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ABSTRACT

Purpose – The purpose of this paper is to reexamine the statement of Peloza (2006) that enterprise corporate social responsibility (CSR) investment provides a protection efficacy similar to insurance.

Design/methodology/approach – This study uses event study and data from the 2008–2010 China Listed Company Social Responsibility Report, published by the Shanghai National Accounting Institute (SNAI), and from documents obtained from the Taiwan Economic Journal (TEJ).

Findings – Our empirical results find that this insurance-like effect of CSR investment also exists in China. CSR investment in Chinese companies also provides this efficacy to corporate stock prices in both short- and long-terms. This may be because CSR investment in Chinese companies offers other benefits besides accumulating positive reputation and moral capital for stakeholders.

Originality/value – Chinese enterprise’s CSR investment can reduce company stock-price loss when negative events occur similar to the U.S. market, therefore, we can obtain a better understanding of the value of enterprise CSR investment. CSR investment of a firm can also serve as a reference index or tool to evaluate investment risk.

Keywords: corporate social responsibility, long-terms

REFERENCES


