

THE RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND FIRM PERFORMANCE IN CHINA

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Abstract

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The purpose of this study is to investigate the relationship between corporate social responsibility and firm performance in China. We have used the sample of A-share listed firms from Shenzhen and Shanghai Stock Exchange for the period 2011 to 2017. We used pooled ordinary least squares (OLS) regression as a baseline methodology. We find that corporate social responsibility has a significantly positive effect on firm performance in China. Our results suggest that Chinese companies having better financial performance undertake more CSR reporting. This paper contributes to the existing literature by investigating the effect of firm performance on CSR reporting of Chinese listed companies.

Keywords: Corporate Social Responsibility, Firm Performance, Return on Assets, China

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1. INTRODUCTION

Nowadays social endeavours play crucial roles in company business decision-making processes since they can improve companies' competitive power so that companies have the chance to survive in the present competitive market and be the winners. For companies, profit is the most important factor because it stands for whether a certain company operates well and whether it can go further in the future. The objective of social endeavors is to attract stakeholders, stimulate consumption and get profit as much as possible (Levy, 1999). Among social endeavors, corporate social responsibility (CSR) is widely discussed and researched.

Lin, Yang, and Liou (2009) regard the social welfare as one main point of corporate social responsibility and the profitability of a company as representative of firm performance (FP). The social welfare is described as companies' methods to appeal the attention from the outside. To some extent, the appearance of corporate social responsibility is to maintain companies' business strategies and earn profit, in terms of money, as much as possible. McWilliams and Siegel (2006) define corporate social responsibility as a company's contribution to the society beyond the basic requirement of government. CSR stands for a

conjunction with ethical, eco-environment and other factors (Jones, Comfort, Hillier, & Eastwood, 2005). Recently social endeavors of companies become one popular topic when talking about the company operation management.

For many companies, corporate social responsibility is a kind of market tool to let the company's competitive power be effective (Lin et al., 2009). The result of a study done by Lin et al. (2009) identifies that there is no positive relationship between CSR and FP in the short term. However, in the long term, the higher the company invests in CSR, the better its firm performance is. Apart from the relationship between CSR and profit, there is one thing needing to be cared about. Mishra and Suar (2010) do a research aiming to explore the different aspects of corporate social responsibility in India. Six stakeholders, that are employee, customer, investor, community, environment and supplier, all may change when the company gives some alternations to CSR.

Refer to those studies mentioned above, there is still some knowledge gap that has not been filled yet. For every company, operation management plays an important part in the process of decision-making. Social endeavors belong to one of the business strategies of companies to attract attention from the whole society. It is certain that the final

goal of social endeavors is to get profit. Corporate social responsibility represents one part of companies' social endeavors. According to former researches, firm performance will be affected by corporate social responsibility (Schiebel & Pochtrager, 2003). Existing studies have proved the positive relationship between those two variables. In this relationship, the firm is widely defined. Researchers have studied this relationship in various places, such as Taiwan, Thailand and India. However, very little research has been studied to identify the correlation between corporate social responsibility and firm performance in China. Therefore, here comes to the knowledge gap - the impact of CSR on FP in China.

China and Taiwan both located in East Asia. They may have some same characteristics in this area. According to the research contraposing Taiwan done by Lin et al. (2009), corporate social responsibility has a positive impact on firm performance in the long term and no significant positive relationship in the short term. From those previous researches, one hypothesis can be proposed: *the satisfactory corporate social responsibility can improve firm performance in both short and long term in China.*

The purpose of the research is to investigate the relationship between corporate social responsibility and firm performance in China. Our research is based on a sample of 16,193 firm-year observation. The observation period covers the years from 2011 to 2017. We used pooled ordinary least squares (OLS) regression as a baseline methodology. In our study, the CSR reporting index is considering as the dependent variable. CSR grade of companies was directly collected from Hexun CSR dataset. ROA (Net Income over the average of beginning and ending assets) was seen as firm performance proxy. We find that corporate social responsibility has a significantly positive effect on firm performance in China. Our results suggest that Chinese companies having better financial performance undertake more CSR reporting.

