The results show that sample companies performed better in social participation and environmental protections among 4 dimensions. We infer the results to the probability that since people are paying more attention to companies' social participation and environmental protection issues in recent years, managers are more willing to put effort into

these CSR activities. For managers' background, the descriptive statistics show that most top managers for sample companies possess a bachelor's degree or above, and have an average of 8.29 years of working experience.

Insert Table 2 about here

Empirical results

The main empirical results for the association between top manager background characteristics and CSR performance are shown in Table 3. For general CSR performance (presented in column 1), the results show that DEGREE is significantly positively associated with total score for CSR. That is, the educational degree of a top manager is positively associated with companies' CSR performance, which is consistent with our first hypothesis. On the other hand, although the EXPERIENCE is positively associated with total score for CSR, it is not significant. In other words, compared to working experience, the educational degree of top managers is more significantly associated with companies' integral CSR performance. For the effects of boards of directors, the results show that INDST is significantly positively associated with general CSR performance. The results may be inferred to the reason that while independent directors possess minor financial benefit with companies, their reputation demand is high; consequently, they are more likely to induce a company to pay more attention to CSR activities. Besides, the results also show that company size is significantly positively associated with company CSR performance, which is consistent with our prediction and the findings of most prior studies.

For the further examination of the association of top managers and each of the CSR subsidiary dimensions, which are presented in columns 2 to 5, the results show that while the association between EXPERIENCE and TOTAL_SCORE is not significant, the association

between EXPERIENCE and ENVIROM_SCORE is significantly positive. In other words, although the impact is not significant for overall CSR performance, the positive impact of top managers' working experience is significant for companies' environmental protection-related CSR performance. This finding suggests that working experience may help managers learn and react faster to the changes of company CSR related issues, especially for environment-related events. Moreover, the results for subsidiary CSR dimensions reveal that the positive association between DEGREE and CSR is significant only in environmental protection scores, as well. Accordingly, we suggest that compared to other subsidiary dimensions, the effects of top managers' educational degree and working experience are most significant for company environmental protection-related CSR performance for the awareness of increased public attention on environmental protection issues. However, for CG_SCORE, the results reveal that rather than top managers' background, the traditional corporate governance mechanism, such as ratio of independent directors (INDST) and board size (BDSZ), plays a more important role in company corporate governance. Besides, the results show that in all dimensions, company size is significantly positively associated with their CSR performance. The result is consistent with most prior studies, which suggest that when facing CSR issues, large companies will respond and react more seriously since they may have drawn more attention and received more significant reactions from capital markets.

Insert Table 3 about here

Family-controlled is always one of the most important features of Asian companies. While family-controlled companies are indicated to have less incentive to improve the relationship between enterprises and other stakeholders (Morck & Yeung, 2004), it is possible

for them to place more emphasis on CSR activities in order to gain stakeholders' trust in the company and then reduce the agency cost. Since top managers in family-controlled companies generally are family members and controlling shareholders, they may have different reaction and decisions related to CSR issues in comparison to top managers of non-family-controlled companies. To investigate whether the effect of top managers' characteristics differ in these two types of companies, this study further separates sample companies into sub-groups by family-controlled or non-family-controlled, and then presents the results in Table 4. The results in column 3 show that the association between EXPERIENCE and CG_SCORE becomes significantly positive, which suggests that working experience is more significant for non-family-controlled companies in improving their corporate governance-related CSR performance. Furthermore, the results show that DEGREE (columns 2, 4, 6, 8 and 10) is significantly and positively related to all CSR indicators for the family-controlled company subgroup. This is because top managers in family-controlled companies generally are family members and controlling shareholders; thus, the role of top managers in family-controlled companies should be even more important, since their influence on the company is more significant. Therefore, when top managers have higher academic degrees, not only the total score but also the four subsidiary dimensions of CSR performance will be higher.

Insert Table 4 about here

Sensitivity analysis

Effects of company size

In addition to family control, company size is also an important factor that affects CSR performance (Waddock & Graves, 1998). Large companies have more stakeholders, so their

response and reaction to CSR issues should be taken more seriously. However, large companies also have more resources for engaging in CSR activities. Therefore, the relationship between background characteristics of top managers and CSR performance may differ in different sizes of companies.

Commonwealth Magazine's "Best Corporate Citizens" provides the data about company size. Our study further divides the sample companies into large companies and middle companies to test the differences in these two groups, if any.

Untabling result shows working experience (EXPERIENCE) is not significantly related to any CSR indicators. Education degree (DEGREE) is significantly and positively related to social participation (SOCIAL_SCORE) in large-size companies. Education degree (DEGREE) is significantly and positively related to environmental protection (ENVIROM_SCORE) in both large- and middle-size companies.

