



INSTITUTO
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Corporate Nature, Political Connection and Corporate Social Responsibility
--Based on the data of Chinese Listed Companies

ZHANG Mingxuan

Doctor of Management

Supervisors:

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ISCTE University Institute of Lisbon

PhD MA Yongkai, Professor,
University of Electronic Science and Technology of China

May, 2023



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Abstract

This dissertation analyzes the motives and impacts of Corporate social responsibility(CSR) in China, compares the CSR behaviors of State Owned Enterprises(SOEs) and private enterprises, and explores the roles of corporate ownership differences and political connections in this process. This dissertation argues that China's political and economic system leads to ownership differences and political connection differences, which result in significant differences between SOEs and private enterprises in fulfilling CSR. SOEs fulfill CSR based on legitimacy and political purposes, while private enterprises fulfill CSR to gain political resources and market advantages. This dissertation provides a new analytical framework from the perspective of political economy, which offers a reference for understanding and evaluating CSR in China.

The research process of this dissertation includes four parts: literature review, historical analysis, empirical models, and case studies. This dissertation answers the following main questions: Are there ownership differences in CSR in China? If so, what are the reasons and impacts of these differences? What role do political connections play in different ownership enterprises fulfilling CSR? How do political connections affect corporate performance and CSR? The research results section of this dissertation is as follows: This dissertation verifies with empirical data that ownership differences and political connection differences between enterprises and governments are the main causes of CSR differences in China. This dissertation finds that private enterprises are more active in fulfilling CSR than SOEs; the political role of SOE executives has a positive impact on corporate fulfillment; private enterprises actively fulfill CSR, which is positively correlated with the government subsidies and tax avoidance level of enterprises. This dissertation also summarizes the advanced experiences of CSR in the United States, Japan, and Germany through case studies, which provide reference and inspiration for better CSR in China. Finally, this dissertation also puts forward some policy suggestions.

Key words: Corporate social responsibility, Corporate ownership difference, Political connection

JEL: C31; M14

Resumo

Esta tese analisa as razões e os impactos da responsabilidade social corporativa (RSC) na China, compara os comportamentos de RSC das empresas estatais e privadas, e discute os papéis de propriedades e conexões políticas nesse processo. Argumenta que o sistema político-económico da China resulta em diferenças de propriedade e conexões políticas, que resultam em diferenças significativas entre as empresas estatais e privadas no cumprimento da RSC. As empresas estatais cumprem a RSC com base na legitimidade e propósitos políticos, enquanto as privadas para obter recursos políticos e vantagens de mercado. Oferece um novo quadro analítico, a partir da perspectiva da economia política, que fornece uma referência para entender e avaliar a RSC na China.

O processo de pesquisa inclui quatro partes: revisão da literatura, análise histórica, modelos empíricos e análise de casos. Esta tese responde às seguintes questões principais: Existe diferença de propriedade na RSC na China? Se sim, quais são as razões e os impactos? Que papel as conexões políticas desempenham no cumprimento da RSC por diferentes empresas de propriedade? Como as conexões políticas afetam o desempenho e a RSC das empresas? Resultados da pesquisa desta tese é a seguinte: (1) Verifica com dados empíricos que as diferenças de propriedade e conexões políticas entre as empresas e os governos são as principais causas das diferenças de RSC na China; (2) Constata que as empresas privadas são mais ativas no cumprimento da RSC do que as empresas estatais; (3) O papel político dos executivos das empresas estatais tem um impacto positivo no cumprimento das empresas; (4) As empresas privadas que cumprem a RSC estão positivamente correlacionadas com os subsídios governamentais e o nível de evasão fiscal das empresas. Esta tese também resume as experiências avançadas de RSC dos Estados Unidos, Japão e Alemanha, através de estudos de caso, que fornecem referência e inspiração para uma melhor RSC na China. Por fim, também apresenta algumas sugestões de políticas.

Palavras-chave: responsabilidade social corporativa, diferenças de propriedade corporativa, conexões políticas

JEL: C31; M14

摘要

本文从政治经济学的视角，分析了中国企业履行社会责任的原因和影响，对比了国有企业和民营企业的社会责任行为，探究了企业所有权差异和政治关联在其中的作用。本文认为，中国的政治经济制度造成了国有企业和民营企业在履行社会责任方面的显著差异，前者是基于合法性和政治目的，后者是为了获取政治资源和市场优势。本文提供了一个新的分析框架，为理解和评价中国企业的社会责任提供了参考。

本文的研究过程包括四个部分：文献综述、历史分析、实证模型和案例分析。本文回答了以下主要问题：中国企业履行社会责任是否存在企业所有制性质差异性？如果存在，这种差异性的原因和影响是什么？政治关联在不同所有制企业履行社会责任中起到了什么作用？政治关联对企业绩效和社会责任的影响是正面的还是负面的？本文的研究结果部分如下：本文通过实证数据验证表明，企业所有权性质差异和政治关联差异是造成中国企业社会责任差异的主要原因。本文发现，民营企业更积极履行社会责任；国有企业的高管政治角色对企业履责有正向影响；民营企业履行社会责任与政府补贴和避税程度正相关。本文还总结了美、日、德三个发达国家履行社会责任的先进经验，为中国企业更好的履责提供参考和借鉴。最后，本文还提出了一些政策建议。

关键词：企业社会责任、企业所有权差异、政治关联

JEL: C31; M14

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Chapter1: Introduction

1.1 Research background and significance

Corporate social responsibility (CSR) generally refers to the idea that enterprises obtain benefits from society and also give back to society, while taking into account the interests of other stakeholders in society besides pursuing economic benefits(O. Sheldon, 1924). However, there has been no unified and clear consensus on the definition of this concept in the academic world. American sociologist Howard Bowen first proposed the concept of "socially responsible business" in his book "Social Responsibilities of the Businessman" in 1953, which is considered to be the cornerstone of "corporate social responsibility". Howard Bowen argued that with the development of corporate social responsibility, the development goals of enterprises are no longer limited to short-term profits, and enterprises will pay attention to corporate social responsibility, in order to prepare for the long-term development of enterprises (H. R. Bowen, 1953).

However, when the initial research on corporate social responsibility was conducted, two schools of representatives presented two opposite arguments. The first one was the Austrian scholar Hayek and Friedman from the traditional school, who argued that the development vision of enterprises should be to maximize the interests of shareholders (F. A. Hayek, 1969). If enterprises undertake unnecessary corporate social responsibility in the development process, it will not only increase the operating costs of enterprises, but also reduce the operating profits. Therefore, from the perspective of the profitability of enterprises, enterprises should not bear corporate social responsibility, and the only social responsibility of enterprises is to continuously improve their own profits (M. Friedman, 1962). But scholars like Jocelyn Herridge from another school put forward a contrary view, they argued that actively undertaking social responsibility will enhance the brand reputation of enterprises(H. Jocelyn, 2003), thereby increasing the operating profits of enterprises, which is conducive to the long-term development of enterprises. The debate between the two schools of scholars on corporate social responsibility has a very important promotion and influence on later research.

With the continuous development of CSR and progress of society, western countries have begun to carry out CSR.After World War II, Britain, Japan, Germany and other developed

countries established social organizations related to corporate interests, which marked the origin of corporate social responsibility. The continuous growth and development of some influential social organizations laid a solid foundation for CSR. These organizations include Social Accountability International (SAI), Fair Labor Association (FLA), Business for Social Responsibility (BSR) and California Black Chamber of Commerce (CBCC). Subsequently, western countries established systems related to CSR, encouraging enterprises to take on more legal responsibilities. Currently, undertaking the corresponding CSR is a necessary condition for the development of enterprises. Western countries have gradually established a more perfect and rewarding system for CSR. The construction of CSR in China lagged behind that of western countries. Corporate CSR in China is stemmed from the increasing foreign investment. Since the reform and opening up, the concept of CSR has been deepening in various enterprises. Meanwhile, with the rapid development of economy, unavoidable problems such as product quality and safety, environmental pollution, labor disputes arose, which also made the government pay more attention to the livelihood issues of CSR.

In October 2006, the Sixth Plenary Session of the 16th Central Committee of the Communist Party of China(CCCPC) adopted the decision of the CCCPC on major issues concerning the construction of a harmonious socialist society, which clearly stated that we should carry out extensive activities to create harmony and form a situation in which everyone promotes harmony, focus on strengthening the social responsibility of citizens, enterprises and various organizations. Therefore, there are also clear requirements for CSR at the national level. The Research Report on China's Corporate Social Responsibility is a comprehensive index evaluation system for assessing the development level of social responsibility, which is issued by the Chinese Academy of Social Sciences every year. The data from 2009 to 2019 show that the overall social responsibility level of Chinese enterprises has been steadily developing. In 2009, the CSR development index of China's top 300 enterprises was 15.2 points, which increased to 32.7 points in 2019. In the past 10 years, China's CSR index has steadily risen. At present, China's CSR has made significant progress, but it still needs to improve compared with developed countries.

The initial research direction and topic of Chinese experts and scholars on CSR was whether Chinese enterprises should undertake CSR. With the development of society and the enhancement of government institutional constraints, the research direction of experts and scholars gradually shifted to how to undertake CSR better. At present, scholars mainly use the analytical framework from dynamic mechanism to realization mechanism. Scholars study the motivation of CSR mainly from the perspective of corporate governance system and

principal-agent relationship. Shao et al. (2017) analyzed the dynamic mechanism of CSR, and found that the owner and agent have different goals, and it has a direct impact on CSR (p. 4). The society and the public are the stakeholders of state-owned enterprises. Therefore, the society and the public should actively promote enterprises to undertake corresponding CSR. The nature of enterprise ownership has a direct impact on CSR (T. T. Luu, 2019). According to the nature of ownership, the nature of state-owned enterprises requires them to undertake more CSR. The purpose of large-scale private enterprises to undertake CSR is mainly for the purpose of political rent-seeking (B. Y. Zhang, 2007). In reality, the degree of fulfilling CSR of state-owned enterprises is obviously higher than that of private enterprises. According to the data of China's Corporate Social Responsibility Research Report, the score of China's state-owned enterprises is significantly higher than that of private enterprises in the index of CSR of top 100.

Based on the above, this research conducts an in-depth analysis of CSR, the nature of corporate ownership and political connections. Based on the literature review of corporate social responsibility, the nature of corporate ownership, and the relationship between political connection and corporate social responsibility, this research proposes to study and analyze the impact mechanism of CSR of Chinese enterprises based on the differences in the nature of corporate ownership, and to consider political connections as the driving force. Based on the current development of CSR of Chinese enterprises, this research not only tests the theoretical analysis framework, but also analyzes the existing problems of Chinese enterprises. By referring to the more mature experience of foreign enterprises in the development of CSR, this research aims to propose feasible, scientific and effective policies and suggestions to constantly improve the social responsibility system of Chinese enterprises.

1.2 Definition of main concepts

The concept of this research mainly includes corporate social responsibility, political connection, and corporate nature. The following is an analysis of these concepts.

1.2.1 Corporate social responsibility

Corporate social responsibility (CSR) refers to the enterprise should be responsible to its stakeholders in production and operation. Enterprises should not only consider their financial performance, but also their impact on shareholders, customers, the public and the natural environment.

The World Bank (WBG) defines corporate social responsibility as: "Corporate social responsibility is a commitment made by an enterprise to stakeholders in order to maintain its sustainable and healthy development. CSR ensures that the enterprise will abide by the law, safeguard social morality, establish correct values and corporate culture, protect the interests of investors and employees, and make contributions to community and environmental protection. (WBG, 2004, p. 3)

The European Union (EU) defines corporate social responsibility as: "Corporate social responsibility means that companies should integrate social and environmental concerns into their daily operations and interactions with their stakeholders on the basis of meeting their legal obligations." (EU, 2011, p. 6)

The World Business Council For Sustainable Development (WBCSD) defines corporate social responsibility as: "Corporate social responsibility refers to the commitment of enterprises to continuously abide by laws, regulations and ethical standards, make due contributions to economic development, and improve the quality of life to their employees and their families, local community, and society."

The main contents of corporate social responsibility include:

- ① Responsibilities to shareholders: distributing dividends and increasing share price;
- ② Responsibilities to employees and labor unions: providing stability of work, reasonable salary level, promotion opportunities and better working environment;
- ③ Responsibilities to the government: providing support to the government, abiding by the law and discipline, paying tax obligation;
- ④ Responsibility to supplier: guaranteeing payment time .
- ⑤ Responsibilities to creditors: abiding by the loan contract and maintaining good reputation.
- ⑥ Responsibilities to consumers: ensuring product quality; improving service quality; developing new products more in line with consumer expectations; improving product availability.
- ⑦ Responsibilities to community: promoting the solution of relevant social problems; promoting community development and social development; protecting community environment and contributing to environmental protection.
- ⑧ Responsibilities to trade and industry associations: supporting economic activities and participating in trade activities.
- ⑨ Responsibilities to competitors: innovating, competing fairly and growing in products,

technology and service;

⑩ Responsibilities to special groups: creating employment opportunities for special groups; contributing to urban planning and construction; protecting basic life of the disabled, women and children.

1.2.2 Political connection

Political connection refers to the invisible political contractual relationship between directors, senior executives and senior officials in the government. Political connection is a common phenomenon in the world, especially in some areas where judicial independence is lacking and corruption is serious. China's economy is in a transition period. There is a common and close relationship between the government and enterprises, which is called political connection. Generally speaking, political connection plays a role through senior officials holding a post in the government.

According to the resource-based theory, the biggest reason for enterprises to seek political resources is to deal with the uncertainty of the external environment, and the most important uncertainty factor is the government behavior. The political connection can be regarded as a kind of scarce resource, which can help enterprises understand the national policy guidance in time, and then align with the enterprise development policy, so that enterprises can seize the opportunity. Meanwhile, good political connection can also help enterprises avoid the uncertainty of the market to a certain extent, and form advantages in market competition, such as tax incentives, a lower tax rate, financing convenience and a lower cost of equity capital.

1.3 Research content and framework

Based on the particularity of China's political and economic system, this research analyzes the reasons and effects of corporate social responsibility. Enterprises are a part of social organizations, and their business activities and strategic choices are inevitably affected by the local political and economic system. Therefore, it is not advisable to separate the political and economic background from the analysis of social responsibility, and the conclusion would not be objective. In view of this, this research analyzes the ownership differences of Chinese enterprises' social responsibility, in order to reveal the real reasons and influences.

First of all, this research explores whether there are differences in corporate nature on the performance of corporate social responsibility in China. The state-owned enterprises are the

extension of the government will, which not only need to bear the economic responsibility, but also need to bear their political and social responsibility. Therefore, state-owned enterprises fulfill social responsibility based on the legitimacy and political purpose. However, the reasons for private enterprises to fulfill their social responsibilities are different. Compared with state-owned enterprises, private enterprises are in an inferior position in the market competition. They can obtain political resources by performing social responsibilities, so as to obtain market access and equal market status.

Secondly, this research explores the primary causes of the differences in the performance of corporate social responsibility. No matter whether state-owned enterprises or private enterprises, they should produce and operate under China's special national conditions, so as to obtain corresponding profits. Due to the difference of political identity, private enterprises obtain political resources by various means, including fulfilling social responsibilities, building non-market competitive advantages, so as to obtain excess profits. Therefore, enterprises adopt differentiation strategies under different institutional environments, and differentiation strategies will inevitably lead to differences in the performance of corporate social responsibility.