In the following section, a literature review is sum up from existing studies and a relative hypothesis is proposed. In Section 3, the research methodology is stated. In Section 4, we state the results of the research and do some discussions. The last section stands for conclusion.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Corporate social responsibility

Chakraborty (2015) does a research related to the concept of corporate social responsibility on the basis of the phenomenon that CSR is widely defined. Chandler (2001) also expresses that there is no specific concept meaning of corporate social responsibility. In this society, people are supposed to take charge of what they have done, especially for businessmen. For those businessmen, their companies should be responsible for their management decision impact on the society as well. Weinstein (1995) believes that corporate social responsibility puts the relationship between a company's activities and social problems in an

important position. He holds the view that for companies, increasing corporate social responsibility is an essential strategy to attract the attention of the society. The range of the definitions of CSR is like an umbrella since it covers different aspects of the public. Different companies may behave variously according to their corporate nature and market strategy (Talvio & Valimaa, 2004). Weinstein (1995) agrees with that the demand of the community and public differs. As a result, companies' corporate social responsibility activities will be managed and changed accordingly. Even though recently companies prefer to show their CSR achievements to their stockholders to appeal their investment rather than show profit (Elkington, 1997). In addition, Freeman (1984) mentioned that a successful company would like to get more by revealing corporate social responsibility than those profits. However, the final goal of a business company is to get profit. Weinstein (1995) corroborates that companies will think about their ethical principles on account of interests. After all, it is not worthwhile to develop corporate social responsibility reputation if the companies' interest and profit are jeopardized.

Refer to De George (1999), at the beginning, the distribution related to charitable activities is classified as corporate social responsibility. There is no relationship between business operation situation and CSR. Companies' participation in the public is an integral step to get involved in the society. Later, corporate social responsibility gradually becomes a link between responsibility and interest. A company's operation is connected to a lot of factors of public, such as economic situation, social issues and environmental problems. (Enquist, Johnson, & Skälén, 2006). It is defined as the business practices that pay attention to the public and social community (Kotler & Lee, 2008). Corporate social responsibility is a terminology describing a phenomenon that a company's contribution towards the society exceeded what it is regulated by the government and beyond the social and ethical requirements (McWilliams & Siegel, 2006). It covers different areas of the whole society. Customers, employees, employers and other public issues are included in the concept of corporate social responsibility (Mishra & Suar, 2010).

2.2. Firm performance

A great effort would be made by firms to obtain resources as much as possible (Barney, 1991). Companies conquer resources based on their financial situation. At first, they would develop resources to enjoy the advantage of sustainability. Later they would change strategy to defend the economic influence caused by those resources. (Lumpkin & Dess, 2001). A company's success cannot survive in a competitive market without an excellent financial performance (Galbreath & Shum, 2012). It acts an important part in the process of companies' actions of staying profitability and sustainability. Lumpkin and Dess (2001) suggest that good firm performance will result in the increment of companies' market share and the achievement of brand recognition. A firm with well-functioning situation is better than a firm without a nice functional structure, especially when talking about those inactivity and existing conflicts (Jensen, 1993).

2.2.1. *The impact of corporate social responsibility on firm performance*

Lynes and Andrachuk (2008) suggest that the relationship between corporate social responsibility and firm performance is influenced by many factors, such as environment, society-related issues, employment problems and so on. An outstanding corporate social responsibility pushes certain companies to a higher level. Jones et al. (2005) also expressed that the meeting of ethics, unemployment rate and eco-environment result in corporate social responsibility. In this situation, environment factor acts an active role when talking about the motivations of the companies to achieve better firm performance.

2.2.2. *CSR towards employees and firm performance*

According to Renn (2001), there are four systems that will influence the companies' performance. The first one is the market. The market has its own rules and laws and regulates itself. Every company is supposed to commit to those restrictions. It is worth mentioning that the natural character of the market is to obtain benefits. As a result, under the push of market, companies will aim to the strategy of profit first. In addition, Renn (2001) suggests that every company's development of policies is based on the official guidance and policies of that day. The property of the government and official organizations will impact the decisions making by companies. Moreover, not only scientific factors will cause the change of companies' final management operation decisions for corporate social responsibility, but also social system. As for social system, the contribution of one company to corporate social responsibility is influenced by the combination of science, policy and market. To sum up, the responsible behaviors of insiders of companies, which means employees and those decision-makers, will influence the financial outcome of a company.

