

Effects of Corporate Social Responsibility on Individual Investors' Judgment on Investment Risk: Experimental Evidence from China

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Abstract : By applying experimental methodology in the framework of the behavior-perception theory, this paper studies the relationship between information quality of corporates' social responsibility (CSR) and individual investors' risk perception, intermediated with individual investors' perception on CSR. The findings are as follows: In general, the information quality of CSR significantly influences individual investors' perception on investment risks. Furthermore, certification on CSR can help reinforce such perceptions. The higher the reporting quality of CSR is, accompanied by the certification by an independent third party, the more likely individual investors recognize the responsibilities. The research also found that the perception on CSR not only plays a role of intermediation between information quality about CSR and investors' perception on investment risk but also intermediates the certification of CSR reports and individual investors' judgment on investment risks. The main contributions of the research are in two folds. The first is that it supplements the research on CSR from the perspective of investors' perceptions. The second is that the research provides theoretical and experimental evidence for enterprises to implement and improve reports on their social responsibilities.

Keywords : information quality, corporate social responsibility, report certification, individual investors' perception on risk, perception of corporate social responsibility

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