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A Review of Research on Corporate Social Responsibility

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Abstract: With the progress of society and the continuous updating of people's concepts, enterprises are no longer simply profit-oriented, and should also need to assume certain social responsibilities. The concept of corporate social responsibility is beginning to be recognized and valued by the public, and the importance of fulfilling corporate social responsibility is becoming increasingly prominent. Fulfilling corporate social responsibility helps to establish a good brand image and corporate image, improve employee happiness, and enhance work enthusiasm. It is regarded as one of the core competitiveness of enterprises and an important measure to maintain social stability and sustainable development. Actively fulfilling social responsibility, assuming its economic, social, and environmental responsibilities, and meeting the demands of various stakeholders can help improve the reputation and credibility of the enterprise, increase consumer support and trust, and thus be more likely to receive positive attention and external investment. It can establish a good corporate image in major transaction decisions and expand the probability and quantity of successful transactions.

Keywords: Corporate social responsibility; Influencing factors; Consequences of fulfillment

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1. Introduction

The report of the 20th National Congress of the Communist Party of China pointed out that "high-quality development is the primary task of comprehensively building a socialist modernized country." Corporate social responsibility is closely related to social stability, economic development, and people's happiness. By promoting high-quality development, enterprises can fulfill their social, economic, and environmental responsibilities, accelerate the construction of a modern economic system, and focus on effectively improving the quality and quantity of China's economy. Actively fulfilling social responsibility is the key for enterprises to enhance market value, improve product competitiveness, and achieve long-term success. To ensure lasting vitality and new competitiveness, enterprises need to make efforts to improve quality, enhance production and operation efficiency, and actively assume social responsibility to cope with sudden market shocks and promote long-term development.

Therefore, studying the fulfillment of corporate social responsibility is of great significance and is a beneficial exploration to achieve the common promotion of the economic and social interests of enterprises.

Realizing sustainable economic development is one of the goals of building a harmonious society today. To achieve a better future, the survival and development of companies cannot be separated from fulfilling various social responsibilities. Fulfilling social responsibilities has become an action level for enterprises. Fulfilling social responsibility by enterprises can improve innovation output and enhance innovation efficiency; Relieve constraints, reduce bond financing costs, and lower the likelihood of companies falling into financial difficulties; Promote the improvement of enterprise performance, accounting performance, market performance, etc. How to effectively fulfill corporate social responsibility and achieve coordinated development of the environment, economy, and society is an important focus of current academia and government. Many scholars have shifted their research focus to exploring corporate social responsibility.

2. Concept and connotation of corporate social responsibility

Since the concept of Corporate Social Responsibility (CSR) was proposed at the beginning of the last century, scholars from various fields have conducted in-depth research on it. American scholar Oliver Sheldon first proposed the concept of corporate social responsibility in 1942. He linked the responsibility of corporate managers to meet the needs of others with corporate social responsibility and proposed that ethical factors should be taken into consideration. Subsequently, Bowen defined corporate social responsibility in 1953 as the social responsibility of the operator, which refers to the obligation of the operator to formulate policies, make decisions, and take actions based on social standards and values. In 1979, Carroll proposed that corporate social responsibility refers to the expectations of a company towards an organization at a certain point in time, including economic expectations, legal expectations, ethical expectations, and freedom of action expectations. In 1962, Ferry first proposed the concept of Corporate Social Irresponsibility (CSI), which Lange and Washburn defined as "acting in an irresponsible manner" and viewed as the opposite of CSR [1–2]. Jingchen Ma and Xu Huang believe that while companies "do bad things" through CSI, they also "do good things" through corporate responsibility behavior (CSR), and the combination of these two constitutes corporate social performance (CSP) [3]. Some scholars believe that CSR refers to corporate behavior that can have a positive impact on society, while CSI refers to corporate behavior that causes significant losses or harm. CSI and CSR are both related and independent, which means they can coexist in the enterprise. Mattingly, Berman's research found that CSR and CSI have different structures both empirically and conceptually, and should not be mixed into a single overall social performance indicator in future research [4]. However, in some previous studies, the definition of CSR was not clear enough, and "doing good things" and "doing bad things" were generally included in CSR. Due to the complexity of the enterprise value creation process, enterprises may simultaneously "do good things" and "do bad things." Similarly, some literature implicitly expresses the view that "as long as a company does not do bad things, it fulfills its social responsibility" in expression analysis, but this view is not comprehensive because not doing bad things and doing good things are two different levels of issues, and not doing bad things does not mean doing good things. "Doing good things" and "doing bad things" are different ways of behavior for enterprises. Confusing them can easily lead to a "good and bad offset" of corporate social behavior, which can result in the masking of the impact of "doing bad things" on enterprises and the inability to further explore the different economic consequences of the two types of social behavior. Corporate social responsibility requires companies to take the bottom line of not doing bad things and doing good things within their capabilities.