Finally, this research explores the impact of political connections on corporate performance. Corporate social responsibility is conducive to building political connection, which has an impact on business performance. However, whether the influence of political connection on enterprise performance is positive or negative, what the degree of influence is, and how long the influence lasts, need to be further studied and discussed.

The framework of this research is divided into seven chapters, from the literature review of corporate social responsibility to the development process, then to empirical research, and finally to policy recommendations. This research elaborates the essence of corporate nature, corporate social responsibility and political connection.

The first chapter is the introduction, which introduces the research background and significance of this research, defines relevant concepts, introduces the overall research ideas and the main contents of each chapter, and summarizes the research methods and innovations of this research.

The second chapter is the literature review, which discusses the theory of corporate social responsibility systematically, combines it with the stakeholder theory, and then summarizes the factors that affect corporate social responsibility; secondly, it also reviews the performance motivation and influencing factors of corporate social responsibility, and summarizes the corporate social responsibility of different ownership natures, which lays the

foundation for the following empirical research. Thirdly, it reviews the literature on the correlation between corporate social responsibility and political connection, and combines the political connection with business efficiency, and CSR performance motivation; finally, it discusses the relationship between institutional environment and corporate social responsibility. The literature review of this chapter focuses on the differences of theoretical research and the shortcomings of the existing literature, which lays a theoretical foundation for the following empirical analysis.

The third chapter is the historical process of Chinese enterprises' social responsibility. This chapter describes the evolution of social responsibility of state-owned enterprises and private enterprises respectively, and makes a comparative analysis of the two. There are five stages for the state-owned enterprises to fulfill their social responsibilities, which are the establishment of the core position of state-owned enterprises, the enterprises running the role of society, the stage for the state-owned enterprises to avoid undertaking social responsibilities, the stage for the state-owned enterprises to mainly bear economic responsibilities, and the stage for the state-owned enterprises to be in parallel with the economic responsibilities and social responsibilities. There are four stages for the private enterprises to fulfill their social responsibilities, which are the private capital confiscation and transformation stage, the economic responsibility is paramount stage, the legal responsibility oriented stage, and the social responsibility based on legal responsibility stage. This chapter explores the historical evolution of corporate social responsibility, and analyzes the differentiation of state-owned enterprises and private enterprises from the initial and high-level. And it provides a realistic foundation for the following quantitative study of corporate social responsibility, political connection and corporate nature.

The fourth to the sixth chapter are the research hypothesis and empirical analysis, with the construction, evolution and development of the theoretical analysis framework as the research purpose.

The fourth chapter explores the degree of influence of political connection in different corporate natures. Under China's special institutional environment, political connection has a significant difference on the influence of private enterprises and state-owned enterprises, and it also has a different influence on the decision-making of business behavior. This research constructs an empirical model to explore the effects of the interaction between the two on corporate social responsibility.

The fifth chapter explores the relationship between state-owned enterprises, political connections and corporate social responsibility. The administrative grade of central enterprises

and the political identity of executives have a certain impact on corporate social responsibility. This research analyzes the relationship between the two by constructing an empirical model.

The sixth chapter explores the relationship between private enterprises, political connection and corporate social responsibility. Private enterprises fulfill their social responsibility mainly for the purpose of reasonable tax avoidance and government subsidies. This chapter puts forward the hypothesis and builds the model and conducts an empirical analysis.

The seventh chapter is the case analysis. This chapter introduces and summarizes the experience of corporate social responsibility in developed countries and provides reference suggestions for the development of corporate social responsibility in China. The research content of this chapter is divided into four parts. Firstly, it takes the United States as a case to analyze the development process and characteristics of its corporate social responsibility, and has an in-depth discussion on Warren Buffett donation. Secondly, this research takes Japan as a case to study the development process and implementation practice of Canon group's corporate social responsibility, especially in 2020 when China was facing COVID-19. Thirdly, this research takes Germany as a case, and selects Siemens Group as an example to summarize its experience in performing social responsibility. Finally, this chapter summarizes the experience of these three countries in fulfilling social responsibility.

The last chapter is the summary and policy recommendations. This chapter summarizes the main conclusions of the whole research and puts forward the further research directions. And then it proposes policy suggestions. Firstly, based on the difference of corporate nature, this research explores the realization path of corporate social responsibility; secondly, it analyzes the influence of political connection and explores the ways to enhance corporate social responsibility; thirdly, according to China's national conditions, it puts forward the way of "public-private cooperation" to promote enterprises to undertake corporate social responsibility.

1.4 Research methods and approaches

In this research, the study of corporate social responsibility uses conventional qualitative and quantitative analysis, normative analysis, empirical analysis and comparative analysis. On this basis, this research uses case analysis to explain the determinants of the differences in the nature of corporate ownership, political connection and corporate social responsibility, so as to put forward new ideas for the study of corporate social responsibility.

1.5 Main innovations

This research focuses on the interaction among the differences in the nature of corporate ownership, political connection, and corporate social responsibility, which is a relatively new perspective in the study of corporate social responsibility. The innovations of this research are as follows.

Firstly, this research takes corporate social responsibility as the research object, explores its connotation and extends its meaning, and then clarifies the deep meaning of corporate social responsibility. Corporate social responsibility is not only a means for enterprises to pursue economic interests, but it goes beyond the traditional profit goal, and covers the economic, ethical, legal and charitable obligations that enterprises need to fulfill in the process of production and operation. Corporate social responsibility reflects its positive feedback to employees, consumers and other interested third parties, as well as its positive effect on society and ecological environment. "Production-operation-profit" is the traditional business philosophy of enterprises. Enterprises should embody higher non-economic pursuit in society, so as to realize the sustainable development of enterprises.

Secondly, through theoretical deduction, this research demonstrates that the differences of corporate nature, and the political connection between enterprises and the government, have a significant impact on the performance of corporate social responsibility. First, in terms of the differences in corporate nature, enterprises can be divided into state-owned enterprises and private enterprises. There is a natural political connection between state-owned enterprises and the government, so it is easy to obtain political resources. In order to obtain similar government resources as state-owned enterprises, private enterprises need to deal with their relationship with the government more properly. One of the best ways is to actively fulfill corporate social responsibility. Therefore, compared with state-owned enterprises, private enterprises will more actively fulfill corporate social responsibility. Second, from the perspective of political connection, state-owned enterprises actively fulfill their social responsibilities due to their own political attributes, and the political identity of their executives; private enterprises actively fulfill their social responsibilities in order to obtain more government subsidies and reasonable tax avoidance.

Thirdly, through empirical analysis, this research verifies the main reasons for the differences in the nature of enterprise ownership and the political connection between enterprises and government. This research constructs an econometric model and verifies three conclusions: first, private enterprises are more active in fulfilling corporate social responsibility

compared with state-owned enterprises; second, state-owned enterprises' political attributes and political identity of enterprise executives have a positive impact on corporate social responsibility; third, private enterprises are more active in fulfilling social responsibility, and there is a positive correlation between the degree of tax avoidance and government subsidies.

Finally, this research analyzes and summarizes the development process and current situation of corporate social responsibility in China, describes the change law of corporate social responsibility in developed countries, and puts forward policy suggestions for Chinese enterprises to enhance corporate social responsibility. The key for Chinese enterprises to enhance corporate social responsibility is to break the relationship between government and enterprises based on the incentive mechanism of ownership differentiation. First, China needs to continuously promote the process of legislation; second, improve the information disclosure system of enterprises.

Chapter2: Theoretical Basis and Literature Review

The purpose of this chapter is to set up a theoretical foundation for the specific research of this research, clarify the detailed research scope of this research and explore the methods that can be adopted. Based on the research purpose of this research, this chapter starts with the theory of CSR, then sorts out the relevant theories and literature of ownership and social responsibility, and finally summarizes the multi-discipline research of political connection and social responsibility, institutional environment and social responsibility.

2.1 Theoretical synthesis of CSR

In the early 1920s, scholar Oliver Sheldon first put forward the concept of CSR, which proposes that the moral concept should be related to CSR, and the goal of enterprise management should not only satisfy the requirements of stakeholders, but also content with the needs of the whole society. In 1953, the father of social responsibility Bowen put forward the concept of CSR, which defines "Businessmen have the obligation to determine policies, make decisions and take actions in accordance with the general objectives and values of society". Bowen's concept plays a promoting role in the development of CSR, and it greatly broaden scholars' understanding of CSR (S. Lee, 2008).

Frederick (1960) found that the development goal of an enterprise should not be limited to the interests of shareholders and employees, but should make contributions to the steady development of society, so as to meet the goals recognized by the public. Walton (1998) redefined social responsibility after Bowen, CSR is that enterprises need to consider and undertake outside of traditional economic and legal responsibilities. Social responsibility makes enterprises have a positive impact on society in addition to pursuing economic goals. D. Zhang et al. (2014) found that compared with the general enterprises, the large-scale enterprises will improve the profits in a short time after fulfilling their social responsibilities, and have a positive impact on the long-term economic benefits of enterprises. The connotation of social responsibility of enterprises is divided into three levels (Johnson & Mitton, 2003) which are traditional connotation, profit connotation and utility connotation. The traditional connotation refers to the social responsibility of enterprises should take care of all stakeholders; profit connotation refers to the further connotation of CSR is to improve the

operation performance of enterprises; utility connotation refers to the multiple objectives that enterprises should achieve as much as possible in fulfilling social responsibility. In 1973, K. Davis (1960) gave a more comprehensive definition of social responsibility; enterprises should focus on and need to respond except for basic economy and law. And in the realization of the basic economic goals, it can also promote social interests and social welfare. Meanwhile, he also proposed the "Iron law of responsibility", that is, enterprises would achieve corresponding social returns equally when they perform relevant CSR.

At present, there are three social responsibility theories widely accepted by academic circles, which are Davis and Blomstrom's concentric circle theory, Carroll's pyramid structure theory and Elkington's triple bottom line principle. K. Davis and Blomstrom (1971) used concentric circles to represent the circle of CSR. The core layer is the most essential economic function of an enterprise, which is to create value for shareholders' profit maximization and provide employees with stable employment opportunities, so as to promote the steady growth of social economy. The core layer extends outward; social values should be taken into account. Enterprises should be responsible for the environment and realize the expectations of consumers and employees as much as possible. The outer layer of the circle is the value leading function of enterprises; enterprises should contribute to the sustainable development of society. Carroll (1991) put forward the pyramid structure concept which is similar to the concentric circle theory mentioned above. Carroll's four-dimensional corporate social responsibility includes economy, law, ethics and charity, which pays more attention to hierarchical structure. The core responsibility of the enterprise is economic responsibility; the enterprise needs to ensure that it complies with the corresponding legal provisions while realizing the economic goal; the enterprise behavior should conform to the social ethics; the highest level charity behavior is voluntarily performed by the enterprise. While enterprises fulfill their social responsibilities, the first thing they should satisfy is the economic goals, followed by law, ethics and charity. Carroll's pyramid structure theory is widely recognized by the academic community, Fuisz-Kehrbach (2015) have made follow-up research about it. The triple bottom line principle proposed by Elkington (1998) pointed out that the profit goal, social responsibility and environmental responsibility of enterprises have a great impact on the sustainable development of enterprises. Except for achieving the economic goal of maximizing profits, enterprises should also observe local laws and regulations, integrate into local cultural customs, and even participate in political issues to a certain extent. In addition, enterprises should contribute to the sustainable development of society.

At the end of the 20th century, Chinese scholars began to study CSR. D. Li et al. (2016)

give the concept of localization to CSR. In corporate social responsibility, he points out that the prerequisite for an enterprise to fulfill its CSR is to ensure its normal operation and profitability. On this basis, the enterprise needs to undertake its due responsibility for various problems and needs of the society, and the enterprise should perform its social responsibility to safeguard the most fundamental interests of the people, the country and the society. Therefore, corporate social responsibility is not only for the sake of maintaining its own development, but also to ensure the rights and interests of stakeholders. It contains not only egoistic motivation, but also altruistic motivation. Li is an early scholar of corporate social responsibility in China. His research has profound influence on other scholars.

2.2 Literature review on corporate nature and CSR

Corporate social responsibility is closely related to the development goals of enterprises, but the development goals of enterprises with different ownership nature are not the same. Therefore, if we want to analyze the differences of CSR, we can first distinguish the ownership attribute to which it belongs, and then analyze the difference of development goals of enterprises with different ownership. Except for the same economic objectives as general enterprises, state-owned enterprises also have non-economic goals because of their own characteristics. State owned enterprises are an important part of the stability of the national economy. State owned enterprises can be used as means for the government to intervene in the market economy. The government can promote the rationalization of the national economic structure and enhance the competitiveness of the country in the world. Therefore, the state-owned economy can be used as the stabilizer of the national economy.

2.2.1 The difference of enterprise ownership and the motivation of CSR

Scholars worldwide have studied the motivation of corporate social responsibility. Atkinson (2009) considers that the reputation of managers will be improved and their social status will be improved steadily after they fulfill their social responsibilities, therefore promoting the development of their career. These scholars explain the motivation of corporate social responsibility from the perspective of agents. On this basis, Hemingway and Maclagan (2004) conclude that the main reason for enterprises to perform their duties is that agents want to obtain a better reputation, and it will react on operating profits after the promotion of their political status. Other scholars objected to the above concept, arguing that the agent's responsibility is mainly for the realization of personal interests, and at the same time

sacrificed the enterprise's interests. Schwartz put forward the concentric circle theory, which uses three motivations of economic, legal, and morality to explain the performance of responsibility. Based on the above theory, Hofman et al. (2017) analyzes the social responsibility of completely monopolized industry in China. Through the analysis, they concluded that the main motivation of fulfilling social responsibility was affected by economic factors, but the institutional and moral factors also had certain influence on it. If enterprises choose different business strategies, naturally their social responsibility will also be different. The American Association for human resource management conducted a survey on social responsibility of seven countries in 2006. The first reason for enterprises to fulfill their social responsibilities is to contribute to the society, the second is to achieve the public relations strategy, and the third objective is to enhance their competitive advantage in the society. In recent years, Chinese enterprises gradually emphasize CSR (Ma, 2012). The fundamental reason is to seek more competitive conditions and pursue long-term economic benefits. Enterprises constantly enhance their social responsibility in order to integrate into the international market, make their brands more competitive and ensure their long-term development. The pursuit of sustainable development of enterprises is the fundamental motivation for enterprises to fulfill their social responsibilities (D. Jamali, 2007). The most ideal situation is that enterprises voluntarily undertake corresponding social responsibilities, but at present, it is difficult to achieve only by enterprises' self-consciousness. To better fulfill their social responsibilities, relevant stakeholders should formulate targeted strategies to supervise. From this point of view, stakeholders are an important driving force for the operation of social responsibility. The leading enterprises in China's agricultural industry have great influence through the performance of CSR. The main aspects of social responsibility of these enterprises are presented on increasing farmers' income, protecting employees' welfare, ensuring food safety, protecting the environment and participating in social public welfare undertakings. The internal motivation of their social responsibility is economic factors, while the external factors can be attributed to institutional factors. Kang et al. (2010) conduct a questionnaire survey on the motivation of enterprises to fulfill their social responsibility. According to the survey results, the main motivation for enterprises to carry out charity activities is economic factors, and then is ethical factors; the performance of enterprises for environmental protection is also affected by ethical and institutional factors to a certain extent; the social responsibility behavior of enterprises for employees is also affected. It's not only considers economic factors, but also takes ethical factors into account.

