

Determinants of Corporate Social Responsibility Adoption: Evidence from China

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Abstract : More than two decades from 2000 to 2020 of economic reforms have brought China unprecedented economic growth. There is an urgent call of research towards corporate social responsibility (CSR) in the context of China because while China continues to develop into a global trading market, it suffers from various serious problems relating to CSR. This study analyses the factors affecting the adoption of CSR practices by Chinese listed companies. The author proposes a new framework of factors of CSR adoption. Following common organisational factors and external factors in the literature (including organisational support, company size, shareholder pressures, and government support), this study introduces two additional factors, dynamic capability and regional culture. A survey questionnaire was conducted on the CSR adoption of Chinese listed companies in Shen Zhen and Shang Hai index from December 2019 to March 2020. The survey was conducted to collect data on the factors that affect the adoption of CSR. After collection of data, this study performed factor analysis to reduce the number of measurement items to several main factors. This procedure is to confirm the proposed framework and ensure the significant factors. Through analysis, this study identifies four grouped factors as determinants of the CSR adoption. The first factor loading includes dynamic capability and organisational support. The study finds that they are positively related to the first factor, so the first factor mainly reflects the capabilities of companies, which is one component in internal factors. In the second factor, measurement items of stakeholder pressures mainly are from regulatory bodies, customer and supplier, employees and community, and shareholders. In sum, they are positively related to the second factor and they reflect stakeholder pressures, which is one component of external factors. The third factor reflects organisational characteristics. Variables include company size and cultural score. Among these variables, company size is negatively related to the third factor. The resulted factor loading of the third factor implies that organisational factor is an important determinant of CSR adoption. Cultural consistency, the variable in the fourth factor, is positively related to the factor. It represents the difference between perception of managers and actual culture of the organisations in terms of cultural dimensions, which is one component in internal factors. It implies that regional culture is an important factor of CSR adoption. Overall, the results are consistent with previous literature. This study is of significance from both theoretical and empirical perspectives. First, from the significance of theoretical perspective, this research combines stakeholder theory, dynamic capability view of a firm, and neo-institutional theory in CSR research. Based on association of these three theories, this study introduces two new factors (dynamic capability and regional culture) to have a better framework for CSR adoption. Second, this study contributes to empirical literature of CSR in the context of China. Extant Chinese companies lack recognition of the importance of CSR practices adoption. This study built a framework and may help companies to design resource allocation strategies and evaluate future CSR and management practices in an early stage.

Keywords : China, corporate social responsibility, CSR adoption, dynamic capability, regional culture

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