2.2.3. *CSR towards environment and firm performance*

Renn (2001) strongly points out that companies, in this situation which are airline industry companies, seek to attract profit, like improving firm performance, by improving their corporate social responsibility, especially environmental factors. Lynes and Andrachuk (2008) hold the idea that social responsibility will affect the motivation of companies. The research of the environmental responsibility of corporate social responsibility of SAS puts the study of correlation between CSR and FP to a higher level. Chaisena and Ussahawanitchakit (2016) create a conceptual model related to the relationship between corporate social responsibility. In this relationship, stockholder, credibility and sustainability are the basic elements that influence corporate social responsibility. Among corporate social responsibility, four responsibilities are listed in the research report done by Chaisena and Ussahawanitchakit (2016). They touch upon different areas, including economy, moral, environment and ethics. However, the result

of the study of Chaisena and Ussahawanitchakit (2016) shows that environmental element, which is a sub-factor of corporate social responsibility, do not have a significant relationship with firm sustainability, stockholder trust and company credibility.

2.2.4. *CSR towards stockholders and firm performance*

Sial, Zheng, Khuong, Khan, and Usman (2018) describes the relationship of some chosen companies in China. The basic motivation of a company is to let cost to the lowest level and gain profit as much as possible. Profit contains many aspects, such as stockholders, society, environment and so on. Different positions of people can be involved in a company's corporate social responsibility. For instance, suppliers, customers, employees, chief executive officers, board members and others not mentioned belong to the party that will be influenced by CSR both directly and indirectly. What's more, those factors are connected to each other relatively. Chaisena and Ussahawanitchakit (2016) mainly focus on 838 Thailand companies of ISO 14000. Those companies are competing with each other in the same marketing environment - Thailand was in a dynamic economic crisis of that time. In short, corporate social responsibility, to some extent, have a positive effect on firm performance, which is represented by sustainability, credibility and stockholder trust in the research process.

2.2.5. *CSR towards outsiders and firm performance*

A little different from the study of Chaisena and Ussahawanitchakit (2016), Mishra and Suar (2010) do a research explaining the relationship between corporate social responsibility and firm performance in India. Mishra and Suar (2010) divide the firm performance into two parts, financial performance and non-financial performance. From the perspective of stakeholders, the cause of displaying companies' CSR reports is to earn high social reputation. The public is sensitive to a company's contribution to the society. A great reputation can help stockholders to accelerate the accumulation of confidence about companies' performance (Lee, 2008). Outsiders are the joint name of investors, customers and suppliers. If customers are disappointed about the companies, investors will reduce investment. The feedback of customers affects investors' decision-making process of giving patronage or not (Berman, Wicks, Kotha, & Jones, 1999). In addition, the effect of suppliers gradually becomes a necessary part of firm performance (Pralhad & Hamel, 1990). A friend relationship between suppliers and companies helps companies to establish high reputation so that they have the chance to attract more attention from the society. In India, the beverages of Coca-Cola and Pepsi were announced that pesticide was one of the contents. After this explosive news, those two companies' sales both decreased obviously (Financial Express, 2006). Based on the above discussion, we hypothesized that:

H1: Firm performance has a positive effect on CSR reporting.

3. RESEARCH METHODOLOGY

3.1. Study design

There were four basic concepts of study design of our research – research nature, research approach, and research design and research strategy. The research nature was descriptive since it aims to figure out the relationship between corporate social responsibilities. The study explained what happened between CSR and FP in the Chinese market. The relationship between CSR and FP in China had not been conducted specifically. Deductive approach was applied in this study. If the CSR of one company increases, its FP will also increase. A theory has already concluded from the former researches. On the basis of the theory, hypothesis is proposed: the enhancement of companies' investment in CSR will result in the improvement of firm performance in China. Then, the research would collect related data and to test whether the outcome confirms or rejects the hypothesis. Quantitative research methodology was applied since the research collected data, in terms of number, and analysed the numeric outcome to do further research the impact of CSR on FP in China. The experiment was used as the research strategy. In this situation, we chose some companies listed on the Shanghai and Shenzhen Stock Exchanges. They must be A-share companies. Sample companies were chosen because of the large number of companies. In this research, some criteria need to be met when choosing companies. First, the company must be listed on Shanghai and Shenzhen Stock Exchanges from 2011 to 2017 respectively. Second, companies were supposed to be selected randomly. Companies with different level of corporate social responsibility grade all need be listed without special purpose. Last but not least, the companies were both ranked in Hexun and CSMAR so that the possibility of missing data was relatively low. Data related to this research was obtained from CSMAR database, Hexun and company's official website directly. After collecting data, we used pooled ordinary least squares (OLS) to test the Model I estimated through prior literature. The research used longitudinal study that collected a sequence of information of each selected Chinese company varying from 2011 to 2017.