Feng et al. (2015) study the cases with different ownership nature in China, and find that

the motivation for enterprises with different ownership nature to perform their duties is different. For state-owned enterprises, their own attributes require them to undertake the corresponding social responsibility, while the reasons for foreign-funded enterprises and private enterprises to undertake CSR are often to obtain business legitimacy. Compared with non-state-owned enterprises, state-owned enterprises have an imperfect principal-agent mechanism obviously. The managers of state-owned enterprises have stronger motivation to sacrifice corporate interests for personal interests in order to improve their personal reputation and have a better political career. State owned enterprises occupy a dominant position in China's national economy, and state-owned enterprises can be seen as important means used by the government for macro-control, so they have more responsibilities and obligations to undertake CSR. Therefore, some scholars have studied the motivation of enterprises with different ownership properties from this perspective.

Some scholars focus on the state-owned enterprises in China. Tang and Li (2009) argue that the state-owned enterprises perform some corporate social responsibilities in order to meet the legitimacy requirements of policies, such as undertaking infrastructure construction and solving social employment problems. The state-owned enterprises should undertake more social responsibilities and meet the public policy objectives set by the government because of the mandatory legal responsibility. Reasons for state-owned enterprises undertaking responsibilities include suppressing economic cycle fluctuations, changing the imbalance of economic structure, reflecting the characteristics of socialist market economy, and realizing the national social and economic development strategy. These non-economic goals can be attributed to policy objectives, and part of the motivation for SOEs to fulfill their responsibilities is the motivation to achieve the policy objectives. According to the research about state-owned enterprises, Cochran and Wood (1984) propose that state-owned enterprises should pay attention to social benefits as well as economic goals. State owned enterprises can achieve social benefits by performing social responsibilities. S. H. Liu and Li (2011) have a research that shows that the government, as the major shareholder of state-owned enterprises, requires enterprises to perform responsibilities for social development, such as building infrastructure and solving social employment problems. Compared with private enterprises and foreign-funded enterprises, state-owned enterprises will pay more attention to the medium and long-term development of enterprises. In addition to economic interests, they will consider more about social benefits, so they will be more inclined to undertake CSR. Guo (2009) believed that state-owned enterprises will donate more money and goods in front of major natural disasters, so as to express their support for

the government and assistance to the people. This behavior is partly based on the consideration of political responsibility, and the other is based on the motivation of compliance.

Some scholars focus on the non-state-owned enterprises in China. Gu et al. (2013) analyze the motivation of private enterprises to perform their responsibilities. Based on the event of Foxconn's 13 consecutive jumps, this study shows that the motivation of private enterprises to fulfill their CSR is primarily due to the consideration of economic factors; after fulfilling their responsibilities, enterprises will obtain political protection from the government. From this point of view, the motivation of private enterprises to perform their responsibilities also includes political factors; compared with political and economic factors, moral factors do not play a similar role in the performance of private enterprises. Q. Li et al. (2013) point out that the lack of enthusiasm of private enterprises in fulfilling social responsibility is mainly due to the private ownership of private enterprises. At present, China's private enterprises are still in the primary stage of fulfilling CSR, and each enterprise has different motivations for fulfilling CSR (Y. Y. Hu et al., 2018). Some of the reasons for enterprises to perform CSR are to avoid risks, improve corporate reputation, seek political asylum, explore international markets and realize the value of entrepreneurs. Some scholars take the ownership difference as the consideration; and study the motivation of Chinese enterprises to fulfill their social responsibilities. Zheng and Zhang (2016) think that the main factor of CSR disclosure in China is institutional pressure. The characteristics of companies have an important impact on the path of information disclosure. The nature and characteristics of companies determine the ability of different enterprises to accept and deal with institutional pressure to a certain extent. According to the institutional theory, the research shows that the mandatory institutional pressure at the government level has an important impact on the performance of corporate social responsibility, and whether the ownership nature of the company is a state-owned enterprise or a central enterprise is an important influencing factor. Generally speaking, compared with non-state-owned enterprises, state-owned enterprises undertake more political tasks and thus undertake more corporate social responsibilities.

Meanwhile, another important motivation for Chinese private enterprises to fulfill CSR is to maintain property rights and establish political connections (Z. Fu, 2019). To establish and maintain political connections, private enterprises will be more active in fulfilling their CSR. Compared with enterprises without political connections, enterprises with political connections will be more active in participating in CSR practice, and the degree of influence will be related to charity activities (L. Qian, 2016). There is a positive relationship between

the political connection of private enterprises and the fulfillment of CSR, and the higher the political connection of private enterprises, the stronger the political relationship. Political connection has a positive impact on CSR, and with the development of market economy, political connection will be higher for enterprises (C. Wickert, 2016). CSR theory suggests that enterprises have ethical and social obligations beyond their economic and legal responsibilities, and that fulfilling these obligations can enhance their reputation, legitimacy, and stakeholder satisfaction (A. B. Carroll, 1991). However, CSR also involves costs, such as reduced profits, increased conflicts, and diluted focus (M. C. Jensen, 2002). Therefore, enterprises need to balance the interests and expectations of various stakeholders and adopt appropriate practices.

2.2.2 The difference of enterprise ownership and the fulfillment of CSR

The differences of enterprise ownership are reflected in the differences of ownership nature and ownership structure among state-owned enterprises, private enterprises and foreign-funded enterprises.

2.2.2.1 The influence of the difference in the nature of enterprise ownership

In western countries, the proportion of state-owned enterprises is lower than that of China, so western scholars pay less attention to the difference of ownership nature. The research of Lindgreen and Swaen (2010) has a certain effect of the research in China. This chapter mainly focuses on the research of domestic scholars. Through the analysis of the existing literature, the corporate nature is mainly reflected in performance and charity donation.

Marano and Kostova (2016) find that there is a negative correlation between the nature of enterprise ownership and CSR performance. There are great differences in the performance of corporate social responsibility among state-owned enterprises, private enterprises and foreign-funded enterprises, such as community development, enterprise internal management. Compared with non-state-owned enterprises, the performance of state-owned enterprises is better, and the performance of foreign-funded enterprises in product quality is better (Hu, 2018). Compared with other enterprises, the environmental responsibility and integrity responsibility of private enterprises are relatively low. Z. Wang et al. (2018) think that the social responsibility index of state-owned enterprises is significantly higher than that of non-state-owned enterprises, and the employee security, tax contribution, social contribution and employment are better than those of private enterprises. Some private enterprises can't perform their social responsibilities as well as state-owned enterprises, partly due to the non-standard management, and on the other

hand, state-owned enterprises have mandatory requirements. Compared with non-state-owned enterprises, large scale state-owned enterprises are more prominent in public welfare and charity, environmental protection, economic responsibility, rights and interests' protection and customer value, so large-scale state-owned enterprises also have a higher degree of social responsibility awareness. The level of social responsibility of state-owned enterprises is relatively higher than that of private enterprises (H. Chen & Wang, 2011). Most of the small and medium-sized enterprises in private enterprises have utilitarian, blind and irregular behaviors. The realization forms of CSR can be divided into primary, legal and senior levels. State owned enterprises should play a leading role in fulfilling their responsibilities, while private enterprises implement legal responsibilities are mainly to achieve legal goals (Zhu et al., 2016). The intention of state-owned enterprises to disclose social responsibility reports does not mean the improvement of disclosure quality. Enterprises with less government intervention tend to be more inclined to information disclosure, and the quality of disclosure reports will be higher; the quality of information disclosure of non-state-owned enterprises will be positively affected by enterprise performance (Garriga, 2004). Although state-owned enterprises and non-state-owned enterprises have different emphasis on fulfilling CSR, state-owned enterprises pay more attention to consumers, government and employees, while non-state-owned enterprises focus more on suppliers, environment, investors and public welfare groups. Generally speaking, state-owned enterprises perform better corporate social responsibility at the middle level, while non-state-owned enterprises perform on basic and senior levels better (Xue et al., 2022).

2.2.2.2 The influence of the difference with ownership structure of enterprises

The ownership attribute of the company represents whether the enterprise is controlled by the state, and the ownership structure of the enterprise represents the ownership concentration. Many scholars in domestic and foreign countries have studied this issue. In short, the higher the degree of ownership concentration, the lower the level of CSR disclosure; the lower the ownership concentration, the more concentrated the CSR disclosure (A. M. Fray, 2007). There is a positive effect between the employment relationship and enterprises when executives hold on shares. The lower the concentration of enterprise ownership, the more requirements the enterprise stakeholders have on CSR, and the enterprise will be more inclined to disclose the performance of its responsibility to the public (K. Herbohn et al., 2014). Brammer and Pavelin (2006) study the influence of the ownership structure on CSR information disclosure. The lower the concentration of ownership structure, enterprises will be more inclined to voluntarily disclose the social environmental performance behavior. The

degree of ownership concentration and the structure of the board of directors also have certain influence on the disclosure of environmental performance. According to research of Ghazali and Weetman (2006) about listed companies in Malaysia, they found that the higher the proportion of government shareholding, the lower proportion of directors' shareholding in the ownership structure, the enterprises will more actively disclose the performance of enterprises compared with other enterprises. For state-owned enterprises, the concentration of enterprise ownership is positively correlated with the performance of CSR, while that of non-state-owned enterprises is opposite, and the concentration of enterprise ownership is negatively correlated with the performance of CSR (Salim & Yadav, 2012). There is a negative correlation between ownership concentration and CSR performance (Barnea & Rubin, 2010). However, Baron et al. (2011) believe that there is no significant relationship between the ownership concentration and the performance of CSR, and the correlation between the two is very small or even nonexistent.

The proportion of state and corporate shares has a significant positive impact on corporate tax and corporate value preservation, and has a significant negative impact on corporate illegal behavior; Meanwhile, the holding of corporate shares by senior executives has a positive impact on CSR, and is negatively related to the reduction of the possibility of violations in laws and regulations. Compared with state-owned enterprises, foreign-funded enterprises pay more attention to the interests of enterprise shareholders and employees, and ignore other aspects of CSR performance (Yin & Zhang, 2012).

H. Wang and Qian (2011) have a research about CSR information disclosure and enterprise shareholding, and find that state controlled enterprise has significant positive impact on CSR information disclosure. X. Liu and Zhang (2017) believe that even if the degree of ownership concentration is different, it has a positive impact on the performance of CSR. The degree of concentration of corporate ownership strengthens the performance of CSR to a certain extent. Among the concentration of corporate ownership, bank financing constraints, commercial financing constraints and internal financing constraints, it exists significant differences in the performance of CSR due to interaction.

According to the above statement, many domestic and foreign literatures have conducted detailed research and analysis on the disclosure of CSR performance caused by ownership concentration. However, these studies have not discussed the impact of corporate ownership structure on CSR performance motivation, and have not studied the ownership concentration on CSR among China's unique state-owned enterprises, foreign-funded enterprises and private enterprises. So far, there is no relevant research in our country. This might be a research

direction which is worthy of further exploration by scholars.

2.2.3 Review of the research about the nature of ownership and CSR

Based on the analysis of the relevant literature on the differences of corporate ownership and the motivation of CSR, we can have the following thinkings;

(1) The main reason for enterprises to perform CSR is driven by interests and pressure, and the pressure may come from society and government.

(2) The main goal of state-owned enterprises is to undertake CSR not simply to pursue economic goals. State-owned enterprises can be seen as a means used by the government to control the macro-economic.

(3) The managers of state-owned enterprises undertake CSR due to the egoistic motivation, while the principal-agent mechanism is not perfect.

(4) State-owned enterprises perform CSR is partly out of compliance and legitimacy. Compared with non-state-owned enterprises, the motivation of state-owned enterprises to fulfill their corporate social responsibility is often out of consideration of the government and the public, while non-state-owned enterprises are likely to obtain political asylum from the government.

Through the research about the relevant literature between CSR performance and corporate ownership differences, we found that state-owned enterprises and non-state-owned enterprises both undertake important tasks in fulfilling CSR, and they have different influences on the social responsibility performance with different ownership nature. As the policy makers, the government has significant impact for whole industries.

Based on the analysis of the relevant literature on the difference of enterprise ownership and the realization form of CSR, we can draw the following thinking;

(1) Both state-owned enterprises and non-state-owned enterprises need to enhance their social responsibility on the economic and environmental levels.

(2) Compared with the non-state-owned enterprises, the state-owned enterprises have a higher degree of responsibility.

(3) The difference of corporate ownership affects the performance of CSR to a certain extent. The information disclosure of CSR will be more serious with the decentralization of corporate equity structure. At present, the relationship between ownership concentration and information disclosure of state-owned enterprises needs further study.

2.3 Literature review on political connection and CSR

In the wave of world economic development, many countries in the world have the phenomenon of political connection in enterprises, which is not unique in China. The political connection of enterprises has important influence on the operation of enterprises (M. Faccio, 2006). This part mainly discusses the influence of political connection on CSR.

In recent years, the research on the impact of political connections on corporate social responsibility has been rising and has gradually become a hot topic for scholars in China and abroad. According to the political connection theory, businesses build and preserve connections with political actors in order to get resources, knowledge, and power that can improve their performance and competitive advantage (M. Faccio, 2006). But having political connections comes with a price, too: more scrutiny, more regulations, and more corruption (N. Boubakri et al., 2012). As a result, businesses must balance the advantages and disadvantages of having political ties and use strategic management techniques.

This section has an in-depth study of the impact of political connections on CSR. Firstly, this research divides the political connections between enterprises and the government into representative members and government officials, central government connections and local government connections, and explores whether there are differences in the impact of different types of political connections on CSR. Secondly, this research uses the total score of CSR as an index to measure the degree of CSR performance, to explore whether there are differences in the impact of political connections between private enterprises and state-owned enterprises on CSR performance. Thirdly, this research establishes the cross item of political connection and corporate nature, to explore whether the interaction between them has an impact on CSR. Opportunity cost theory suggests that enterprises are confronted with trade-offs when they allocate their resources and efforts among different activities, and that they should choose the ones that can produce the maximum net benefits (J. M. Buchanan, 1969). But opportunity cost sometimes is hard to measure, especially when it comes to uncertain factors, such as reputation, legitimacy, and stakeholder satisfaction, etc. Consequently, enterprises need to consider the short-term and long-term outcomes of their decisions. And they have to adopt appropriate standard to evaluate them as well.

2.3.1 Political connection and business operating effectiveness

Through the study of the existing literature, we found that there is a certain relationship

between the political connections of enterprises and the business operating effectiveness. The operating efficiency of an enterprise can be measured by financial performance indicators, enterprise value and other direct factors. It also can be measured by financial subsidies, enterprise development (internationalization), taxation and other indirect factors.

