

# Corporate value statements - a means for family-controlled firms to monitor the agent?

ANNA BLOMBÄCK, OLOF BRUNNINGE  
AND ANDERS MELANDER



JÖNKÖPING INTERNATIONAL  
BUSINESS SCHOOL  
JÖNKÖPING UNIVERSITY



Paper for the 11th Annual World Family Business Research Conference.  
Palermo, Italy, 28 June-1 July, 2011

**Corporate value statements - a means for family-controlled firms to monitor the agent?**

Anna Blombäck  
Jönköping International Business School  
Center of Family Enterprise and Ownership  
Box 1026  
551 11 Jönköping  
Phone: +46 36 10 18 24  
E-mail: [Anna.Blomback@ihh.hj.se](mailto:Anna.Blomback@ihh.hj.se)

Olof Brunninge  
Jönköping International Business School  
Center of Family Enterprise and Ownership  
Box 1026  
551 11 Jönköping  
Phone: +46 36 10 18 28  
E-mail: [Olof.Brunninge@ihh.hj.se](mailto:Olof.Brunninge@ihh.hj.se)

Anders Melander  
Jönköping International Business School  
Center of Family Enterprise and Ownership  
Box 1026  
551 11 Jönköping  
Phone: +46 36 10 18 49  
E-mail: [Anders.Melander@ihh.hj.se](mailto:Anders.Melander@ihh.hj.se)

## **Introduction**

In management studies, shared values and organizational culture are depicted as assets. Research and empirical observations indicate that the practice of companies promoting core values is increasing. Johnson et al. (2008: 163) conclude that: “Increasingly organizations have been keen to develop and communicate a set of corporate values that define the way that the organization operates”. One explanation for this increase, is the surge in recent times of discussion about corporate responsibility and morals. Business leaders can partly meet demands in this area by introducing corporate statements and documents that clarify the company’s core values. In the current paper, however, we take an internal and governance approach to articulated value statements. By interpreting them as one instrument available to business owners when they seek to control and communicate with management and employees.

In family businesses, the entwinement of family and business systems implies that strong values, which are held by the owner family, are likely to be transferred and maintained in the business system as well. Hence, research indicates that corporate core values can function to manifest the family in the business (Koiranen, 2002), to inform other stakeholders about “the rules of the game” (Neubauer & Lank, 1998, p 260), but also to avoid badwill on the family due to questionable corporate behavior (Godfrey, 2005). In the current paper we elaborate on whether, in family-controlled businesses, articulated core values is a way for the family to maintain control of business operations and the characteristics of business behavior.

Drawing on agency theory and the characteristics of family business as an overlap of family and business systems, this paper outlines hypotheses about family-controlled firms in regards to corporate value statements. The basic assumption is that families as majority or major owners in companies are precarious about their, or certain values, which coincide with the values of the family, are maintained and followed in the business. In situations where the family is not the sole owner, or even necessarily directly involved in the business operations, a need to *monitor the agent* appears in relation to core values. Among family-controlled companies, differences exist in terms of how involved family members are in daily activities. While some families are “only” represented in the board of directors, others are also represented in top management.

In summary, the following key questions represent the origin of our study:

- 1) *Do family-controlled firms vary from non-family controlled firms in regards to if and how they communicate corporate value statements?*

2) *Do family-controlled firms, depending on level of family involvement in daily operations vary in regards to if and how they communicate corporate value statements?*

Our study combines corporate value literature with family business and agency theory. It extends our insights into the family business context related to corporate values and seeks to contribute to family business and governance matters. By researching a large sample of Swedish listed companies, including family- and non-family controlled firms we hope to shed further light on whether these groups differ and, likewise, whether there are differences among the family-controlled firms as regards the articulating and communication of corporate values – differences which then might be discussed in the light of agency theory.

### **Relevance of core values and value statements**

The literature on corporate values is fragmented and consequently corporate values are defined in many ways. In a broad literature review we identified close to 150 articles that discussed formally stated corporate values (or related terms). A majority of authors suggest that corporate values can be depicted as fundamental, deep-rooted and intrinsic principles and beliefs. Osborne (1991 p.28) suggests that “*Companies form core values as a mechanism to create a foundation of attitudes and practices that will lead to the enhanced long-term success of the firm*” (Osborne 1991 p.28). One reason for that might be found in the belief that “*(...) people are driven by what they believe as well as the machines and equipment they have*” and that “*this is why values are of central importance*” (Humble et al. 1994 p.33). Hence, core values seems to be of particular importance to business.