The results may be due to the fact that large companies can get more attention and positive effect when engaging in CSR activities, therefore more highly educated top managers in large companies are more willing to be involved in these activities. In contrast, more educated managers in middle companies may choose not to engage in CSR activities after considering their costs and effects. For environmental protection, higher educated managers have a positive relation to environmental protection, regardless of whether it's a large company or middle-size company. This result may be related to the fact that investors and communities are paying more attention to environmental issues in recent years.

CONCLUDING REMARKS

Serious global capital market disorders, environmental destruction and resource control have taken advantage away from shareholders and caused CSR to become an important issue worldwide. Thus, a new trend of capital markets is for enterprises to make profits and

maintain relationships with other stakeholders at the same time. Engagement and performance of CSR are the new criteria with which to evaluate the value of a company.

In such, CSR gradually has become an important research topic in recent years. However, except for Godos-díez, Fernández-gago and Martínez-campillo's (2011) discussion of top managers' impact on CSR through agency theory, most of the related literature and CSR study neglects to consider the impact of top managers.

This study used the CSR index published by *Commonwealth Magazine* from 2007 to 2010 as an index to evaluate CSR performance, including four subsidiary dimensions (corporate governance, corporate commitment, social participation and environmental protection) to explore the effects of top managers' background characteristics on CSR performance. The findings of this study indicate that the educational degree of top managers is significantly positively associated with the integral CSR performance of companies, which is consistent with our first hypothesis. On the other hand, although the working experience of top managers is positively associated with a company's integral CSR score, it is not significant. In other words, compared to working experience, the educational degree of top managers is more significantly associated with companies' integral CSR performance. The results suggest that, compared to working experience, the more advanced information processing and integration capability managers gain through earning a higher educational degree may more helpful in allowing them to recognize the importance of the CSR-related issue and reaction to this trend. This recognition induces better CSR performance as a result. However, for the further examination of each of the CSR subsidiary dimensions, the results show that while the influence of experience is not significant for integral CSR performance, the association between experience and CSR score for environmental protection is significantly positive. This finding may infer that compared to other CSR issues, working experience has greater impact on top managers in that it facilitates a quicker reaction to the

changes in environment-related events.

In the separation of the sample into family- and non-family-controlled companies, we find that while the results for non-family-controlled companies indicate that working experience is more significant for improving companies' corporate governance-related, CSR performance-controlled companies, which is similar to the whole sample results; contrary to these results, however, the educational degree of top managers is shown to be significantly positively associated with all CSR indicators for the family-controlled company subgroup. It may be inferred from the findings that the role of top managers in family-controlled companies is even more important, since their influence on the company is more significant. Additionally, the higher the managers' academic degrees, the higher the positive influence of companies' CSR performance.

Our findings contribute to the literature in the following ways. By examining the association between top managers' background characteristics and companies' CSR performance, we consider the importance of the top managers' cognitions and reactions for CSR events in CSR performance, while most prior studies only consider the influence of managers' agency problem. Moreover, by finding that the family-controlled type is confined to firms with different CSR performance, our results also provided evidence to demonstrate that management capability may complement strong governance for family-controlled companies, which is consistent with prior studies. Furthermore, by providing empirical evidence of the effects of top managers on CSR performance in family-controlled companies, our results suggest that the family-controlled type is not necessarily a bad structure and there is an even greater positive effect on company CSR performance when the top managers in a family-controlled company are well educated.

This study also has several practical implications. First, this study provides evidence to demonstrate that besides agency conflicts, the background characteristics of top managers

also plays an important role in company CSR performance; consequently, regulations governing the policies of companies should pay serious attention to the characteristics of top managers. Second, we suggest that governments of countries like Taiwan, with weaker institutions, should require every company to have a CSR report in order to increase the transparency of company CSR investment and control. Finally, from the viewpoint of CSR improvement, the study suggests that, in addition to the original education of top managers, continuing education should be implemented consistently.

The study has following limitations, some of which may provide leads for future research. First, while TFSC does not compel all public companies to have a CSR report, the scale of CSR performance used in this study was mainly based on the CSR index published by Commonwealth Magazine; also, although the report contains many listed companies in Taiwan, it does not examine the companies that are not contained in the report. Consequently, while the use of archival data may present some inextricable problems, future research could examine related issues with primary data collection to overcome this limitation. Next, for the limitation of data, rather than a detailed description, we can obtain only a rough background of top managers, and further research could extend the issue by examining the effects based on more specific background characteristics, if related data become available. Finally, this study divides companies by family- and non-family-controlled, and we believe that the different control type of family may have distinct results; in such, the understanding of how different family-control types work to influence company CSR performance may also be an interesting issue for future research.