3. Factors influencing corporate social responsibility

3.1. Management characteristics

Jiang Yaoming and Lai Yan found that the overseas background of executives is positively correlated with the disclosure of corporate social responsibility information. In addition, compared with the overseas learning background of executives, the overseas work background of executives has a stronger effect on improving the quality of corporate social responsibility information disclosure [5]. Tang et al. explored the relationship between CEO arrogance and corporate social responsibility and found that CEO arrogance is negatively correlated with a company's social responsibility activities, but positively correlated with its lack of social responsibility [6]. Jiang Jialin et al. explored the impact and boundary conditions of CEO-educated youth experience on corporate social responsibility based on imprint theory and higher-order theory. The study found that CEO-educated youth experience will encourage companies to take on more social responsibility [7].

3.2. Internal management of the company

Zhang Dongxu et al. found that executive equity incentives can promote corporate social responsibility, as evidenced by higher scores in corporate social responsibility among samples implementing equity incentives [8]. Wang Zhihao et al. found that the investment period of institutional investors is positively correlated with the social responsibility performance of private enterprises. Long-term institutional investor shareholding has a promoting effect on the improvement of corporate social responsibility performance, while short-term institutional investor shareholding has a negative impact on corporate social responsibility performance [9].

3.3. External factors such as environment and policies

Research by Zhu Han et al. found that the government's mandatory CSR requirements may help companies break free from the prisoner's dilemma, thereby enabling them to obtain higher profits. Quantifying the level of corporate CSR efforts can effectively prevent companies from engaging in CSR violations [10]. Zhu Naiping et al. found that tax incentives have an incentive effect on the comprehensive fulfillment of corporate social responsibility, promoting better fulfillment of social responsibilities such as shareholder responsibility, environmental responsibility, employee responsibility, and social public responsibility [11]. Wei Yuanying and Hu Chuan found that market-oriented policies and administrative policies have a significant positive impact on corporate social responsibility [12].

4. The consequences of fulfilling corporate social responsibility

4.1. Improve innovation output

Wang Haihua et al. found that corporate social responsibility has a significant positive impact on innovation, and the relationship between the two is moderated by cultural background, enterprise size, subjective and objective measurement methods, and innovation input-output measurement methods [13]. Chen Sijie and Geng Xianhui found that good corporate social responsibility performance promotes the improvement of collaborative innovation performance, and this effect is more significant in companies that voluntarily disclose social responsibility information. When industry competition is more intense and marketization is higher, corporate social responsibility has a better promoting effect on collaborative innovation performance [14]. Song Yan and Xu Ying found that the social responsibility of platform enterprises has a significant promoting effect on corporate innovation. Their fulfillment of social responsibility not only has a significant impact on the effectiveness of corporate innovation but also can improve the efficiency of corporate innovation [15]. Research by Ran Rong et al. found that good corporate social responsibility can significantly promote green technology innovation output by providing more redundant resources [16].

4.2. Relieve restrictive factors

Xu Liping et al. found that the better the corporate social responsibility, the significantly lower the cost of bond financing, and the more severe the lack of corporate social responsibility, the significantly higher the cost of bond financing [17]. Zhang Zhenghua et al. found that corporate social responsibility can effectively suppress inefficient investment and alleviate financing constraints based on information asymmetry theory and agency theory [18]. Yan Wu and Kong Wen found that higher social responsibility performance can gain the support of creditors and customers, reduce the financing costs of enterprises, improve their bargaining power, and thus reduce the possibility of enterprises falling into financial difficulties [19].

4.3. Enhancing advantages and performance

Xu Liping et al. found that CSR promotes corporate performance, CSI suppresses corporate performance, but CSI enhances the promoting effect of CSR on corporate performance [20]. Feng Liyan et al. found that actively fulfilling social responsibility can improve the speed of dynamic adjustment of corporate capital structure, and the above results are more significant in over-indebted enterprises, non-state-owned enterprises, and heavily polluting enterprises when undertaking social responsibility. The alleviation of financing constraints and improvement of the information environment are the inherent mechanisms by which corporate social responsibility affects the dynamic adjustment of capital structure [21]. Zhu Danyang and Li Xuhong found that corporate social responsibility investment has a positive effect on both accounting performance and market performance, that is, the net profit and stock price of the enterprise will recover faster. Among them, the recovery effect of government responsibility investment and social responsibility investment on net profit is greater than that on stock price [22].

5. Review and prospect

Through the review of relevant literature on corporate social responsibility, it is found that the fulfillment of corporate social responsibility has a profound impact on enterprises in multiple aspects. Firstly, the practice of corporate social responsibility can significantly enhance a company’s innovation capability and output, by enhancing its reputation and attracting resources, promoting collaborative innovation and green technology innovation, especially in industries with high marketization and fierce competition. Secondly, corporate social responsibility can help alleviate financing constraints and inefficient investment problems for enterprises. Good social responsibility performance can reduce bond financing costs and enhance the bargaining power and market trust of enterprises, thereby reducing the possibility of falling into financial difficulties. Finally, corporate social responsibility has a significant impact on improving corporate performance, not only promoting the recovery of net profits and stock prices but also accelerating the dynamic adjustment of corporate capital structure by improving the information environment and alleviating financing constraints, especially in over-indebted enterprises and heavily polluting industries.

Disclosure statement

The author declares no conflict of interest.

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