A distinction exists between explicitly articulated values and values that are more implicit in kind. Osborne (1991) for instance discuss “corporate value statements”. The term “espoused values” also indicate materialization of the values (Thornbury 2003). Wenstøp and Myrmel (2006) argue that core value systems consist of three categories of values; made explicit in different types of texts. *Core values*: found in sections on code of conduct, values statement, or credo. *Protected values*: found in sections on health, environment and safety. *Created values*: found in sections on objectives and always in the annual report. The use of the term “created values” reinforces an assumption in literature that core values are implicit and important and that espoused values, expressed in company statements, “*are values which an organization claims to hold or momentarily promotes to suit a business need*” (Thornbury 2003). Such espoused values in company statements are often part of a top down project (Lencioni, 2002).

A clear sense of deeply-held corporate values is believed advantageous for company success (Baker Jr 2003; Blanchard and Connor 1997; Collins and Porras 1998; Ginsburg and Miller 1992; Humble et al. 1994; Lencioni 2002; McDonald and Gandz 1992; Tichy and Charan 1995; Van Lee et al. 2005). Corporate values are thought to have strategic powers that foster future organizational success (Humble et al. 1994). Osbourne (1991 p.28), suggests that “*companies form core values as a mechanism to create a foundation of attitudes and practices that will lead to the enhanced long-term success of the firm*”. He highlights three ways in which firms can particularly benefit from core value statements: i) the management of strategic change, ii) growth management), and iii) crisis management (cf. Kotter, 1995). An explanation for the merit of values in management is that they provide focus and direction (Murphy, 1995), or guidelines, that foster a secure framework (Humble et al. 1994p. 42).

Collins and Porras (1996, 1998) demonstrate that ‘visionary companies’ – those with a clear purpose and a shared set of strongly held and enduring core values – outperformed their peers and the general stockmarket over a time period of 70 years. It is suggested that the success of those leading companies can at least partly be explained by corporate values. Similarly, a study of Fortune 500 companies found that firms with superior financial performance gave special emphasis to basic beliefs and values in their corporate mission statements (Pearce and David 1987). Therefore, the financial value of corporate values has also been indicated (Curtis 2005; Van Lee et al. 2005).

In summary, the identification, articulation, and maintenance of core values should be an important aspect of corporate governance to consider for owners that wish to keep profitable business operations.

### **Family business and core values**

In family business research, the definition of “family business” is related to the overlap between family values and business values. Gallo (2000) state that “*a firm can be considered a family firm when family and business share assumptions and values*” (in Astrachan, Klein and Smyrnios, 2002:50). In the often-mentioned F-PEC scale, which aims to operationalize a definition of family business, the overlap between family values and business values is included as a part of the cultural subscale (Astrachan, Klein and Smyrnios, 2002, 2003).

Due to the entwinement of family and business, family businesses are described as commonly being values driven. When family members are strongly connected to the business, the value system of the family can transfer to also become an intrinsic part of the

business. Core values are also believed to be more in focus in family business owing to an underlying aim to protect family reputation. Bad business behavior more easily reflects on the family members when the business is closely tied to the family. Clearly transmitted corporate values could help avoid such reputational crises.

The corporate values discussion partly relates to the debate on business ethics and corporate social responsibility (CSR). Three principle motivations for companies' commitment to corporate social responsibility activities are identified. These are the *stakeholder, performance, and values* driven approaches (Swanson, 1995; Maignan and Ralston, 2002). The first two are explained by the utilitarian and reactive logics (i.e. developing CSR as a response to market opportunities or stakeholder demands, in order to maintain business performance and/or license to operate). In contrast, the values-driven approach suggests that companies explain and perform CSR on account of its being a part of the corporate identity and, thus, core values. From this perspective it is clear that corporate values and corporate social responsibility can be closely linked. CSR (activities and communication) can both be a means for companies to account for their value system (Hooghiemstra, 2000; Morsing and Schultz, 2006; ) as well as a result of that very system (Maignan and Ralston, 2002).