ENDNOTES

1. The investigation, according to "OECD Guidelines for Multinational Enterprises" and other international rules, took place from October 5 to December 10, 2009; adopted 13 CSR indicators; and contains a total of 920 (public, OTC or foreign) companies with

positive income after tax. For the survey that focuses on the major subjects of shareholders' equity, labor rights, supplier management, consumer interests, environmental protection, community participation, stakeholder communication and information disclosure, the research received 162 questionnaires from Listed Companies, for which the recovery rate is 37.1%. In the 64 questionnaires from open text corporations, the recovery rate is 24.2%; 50 questionnaires were given to foreign companies, among which the recovery rate is 22.9%.

2. The only one we know is the study of Godos-díez, Fernández-gago and Martínez-campillo (2011), which discuss the impact of top managers on CSR performance through the concept of agency theory.
3. There were 2,072 public companies and 151 foreign companies in 2010. After three steps of selection, the investigation jury, which is composed of 12 credible and socially prestigious members, will choose the Top 50 of World Corporate Citizen from 118 companies (including 54 large companies, 27 medium companies and 36 foreign companies). Finally, selected companies will be divided by their size—large or small companies—while foreign companies are classified into the third group automatically.
4. The Corporate governance module of the TEJ database has built a material focus on listed companies in Taiwan related to the CSR issue. Built material of this module is aimed mainly at the “happened CSR case,” and there is no score or sort on companies that are not this type of case; therefore, it is not suitable for the issue that this study seeks to discuss.
5. The investigated scores of the “Best Corporate Citizens Report” are chosen in three stages. The first stage is primary election, including public companies that gained profit for three consecutive years (listed companies, OTC companies and emerging companies) and were supervised by FSC; and foreign companies that were investigated

by *Commonwealth Magazine*, are listed in “1000 large companies,” and are recommended by experts and scholars. There were 2,072 public companies and 151 foreign companies in 2010. The second stage is check selection; the editorial department of *Commonwealth Magazine* will evaluate and score the feedback data by each company. The third stage is final election; a jury, made up of 12 credible and socially prestigious members, will finally choose the Top 50 World Corporate Citizens from 118 companies (including 54 large companies, 27 medium companies and 36 foreign companies). Surveyed companies will be divided by the mark of 100 billion; up to 100 billion are large companies, and less than 100 billion are medium companies. Foreign companies present three groups under selection.

6. This research during the pre-test empirical study has considered whether the manager has a financial, accounting or legal background when processing the regression analysis. However, since the result is not significant and the sample size was compromised seriously, we deleted it in the main analysis.

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Table 1 Variable Definition and Measuring Method

	Definition	Expected Direction	Measuring Method
SCORE	Company CSR Performance		Includes total score, corporate governance scores, corporate commitment scores, social participation scores, and scores of environmental protection.
EXPERIENCE	Working experience	+	The natural logarithm of a manager's cumulated working years.
DEGREE	Educational degree	+	Education years of manager, high school or under=12; bachelor's degree=14; master's degree=16; doctoral=18.
INDST	Board Independence	-/+	Numbers of independent directors / total number of directors
BDSZ	Board Size	+	Total number of directors
NI_SALE	Net profit ratio	-	Net profit before tax of t-1/Net Sales
SIZE	Company size	?	Natural logarithm of total assets
DB	Debt ratio	?	Total liability/total assets
FMDM	Family controlled type	-	If final controller seats exceed or equal to 50% of total Board seats in the end of the year, FMDM is 1, else 0.

Table 2 Descriptive Statistics

Variable	Mean	Standard Deviation	Median	Minimum	Maximum
TOTAL_SCORE	7.64	0.83	7.75	5.48	9.45
CG_SCORE	7.16	1.27	7.00	4.50	9.60
COMMIT_SCORE	7.55	1.03	7.70	5.00	9.90
SOCIAL_SCORE	7.95	0.90	8.10	4.80	9.70
ENVIROM_SCORE	7.95	1.13	8.20	4.00	9.70
EXPERIENCE	8.29	7.00	6.75	0.00	61.75
DEGREE	15.33	1.40	16.00	12.00	18.00
INDST	0.16	0.15	0.19	0.00	0.50
BDSZ	11.29	3.58	11.00	7.00	25.00
DB	0.38	0.18	0.37	0.12	0.76
SIZE	11.46	1.41	11.68	7.57	14.43
NI_SALE	0.12	0.13	0.09	-0.23	0.65