D. Fisman et al. (2012) explore the political connections in Indonesia, Johnson and Mitton (2003) study the political connections in Malaysia, Niessen and Ruenzi (2010) discuss the political connections among German enterprises, Agrawal and Knoeber (2000) study the political connections in the United States. The results of these studies show that political connections have a significant impact on business decisions and benefits of enterprises. To a certain extent, some scholars have conducted in-depth research about the specific relationship between political connections and economic benefits of enterprises to see whether they are positive, negative or other relations. Goldman et al. (2009) believe that the political connection and business performance of American enterprises show a positive correlation; Sun et al. (2002) study the political connection and business performance of Chinese private enterprises and found that they are positively correlated. Whether they are central or local political connections, these political connections have a significant positive impact on enterprise value. However, in terms of competitive strategy, the specific path to enhance enterprise value will be different due to the level of political connection (Deng & Zeng, 2009). Political connection can improve the business performance of enterprises, have an important impact on the path of corporate performance improvement (Zu & Song, 2009).

Contrary to the above views, Manchiraju and Rajgopal (2017) believed that political connection can be understood as the pressure exerted by the government on enterprises, and can be understood as a way for the government to intervene in enterprises, thus affecting the principle of corporate profit maximization, thus reducing the economic benefits of enterprises. Boubakri, N. et al. (2008) who hold a negative correlation point of view have studied the business performance of domestic enterprises with political connections after listing, and found that the political association of senior executives in enterprises will cause damage to enterprises by the government, and then lead to the decline of operating profits. In China, the closer the relationship between senior executives of listed private enterprises and the government, the lower the economic performance of enterprises and the lower the value of enterprises. However, with the continuous improvement of laws and regulations and the reduction of government intervention in China, the negative impact of political connection will also be reduced (Zaman et al., 2022). Financial performance and internet attention of enterprises, these two factors will promote enterprises to improve the degree of information disclosure, but there is a negative

correlation between political connection and information disclosure, which will reduce the transparency of enterprises to a certain extent (Yu et al., 2018).

Different from the above two views, S. Xu and Liu (2006) believe that the relationship between political connection and enterprise performance is not simply positive or negative. In some studies, the results show that different experimental groups have different influence relations. The political connections formed by senior managers who are government officials, will lead to the decline of business performance. The impact of political connections on enterprise performance can be described as a double-edged sword. Government intervention is a common phenomenon in political connections, which will reduce with the increasing of senior managers' salaries (H. Li et al., 2008). The enterprise value of private enterprises will increase because of political connection, but the enterprise value of state-owned enterprises will decrease due to political connection (H. Wu, et al., 2008). Representative members and government officials are two types of political connections. The political connections of government officials will reduce the financial performance of enterprises to some extent, and the political connections of representative committee will improve the financial performance of enterprises (Jo & Harjoto, 2014).

Long et al. (2020) explore other aspects of political connection and enterprise performance. If private enterprises have political connections, the financial subsidies they receive will not have a positive effect on the business performance of enterprises, but for private enterprises without political connections, the financial subsidies received by enterprises often have a positive effect on the business performance of enterprises (L. Zhou & Wei, 2016). In Pakistan, if there is a close relationship between enterprises and the government, enterprises will get more loans. Compared with other enterprises, enterprises with political connections are more likely to obtain lower tax rates, thus reducing the tax burden (M. Faccio, 2006). In private enterprises, political connection does not have a significant positive impact on the degree of internationalization of enterprises, but political connection has a significant negative impact on the internationalization breadth of enterprises. Meanwhile, institutional environment factors play an important role in regulating the degree of political connection and internationalization. The internationalization development strategy of enterprises with political connections is easier to improve corporate performance (X. Li & Chang, 2022). Compared with other enterprises, enterprises that have political connections will be easier to obtain loan conditions. Moreover, the higher the degree of corporate social responsibility, the easier private enterprises can obtain loans (W. Zhou et al., 2013). The social responsibility of private enterprises is mainly based on the consideration of legitimacy. The better the business performance of enterprises, the more

social responsibilities they undertake. However, the relationship between CSR and business performance will vary with the development stages. After enterprises mature, the positive effect of corporate performance will be reduced (Maignan & Ralston, 2002).

Pellegrini and Cerqua (2014) found that the effect of government subsidies on enterprise output is not obvious, but financial subsidies can enhance the growth of enterprises. Compared with state-owned enterprises, the government's financial subsidies have a more significant impact on the enterprise value of private enterprises, especially small and medium-sized private enterprises (Kwaning et al., 2014). Senior managers or directors of enterprises have served as government officials, which naturally establishes a political connection between enterprises and the government, and enterprises can also obtain certain benefits (Fernando, M., 2007). Private enterprises and the government establish a good political connection, can get a higher probability of financial subsidies, so as to enhance the value of enterprises (Lantos, G. P., 2001). Political connections can be regarded as a kind of rewarding resource, and private enterprises are eager to establish good political connections (M. Faccio et al., 2006). The closer the political connection between the private enterprises and the government is, the more significant the government subsidies the private enterprises can get.

Nevertheless, these studies have some limitations and shortcomings, like not taking into account of private enterprises' different conditions, the endogeneity of political connections, and the risks of government subsidies. As we all know, private enterprises have different preferences, capabilities, and strategies about pursuing political connections, and some of them even try to avoid political interference (M. Wu et al., 2012). What's more, the evaluation of political connections' effects on government subsidies and enterprise value may be biased because they may not be exogenous but rather the product of self-selection or reverse causality (H. Li, et al., 2008). Furthermore, government subsidies may not always be beneficial for private enterprises. Sometimes they may impose some costs and constraints, such as increasing the dependence on the government as well as more corruption and rent-seeking (W. Zhou, 2013). Therefore, we have to address this issue deeply and clearly.

At present, most of the literature discusses the relationship among government subsidies, political connections and the value of private enterprises, but there is no obvious explanation about the intermediary role of political connections during this period. From the perspective of the value of private enterprises, this chapter will use the option pricing method to measure the value of private enterprises, and then explore whether the government subsidies have a significant impact on the promotion of the value of private enterprises, whether the

establishment of political connections of private enterprises has a positive impact on the enterprises' access to financial subsidies, and how the political connections produce and develop the mediating effects between the government subsidies and the enterprise value, and the degree of the influence of political connection after the new political business relationship was put forward. Compared with previous studies, this chapter divides the time into before and after the new political business relationship is put forward, discusses the mediating effect of political connection, so as to test the effect of policy implementation; this chapter uses the option pricing model to measure the value of enterprises, which is more suitable for private enterprises. In addition to adding to the body of existing literature, this chapter innovates and makes the following contributions: first, it measures the value of private enterprises using the option pricing method, which avoids market inefficiency and accounting information distortion issues and better captures the flexibility and uncertainty of future cash flows and investment decisions made by private enterprises (L. Trigeorgis, 1996). Second, it looks at how political ties mediate the relationship between government subsidies and private enterprise value. This can provide insight on the underlying mechanism and process by which political connections influence the allocation and efficacy of government subsidies as well as how private enterprise value is affected by them (Baron and Kenny, 1986). Third, it looks into the influences of the new political business relationship policy on the mediating effect of political connections. This can provide evidence and policy implications for the effect of the policy change on the performance of private enterprises, and the interaction and coordination between the government and the private sector (Y. Zhang, et al., 2019).

2.3.2 Political connection and the fulfillment of social responsibility

David et al. (2005) consider the specific project of corporate political connection and CSR. Due to the political connection of enterprises, it is difficult to avoid the influence of political intervention when formulating the development strategy of enterprises. Senior executives need to consider not only the profit maximization, but also the interests of employees, social stability and many other aspects of political goals. In order to maintain social stability, provide more employment opportunities and other political goals. Compared with other enterprises, the overall level of charitable donations of enterprises with political connections is also higher (Claessens et al., 2000). The degree and level of fulfilling CSR of enterprises with political connections is also significantly higher. However, the institutional environment confronted by enterprises has a reverse effect on CSR (Miras Rodríguez & Escobar Pérez, 2016). According to Sun Jun's research about 3837 private enterprises in China in 2010, these

private enterprises tend to give more public welfare donations due to the influence of political pressure. Private enterprises will obtain political connections and property rights protection due to these public welfare behaviors, which will also help enterprises to improve their profitability. After the 2008 Wenchuan earthquake in China, enterprises with political connections tend to make more public welfare donations, so as to enhance the relationship between the company and the government. Senior managers in enterprises will also donate for personal reputation. The labor cost and salary level of political affiliated enterprises will be significantly higher than those without political connections. With the continuous improvement of political connections, the responsibilities of enterprises in employment and promoting social stability will also increase (L. M Lauesen, ., 2013). No matter whether the managers have political background, or what kind of political background of the executives, they will have a significant impact on the public welfare donation of enterprises (P. Zhang & Liang, 2012). According to the theoretical framework of "competition commitment obedience", it is not difficult to find that corporate charitable donations are often based on CSR commitment, external pressure, and market competition. To some extent, the political source of executives can be used as the source of CSR commitment, meanwhile it can be seen as a buffer force to offset external demands (S. Sheng et al., 2011). Based on the research of loss-making listed companies in China, the enterprises with political connections in these companies make more public welfare donations than those without political connections. Due to the differences in the depth and breadth of political connections of these loss-making enterprises, their impact on corporate charitable donation behavior is not the same.

According to the actual situation of Chinese private enterprises, this research compares the performance of state-owned enterprises and local enterprises. There is an obvious positive correlation between the level of political connection of private enterprises and the performance of social responsibility. The better the degree of political connection of private enterprises, the better the performance of social responsibility of enterprises will be. On this basis, the degree of social responsibility of private enterprises will be better in areas with better institutional environment, and those with relatively poor institutional environment. Political connections have no significant impact on the performance of CSR of private enterprises (J. Wang et al., 2013). Among the listed state-owned companies that disclose CSR reports, the cumulative excess return rate of enterprises with political connections will be better than those without political connections, but this phenomenon only exists in state-owned enterprises. In state-owned enterprises, the proportion of enterprises with political connections to disclose CSR is relatively low, but the proportion of non-state-owned enterprises is the opposite; From the

perspective of the degree of government intervention, the probability of state-owned enterprises with political connection to disclose CSR performance is lower, but non-state-owned enterprises are the opposite; In areas with low level of government intervention, there is no significant relationship between the degree of information disclosure of state-owned enterprises and non-state-owned enterprises and the political connection of enterprises (J. Liu, 2013). The political connection of senior managers has a significant positive impact on CSR. The higher level of market development in the region where the enterprise is located, the greater the impact of political connection. Meanwhile, the impact of pressure on enterprises is mainly through two aspects: channel and degree (Z. Li & Yao, 2016). Under the premise of political performance demands, political connection has a positive impact on non-state-owned enterprises to fulfill CSR, but it has a negative effect on state-owned enterprises (X. Song et al., 2015).

J. Zhang et al. (2016) have done a lot of research about the performance of corporate political connection and social responsibility from another perspective. According to the research of listed private enterprises, if the senior managers are government officials, the private enterprises will be more inclined to make charitable donations; if the senior executives are not current government officials, there is no significant impact on corporate charitable donations. Political connections can be further divided into two categories: Representative committee members and government officials. Enterprises have different political connections and have different influence on CSR (H. Gu et al., 2013). The performance of CSR has a significant positive impact on political connection, but political connection plays an incomplete mediating role in the horizontal relationship between CSR and social capital; however, in the influence of CSR on corporate social capital, political connection does not play a full mediating role (D. Liu et al., 2016). In China's listed construction companies, the phenomenon of political connection is widespread, and political connection has a positive impact on CSR. Further research shows that CSR plays a mediating effect between corporate competitiveness and political connection (Huang & Zhao, 2016).

2.3.3 Review of political connections and CSR

By reviewing the literature of political connections and business performance, it shows that scholars have obtained a more unified view on the impact of business performance and political connections, but there is no consistent conclusion on whether the impact is positive or negative or other. Some scholars insist that political connection has a positive impact on the economic benefits of enterprises. If enterprises establish political connections, they will be more likely to obtain lower tax rates, enjoy government policy support, obtain financial

subsidies, and easily obtain bank loans, so as to promote the business development of enterprises and thus enhance the economic benefits of enterprises. Some scholars always insist on a negative relationship between political connections and enterprise economic efficiency. If enterprises establish political connections, they are more likely to be intervened by the government, which makes enterprises far away from the goal of maximizing shareholders' interests.

By exploring the relationship between political connection and enterprise economic benefit in the existing literature, we found that the relationship between political connection and enterprise economic benefit depends on the specific scenario hypothesis. In different scenarios, such as the stratum of political connection, the principal-agent mechanism, the external environment of the enterprise, the ownership attribute of the enterprise and the salary mechanism of the enterprise's senior executives, they will make the political connections and economic benefits of enterprises have different changes. Therefore, the relationship between the two needs to be further refined.

This research explores the relevant literature on political connection and CSR, and found that a large number of research results support that the political connection can improve the performance of CSR. To some extent, political connection of enterprises undertakes some government functions, such as increasing employee compensation, solving social employment and making public welfare donation and other social problems. The ownership attribute of enterprises has an important impact on both political connection and social responsibility of enterprises. At present, many existing literatures show that there are differences between state-owned enterprises and private enterprises in fulfilling CSR. Now some literature also found that external factors, such as institutional environment, market level, have an impact on the relationship between political connections and CSR. At present, the existing literature has not yet established an influence mechanism that includes political connection, enterprise benefits, CSR and ownership attribute.

2.4 Literature review on institutional environment and CSR

Through the research of domestic and abroad, CSR will generate certain costs in the short term, but the long-term return brought by corporate performance will make up for the short-term costs consumed by enterprises. Due to the influence of practical factors, the performance level of corporate social responsibility can't be generalized, and the social responsibility undertaken by each enterprise may be affected by institutional environment.

When enterprises fulfill their social responsibilities, they need to consider a series of factors such as social system and social environment. Among these factors, institutional environment is an important one (R. Steurer, 2010).

2.4.1 The pressure of institutional environment and the social responsibility attitude of top managers

The pressure of institutional environment can be divided into three types: compulsive, imitative and normative. Due to the different constraints of the institutional environment pressure, the effect will be different. CSR will be affected by the pressure of different institutional environments, so executives will have different attitudes and take different social responsibilities. To protect the interest relationship between enterprises from being damaged, the senior managers will take political coercive measures to protect their rights and interests (Jensen & Meckling, 1976). Executives will be affected by the pressure of compulsion, so as to actively undertake social responsibility, which leads to the gradual evolution of CSR into social expectation. When this social expectation is transformed into social cognition, executives will gradually identify with this kind of mandatory pressure, thus changing their attitude towards CSR. In the layout structure of the enterprise, the top management of the enterprise has a strong ability to control the whole, which has an important impact on whether a company can keep up with the times of strategic decision-making. The policies designed by enterprises determine the vested interests of enterprises. Therefore, in order to maintain stable interests, the external environment faced by executives is very severe. To deal with the mandatory environmental pressure, executives tend to assess the situation and then undertake CSR (D. Williamson et al., 2006). Strengthening the implementation of mandatory institutional environment can promote CSR action consensus, thus facilitating the government to formulate relevant CSR laws and regulations (A. K. Lau, et al., 2018). The reality will be more complex, and it is difficult to realize the standard of legal system restricting enterprise behavior, but this kind of binding standard will be realized through normative means to a certain extent, such as rules and habits, which will help enterprises to carry out social responsibility. Because the constraint conditions are more relaxed than the mandatory pressure, and the external environment created is more relaxed. Therefore, under the normative institutional environment, the behavior of enterprises is relatively free, which is conducive to the enterprises to carry out social responsibility related activities to a certain extent. Each enterprise has different social responsibility performance standards and decision-making. When enterprises or executives carry out CSR activities, they will refer to

other enterprises more or less, and achieve common progress in the imitative overall institutional environment (Logsdon & Wood, 2002). Under the imitative pressure environment, the pressure of executives will change the recognition of CSR (R. Z. Xu et al., 2007).