Scholars are currently paying attention to corporate responsibility in family businesses. Several authors adhere to the notion that family-owned companies are more likely to be socially responsible than other companies (e.g. Dyer and Whetten, 2006; Godfrey, 2005). One explanation for this belief is based on the values-driven approach as it holds that family firms incorporate a distinct set of values, including being more caretaking and responsible. These characteristics are difficult to imitate by competitors and would indeed imply a difference in terms of CSR (Déniz and Suárez, 2005). Another, recurring argument is that family are likely to keep a high focus on corporate responsibility due to the close connection between the company's behavior and the reputation of the family members persona (Godfrey, 2005). This argument does not clearly correspond to any of the previously identified motivations for CSR (values, performance, stakeholder). It could be interpreted as a stakeholder-driven phenomenon, though. Since the family is also the owner; a key stakeholder that might place a demand on the firm's behavior based on what it finds to be responsible or ethical behavior. This indicates that the family's values trickle down into the business.

However, the stakeholder-driven approach is described as being reactive and complying in nature. If family businesses (and other owner-managed firms) really do pay high attention to CSR because of their name being tied to the company's name and/or activities,

this can also be an indication that the overlap and of family and business instigates a higher concern of CSR due to the individuals' self-interest and/or self esteem. That is, even if the family members do not have very strong values in place concerning the business' behavior they might condone a highly responsible line of behavior since they do not want to "drag their own name in the dirt". Concurrently, we propose that family firms will also take extra care to communicate their values to stakeholders.

Given the alluded importance of values in family business, surprisingly few studies focus on value statements in the family business literature. In a 1997 review of the family business literature (Sharma, Christman and Chua, 1997), corporate values only appear in a brief discussion on personal values versus corporate values in family firms. Admitting the reciprocal impact of family on business, Sharma (2004) promotes the need to enhance our understanding of "*mechanisms family firms use to develop, communicate and reinforce desired vision and organizational culture over extended tenures of leaders and across generations...*" (Sharma, 2004:22)

A recurring focus in literature that applies a values perspective on family business is the importance of the founder on the organizational culture (c.f. Sharma, 2004). Garcia-Alvarez and Lopez-Sintas (2001) represent only one attempt to illustrate the importance of value analyses when they argue how value analyses offers a way to understand business heterogeneity among family firms.

#### *Family-controlled firms and core values*

Given that the definition of family business normally includes the criteria that ownership should be concentrated within one family (Chua et al. 1999; Astrachan et al 2002) it is not surprising that most research has focused on privately held companies. However, rather than simply looking at family firms as firms where a family is the sole owner, the idea of *family controlled* firms have emerged (Trevinyo-Rodríguez, 2009). This approach to define family business stress the overlap between ownership, control and management (Villalonga and Amit, 2006). The current paper adheres to this idea and we use Gubitta and Gianecchini's (2002) definition of family firm. They hold that family firms are firms where one or more individuals, who are closely related, own a large enough share of the firm (in terms of share ownership or voting rights) to be able to control the strategic decisions of the business.

In the light of this broader notion of family business, researchers have identified that family ownership or control is also salient among firms traded publically on stock-exchanges (Allio, 2004; La Porta et al., 1999, Villalonga and Amit, 2006). Concurrently, there

has been an increasing interest for studying firms that are publicly traded but yet in the control of one or a few families (e.g. Anderson and Reeb, 2003; Favero et al. 2006).

So far in this paper, the relevance of formalized corporate values can be summarized in one word: “direction”. Values, however, do not per se indicate the route to follow. They (often) only represent a platform on which the direction (vision) is formulated. A platform that simultaneously enhances the formulation of a desired future and indicate its limitations. The fact that values can be discussed in relation to direction of vision and behavior leads us to elaborate further on the potential benefit of articulated core values in terms of leadership and control. In this section we develop these ideas, connecting the existence of core values statements in different types of family-controlled businesses.

### *Two types of family controlled firms*

In addition to the distinction of companies being family controlled or not, it is possible to categorize the family controlled firms according to how involved the family is in business operations. The definition of family control implies that family representatives are in the board of directors and/or in the top management of the company. In companies defined as family controlled firm, family members are not necessarily involved in the actual running of the business. Depending on this, the family’s role and visibility should differ between different family controlled firms. A family that is part of the management team have more opportunities to influence and control the way a business is run. In terms of core values and values statements, this means a varying ability to be the proof of a certain value system. In view of this, we foresee a difference in the need to formalize and articulate core values.