Explanations of variables are presented in Table 1

Table 3 Background characteristics of Top Managers and CSR performance

	(1) Total Score	(2) Corporate Governance	(3) Corporate Commitment	(4) Social Participation	(5) Environmental Protection
Intercept Item	2.30** (0.00)	-20.53* (0.02)	4.09*** (0.00)	4.65*** (0.00)	-1.74 (0.14)
EXPERIENCE	0.11 (0.34)	-0.34 (0.79)	0.16 (0.24)	-0.03 (0.82)	0.29* (0.14)
DEGREE	0.13** (0.00)	0.77 (0.18)	0.06 (0.25)	0.07 (0.24)	0.30*** (0.00)
INDST	0.94* (0.04)	33.78*** (0.00)	0.24 (0.69)	0.68 (0.21)	-0.56 (0.36)
BDSZ	-0.00 (0.89)	0.35* (0.13)	-0.06* (0.01)	-0.02 (0.31)	0.02 (0.41)
DB	0.03 (0.95)	0.44 (0.94)	-0.67 (0.26)	-0.17 (0.75)	0.69 (0.36)
SIZE	0.27*** (0.00)	1.98** (0.00)	0.27*** (0.00)	0.23*** (0.00)	0.37*** (0.00)
NI_SALE	-0.80 (0.08)	1.84 (0.74)	-1.51* (0.01)	-0.25 (0.71)	-1.67* (0.01)
N	148	147	148	148	148
<i>R-Square</i>	0.312	0.312	0.137	0.148	0.382

Statistical significance: *p < .05; **p < .01; ***p < .001
Explanation of Variable please refer to Table 1

Table 4 Top Manager Background characteristics and CSR: Distinguish by whether Family controlled company

	TOTAL_SCORE		CG_SCORE		COMMIT_SCORE		SOCIAL_SCORE		ENVIROM_SCORE	
	(1) Non Family Controlled	(2) Family Controlled	(3) Non Family Controlled	(4) Family Controlled	(5) Non Family Controlled	(6) Family Controlled	(7) Non Family Controlled	(8) Family Controlled	(9) Non Family Controlled	(10) Family Controlled
Intercept	5.19** (0.01)	2.10** (0.04)	-10.82 (0.65)	-25.91** (0.05)	8.68*** (0.00)	3.46** (0.01)	7.70*** (0.00)	4.17*** (0.00)	1.82 (0.50)	-1.69 (0.22)
EXPERIENCE	0.24 (0.46)	-0.05 (0.67)	7.17* (0.08)	-2.28 (0.13)	0.45 (0.27)	0.05 (0.76)	-0.27 (0.48)	-0.13 (0.38)	-0.21 (0.64)	0.09 (0.57)
DEGREE	-0.09 (0.34)	0.19*** (0.00)	-0.21 (0.85)	1.30* (0.06)	-0.22* (0.07)	0.12* (0.09)	-0.13 (0.24)	0.13** (0.04)	0.01 (0.93)	0.39*** (0.00)
INDST	1.62 (0.13)	0.68 (0.17)	19.96 (0.11)	36.17*** (0.00)	-0.05 (0.97)	0.49 (0.45)	2.36* (0.07)	0.34 (0.58)	1.51 (0.30)	-1.46** (0.03)
BDSZ	-0.00 (0.90)	-0.00 (0.90)	0.08 (0.84)	-0.06 (0.85)	-0.09** (0.04)	-0.03 (0.43)	0.01 (0.80)	-0.01 (0.85)	0.05 (0.27)	0.05 (0.17)
DB	-0.66 (0.62)	0.86 (0.11)	-5.88 (0.71)	3.11 (0.66)	-3.07* (0.08)	0.96 (0.19)	-1.37 (0.39)	0.73 (0.29)	1.59 (0.39)	1.60** (0.03)
SIZE	0.28** (0.01)	0.22*** (0.00)	1.31 (0.29)	2.56*** (0.00)	0.32** (0.02)	0.18** (0.03)	0.23* (0.07)	0.16** (0.04)	0.45*** (0.00)	0.24*** (0.00)
NI_SALE	0.58 (0.67)	-0.73 (0.22)	14.04 (0.38)	-4.17 (0.58)	-1.09 (0.53)	-0.94 (0.23)	0.98 (0.54)	0.41 (0.57)	-0.11 (0.95)	-1.46* (0.07)
<i>N</i>	40	102	39	102	40	102	40	102	40	102
<i>R-Square</i>	0.335	0.339	0.170	0.409	0.276	0.130	0.273	0.076	0.261	0.509

Statistical significance: *p < .05; **p < .01; ***p < .001

Explanation of Variable please refer to Table 1