3.2. Measuring CSR (object of the study)

The aim of the research was to describe the relationship between CSR and FP in China. In this research, corporate social responsibility is regarded as an independent variable. The definition of corporate social responsibility is companies' contribution to the society that is more than they are required (McWilliams & Siegel, 2006). It involves many aspects of the whole society, such as customer, employee, employment and so on (Mishra & Suar, 2010).

3.3. Measuring FP (treatment of the object)

In this relationship, firm performance was regarded as a dependent variable. Refer to the hypothesis, the change of CSR will cause the change of FP. To put the dependent variable to a specific indicator, ROA

(Net Income over the average of beginning and ending assets) was seen as firm performance proxy.

3.4. Measuring control variables

In the research process, we set five control variables based on a research done by Sial et al. (2018). The first one was CEO duality, which meant whether one person held both the position of Chair and CEO. If same person held the two positions, "ceoduality" would record 1, otherwise 2. Second was board size standing for the number of directors of the company's board. It was recorded as "boardsize". The numbers of board meeting held in the limitation of one year recorded as "bfm". The fourth control variable was "duration". It was calculated by total debt over total assets of one company. The last control variable was "firm size" – the total assets of one certain company.

3.5. Sample

Firms with A-share listed on the Shanghai and Shenzhen Stock Exchanges were chosen. We collected related data from the CSMAR database, whose whole name is China Stock Market and Accounting Research database. Companies' ROA, CEO duality, board size, board meeting frequency, debt asset ratio and firm sizes of 2015 were collected from CSMAR (Sial et al., 2018). Hexun, as the first vertical Chinese website for financial information, would calculate a company's grade of corporate social responsibility by analyzing its stockholders, employees, and environment and outsiders factors. 16,193 pieces of data were chosen randomly as sample after dropping companies without specific data.

3.6. Regression model

To find out the relationship between corporate social responsibility and firm performance, we applied the equation of Sial et al. (2018) as our research model. Pooled ordinary least squares (OLS) were used to check the impact of CSR on FP in China.

$$FP = \beta_0 + \beta_1 CSR + \sum_{i=1}^n \beta_n CV + \varepsilon \quad (1)$$

FP refers to firm performance (ROA). CSR refers to the total grades of companies' corporate social responsibility reported by Hexun. CV stands for those control variables – they are CEO duality, board size, board meeting frequency, debt asset ratio and firm sizes.

4. RESULTS AND DISCUSSIONS

4.1. Descriptive statistics

Table 1 presented the descriptive statistics. In total, 16,193 pieces of data of companies from 2011 to 2017 are regarded as input data. The average level of ROA is 0.0266 and ROA's standard deviation is

0.1437. When talking about corporate social responsibility, the mean value of CSRgrade is 25.7833 with a standard deviation of 17.8851. The highest CSR grade is 90.87. The lowest is -18.17. Ceo duality's median is 2. In this situation, if the position of Chair and CEO are held by different persons, 2 is counted. On average, there are 8.6552 directors on board of one company. Also, the mean number of times of board meetings held in the limitation of one

year is 9.9321 times. There is one company having board meetings 57 times a year. However, there is also one company holding meetings only 1 time. The average of Debt Asset ratio (DARatio) is 0.4193. Among those 16,193 pieces of data, the highest DARatio is 294.7863. The lowest is -0.0178. FirmSize is total assets captured by on certain company. The average is 1.61e+10. For firm size, the maximum is 1.86e+13 with a minimum of 2,585,575.