According to the study of above literature, we can conclude that the different institutional environmental pressures will directly affect the decision-making mechanism of executives, and then enterprises will take different CSR actions, which will produce different effects. Therefore, it is necessary to study the relationship between institutional pressure and CSR environment.

2.4.2 Institutional environment and CSR performance

Through the study of the first two sections, we can conclude that there is an important relationship among corporate social responsibility, political connection and the nature of corporate ownership. Besides the impact of political connection and ownership nature on CSR, institutional environment also plays a crucial role. In the existing literature, there is little research about the relationship between institutional environmental factors and social responsibility. Most of the scholars' research is still focused on the nature of corporate ownership and political connections. The impact of institutional environmental factors on CSR needs to be further explored.

Jones (1995) recognized that the institutional environment has a certain degree of impact on CSR performance. In this research, taking norms, habits, awareness and other aspects as the breakthrough point, the institutional environment has an important impact on the performance of CSR. The difference of external atmosphere brought by different institutional environment will also affect the performance of CSR. According to the survey of environmental protection action in the United States, corporate performance of environmental responsibility is closely related to the sense of social responsibility of executives. Corporate disclosure of social responsibility performance is closely related to the degree of competition in the industry. In the case of greater competitive pressure, enterprises are more willing to disclose CSR information (X. R. Luo et al., 2017). To some extent, the performance of CSR realization is by legal means. Under the mandatory constraints of laws and regulations, the performance of corporate social responsibility disclosure is getting better and better (Hansen et al., 2011). Through the research with the relevant factors of CSR performance, the supervision level will affect the realization of CSR. With the continuous improvement of the supervision level, the awareness of managers for social responsibility will continue to

enhance, and then the efficiency of social responsibility action will also be improved (Nee & Opper, 2010). Yi and Xu (2014) study and analyze the institutional environment from the perspective of market factors, under the premise of consistent economic system, the realization of CSR will change with the change of marketization degree, and the relationship between them is positive correlation. If there is an opaque interest relationship between enterprises, the enterprise will not fulfill its CSR due to the driving of interests (M. Vilanova et al., 2008). As an important influencing factor, enterprises will fulfill their CSR to maintain their corporate image. What media presents here is supervision function, which will make enterprises achieve win-win results. According to the comprehensive consideration of many institutional environmental factors, the factors that will affect CSR performance include factor market situation, government regulation and the degree of implementation of laws and regulations (Gond & Moon, 2011).

In short, the relationship between the two aspects of CSR and other aspects cannot be simply concluded. Different mechanisms of institutional environment have significant strategic significance for CSR performance. Institutional environment factors are included in the scope of CSR, which will enrich the theoretical system of enterprises to a certain extent, have a positive impact on the future development of enterprises and the establishment of corporate reputation.

2.4.3 Review of institutional environment and CSR

By reviewing the relevant literature on institutional environment and executives' social responsibility attitude, we can identify three kinds of institutional pressures, namely mandatory, normative and imitative, which are conducive to CSR. Meanwhile, we should pay attention to the research of CSR performance under different institutional environments, so as to improve CSR. However, the impact mechanism of the three institutional pressures is different. First of all, the research about the pressure of imitative institutional environment shows that when a certain social responsibility undertaken by an enterprise becomes a standard, other enterprises which fail to meet the standard will actively follow and reach the benchmark as soon as possible. Therefore, the imitative institutional environment will contribute to the performance of CSR. Secondly, the research on the compulsive environmental pressure shows that the decision-making of executives is more easily affected and restricted by the external environment. When there is external mandatory pressure, executives are likely to change their inherent attitude and turn into action. But it is difficult to make a decision whether the changed attitude is positive or not. Finally, external constraints

will directly affect the executives' decision-making. The performance of CSR will change with the change of the executive's attitude towards corporate social responsibility. Compared with the mandatory pressure, the role of normative pressure is not significant, but normative constraint plays an important role in corporate social responsibility.

Based on the literature review of institutional environment and CSR performance, we found that institutional environment is affected by many factors, and the effects of CSR are not the same. According to the research results, due to the behavior differences among enterprises, the key is to analyze the institutional environment of enterprises. The factor market situation, the implementation of laws and regulations and the degree of government regulation are the most significant factors. To sum up, according to the research of relevant literature, under the background of stable factor market, weak government management, and good implementation of laws and regulations, the performance of CSR will be better. The exploration of institutional environment is beneficial to enrich the theoretical basis and practical experience of corporate social responsibility.

2.5 Summary

According to the above theory, the state-owned enterprises usually occupy the leading position in important industries in China. With the continuous transformation of China's economy and the continuous expansion of private enterprises, the different ownership attributes of enterprises have different impacts on CSR. This research focuses on the nature of corporate ownership and CSR, further combs the literature and theory related to the two, and analyzes the effects of the nature of corporate ownership on CSR performance. Through the above analysis, the government is a very important factor in the performance of corporate social responsibility, whether it is a state-owned enterprise or a non-state-owned enterprise, and the influence of the government on the performance of different ownership enterprises is not the same. Then this chapter introduces the element of political connection, mainly to explore the relationship among political connection, enterprise economic benefits and corporate social responsibility.

By combing the relevant literature, this research focuses on the nature of ownership, political connections and the performance of corporate social responsibility. Finally, this research summarizes relevant literature of CSR performance, institutional environment, and concludes the effects that institutional environment has on corporate social responsibility performance. By combing the relevant literature, many scholars at home and abroad have

studied the corporate social responsibility. Domestic scholars' research about CSR performance is mainly based on the theory of foreign scholars. However, Chinese enterprises have their own particularity; for example, the difference in the nature of enterprise ownership is more obvious in Chinese enterprises. Although many foreign scholars have concerned about the difference in the nature of corporate ownership and the performance of CSR, they are not fully applicable to China's national conditions. It is also necessary to carry out corresponding research according to the actual situation of China. In the previous literature, it was also mentioned that some western theories were not adapted to the local conditions in China, which should be appropriately adjusted. This is the original intention of this research. Based on the actual development of China, this research explores the performance of CSR.

Chapter3: Analysis of Historical and Current Situation of Chinese Enterprises' Social Responsibility

The difference in the nature of corporate ownership will make the performance of CSR different, especially for the enterprises whose social responsibility is motivated by tax avoidance. This chapter will describe the change of social responsibility of state-owned enterprises and private enterprises from the historical dimension. Secondly, it will elaborate the current situation of social responsibility of state-owned enterprises and private enterprises. Finally, through the comparison of the two, the differences of CSR performed by enterprises with different ownership nature will be analyzed.

3.1 Historical evolution

3.1.1 State-owned enterprise

3.1.1.1 The first stage-- Establish the core position of state-owned enterprises

After the end of the Anti-Japanese War and the three years' civil war of China, the People's Republic of China was established. In the early days of the founding of new China, the Seventh Central Committee of the Communist Party of China was held. At the meeting, the following consensus was reached: the People's Republic of China should gradually change from an agricultural country to an industrial country, and the society should continuously develop from a new democratic nature to socialism. The party learned from the Soviet Union's experience of realizing industrialization basically within 15 years, and learned and inherited the ideas of Marx and Engels. The state power was obtained by proletarian revolutionaries, and the Communist Party should constantly promote various reforms to consolidate its dominant position. First of all, the Communist Party should rely on political rule to transform the capital of the bourgeoisie into the hands of the proletarian revolutionary regime, so as to promote the continuous development of the productive forces. The reform of the economic system progressed steadily. In the early days of the founding of new China, the system of "Large scale, high degree of public ownership, and economic component of socialism is pure" was carried out, and a centralized economic system was established and

strengthened on the basis of public ownership. During the implementation of the system, capitalist industry exhibited some improper behavior in order to seek their own interests, such as tax evasion, theft of state information, bribery of public officials and so on. These improper actions of seeking private interests also promoted the development of capitalist industry and commerce. In 1956, China basically completed the overall transformation of rival industry, private industry and commerce and capitalist agriculture, established the basic economic system with public ownership as the main body. Under this system, the state-owned enterprises developed rapidly and were in the leading position in various industries, thus forming the situation of oligopoly of state-owned enterprises. Although the reform of state-owned enterprises is a key and difficult point in the later economic development and reform, it is undeniable that the state-owned enterprises play a vital role in the economic strategy in the early stage of the establishment of new China; meanwhile, it has made great contributions to China's rapid economic development.

When the means of production transitioned from private ownership to public ownership, the simple and inefficient tools used in the past have promoted the rapid development of productivity to a certain extent. Now production has been transformed into the use of more advanced and automated tools, thus realizing the technological revolution, and gradually transforming from small workshop production to large-scale production of various agricultural and industrial products. At the same time, many political goals have been achieved, such as consolidating the proletarian people's political power, anti-imperialist aggression, and preventing the restoration of counter revolutionary forces. State owned enterprises have special advantages, but also undertake many responsibilities, such as protecting the people's employment, promoting steady economic growth, improving the living standards of residents, and as mentioned above, they also bear some political goals. State-owned enterprises are a representative product of the planned economic system in New China, compared with non-state-owned enterprises; state-owned enterprises undertake more important historical responsibilities(Wang, 2020).

3.1.1.2 The second stage -- "Enterprises run the role of society" -- State owned enterprises actively undertake various social responsibilities

China experienced the "People's Commune Movement" and "Great Leap Forward Period" in 1958. These two political activities made China's economy fall into the state of economic retrogression. During the second five year plan period, there was a shortage of materials. In order to change such a dangerous situation, the Communist Party of China, in accordance

with the policy of "adjusting, consolidating, enriching and improving", has carried out targeted transformation of China's economy and adjusted the ownership structure of enterprises. The idea of this reform is to centralize and consolidate power. In 1961, the original goal of the reform was to continue to implement the planned economic system, but only to increase the planned indicators and expand the scope of the plan, and decentralize the industrial management power concentrated at the central level to the Central Committee, the Political Bureau of the Communist Party of China, and the provincial, municipal and autonomous region levels. During the six years from 1959 to 1965, some of the decentralized enterprises were recovered by the enterprises and institutions directly under the ministries of the Communist Party of China. The number of enterprises increased by four times from 2400, and the industrial output value also accounted for half of the national industrial output value.

In 1963, the Chinese government began to set up a state monopoly organization in a trust type. To control the purchase and sales of domestic tobacco materials, the government began to undertake tobacco enterprises. In 1964, the government set up 11 state-owned enterprises, such as Yangtze River shipping, Jingjintang, in order to control metal, salt, coal, electric power, pharmaceutical and machinery manufacturing industries. After 1958, the government implemented a series of strong and effective control measures, and that led to China's economic resurgence. However, in 1965, the arrival of the "Great Proletarian Cultural Revolution" made these efforts in vain. It was not until 1976 when the gang of four completely collapsed that China's economy continued to be on the right track under the leadership of the great leader Deng Xiaoping. In 1978, the Central Committee of the Communist Party of China put forward the "Thirty Rules of Industry". These terms include stopping the unhealthy tendencies of the bourgeoisie, establishing and strictly implementing various regulations which take the responsibility system rule as the center. At the same time, they also fully affirm the economic responsibility of state-owned enterprises in stabilizing employment and promoting economic growth. The purpose of this provision is to maintain social stability, promote economic development and show the government's determination to develop the industrial economy.

The state-owned enterprise is an indispensable product to promote the steady growth of China's economy under the socialist system with Chinese characteristics, and its role in promoting economic growth is also indelible. Compared with non-state-owned enterprises, the relationship between state-owned enterprises and the government will be closer. Therefore, state-owned enterprises undertake the non-economic functions which the government should be responsible for, which also reflects the superiority of China's socialism. To a certain extent,

state-owned enterprises can be regarded as branches of the government. The administrative function of the government can control the "supply, production and marketing" of state-owned enterprises. In this social context, there is a situation of "Enterprises run the role of society". Many scholars now still think that this situation is against the common sense of economics. The specific meaning of "Enterprises run the role of society" is that besides earning profits from normal operation, enterprises also undertake some responsibilities that should be performed by the government, such as providing employee welfare, social security, and logistics services. Enterprises need to establish relevant institutions and administrative departments to fulfill these responsibilities. These responsibilities are not closely related to production and operation, and the purpose for the enterprises is to meet the needs of employees' basic life, which belongs to the nature of welfare. Because the state-owned enterprises undertake the social management and service-related functions, the operating costs and risks will also increase, which will lead to the decrease of the economic efficiency. At that time, there were many slogans such as "catching up with the United States" and so on, which were illusory and unrealistic in terms of China's economic strength at that time. State owned enterprises put more emphasis on production relations than the actual production capacity of enterprises, which deviated from the principle that "productivity determines production relations, and production relations react on productivity". Finally, the Chinese government had to carry out a new round of reform of state-owned enterprises which should abandon the burden that hinders the development.

3.1.1.3 The third phase-State owned enterprises avoid undertaking corporate social responsibility

In 1978, the CPC Central Committee held the Third Plenary Session of the Eleventh Central Committee, which the Party Central Committee led by Deng Xiaoping formulated the strategy of governing the country at this stage: the focus of the party and the state should be on the construction of socialism, and a new round of reform of state-owned enterprises began with the reversal of China's economic development direction. The reform of state-owned enterprises is mainly reflected in the following aspects: the state promotes the independent operation of enterprises by reducing tax burden, expanding power and transferring profits, so as to guarantee the independent operation right of enterprises; the state promotes the production enthusiasm of enterprises by implementing the business economic responsibility system, that is, promise enterprises can obtain excess profits when over fulfilled the established production tasks. The profit reform is important to the reform of state-owned

enterprises.

Enterprises pay taxes instead of profits to the state, the after tax profits obtained by enterprises can be distributed by themselves, so as to mobilize the enthusiasm of production. The state continuously improves the operation mechanism of enterprises, so as to solve the problem of low efficiency of state-owned enterprises. With the continuous implementation of the reform, joint-stock assets, leasing system and operation responsibility system also emerge. After a new round of economic system reform in state-owned enterprises, the property of state-owned enterprises has not changed, but to a certain extent, it does mobilize the enthusiasm of employees, so as to promote the development of enterprises(Zhang & Liu, 1999).