When a family is directly involved in the business its members can be representatives of the values - acting as living proof of the value system which is inherent in the family and sought for the business. When family businesses are listed on the stock exchange, the family is no longer the sole owner and possibly also less visible in the business. In this situation, the family might feel a need to signal the company’s values within the company as well as to outside parties - as a kind of assurance. To elaborate further on the role of corporate value statements in (different types of) family-controlled companies we employ agency theory.

### **Agency theory and hypotheses**

Agency theory outlines the principle (shareholders) and agent (board members and managers) problems, which arise in situations when the two have unequal objectives and/or when

principles cannot control what the agent is doing (Eisenhardt, 1989). A number of mechanisms are suggested to limit agency costs. These include financial incentives systems tailored to increase managers motivation to act in a way that benefits the shareholder. In this paper we argue that articulated core values, codes of conduct, and corporate principles for governance are further means employed by owners to monitor behavior and minimize agency loss.

Scholars regularly apply an agency theory perspective on family businesses. One stream of papers focus on the existence (or not) and nature of agency problems and solutions in privately held family businesses (e.g. Chrisman et al., 2004; Schultze et al., 2001; Schultze et al., 2003). Another stream of literature specifically elaborates on the principal-agent issue in different types of family businesses, like publicly traded family firms (e.g. Corbetta and Salvato, 2004; Miller and Le Breton-Miller, 2006; Morck and Yeung, 2003). Scholars repeatedly conclude that the existence of agency costs and need for managing the agency relationship depends on the type of governance in the family business. Moreover, the researchers conclude that, in family controlled firms, the family as such can be seen as the source of agency costs, in relation to other shareholders.

The description of family businesses through the systems approach is common; pointing at an overlap of three subsystems; family, ownership and business. While the family system has its norms and values, the entwined nature of the family business implies that the salient family values automatically will be transferred and maintained in the business system as well. Researchers argue that the need to cater to company image and reputation is more pressing when family members are involved in the running of the business. The connection is stronger and it is easier for audiences to let the business behaviour reflect on their image of individuals. Another argument is that family firms' strive for long-term survival will deter opportunistic and promote responsible behavior. In the public family-controlled firm, however, the family's ability to control behavior will be limited.

Connecting to agency theory, the role we portray for the values statements is primarily that of an instrument to avoid a reputational risk and/or cost. This reputational risk/cost can appear due to the potential difference in emotional ownership between the family (principal) and other members of the board, the firm's management and employee (agents). The family's oftentimes long-term perspective of ownership and the fact that the family's reputation can be mirrored in the business' reputation fosters avoidance of bad behavior. Members of the board, managers, or employees in general, are more likely to have short-term gain in sight; thereby increasing the risk of overlooking value breaches. Although core values

are salient in the family business discourse, sometimes referred to as a key to the positive performance of family businesses, the principal-agent discussion appears to overlook the potential costs involved in losing or neglecting these values.

Taken together, we assume that family controlled firms would be keen to communicate core values internally as well as externally to make sure that the business is run according to their family morals and that audiences also recognize that this is the case.

*H1) As a means to control that agents' behaviour support long-term business and strong corporate reputation, family-controlled companies are more likely to communicate corporate value statements than are non family-controlled companies.*

The differences among family-controlled businesses in regards to the family's involvement in business promotes further elaboration on the matter. The more distant from operations and decision-making the family is, the less likely it is to have a direct influence on the business conduct and decisions. In companies where the family is not part of top management, a principal-agent situation appears. If the dominant owner family aspires that the company should reflect and behave according to certain values, it must find ways to ensure or endorse that these values are in focus. Promoting the development and communication of value statements could be one way of doing this. We foresee that there will be differences within the group of family-controlled businesses in regards to their core value statements.

*H2) Family-controlled businesses where the family is represented in the board of directors (and not in top management) are more likely to communicate corporate value statements than family-controlled businesses where family members are both represented in the board of directors and involved in top management.*

## **Method**

The ambition of this paper was to compare the occurrence of formally stated corporate values among family and non family businesses. Thus, our aim was to include a sample of comparable companies with family and non-family dominated ownership. To fulfill that aim, we decided to collect our data on publically traded firms in Sweden. A quantitative study was conducted, including a total sample of all firms listed on the Swedish stock exchange for established firms (Nasdaq OMX) in 2010. In total 254 companies are included. The firms were researched in three groups according to the structure of the stock exchange. *Large cap*

*firms* (n=56) represent firms that have a stock value higher than 1 billion Euro. *Mid cap firms* (n= 73) represent firms that have a stock value higher than 150 million and less than 1 billion Euro. *Small cap firms* (n= 125) represent firms that have a stock value of less than 150 million Euro.

