Three Essays on Corporate Social Responsibility in Chinese Enterprises: Its Antecedents and Performance Effects

by

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Abstract:

The first study investigates the impact of financial slack on a firm’s engagements in corporate social responsibility (CSR) practices. In addition, considering China’s unique political and social systems, we examine two important contingency factors (i.e., state ownership and political connections) that might influence the financial slack-CSR relationship. Based on longitudinal secondary data from 3276 listed Chinese firms between 2010 and 2017, we employ firm fixed-effect panel regression models and find that unabsorbed financial slack has an inverse U-shaped effect on CSR practices, while absorbed financial slack has no influence. We further find that state ownership positively moderates the relationship between unabsorbed financial slack and CSR practices, whereas political connections negatively moderate this relationship. Moreover, we observe no moderating effects of these two contingency factors on the relationship between absorbed financial slack and CSR practices.

The second study aims to empirically examine the question: Does it pay to be good? Or does the pursuit of societal betterment entail financial detriment? Research on the relationship between CSR and corporate financial performance has largely been inconclusive. While some studies have shown a positive effect of CSR on a firm’s financial performance, there are other studies revealing no effect or a negative effect. To resolve this empirical inconclusiveness, we argue and empirically test an inverse U-shaped relationship between CSR and corporate financial performance. The contextual factors of firm characteristics (e.g., firm size and state ownership) and industry characteristics (e.g., industry dynamism and industry munificence) are also examined. Using a panel data set of 3296 listed Chinese firms from 2010 to 2017, we find that CSR has an inverse U-shaped relationship with corporate financial performance. We further observe that this curvilinear relationship varies depending on the firm size and ownership type. Smaller firms and privately controlled firms can gain more benefits from the implementation of CSR initiatives. Besides, industry munificence is found to have a negative moderating effect on the CSR-financial performance relationship, whereas industry dynamism has no significant influence.

The third study aims to empirically examine how CSR practices influence a firm’s innovation performance. In addition, we will explore how a firm’s absorptive capacity and industry competitive intensity affect the CSR-innovation performance relationship.

Bio:

Jinan SHAO is currently a Ph.D. student under the co-supervision of Prof. Kee-hung Lai and Prof. Yongyi Shou. His research interests are green innovation and corporate social responsibility.

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All are welcome!