The implementation of the "dual track system" not only affirms that the original planned resource allocation system is still dominant, but also allows non-state-owned enterprises to participate in market competition. This system has promoted the rapid development of non-state-owned enterprises. By 1984, the gross output value of non-state-owned enterprises had accounted for 31% of the total output value of the country. The rapid development of non-state-owned enterprises and the lag of the reform of state-owned enterprises form an obvious contrast. At the same time, non-state-owned enterprises have also become an obstacle to the development of state-owned enterprises. First, since the property right system has not been established, the ownership of property rights of enterprises cannot be confirmed, the government increases the leading power of state-owned enterprises by decentralization, which makes it difficult to solve the problem of "insider control" within state-owned enterprises. In order to seek private interests, some government officials used their rights to sell state-owned assets at a low price. These problems originated from the drawbacks of the dual track system. To a certain extent, the dual track system does provide convenient conditions for private enterprises for rent setting and rent-seeking, but it is also a hotbed of internal problems in state-owned enterprises. In order to make huge profits, state-owned enterprises and some officials are willing to do whatever they can to exploit the loopholes of the policy, which go diametrically against to the original intention of the state to implement the dual track system. Second, the lag of the reform cannot provide a certain guarantee for the stable employment of the society. Many employees of state-owned enterprises are laid off at this time, not to mention providing employment opportunities for the farmers who are idle at home. Many laid-off workers and farmers' life are difficult to be solved at that time, thus causing a certain social problems. Generally speaking, many negative externalities occurred in state-owned enterprises at this stage, which not only brought huge losses to China's economy, employees

and consumers at that time, but also is a historical issue, that need to be appropriately handled.

3.1.1.4 The fourth phase- Clarifying the economic responsibility of enterprises, ignoring the social responsibility

In the early 1990s, China carried out the overall reform of state-owned enterprises. At this stage, the main goal is to separate the social service function of enterprises from the economic function of enterprises, and then establish a perfect modern enterprise management mode. For example, Anhui Huaibei Mining Group invested 900 million yuan to the society every year, which mainly focused on the education funds, hospital medical expenses and the construction cost of cultural and entertainment facilities. After the reform, Huaibei mining group got rid of the burden of social responsibility. By 2005, the total assets had reached 19.9 billion yuan, and the average income of employees had also increased eight times compared with before. The overall development of the enterprise has a steady growth trend. Through this case, we can see that after the separation of social service function, it has a significant positive impact on improving the overall business performance, enhancing the economic vitality and improving the market position of enterprises.

But everything has two sides, and except for the advantages mentioned above; there are also many inevitable problems. First, the goal of establishing state-owned enterprises is to increase the employment population, improve social welfare, ensure the strategic security of the country, and stabilize the market economy. These are not purely economic goals. The existence of state-owned enterprises includes political goals. Therefore, this reform will more or less have an impact on the macro-economic control ability and the overall social welfare level will decrease, as well as the social security function of state-owned enterprises will also be weakened. Second, the reform of state-owned enterprises has paid more attention to the growing gap between rich and poor. At that time, the Chinese government was not able to effectively supervise the state-owned assets because the state-owned assets were not transparent. Therefore, these reasons led to the loss of huge state-owned assets, and many criminals became the ultimate beneficiaries of the reform, but caused serious damage to the rights and interests of ordinary people. The reform of state-owned enterprises has made a large number of employees laid off and unemployed. The compensation for dismissal is not much, and it is also withheld by many unscrupulous bosses. As a result, the normal life of many people is difficult to be guaranteed. At the same time, because the labor employment and income distribution system has not kept pace with the development of the times, it has

created a lot of "iron rice bowls" for employees. The income gap is increasing between the external and internal of the system, which is also a big problem in the reform of state-owned enterprises.

3.1.2 Private enterprises

3.1.2.1 The first phase- Private capital was confiscated and reconstructed

In the 1860s, two great industrialists, Sun yingde and Fang juzan, jointly founded Fachang machinery factory, which marked the birth of China's private enterprises. By reading the modern history of China's economy, we can find that the private enterprises which survived in the cracks have brought many surprises to the development of China's economy. Although private enterprises grew up under the oppression of feudalism, bureaucracy and imperialism, no matter in what period of China's development, private enterprises have contributed indelible strength to the vigorous development of China's economy. National capitalists also made due contributions to the cause of liberation of the Chinese people, but after the founding of the People's Republic of China, private enterprises still failed to get rid of the fate of confiscation and reconstruction. In the early days of the founding of new China, the CPC Central Committee put forward the strategic idea of "controlling of capital". At this time, China's private enterprises and state-owned enterprises could coexist peacefully, so private enterprises also developed steadily during this period. However, in 1952, the Communist Party of China held that the contradiction between the working class and the national bourgeoisie had become the principal contradiction in China; the national bourgeoisie should no longer be turned into the middle class. The next year, it proposed that the bourgeoisie should be eliminated, capitalist industry and commerce should be eliminated, the state ownership should be expanded, and the private ownership should be changed into the collective ownership and the state ownership, so as to improve the productivity efficiency, and complete national industrialization. It can be seen from the policy changes that the government wanted to deal with private capital, and all private enterprises at that time were faced with confiscation and reconstruction. By 1956, China had established a planned system based on the public ownership economy, and completed the transformation of the new democratic society in just four years. At this time, the private economy basically disappeared, and only a few private enterprises remained. Until 1978, China's economic system was strictly implemented in accordance with the principle of highly centralized and overall allocation of resources. Private enterprises were not accepted by the economic environment and had no

living space at that time.

From the present point of view, the annihilation of Chinese private enterprises at that time is the inevitable result of history. Under the leadership of the Communist Party of China, the Chinese people finally turned over to be the masters. At that time, the social environment was very poor. However, the broad masses were full of revolutionary enthusiasm. They were influenced by the example of the former Soviet Union and baptized by the spirit of Marxism-Leninism. The people's psychology of depriving capitalism is understandable, and so it is inevitable for private enterprises to withdraw from China's historical stage temporarily. According to the records at that time, half of the owners of private enterprises were compradors and businessmen, and the proportion of bureaucrats and landlords was more than 1/4. The rest were more overseas Chinese and manual workshop owners. From this list, we can see that there were very few private entrepreneurs who started from scratch. The workers and peasants and people from all walks of life deprived the assets of private enterprise owners at that time. The private entrepreneurs were regarded as "exploiters", who obstructed the development of China's economy, and what they bring to the society was only negative external effects, not any social responsibility.

3.1.2.2 The second phase- Economic responsibility is paramount

After the reform and opening up in 1978, China was facing a big problem of the resettlement of 7.6 million educated youths returning to cities, as well as the pressure of urban unemployment. In order to deal with these two problems, the CPC Central Committee and the State Council passed a report on the development of the individual economy in 1979. The report pointed out that all provinces, municipalities and autonomous regions can approve laid-off workers and unemployed people to engage in individual labor industries in accordance with the market demand, such as repair, handicraft and service industry, but only on the premise that they be approved by relevant departments. Although the document did not fully liberalize the policy for private enterprises, it recognized the legal status of private enterprises in China. By the end of 1979, China had approved the establishment of 100000 individual businesses. With the rapid development of private enterprises under the policy liberalization, part of the private enterprises bore the social employment problem, but at this stage, the primary goal of private enterprises was to make profits.

The founder of the first peddler in China was Nian Guangjiu. He seized the opportunity when the state liberalized the policy of private enterprises. Although he was illiterate and had no background, he started from a small workshop with only himself, and grew to a large

enterprise with hundreds of employees and millions of annual profits. His reputation was also well-known in millions of families. Under such a special background, the same characters as Nian Guangjiu were created. At this time, many private enterprises had developed rapidly, and solved the employment problem of some educated youths returning to cities, absorbed some surplus labor force, and made contributions to China's economic development. At this stage, the objective of private enterprises was to pursue profits, and its historical mission at this time was to pursue economic interests, which was given by China's national conditions at that time(Zhou & Zhang, 2017).

3.1.2.3 The third phase-Legal responsibility orientation

First of all, let us make clear the specific meaning of legal responsibility in this chapter: the first meaning is that the government affirms the legal status of private enterprises. In 1992, the 14th National Congress of the CPC Central Committee held a meeting, which proposed that China's economy should transform into a market economy. At the 15th National Congress, the basic economic system with the public ownership as the mainstay and the joint development of diverse forms of ownership was defined. Except for the state-owned enterprises, the existence of private enterprises, foreign-funded enterprises and individual economic forms formed China's economy as a whole. The role and status of private enterprises were affirmed by the party and the state. The legitimacy of private enterprises was determined at this time. The second meaning is that the government regulates the legal liability of private enterprises through legislation. In the last stage, the goal of private enterprises was profit maximization. Accompanied by profit maximization, it also produced many problems, such as consumer rights and interests being difficult to be protected, product quality not being up to standard and employee legal rights not being protected. At the beginning of the reform and opening up, the market was a typical seller's market, which gradually turned into a buyer's market with the continuous development of economy. Therefore, many private enterprises with low reputation and poor management were in crisis, and the public's response to corporate social responsibility was increasing. Meanwhile, with the entrance of foreign-funded enterprises into China, the experience of many western countries was also introduced into China. There were more and more conflicts between enterprises and stakeholders. In order to solve these conflicts, the government used some legal and administrative means to clarify the social responsibility of enterprises.

The main goal of private enterprises was to protect the interests of owners and shareholders. The formulation of national laws and regulations was to protect the interests of

consumers, employees and shareholders. In 1994 and 1995, the government promulgated the Law of the People's Republic of China on the protection of consumers' rights and interests and the Labor Law of the People's Republic of China. These two laws regulated the respective rights and obligations of shareholders, employees and trade unions, clarified the code of conduct for production and operation of enterprises, and effectively safeguarded the rights and interests of employees and consumers by legal means. At this stage, the main task of private enterprises was to deal with the relationship between the enterprises themselves and their direct stakeholders(Zhao, 2019).

3.2 Current situation analysis

3.2.1 State owned enterprises—corporate social responsibility and economic responsibility run in parallel

Since entering the 21st century, the direction and goal of the reform of state-owned enterprises have been continuing to deepen economic restructuring and enhance the market competitiveness of state-owned enterprises in China and even the world. With the continuous change of national situation and environment, the situation faced by state-owned enterprises is also quite different. During the period of the planned economy, enterprises under state-owned or collective units were responsible for providing social services. This shifted towards pursuing economic development responsibilities under the socialist market economy system. Specifically, at the micro-organizational level, the reform of state-owned enterprises has progressed through several phases: the "granting of autonomy and profit-sharing period," the "institutional innovation period," the "state-owned asset supervision period," and the "new era of classified reforms" (Huang, 2018). At the end of 2001, China joined the WTO and became the 143rd member of the WTO. China also entered the world economic market. With its powerful strength, China soon became the mainstay of the world economic market. According to statistics, by 2020, more than two-thirds of the world top 500 companies had set up branches or factories in China. On August 10, 2020, the world's latest Fortune 500 list was released. The number of Chinese mainland (including Hong Kong) companies reached 124. It surpassed the US (121) for the first time in history, and there were 133 Chinese companies on the list including Taiwan. In the Fortune World top 500 in 2020, there were 25 new and re listed companies, among which 8 Chinese companies were newly listed, including Shanghai Construction Engineering Group, Shenzhen Investment Holding Group, Shenghong group,

Shandong Iron and Steel Group, Shanghai Pharmaceutical Group, Guangxi investment group, China nuclear industry group and China Coal energy group. In the year of China's accession to the WTO, only 12 Chinese enterprises entered the list, and then increased rapidly year by year. China's reform of state-owned enterprises has continued to this day.

From the perspective of economic benefits, the reform of state-owned monopoly enterprises was undoubtedly successful, but we need to see the problems which were exposed and hidden. These problems are now gradually exposed in the sight of the people and the media. For example, the product quality is uneven, the rights and interests of employees are difficult to be guaranteed, and the environmental pollution is becoming increasingly serious. This is not only the focus of the domestic media, but also many western countries use these problems to suppress Chinese enterprises. Nowadays, economic globalization has become the mainstream, and the division of labor between countries has become increasingly clear. Many large multinational enterprises cannot do without Chinese enterprises in their supply chain. However, Chinese enterprises are troubled by social problems, resulting in the decline of competitiveness of Chinese enterprises and heavy losses of many enterprises. If Chinese enterprises want to develop better in the international market, both state-owned enterprises and private enterprises must obey SA8000 and the enterprise production standards, abide by contracts, conscientiously perform corporate social responsibilities, and strictly control product quality, so as to reestablish China's image as an economic entity in the world. As the mainstay of China's economy, state-owned enterprises should set a good example and play a leading role.

In order to deal with the above problems, the state-owned assets supervision and administration commission issued the guidance on central enterprises' social responsibility, which pointed out that state-owned enterprises should actively assume social responsibility, enhance this awareness, actively play a leading role, operate in accordance with the law, be honest and trustworthy, and then undertake the heavy task of promoting the steady development of the national economy, and set a good example for other enterprises. However, the reality is not optimistic. Some state-owned enterprises deviate from the state-owned enterprises' business objectives, and their production, operation and trading behaviors violate the above guidelines. For example, as a wholly state-owned enterprise, China National Cotton Reserves Corporation was founded with the original intention of stabilizing the domestic market price and ensuring the smooth supply of cotton. However, the company wanted to buy low and sell high so as to obtain profits, but as a result, the cotton price fell sharply and caused huge losses. There have been innumerable cases where many state-owned enterprises

deviated from the original intention, which naturally led to the indignation of the masses and a lot of dissatisfaction. In recent years, the government and non-governmental organizations have continued to publicize corporate social responsibility to change the declining trend of state-owned enterprises and re-establish the corporate image. For example, the seminar on Chinese enterprises in the new century was held in 2001, the Forum on social responsibility of Chinese enterprises in the new century was held in September 2002, and the UN Global Compact summit was held at the end of 2005. The United Nations Development Programme and the China Enterprise Confederation gave strong support in undertaking these activities. In addition to these government organizations, the influential media have also contributed a lot. News research and magazines such as Southern weekend, China business daily and Economic guide have successively opened columns on corporate social responsibility. These media convey the concept of corporate social responsibility to enterprises and society through reports. In today's society, social responsibility and corporate economic responsibility are in parallel. This requires enterprises to actively perform their responsibilities; and on the other hand, state-owned enterprises are required to divest their social services and administrative functions, so as to enhance their economic benefits. These two aspects that coexist seem to contradict, which is a primary issue that the government needs to solve urgently.

3.2.2 Private enterprises: Economic responsibility and other social responsibilities are in parallel

In this era, private enterprises fulfill their social responsibility gradually from the legal responsibility to the high-level corporate social responsibility. Corporate social responsibility is the basis of maximizing corporate profits. Now more and more private enterprises are aware of the importance and necessity of fulfilling legal responsibility. At the same time, legal responsibility is also the precondition of higher level corporate social responsibility. Corporate social responsibility also lays the foundation for establishing a good image. In addition to legal responsibility, corporate social responsibility is divided into Junior and senior level corporate social responsibility. Since the 21st century, the sustained and rapid development of China's private enterprises has created many myths, which can be called China miracle. The rapid development of China's economy is inseparable from the contribution of private enterprises, which are an irreplaceable part of other ownership economy. With the rapid development of economy, a series of social problems have emerged, such as the employment of residents, the increasing environmental pollution and the increasing natural disasters, which threaten the sustainable development of China's economy.