Data was gathered by reading and browsing the companies' annual reports and corporate webpages. The coding template used for each company is summarized in table 1.

**Table 1: Overview coding template**

<b>Control/independent variables</b>	
<b>VARIABLE</b>	<b>CODING</b>
<ul style="list-style-type: none"> <li>Industry</li> </ul>	[1-10] Based on the Global Industry Classification Standard (GICS) used to classify companies on the stock exchange. One of the following: <i>Energy, Materials, Industrials, Consumer discretionary, Consumer staples, Helath care, Financials, Information technology, Teleommunication services, Utilities</i>
<ul style="list-style-type: none"> <li>Size 1</li> </ul>	[Net sales - in 1000 Euros]
<ul style="list-style-type: none"> <li>Size 2</li> </ul>	[Number of employees]
<ul style="list-style-type: none"> <li>Family-controlled?</li> </ul>	[Yes/No] To code firms as being family-controlled or not, a definition of family-controlled ownership was applied (cf. Gubitta and Gianecchini's, 2002). One or several members representing the core family must own more than 20 percent of the voting shares, they must be the largest owner, and be represented in top management <i>and/or</i> the board (c.f. Anderson and Reeb, 2003; La Porta et al., 1999; Nordqvist and Boers, 2007).
<ul style="list-style-type: none"> <li>Family-controlled type 1 or 2</li> </ul>	[1/2] Family-controlled companies were coded (1) if family members are only represented in the board of directors. The code (2) implies that family members are (also) active in top management.

<b>On corporate value statements</b>	
<b>VARIABLE</b>	<b>CODING</b>
<ul style="list-style-type: none"> <li>Have core value statements?</li> </ul>	[Yes/No] Yes was coded only if the company itself articulates that they have core values and also lists one or several such values. The following concepts were interpreted as statements of core values: <i>Our... .Core values; Values; Value foundation; Philosophy; Principles; Cornerstones; Guiding stars; Credo; Motto; Sucess factors; Spirit; Key words.</i>
<ul style="list-style-type: none"> <li>Have core value statements in Annual report</li> </ul>	[Yes/No]

• Have core value statements on the WEB	[Yes/No] Coded yes if core values are mentioned and defined anywhere on the corporate webpages.
• Which values?	[List according to company statements]
• Position of values	[Actual heading specified where values are listed]. The heading was included as an indication of the intended key audience (internal/external) of the core value statement.

Based on this coding template, our sample includes 102 family-controlled companies. This is equivalent to 40 percent of the total sample. Of these 102 family-controlled firms, 74 (73%) represent “type 1” family control (family member(s) in board of directors) and 28 (27%) represent “type 2” family control (family member(s) in board and/or top management). Tables 2 and 3 present a sample overview, divided on small, mid and large cap.

**Table 2: Number of family controlled firms (FCF)**

	Small cap	Mid cap	Large cap	Total sample
No. firms	125	73	56	254
Family controlled firms; %of group	53; 42%	25; 34%	24; 43%	102; 40%
Non-family ontrolled firms; %of group	72; 58%	48; 66%	32; 57%	152; 60%

**Table 3: Family controlled firms divided based on family representation in board and/or management**

	Small cap	Mid cap	Large cap	Total sample
FCF in sample:	53	25	24	102
<i>Type 1</i> : Family in board	35; 66 %	18; 72 %	21; 88 %	74; 73 %
<i>Type 2</i> : Family in board and/or management	18; 34 %	7; 28 %	3; 12 %	28; 27 %

To answer to our hypotheses, we present results in the form of descriptive statistics, with focus on value statement frequencies among non-family controlled firms (NFCF) and two types of family controlled firms (FCF).

## Results and discussion

Table 4 shows the occurrence of value statements in annual reports and/or on corporate web pages among all firms in the sample.

**Table 4: Frequency of value statements all firms**

<b>TOTAL SAMPLE</b>	Small cap (n=125)	Mid cap (n=73)	Large cap (n=56)	<b>Total (n= 254)</b>
No of firms with value statements in AR and/or WEB	70	53	50	<b>173</b>
Percentage of sample	56%	73%	89%	<b>68%</b>

A clear majority of firms (68%) do mention and identify core values. An apparent difference between the groups (small, mid and large cap) can be detected, though. The larger the firm's stock value, the more common are value statements. While 56 percent of the firms have core values statements in the small cap category, 89 percent of the large cap companies do.

