What we Know About Corporate Social Responsibility? Literature Survey of Two Decades

Atul K. Saxena, Georgia Gwinnett College

Over the last two decades there has been increasing interest in environment protection, particularly the responsibility of businesses to contribute towards it. This paper attempts to synthesize the current scholarly research to find any indications, patterns, or relationships among these factors. More specifically, whether it is profitable for firms to invest their resources in corporate citizenship and corporate social responsibility (CSR). The paper looks at some common variables studied by previous researchers and their relationship with the maxim of shareholder wealth maximization.

RELATIONSHIP BETWEEN CSR AND SELECTED VARIABLES

1. **The Effect of Strategic Corporate Social Responsibility on Financial Performance**

Deng *et al.* (2022) find that for prospectors, CSR is positively correlated with corporate financial performance (CFP). However, for defenders, it is negatively correlated. Results remain consistent after a series of robustness tests and controlling for endogeneity. Their findings explain the inconsistent results obtained in the literature, extend our knowledge of CSR and the consequences of corporate strategy, and provide a reference for international investors and emerging markets.

2. **Effects of Corporate Governance on Credit Ratings: The Role of CSR**

CSR performance demonstrates both moderation and partial mediation effects in the relationship between corporate governance and credit rating. A firm should practice good corporate governance and engage in CSR activities to improve its credit rating. Family firms with strong corporate governance and good CSR performance do not benefit from higher credit ratings. However, large firms with good corporate governance practices benefit from higher credit ratings (Lin *et al.* 2020).

3. **Do Female Board Directors Promote Corporate Social Responsibility?**

Yang *et al.* (2019) use Chinese listed companies from 2011 to 2016 to show that the number of female directors, the number of female independent directors, female directors' educational background and monetary compensation upon the fulfillment of corporate social responsibility was not statistically significant. The age and the part-time ratio of female directors were positively correlated with the fulfillment of social responsibilities.

4. **Dividend Policy and Corporate Social Responsibility**

Kim and Jeon (2015) find that dividend policies of multinational subsidiaries in Korea are determined to meet remittance requirements imposed by their parent company and have weak correlation with local CSR and investment requirements for wealth creation by local stakeholders.

5. **Effect of Corporate Social Responsibility on Productivity**

Liang *et al.* (2022) empirically explore the impact of CSR on firm-level Total Factor Productivity (TFP) as well as the possible influence approaches and mechanisms to draw the following conclusions: (1) CSR significantly promotes TFP; (2) the impact of CSR on TFP of family firms is greater than that of non-family firms; (3) CSR has a larger positive impact on firms releasing CSR reports voluntarily than on those releasing under compulsion; (4) CSR has a greater impact on private firms than on state-owned ones, while it has little effect on foreign-funded ones; (5) The impact of CSR on TFP is robust in high-tech firms, non-high-tech firms, coastal firms, non-coastal firms, industrial firms, and service firms.

6. Green Supply Chain Management as a Determinant of CSR/Corporate Reputation

Yanginlar *et al.* (2022) examine the impact green supply chain management has on corporate social responsibility and corporate reputation to conclude a relationship to exist between green supply chain management's sub-factors and corporate social responsibility's sub-factors. Green supply, green packaging, green transportation, and green warehousing have been determined to positively affect enterprises' corporate reputation.

7. Managerial Entrenchment and Corporate Social Responsibility Engagement

Muriithi *et al*. (2021) investigate the relationship between managerial entrenchment and CSR engagement. Effective corporate governance is argued to reduce managerial entrenchment, thereby increasing CSR engagement. The role of economic policy uncertainty (EPU) is investigated as a moderating variable in this relationship, such that high levels of EPU will increase the impact of entrenchment on CSR engagement. These arguments are supported using a panel of 386 US firms from 2011 to 2018 representing 3,088 firm-year observations in a variety of industries.

CONCLUDING SUMMARY

This paper summarizes several published papers in an effort to highlight the relationship of CSR with selected variables. Each study provides an interesting insight on the relationships. But as documented by Bruna and Lahouel (2022) a general heterogeneous nature and a lack of robustness of results in these studies is observed. Simply put, there is no unanimous conclusion on implications of CSR on financial performance of firms. Due to the problems of endogeneity and selection bias studies cannot be directly compared neither their conclusions are unanimous.

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