In April 2014, general secretary Xi Jinping put forward the concept of new normal economy. Before that, China's economic development mode was rough, the industrial structure was mainly in the low-end, and the main driving force was factor input. At this stage, the characteristics of China's economy could be described by high speed, high pollution and high consumption. Since the reform and opening up, China has been in the position of world factory in the international economic market, which was due to the institutional and demographic dividend brought by the reform and opening up. As China's trade policy was relatively loose, labor price was low, and policy was relatively open, these convenient conditions attracted many foreign enterprises to invest and build factories in China. At this time, China also encouraged private enterprises to develop independently and distributed power. At this stage, China's manufacturing industry and small commodity industry had developed rapidly. Economic development mainly depended on the driving force of the Three Wagons. Manufacturing industries mainly included heavy industries funded by the government and energy driven industries. Processing industries were mainly low-cost labor-based enterprises. In the long run, these industries brought high pollution to the environment and consumed more resources and energy. China's main energy source was coal. In fact, the stock of coal was limited and pollution was high. China's energy consumption had been surging since 2003, and had been at a high level since then. In 2015, China's total coal consumption accounted for 50% of the world. In addition to the problem of energy consumption, the global concern of greenhouse effect had been plagued by China; China needed to spend a huge amount of money every year to control the pollution of water resources; people in eastern and northeastern part of China were also seriously affected by the air problem. In this overall context, some private enterprises did not actively fulfill their social responsibilities, which had caused many adverse effects on society. Especially small coal enterprises and chemical enterprises, these enterprises often only focused on their own short-term interests, and did not care about the impact on the environment.

To deal with the above problems, the CPC Central Committee and the State Council put forward the concept of building a harmonious society and sustainable development. Many private enterprises gradually changed their development concept under the call of the CPC Central Committee, began to actively fulfill their social responsibilities, and no longer just pursued economic interests. However, China's current employment situation was still not lightly dismissed. The situation of difficult recruitment and labor shortage coexisted. The difficult employment of graduates from various colleges and universities in June every year was also a hot topic of social concern. According to the results of the fourth national

economic census, at the end of 2018, the number of individual businesses reached 62.959 million, and the number of employed people also reached 149.312 million. China's private enterprises had maintained a healthy development trend as a whole, and the number of enterprises and total assets were steadily increasing. Private enterprises had made great contributions to China in absorbing labor force, effectively maintaining social stability and unity. In recent years, China's natural disasters were common, such as the Wen Chuan earthquake in 2008, the Yushu earthquake, and the drought in Yunnan, Guizhou and Guangzhou. State owned enterprises, non-state-owned enterprises and the people had generously contributed to the people in the stricken area. When the nation was in danger, private enterprises made contributions to the society. They solved the problem of tight budget faced by the government. And they also established a good corporate image to the general public. At this stage, private enterprises were more willing to move forward with a higher level of corporate social responsibility.

3.3 The ownership differences of fulfilling corporate social responsibility

Through the above literature, we can see the development and changes of social responsibility of state-owned enterprises and private enterprises, and the social responsibility of enterprises with different ownership is obviously different. Firstly, state-owned enterprises have established their core position in China. Secondly, they have gone through the process of enterprises performing social functions, having the courage to undertake various corporate social responsibilities, and then to the "double track system". Enterprises show a state of indifference to corporate social responsibility. In the next stage, enterprises only focus on their corporate social responsibility. At present, state-owned enterprises have reached the stage of economic responsibilities and social responsibilities being in parallel. The development of state-owned enterprises is constantly changing with the needs of the Chinese government's macro-control. The original intention of state-owned enterprises is dual responsibility, and social responsibility is higher than economic responsibility. In the early days of the founding of new China, private enterprises were in the stage of being confiscated and reconstructed; with the opening of government policies, private enterprises gradually developed into a stage in which the economic responsibility dominated; with the increasingly prominent internal problems of enterprises, private enterprises began to turn to the legal responsibility orientation; now private enterprises are in the stage of taking legal responsibility as the basis and moving to a higher level of corporate social responsibility.

Compared with the state-owned enterprises, the development of private enterprises is more scientific. The development of private enterprises adapts to the needs of the government and the voice of the public. The ultimate goal of private enterprises to fulfill their social responsibilities is for the sustainable development of enterprises and to earn economic profits. Through the analysis of the hierarchy of the corporate social responsibility, it can be divided into two levels: the junior and senior level.

Corporate social responsibility can be analyzed from three perspectives: government responsibility, environmental responsibility, and employees and investors responsibility. First, enterprises' performance of government responsibilities can be judged mainly on the basis of tax payment. China's tax system has a strong binding force, so there is no obvious difference between state-owned enterprises and private enterprises in the performance of taxes. The precondition for enterprises to survive in China is to ensure that they pay taxes reasonably in accordance with the tax law.

Secondly, enterprises' environmental responsibility can be seen from the technical level and comprehensive ecological improvement. Compared with other countries, China's performance of environmental responsibility was relatively poor. To a certain extent, the economic growth model had caused China's natural disasters. In recent years, the problems of water pollution and air pollution had become increasingly serious. According to the official data of the National Bureau of Statistics, in 2019, most of China's state-owned enterprises were in the upstream of the industrial chain. The total profits of industrial enterprises above designated size stood at 6199.55 billion yuan, a decrease of 3.3% compared with 2018 (according to the comparable caliber, considering the caliber adjustment, statistical law enhancement and elimination of duplication as stipulated in the statistical system). Compared with non-state-owned enterprises, state-owned enterprises had more favorable political resources, which made it easier to introduce advanced technology at low cost or open up new technology. State owned enterprises also faced more stringent environmental testing, so they would bear more corporate social responsibility. It was difficult for private enterprises to carry out standardized management, and the economic and environmental goals of private enterprises were contradictory. Therefore, many private enterprises sacrificed their environmental responsibilities for economic goals, so they needed to take more responsibility for environmental problems.

Finally, enterprises fulfilled their responsibilities to employees and investors, which was the basis for the normal operation of enterprises. From the perspective of fulfilling employees' responsibilities, it can be divided into two views: one is enterprise welfare. Although the

salaries of state-owned enterprises were not superior to those of private enterprises, state-owned enterprises provided more favorable welfare security system for employees; the other view is employment. The total number of employees in private enterprises was far more than that of state-owned enterprises. In 1978, the number of urban employees was 95.14 million, including 74.51 million in state-owned units and 20.48 million in urban collective units, while only 150000 people were employed in the individual economy, accounting for 0.16%. In 2017, the number of urban employees was 424.62 million, of which private enterprises and individual economy accounted for 53.4%, all private enterprises accounted for nearly 80%, and the increment accounted for more than 100%. The overall number of private enterprises was large, so they absorbed more employment. On the one hand, due to the opportunity cost of China's reform of state-owned enterprises, a large part of state-owned enterprises withdrew at this stage, leaving more space for private enterprises to play. So that the whole country's economy was more dynamic, it also created a lot of jobs. From the perspective of enterprises' responsibility to investors, private enterprises performed better than state-owned enterprises in this aspect. The original intention of private enterprises was to maximize profits, so they should be more responsible for investors.

The higher level of corporate social responsibility is mainly reflected in charitable donations and promoting wealth redistribution, so as to reduce the part of the gap between the rich and the poor. To fulfill the junior level of corporate social responsibility, enterprises have a certain force from the government and social ethics. The existence of enterprises must be responsible for the sustainable development of society. However, the higher level of corporate social responsibility mainly depends on the consciousness of enterprises. Enterprises should decide whether to fulfill the higher level of social responsibility and to what extent according to its own merits. There is no difference in the corporate social responsibility with coercive force, but the senior level social responsibility is significantly different. Nowadays China's charity is still in an enlightenment stage, which is tremendously different from developed countries such as Europe and the United States. With the rapid development of China's economy in recent years, the corporations understand and affirm the concept of social responsibility, China's charity has also made considerable progress. China's charities are growing at a gratifying rate. In the whole year of 2019, China received a total of 170.144 billion yuan of donations from domestic and abroad. Among them, the mainland received a total of 150.944 billion yuan of donations, an increase of 4.88% from a year earlier, which reached a record high. Faced with the sudden COVID-19 in 2020, many charitable organizations and the Red Cross Society of China have taken the initiative to fight against the

epidemic. Through the hard-working of charitable organizations at all levels, they raised 39.627 billion yuan in anti-epidemic funds and 1.09 billion pieces of urgently needed materials. The performance of enterprises with different ownership is different, but the overall trend is similar: Although the degree of performance of social responsibility is relatively low, the overall trend is rising, but the growth rate is slowing down. According to the Research Report on Corporate Social responsibility of Central Enterprises issued by the Chinese Academy of Social Sciences in 2019, Hua Run Group won the first place with a high score of 92.7. The social responsibility development index of China's top 300 enterprises is 32.7, which is still at the starting stage as a whole. About half of enterprises are still sidelined with a development index lower than 20. In 2009, the corporate social responsibility index of China's top 300 enterprises was 15.2 points, which doubled in 10 years. Since 2010, the number of enterprises whose CSR index has reached five-star has shown an upward trend, from 1 in 2010 to 29 in 2019; the number of four-star enterprises has also increased from 13 in 2010 to 30 in 2019. On the whole, Chinese enterprises' CSR performance has shown a rising trend. However, many enterprises are still in a spectator state, and the road is long and approaching. In 2019, the social responsibility development index of the top 100 state-owned enterprises increased to 54.6 points, while the development index of the top 100 private enterprises and the top 100 foreign-funded enterprises dropped to 26.0 points and 17.9 points respectively. There is a significant difference in the social responsibility development index among state-owned enterprises, private enterprises and foreign-funded enterprises.

From the above data, we can see that there are obvious differences between state-owned enterprises and non-state-owned enterprises, and the gap between them is also growing. At present, the whole world economic situation is changing rapidly, and enterprises with different ownership natures also show great differences in the performance of corporate social responsibility. But from the above analysis, the level of state-owned enterprises fulfilling corporate social responsibility is significantly higher than that of private enterprises. The main reason for this result is that the objectives of the two are different. The original intention of state-owned enterprises is to achieve double objectives. One is to realize the economic profits, and more importantly to fulfill social responsibilities. These two objectives run through the whole process of the development of state-owned enterprises. In the promotion process of policy pressure and political power, state-owned enterprises pay more attention to non-economic goals; the main goal of non-state-owned enterprises is to achieve economic maximization, with the continuous emergence of internal problems, the goal of private enterprises further develops into pursuing the maximum of interests while fulfilling the legal

responsibility. Although facing natural calamities and man-made misfortunes, private enterprises will also contribute their power. However, the main reasons for private enterprises to perform their duties are to maintain corporate image, to get praise from the public, to better deal with political relations with the government, to get political protection, to increase the news exposure of enterprises, and to get lower tax burden. These purposes are often very utilitarian. Of course, the existence of this phenomenon is also due to the mutual benefit between government and enterprises in China. Many scarcity factors in China are occupied by the government, so enterprises need to cater to the government in order to obtain these scarce resources. The best way to cater to the government is to undertake certain political tasks for the government. Of course, when enterprises undertake social responsibility, they will balance the economic benefits and the costs. If the benefits are greater than the costs, they will be willing to exchange resources with the government. On the contrary, they will not. The government undertakes the function of maintaining social stability, so the government will fully consider the performance of corporate social responsibility when allocating scarce resources. When a natural disaster occurs in a certain area, the assistance given by the government and people from all walks of life is particularly important.

The government undertakes the function of maintaining social stability, so the government will fully consider the performance of corporate social responsibility when allocating scarce resources. When a natural disaster occurs in a certain area, the assistance given by the government and people from all walks of life is particularly important. From the perspective of enterprises, enterprises fulfilling their social responsibilities are to help the government undertake certain political tasks. If the advantages outweigh the disadvantages, they can also obtain scarce resources. The mutual benefit between government and enterprises maximizes the benefits. In some areas, the government may not be able to maintain impartiality and independence under the tax-sharing management system. For the sake of its own interests, it will help some enterprises evade taxes and develop the local economy. Compared with state-owned enterprises, private enterprises bear higher tax burden, so they have stronger tax avoidance motivation. Corporate social responsibility has gradually evolved into a rent-seeking mechanism, and the social responsibility of private enterprises has reduced the actual tax burden of enterprises to a certain extent.

In short, the different nature of enterprise ownership has different effects on the performance of corporate social responsibility. The state-owned enterprises undertake more non-economic functions. The social responsibility pressure of state-owned enterprises is part from the government and part from the public, which is mainly driven by interests and

pressure. Compared with the state-owned enterprises, the principal-agent mechanism of non-state-owned enterprises is not perfect, and the motivation of managers to fulfill corporate social responsibility is out of self-interest. The main motivation to fulfill social responsibility is to seek political protection from the government, so as to reduce the tax burden and obtain higher profits, then to maximize profits.

Chapter4: Corporate Nature, Political Connection and Corporate Social Responsibility

4.1 Introduction

There is a common phenomenon of political connection in domestic and foreign enterprises. The government has the political power to allocate social resources. The existence of this power will not eliminate the existence of government-business relationship. Domestic and foreign scholars have conducted in-depth research on political connection, motivation of political connection and financial performance of enterprises. At present, China's economy is in the transition period, facing comprehensive structural adjustment, reform and innovation, as well as the change of system and mechanism. As an invisible hand, the government plays an extremely important role in the allocation of social resources (W. Li et al., 2012). Compared with state-owned enterprises, private enterprises have always been in a weak position in obtaining political resources. To a certain extent, private enterprises are more active in fulfilling corporate social responsibility, so as to obtain more government support and resources.

The importance of political connection in private enterprises and state-owned enterprises is different, so it has different influence on the decision-making of business behavior. Under the special institutional environment of China, the main issue of this research is the influence of political connections, corporate nature and their interaction on corporate social responsibility.

The political connection is a current situation both in China and abroad. M. Faccio et al. (2006) conducted a survey on the political relationship of 47 countries, and the research shows that 35 of them have political relationship, the proportion as high as 74.5%. Whether it is a government-leading or market-oriented economy, the formulation and implementation of national laws and regulations, tax management, and the approval of business qualifications will be more or less affected by the government. The higher the degree of government intervention in the economic market, the greater the government fiscal deficits, the lower the level of scientific and technological development, and the lower the degree of local property rights protection, the stronger the motivation of enterprises to establish political connection

with the government. L. Liu and Wang (2016) believe that political connections have a positive impact on enterprise value. Rinaldi et al. (2020) suggest that enterprises with political connections are more likely to obtain lower tax burden, tax incentives; X. Chen (2017) considers that enterprises with political connections are relatively easier to enter the government regulated industry and obtain government subsidies.

4.2 Hypothesis

Under the condition of information asymmetry, there are three common signals for a company to transmit its internal information to the outside world: profit announcement, dividend announcement and financing announcement. Palepu and Healy (2001) found that in order to reduce the information asymmetry between the company and investors, the company will transmit information that can play a signal role to investors, and then enhance the company value. There are two main motivations for enterprises to undertake social responsibility, one is legitimacy motivation, the other is resource motivation (Bachmann & Ingenhoff, 2016). Legitimacy motivation mainly refers to the policies, laws and regulations which are clearly issued by the state or the government, and require enterprises to undertake corporate social responsibility (environmental protection, protection of employees' rights and interests, safety production). Enterprises also take the initiative to undertake social responsibility in order to meet the expectations of stakeholders, to prove the business legitimacy and establish a good corporate image (B. L. Devin, 2014). Resource motivation refers to that based on the theory of resource dependence; the survival and development of enterprises depend on the due diligence of employees, the loyalty and satisfaction of consumers, the support of investors, creditors and the government. In order to obtain the required resources, enterprises will actively perform corporate social responsibility, and then maintain a good and long-term relationship with stakeholders, obtain a good social reputation, and increase the intangible assets of enterprises (N. Abdelrehim et al., 2011)

Based on the stakeholder theory, the mission of an enterprise is not only to maximize the interests of shareholders, but also to consider the interests of other stakeholders. The survival and development of the enterprise not only depends on the capital and resource input of shareholders, but also depends on the resources of employees, consumers, suppliers and the government. Therefore, the enterprise needs to consider the interests of stakeholders while maximizing the interests of shareholders. Enterprises with political connections will pay more attention to the government.