Tables 5 and 6 show the occurrence of value statements in family controlled and non-family controlled firms respectively.

**Table 5: Frequency of value statements among FCF**

<b>FAMILY CONTROLLED FIRMS</b>	Small cap (n= 53)	Mid cap (n = 25)	Large cap (n = 24)	<b>Total (n = 102)</b>
No of firms with value statements in AR and/or WEB	35	20	21	<b>76</b>
Percentage of sample	66 %	80 %	88 %	<b>75%</b>

**Table 6: Frequency of value statements among NFCF**

<b>NON-FAMILY CONTROLLED FIRMS</b>	Small cap (n= 72)	Mid cap (n = 48)	Large cap (n = 32)	<b>Total (n = 152)</b>
No of firms with value statements in AR and/or WEB	35	33	29	<b>97</b>
Percentage of sample	49 %	69 %	91 %	<b>64%</b>

Based on frequencies for the total sample, *Hypothesis 1 is supported*. For the small and mid cap groups, a substantial difference is noticeable between family controlled and non family controlled firms. The large cap sample is an exception. Here, 91 percent of the non family controlled firms have values statements, whereas 88 percent of the family controlled firms have it. The difference is very small, though.

Tables 7 and 8 show the occurrence of value statements in family controlled firms. The tables distinguish between family controlled firms where the family is "only" represented in the board of directors and family controlled firms where the family is both represented in the board of directors and top management. Based on frequencies in the total sample, the results support Hypothesis 2. For the mid cap group, though, the results are opposite from the hypothesis. The sample is rather uneven in terms of number of firms and

the type 2 group is much smaller than the type 1 group. This is especially true for the large cap group where there is only 3 firms representing the second type of family control.

**Table 7: Frequency of value statements among FCFs - type 1**

<b>TYPE 1 – FAMILY IN B.O.D.</b>	Small cap (n= 35)	Mid cap (n = 18)	Large cap (n = 21)	<b>Total (n = 74)</b>
No of firms with value statements in AR and/or WEB	24	14	19	<b>57</b>
Percentage of sample	69%	78%	90%	<b>77%</b>

**Table 8: Frequency of value statements among FCFs - type 2**

<b>TYPE 2 – FAMILY IN B.O.D. and/or MANAGEMENT</b>	Small cap (n= 18)	Mid cap (n = 7)	Large cap (n = 3)	<b>Total (n = 28)</b>
No of firms with value statements in AR and/or WEB	11	6	2	<b>19</b>
Percentage of sample	61%	86%	67%	<b>68%</b>

### **Conclusion, limitations and continued research**

The aim of this paper was to investigate whether family control influences the existence of core value statements in companies. Our starting point was to interpret such value statements as a means of controlling the behavior of management and employees, as well as the reputation of the company. We hypothesised that firms where a family is the dominant owner are more likely to have value statements than other firms (H1), due to the potential overlap of family members' and the business' identities, and the concurrent entwinement of company and family image. That is, families as the principals would promote the formulation and communication of value statements to improve their control of the agents (represented by the board of directors, management and employees) and the corporate reputation. Further, we hypothesised that there would be a difference among family-controlled firms. In firms where the family is not represented in management (only in the board of directors) value statements would be more likely due to the family's even more limited control of operations (H2). *Both hypotheses are supported by our data.*

More research is needed, though, to verify whether our underlying assumptions are indeed behind the results. For example, in order to talk about controlling the agent related to value statements, we need to learn further whether, and in that case how and why, family members' influence the creation and communication of value statements. We are planning to conduct such research.

In this paper we chose to rely on agency theory for elaboration and hypotheses. Alternative perspectives than governance and control are of course possible to interpret and explain the results we find on value statements. A current limitation is that we have not checked the results for correlations within other variables. For example, based on the data we have collected, we will check what influence the industry has on the value statements. It is possible that the frequency of core values statements is related to trends and/or institutionalization within an industry, which might provide alternative results to consider. An important limitation of our study is the focus on the Swedish stock exchange. The fact that we use a total population still grants merit to the results. However, the limitation opens up for comparative studies with other countries.