Table 1. Descriptive statistics

Variable	ROA	CSRgrade	CeoDuality	BoardSize	BMF	DARatio	FirmSize
Mean	0.0266	25.7833	1.7285	8.6552	9.9321	.4193	1.61e+10
Median	0.0215	22.07	2	9	9	0.3662	2484142508
Std. Dev.	.1437	17.8851	0.4447	1.7586	4.1394	2.3484	2.13e+11
Minimum	-6.9938	-18.17	1	0	1	-0.0178	2,585,575
Maximum	14.7011	90.87	2	20	57	294.7863	1.86e+13
Count	16,193	16,193	16,193	16,193	16,193	16,193	16,193

Notes: ROA = return on assets (Net Income over the average of beginning and ending assets); CSRgrade = companies' final grade of corporate social responsibility given by Hexun; CeoDuality = whether one person held both the position of Chair and CEO, yes - "1", no - "2"; BoardSize = the number of directors of the company's board; BMF = the number of board meeting held in the limitation of one year; DARatio = Debt Asset ratio (total debt over total assets); FirmSize = the total assets of one certain company.

4.2. Correlation

A certain theory states that there is no strong relationship between independent variables when the correlation coefficient is larger than 0.8. In other words, if the coefficient of correlation is less than 0.8, there is no need to consider about

multicollinearity (Gujarati, 2009). By observing the correlation of those variables through Table 2, we find the biggest coefficient one is 0.166 and the smallest is 0.000. They are both less than 0.8. Those independent variables won't influence each other respectively. As a result, the multicollinearity problem will not influence the result of the research.

Table 2. Correlation

	ROA	CSRgrade	CeoDuality	BoardSize	BMF	DARatio	FirmSize
ROA	1						
CSRgrade	0.088**	1					
CeoDuality	-0.025**	0.066**	1				
BoardSize	-0.005	0.166**	0.175**	1			
BMF	-0.030**	0.026**	-0.000	-0.011	1		
DARatio	-0.162**	-0.019*	0.017*	0.001	0.008	1	
FirmSize	-0.005	0.080**	0.031**	0.180**	0.029**	0.010	1

Notes: * = $p < 0.05$, ** = $p < 0.01$.

4.3. Main results

OLS regression results are represented in Table 3. P-value of ROA and CSRgrade is 0, which expresses the corporate social responsibility's influence on firm performance. It is verified that there is a significantly positive relationship between CSR and FP because $p < 0.05$. The result of our study is consisted of former researches (Lin et al., 2009; Mishra & Suar, 2010; Schiebel & Pochtrager, 2003). The purpose of our research is to describe the impact of CSR on FP in China. The hypothesis is that in China, the enhancement of companies' CSR can result in the improvement of companies' FP. The positive OLS regression result supports the hypothesis and meets the purpose of the research.

According to the literature review, corporate social responsibility has a positive effect on firm performance (Zapotoczny, 2012). The results of OLS regression model show that outsiders, which are in terms of suppliers, customers and investors, can influence a company's financial outcome. In addition, the regulation of the government would limit the exertion of companies' corporate social responsibility. Compared to the research of Sial et al. (2018), our research studies the influence of corporate social responsibility in China. The purpose

of the research is to describe the relationship between CSR and FP in China. Prior researches have done before hold the opinion that the result is inconclusive. In this situation, researchers report various types of relationship - negative, positive and neutral (Lin et al., 2009). To some extent, the different variable operations result in the various results. Those control variables, which are CEO duality, Board Size, Board Meeting Frequency, Debt Asset Ratio and Firm Size, are connected to the four elements that corporate social responsibility towards respectively. Those four elements as listed above are employees, employment, outsiders and stockholders.

Standing at the perspective of stockholders, a company's social reputation plays an important part during their decision-making process. Corporate social responsibility grade appealed by Hexun would influence their decisions. Different collaborators connected to companies would make a reflection towards the grade of CSR (Den Hond, de Bakker, & Neergaard, 2016). The board structure of a certain company establishes the confidence of employees as well. Additionally, companies' attention on environment earns great favor from the whole society so that people would prefer them when people are in a conjunction of choose which

company (Jones et al., 2005). A great corporate social responsibility can leave an excellent impression on the companies' stockholders, outsiders and employees. Their influence is mutual. Besides, the process of dealing with environmental problem of companies decides a company's reputation and has the change to push companies' economic outcome, which is interred of profitability

to a higher level (Levy, 1999). For employees, if companies have better CSR behaviours, their employees would do their jobs harder based on the push of enterprise sense of honor. Companies' contribution towards employees can motivate them and cause an increment of companies' profitability (Renn, 2001).