### References

- Allio, M.K. (2004). 'Family businesses: their virtues, vices, and strategic path'. *Strategy & Leadership*, 32(4), p. 24-33.
- Anderson, R. C. and Reeb, D. M. (2003). 'Founding-Family Ownership and Firm Performance: Evidence from the S&P 500.' *The Journal of Finance*, 58(3), p. 1301-1328.
- Astrachan, J. H., Klein, S. B. and Smyrnios, K. X. (2002), 'The F-PEC Scale of Family Influence: A Proposal for Solving the Family Business Definition Problem1', *Family Business Review*, **15**, 45-58.
- Baker Jr, L. M. (2003), 'Stick to Your Values', *Harvard Business Review*, **81**(1), 43-43.
- Blanchard, K. and M. Connor (1997), *Managing by Values*. USA: Berrett-Koehler
- Chrisman, J. , Chua, J.H., and Litz, R.A. (2004). Comparing the Agency Costs of Family and Non-Family Firms: Conceptual Issues and Exploratory Evidence. *Entrepreneurship, Theory and Practice*, Vol. 28 No. 4, pp. 335-354.
- Chua, J. H., Chrisman, J.J., et al. (1999). 'Defining the Family Business by Behavior'. *Entrepreneurship Theory and Practice*, (Summer), p. 19-39.
- Collins, C.J. and Porras, J.I. (1998), 'Built to Last : Successful Habits of Visionary Companies'. London: Century Business.
- Collins, J.C. and Porras, J.I. (1996), 'Building Your Company's Vision', *Harvard Business Review*, **74**(5), 65-77.
- Corbetta, G., and Salvato, C. (2004). Self-Serving or Self-Actualizing? Models of Man and Agency Costs in Different Types of Family Firms: A Commentary on "Comparing the Agency Costs of Family and Non-family Firms: Conceptual Issues and

- Exploratory Evidence. *Entrepreneurship: Theory & Practice*, Summer2004, Vol. 28 Issue 4, pp. 355-362
- Curtis, C. Verschoor (2005), "Is There Financial Value in Corporate Values?," *Strategic Finance*, 87 (1), 17.
- Déniz Déniz, M.C., & Cabrera Suárez, M.K. (2005). 'Corporate Social Responsibility and Family Business in Spain.' *Journal of Business Ethics*, **56**(1), p. 27-41.
- Dyer, G. and Whetten, D.A. (2006), 'Family firms and social responsibility: Preliminary evidence from the SP 500', *Entrepreneurship Theory and Practice*, **30**(6), 785-802.
- Eisenhardt, K. (1989). Agency Theory: An Assessment and Review. *The Academy of Management Review*, 14 (1), pp. 57-74.
- Favero, C.A, Giglio, S.W., Honorati, M. and Panunzi, F. (2006). 'The Performance of Italian Family Firms'. ECGI Working Paper Series in Finance, Working Paper N°127/2006, July 2006.
- Gallo, M. A. (2000), Conversation with S. Klein at the IFERA meeting held at Amsterdam University, April 2000. In Astrachan, J. H., Klein, S. B. and Smyrnios, K. X. (2002) The F-PEC Scale of Family Influence: A Proposal for Solving the Family Business Definition Problem1. *Family Business Review*, **15**, 45-58
- Garcia-Alvarez, E. and Lopez-Sintas, J. (2001), 'A taxonomy of founders based on values: The root of family business heterogeneity', *Family Business Review*, **14**, 209- 230.
- Ginsburg, L. and Miller, N. (1992), 'Value-Driven Management', *Business Horizons*, **35**(3), pp. 23.
- Godfrey, P.C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review*, **30**(4), 777–798.
- Gubitta, P. and Gianecchini, M. (2002) Governance and Flexibility in Family-Owned SMEs, *Family Business Review*, 15(4), . 277- 297.
- Hooghiemstra, R. (2000), 'Corporate Communication and Impression Management – New Perspectives Why Companies Engage in Corporate Social Reporting', *Journal of Business Ethics*, **27**, 55-68.
- Humble, John, David Jackson, and Alan Thomson (1994), 'The Strategic Power of Corporate Values', *Long Range Planning*, **27**(6), 28-42.
- Johnson, G., Scholes, K., and Whittington, R. (2008). *Exploring Corporate Strategy*. Prentice Hall.