Table 3. Firm performance and corporate social responsibility

Source	SS	df	MS	Number of obs. = 16,193 F (6, 1218) = 99.46 Prob > F = 0 R-squared = 0.0356 Adj R-squared = 0.0325 Root MSE = 0.14113		
Model	11.8860902	6	1.98101504			
Residual	322.401025	16,186	0.01991851			
Total	334.287115	16,192	0.02064520			
	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
CSRgrade	0.0007273	0.0000631	11.53	0.000	0.0006037	0.0008509
CeoDuality	-0.0082412	0.0025352	-3.25	0.001	-0.0132106	-0.0032719
BoardSize	-0.0012162	0.000658	-1.85	0.065	-0.002506	0.0000736
BMF	-0.0010718	0.0002682	-4.00	0.000	-0.0015975	-0.0005461
DARatio	-0.0097697	0.0004725	-20.68	0.000	-0.0106959	-0.0088435
FirmSize	-4.51e-15	5.30e-15	-0.85	0.395	-1.49e-14	5.89e-15
_cons	0.0474534	0.0071652	6.62	0.000	0.0334088	0.0614981

Notes: OLS regression model is used to describe the relationship between CSR and FP.

4.4. Limitations

First of all, Waddock and Graves (1997) state that it is difficult to measure a company's corporate social responsibility. Our research directly collects from official website Hexun directly. The sample may be not representative enough to stand for all companies in China. Moreover, some small companies not listed on the Shanghai and Shenzhen Stock Exchange are not studied specifically. Second, we did not sort selected companies into different industry types. Industry type may influence the result of the effect of CSR on FP (Lin et al., 2009).

4.5. Reliability and validity

Companies' data is collected from the CSMAR database, Hexun and the company's official website directly, which is certified by governments and authoritative organizations. Therefore, it ensures the reliability of research. Those data won't change even if other researchers are going to collect them. Since the data is doubtless and specific, researcher bias and participant error do not exist in the research. Sample companies do not make any response to this research. In addition, we, the researcher, check the calculation and comparison process twice. The possibility of researcher error is extremely small. Overall, our research is free from reliability problems.

The research describes the relationship between corporate social responsibility and firm performance in China. It is demonstrated through the establishment of internal validity. CSR represents the contribution of a company. Good CSR will attract stakeholders, stimulate consumption, motivate employees and get profit for companies so that it causes the increment of firm performance (Levy, 1999).

5. CONCLUSION

In this research, we have described the relationship between corporate social responsibility and firm

performance in China by focusing on four elements that CSR towards. Those four elements are stockholders, environment, employees and outsiders. Outsiders are those people not in the company but related to the profitability of the company. They are customers, investors and suppliers in this study. One conclusion can be concluded is that companies with higher corporate social responsibility can result in better firm performance, which is measured in terms of profitability. The research has highlighted the state of CSR in one company. Companies are supposed to improve their contribution to corporate social responsibility when managers are in the process of decision making.

Our research focuses on the influence of corporate social responsibility on firm performance in China. The profitability, which is measured in terms of return on assets (ROA), will increase according to the increment of company donation. Furthermore, a company with obvious growth rate of donation tends to be accompanied by high yield development. The more Chinese companies invest in corporate social responsibility, the better its firm performance is. According to Sial et al. (2018), for Chinese companies, CSR of companies is still waiting for development. Some Chinese companies get confused when facing the problem of corporate social responsibility. It is necessary for those companies to improve their corporate social responsibility for both profit and sustainable development purposes. However, our paper is limited by some factors. First, CSR grade is different depending on the measurement. Second, industry types may influence the result of the study. Last but not least, ROA, which is the firm performance indicator in our study, restricts the dependent variable. For example, Tobin's Q can be also regarded as firm performance indicator.

The study of the relationship in China remind those Chinese companies that if they want to improve their market share and get recognition from the whole society, it is necessary to pay attention to corporate social responsibility. This research is based on empirical studies in China. Additionally,

Chinese management can have the chance to know about the great influence of CSR on FP. During the decision-making process, operation managers can do some decisional reflections about improving the company's contribution to society to face the increasing competitive market environment. The research identifies the influence of CSR, which

contributes to the literature on finding aspects that will cause the change of firm performance in China. In addition, because of the limitation of the industry type in our research, further research can be done to explore the impact of CSR on FP in China or other countries in the same industry.

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