- Kelly, L. M., Athanassiou, N., Crittenden, W. F. (2000) Founder Centrality and Strategic Behavior in Family-owned firm. *Entrepreneurship and Practice*, Winter, pp27-42.
- Koiranen, M. (2002). Over 100 Years of Age But Still Entrepreneurially Active in Business: Exploring the Values and Family Characteristics of Old Finnish Family Firms. *Family Business Review*, 15 (3), p. 175-188.
- Kotter, J.P. (1995), 'Leading Change: Why Transformation Efforts Fail', *Harvard Business Review*, **73**(2), 59-67.
- La Porta, R., Lopez-De-Silanes, F., and Shleifer, A. (1999). 'Corporate Ownership around the World'. *The Journal of Finance* 65(2), p. 471-517.
- Lencioni, P.M. (2002), 'Make Your Values Mean Something', *Harvard Business Review*, **80** (7), 113-17.
- Maignan, I. and Ralston, D.A. (2002 ). Corporate Social Responsibility in Europe and the U.S. Insights from Businesses' Self-Presentations. *Journal of International Business Studies*, **33**(3), 497-518.
- McDonald, P. and Gandz, J. (1992), 'Getting Value from Shared Values', *Organizational Dynamics*, **20**(3), 64-77.
- Miller, D., and Le Breton-Miller, I. (2006). Family Governance and Firm Performance: Agency, Stewardship, and Capabilities. *Family Business Review*. Vol. 19 No. 1. Pp..73-88.
- Morck, R., and Yeung, B. (2003). Agency Problems in Large Family Business Groups- *Entrepreneurship Theory and Practice*, Vol 27, no 4, pp. 367-382.
- Morsing, M. and Schultz, M. (2006), 'Corporate social responsibility communication: stakeholder information, response and involvement strategies'. *Business Ethics: A European Review*, **5**(4), 323- 338.
- Murphy, P.E. (1995). Corporate ethics statements: Current status and future prospects, *Journal of Business Ethics*, 14 (9), p. 727-740.
- Neubauer, F., & Lank, A. (1998). *The family business. Its governance for sustainability*. Houndmills and London: Macmillan Press.
- Nordqvist, M. and Boers, B. (2007). 'Corporate governance in family controlled firms on the stock exchange – an exploratory study on Swedish firms'. Paper presented at the 3rd EIASM Workshop on Family Firm Management, Jönköping International Business School, Jönköping, Sweden, June 2007
- Osborne, R.L. (1991), 'Core Value Statements: The Corporate Compass', *Business Horizons*, **34**(5), 28.

- Pearce, J.A. and David, F. (1987), 'Corporate Mission Statements: The Bottom Line', *Academy of Management Executive*, **1**(2), 109-115.
- Schultze, W.S., Lubatikin, M.H., and Dino, R.N. (2001). Agency Relationships in Family Firms: Theory and Evidence. *Organization Science*, Vol. 12, No 2, pp. 99-116.
- Schultze, W.S., Lubatikin, M.H., and Dino, R.N. (2003). Toward a theory of agency and altruism in family firms. *Journal of Business Venturing*, Volume 18, Issue 4, pp. 473-490.
- Sharma, P. (2004), 'An overview of the Field of Family Business Studies: Current Status and Directions for the Future', *Family Business Review*, **16**(1).
- Sharma, P., Chrisman, J.J. and Chua, J.H. (1997), 'Strategic management of the family business: Past research and future challenges', *Family Business Review*, **10**, 1-36
- Thornbury, J. (2003), 'Creating a Living Culture: The Challenges for Business Leaders', *Corporate Governance*, **3**(2), 68.
- Tichy, N.M. and Charan, R. (1995), 'The Ceo as Coach: An Interview with AlliedSignal's Lawrence A. Bossidy', in *Harvard Business Review*, **73**, 68-78.
- Treviño-Rodríguez, R.N. (2009). From a family-owned to a family-controlled business. *Journal of Management History*, **15**(3), p. 284-298.
- Van Lee, R., Fabish, L. and McGaw, N. (2005), 'The Value of Corporate Values', *strategy and business*, **39**.
- Villalonga, B. and Amit, R. (2006). How do family ownership, control and management affect firm value? *Journal of Financial Economics*, **80**(2), p. 385-417.
- Wenstøp, F. and Arild Myrmed (2006), 'Structuring Organizational Value Statements', *Management Research News*, **29**(11), 673.