Based on the theory of resource dependence, political connection is a valuable intangible asset in enterprises. The government controls the distribution power of social resources, and enterprises will take more active social responsibility to keep good contact with the government, so as to reduce the uncertainty in the distribution of social resources. In addition, the existence of political connection between the enterprise and the government can promote the effective communication between the two; the enterprise can understand the government's expectation of corporate social responsibility in time. To a certain extent, it can improve the efficiency and effect of corporate social responsibility strategy, establish a good corporate image and enhance corporate value.

According to the above theory, this research puts forward the following four hypotheses:

H1: Enterprises with political connections can better fulfill corporate social responsibility

At present, China is in the stage of economic transformation, the government plays an important role in the process of resource allocation, and the relationship between government and business is not separated (C. Wang & Xu, 2011). Enterprises are divided into state-owned enterprises and private enterprises according to the nature of enterprises. By the end of the third quarter of 2020, there are 508 state-owned holding listed companies in Shenzhen Stock Exchange, accounting for 22% of the total number of Listed Companies in Shenzhen Stock Exchange and 44% of A-share state-owned holding companies, covering the industries of electronic information, transportation, science, technology and industry for National Defense, machinery manufacturing, which are an important part of the state-owned economy. There exist significant differences between state-owned enterprises and private enterprises in obtaining resources. State owned enterprises have inherent advantages in obtaining resources and can obtain government resources without using political connections. Therefore, state-owned enterprises have no obvious motivation to establish political connections with the government. The political connection between the state-owned enterprises and the government is innate. Compared with the state-owned enterprises, in order to obtain government resources, seek the continuous development of enterprises, and obtain the same resources as the state-owned enterprises, an important strategic decision of the private enterprises is to properly handle the relationship with the government. An important way to establish the relationship between private enterprises and the government is the political identity of enterprise executives. For example, enterprise executives are also deputies to the National People's Congress or members of the CPPCC, or enterprises employ executives with the background of government officials, so as to establish political connections. Therefore,

private enterprises can get more opportunities to participate in government decision-making, get more resources, and ultimately increase their own value.

The benefits of political connection include tax preference, financing convenience and government subsidies. In order to establish political connection with the government, enterprises also need to pay a certain cost and price. The government undertakes the important function of building a harmonious society. In order to maintain a good relationship between government and enterprises, make corresponding contributions to the society, private enterprises will more actively participate in social responsibility related activities, such as hiring employees, improving employment rate, safe production, food safety and environmental protection. Therefore, this chapter puts forward the H2.

H2: under the premise that all enterprises have political connections, private enterprises are better than state-owned enterprises in fulfilling corporate social responsibility.

At present, China's economy is in the transition period. The government still occupies an unshakable position in the allocation of resources in the market. There are also great differences in the power of resource allocation in the hands of various administrative departments. The power of resource allocation grasped by central government and the ministries and commissions of the State Council is far higher than that of the local government. Therefore, the benefits brought by political connections to enterprises depend on the level of political connection. Compared with the local government, the establishment of a good political connection between enterprises and the central government can bring greater economic benefits to enterprises, such as financing convenience, policy support, and the degree of enterprises' participation in social responsibility will be higher (Huang & Zhao, 2016). The political connections of corporate executives can be divided into representative members and government officials, which receive different degrees of public attention and have different effects on corporate social responsibility (P. B. McGuinness et al., 2017).

At 9:00 a.m. on March 5, 2019, the second session of the 13th National People's Congress opened in the Great Hall of the People. Premier Li Keqiang's government work report put forward new requirements for enterprises to practice social responsibility and realize sustainable development, and clarified the new direction. High quality development, green transformation, labor rights protection, law-abiding and compliant operation, safety production, consumer responsibility and other basic responsibilities will still be the focus of corporate social responsibility. On the other hand, biodiversity protection, gender equality, green finance, green consumption, waste classification and treatment, effective public welfare, beautiful countryside construction and other issues will become new areas for enterprises to

fulfill their social responsibilities. In recent years, the "two sessions" have been widely concerned by the public. At the same time, the NPC deputies and CPPCC members of the "two sessions" have naturally been concerned by the outside world. As a deputy to the National People's Congress or a member of the Chinese people's Political Consultative Conference, senior executives of enterprises will more actively respond to the call of the government and participate in social responsibility activities. Therefore, this research proposes hypothesis H3.

H3: The higher the level of political connection, the greater the level of corporate social responsibility.

H4: Compared with the companies with political connections of government officials, the companies with political connections of representative members have a higher level of social responsibility.

4.3 Model specification

4.3.1 Variable declaration

4.3.1.1 Dependent variable

At present, the main way to measure corporate social responsibility is to use the corporate responsibility database of professional institutions to measure corporate social responsibility, such as the annual report of China's corporate social responsibility development index issued by the Chinese Academy of Social Science and the scoring results issued by Rankins CSR Ratings. This research selects the CSR development index of CASS as an index to measure the quality of CSR. The higher the index is, the higher the level of corporate social responsibility is.

Independent variable

There are five methods to measure political connection (PC) (R. Fisman, 2001). At present, the dummy variable method is widely used in the study of corporate political connections. M. Faccio et al. (2006) use dummy variables to measure political connection, and also assign values to the level of political connection. In this research, through the study of the existing literature, we use dummy variables to measure whether there is political connection in enterprises, and assign values to the level of political connection, and then investigate whether there are differences between different levels of political connection and corporate social responsibility.

Corporate nature (State): This research explores the existing literature and defines the nature based on the actual controller of listed companies. If the State Council and the local people's governments perform the functions of investors on behalf of the state, they are state-owned holding enterprises, which are called state-owned enterprises, and state is 1; otherwise, they are private enterprises, and state is 0.

4.3.1.2 Control variable

By referring to the research of domestic and foreign scholars on corporate social responsibility, this research selects the following control variables

(1) The company size. Generally speaking, the larger the size of the company, the more attention it receives from the public, and meanwhile, it will also receive more external supervision and public pressure. The larger the scale, enterprises are more willing to fulfill their CSR. Weber (2008) has a research that shows that there exists a positive correlation between CSR and company scale.

(2) Financial leverage. Financial leverage refers to the leverage effect that the change of earnings per share of common stock is greater than that of EBIT due to the existence of debt. This chapter selects the asset liability ratio as an indicator to measure corporate social responsibility. Based on the principal-agent theory, the higher the financial leverage of enterprises, the more conflicts of interest among executives, creditors and shareholders, and the higher the agency cost, so enterprises need to fulfill their social responsibilities. The theory of corporate social responsibility shows that maintaining a good relationship between the enterprise and stakeholders can reduce the financial risk of the enterprise itself, thus ensuring the stability of the company's operation, and the probability of financial risk will also decline. It can be inferred that enterprises with higher asset liability ratio will better fulfill corporate social responsibility.

(3) Profitability of enterprises. The corporate social responsibility of the company will be limited by its own resources. Only when the company has strong profitability, it can undertake more corporate social responsibility. Therefore, the expectation of this chapter is that enterprises with strong profitability will also be better at fulfilling corporate social responsibility.

(4) Corporate governance. This chapter selects the size of the board of directors, the proportion of independent directors, the proportion of the largest shareholder, and whether the responsibilities of the chairman and the general manager are separated to measure the corporate governance.

(5) Industry and year dummy variables. Enterprises in different industries face different consumers, the degree of corporate social responsibility will also be different. With the passage of time, the concept of corporate social responsibility has been recognized by enterprises and the public.

The detailed variables in this research can be seen in the following table 4.1.

Table 4.1 Definition of variables

Variable type	Variable name	Variable Code	Variable definition
Dependent variable	Corporate Responsibility	Social_CSR	The development index of corporate social responsibility issued by the Chinese Academy of Social Sciences every year is adopted
	Political Connection	PC	If the chairman of the board of directors, general manager or other senior managers of the company have served or are serving in the government, the army, the National People's Congress or the Chinese people's Political Consultative Conference and other permanent organizations, the value of PC is 1; otherwise, the value of PC is 0
	Political connections of representative members	of_PCWY	If the chairman of the board of directors, general manager or other senior managers of the company have served or are serving as deputies to the National People's Congress or members of the Chinese people's Political Consultative Conference, PCWY is 1, otherwise is 0
	Political connections of government officials	of_PCZF	If the chairman of the board of directors, general manager or other senior managers of the company have served or are serving in the government, the army, the National People's Congress or the CPPCC, the PCZF is 1, otherwise it is 0
Independent variables	Political ranking	connection_PCJB	If the chairman of the board, general manager or other senior managers of the company have served or are serving in the government, the army, the National People's Congress or the Chinese people's Political Consultative Conference and other permanent organizations, the value will be assigned according to the position level; 1 at the district and county level, 2 at the municipal level, 3 at the provincial level, 4 at the national level, and 0 for the rest, and the maximum value of the political association of senior managers will be taken as the value of the political connection of the company
	Political connection of the central government	PCZY	If the chairman of the board of directors, general manager or other senior managers of the company have served or are serving as deputies to the National People's Congress or members of the Chinese people's Political Consultative Conference, PCZY is 1, otherwise is 0
	Political connection of the local government	PCDF	If the chairman of the board, general manager or other senior management of the company has been or is currently a local government official, or a deputy to the local people's Congress or a member of the Chinese people's Political Consultative Conference, PCDF is 1, otherwise it is 0
	Government Control	STATE	If the ultimate controller of the company is state-owned, it is defined as state-owned enterprise, and the value of state is 1; if the ultimate controller of the company is not state-owned, it is defined as private enterprise, and the value of state is 0

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Control variables	Company Size	SIZE	Natural logarithm of total assets at the end of the period
	Financial Leverage	LEV	Asset liability ratio (total liabilities / total assets)
	Profitability	EPS	Earnings per share (net profit / total equity)
	Shareholding ratio of the biggest shareholder	TOP1	Shareholding ratio of the largest shareholder at the end of the year
	Board size	BOARD	Natural logarithm of the number of directors
	Proportion of independent directors	POND	Proportion of independent directors in the number of directors
	Serve as both chairman and general manager	PLU	Whether the responsibilities of the chairman and the general manager are served by one person or not. If one person takes charge the responsibilities, the value is 1; otherwise, the value is 0
	Industry dummy variable	INDUSTRY	In this chapter, enterprises are divided into heavy pollution industry and non-heavy pollution industry. The value of heavy pollution industry is 1, otherwise is 0
Year dummy variable	YEAR	In this research's research, including the information of six years, and five years are set as dummy variables	

4.3.2 Model setup

This research selects the corporate social responsibility index issued by the Chinese Academy of Social Sciences every year as the dependent variable, the company's political connection as the independent variable, and adds other control variables. It construct model 4.1 to test hypothesis H1

$$\text{CSR} = \beta_0 + \beta_1 \text{PC} + \beta_2 \text{SIZE} + \beta_3 \text{LEV} + \beta_4 \text{EPS} + \beta_5 \text{TOP1} + \beta_6 \text{BOARD} + \beta_7 \text{POND} + \beta_8 \text{PLU} + \sum \text{CONTROLS} + \varepsilon \quad (4.1)$$

This research takes the corporate social responsibility index issued by the Chinese Academy of Social Sciences every year as the dependent variable, divides the political connection into two categories: representative members and government officials, and adds other control variables to test the hypothesis H4 by constructing the following model 4.2

$$\text{CSR} = \beta_0 + \beta_1 \text{PCWY} + \beta_2 \text{PCZF} + \beta_3 \text{SIZE} + \beta_4 \text{LEV} + \beta_5 \text{EPS} + \beta_6 \text{TOP1} + \beta_7 \text{BOARD} + \beta_8 \text{POND} + \beta_9 \text{PLU} + \sum \text{CONTROLS} + \varepsilon \quad (4.2)$$

In this research, the corporate social responsibility index issued by the Chinese Academy of Social Sciences every year is used as the dependent variable, the level of political connection is used as the main independent variable, and other control variables are added at the same time to test the hypothesis H3 by constructing the following model 4.3

$$\text{CSR} = \beta_0 + \beta_1 \text{PCJB} + \beta_2 \text{SIZE} + \beta_3 \text{LEV} + \beta_4 \text{EPS} + \beta_5 \text{TOP1} + \beta_6 \text{BOARD} + \beta_8 \text{POND} + \beta_9 \text{PLU} + \sum \text{CONTROLS} + \varepsilon \quad (4.3)$$

Finally, based on the model (1), this research introduces the government control variable and cross product term state * PC to test the moderating effect of government control variable on the relationship between political connection and corporate social responsibility

$$\text{CSR} = \beta_0 + \beta_1 \text{PC} + \beta_2 \text{STATE} + \beta_3 \text{STATE} * \text{PC} + \beta_4 \text{SIZE} + \beta_5 \text{LEV} + \beta_6 \text{EPS} + \beta_7 \text{TOP1} + \beta_8 \text{BOARD} + \beta_9 \text{POND} + \beta_{10} \text{PLU} + \text{CONTROLS} + \varepsilon \quad (4.4)$$

4.3.3 Sample selection and data sources

Since 2008, China's relevant regulatory authorities have required some listed companies to publish corporate social responsibility reports to the public. This research selects Shanghai and Shenzhen A shares from 2013 to 2018 as the initial research sample. At the same time, to eliminate the abnormal values in the company and improve the universality of the research, this research further screens the selected samples.

(1) In this chapter, the observation value of listed companies in the financial and

insurance industry is removed;

(2) In this chapter, the observation values of ST and PT listed companies are excluded;

(3) In this chapter, the sample enterprises with missing data of executives and relevant financial variables are eliminated

After the above screening, this research selects 340 listed companies, with a total of 2040 observations.

Data sources: the social responsibility of the dependent variables is taken from the corporate social responsibility index issued by the Chinese Academy of Social Sciences every year; the political related data is manually sorted out based on Tai'an and the China Securities Regulatory Commission website; the other relevant control variables are taken from the China Stock Market Accounting Research Database (CSMAR).

SPSS 20.0 and stata14.1 are used in data processing and statistical analysis.

4.4 Descriptive statistical

The descriptive statistical results of dependent variables, independent variables and control variables selected in this research are shown in Table 4.2.

Table 4.2 Descriptive statistics of variables

Variable	Minimum	Maximum	Mean value	Standard	Median	Number
CSR	15.12	81.88	32.7	12.156	32.11	2040
PC	0	1	0.294	0.449	0	2040
PCWY	0	1	0.672	0.474	1	340
PCZF	0	1	0.382	0.472	0	340
PCJB	0	4	2.957	0.963	3	340
PCZY	0	1	0.358	0.457	0	340
PCDF	0	1	0.632	0.463	0	340
STATE	0	1	0.724	0.445	1	2040
SIZE	17.769	28.548	23.128	1.392	22.745	2040
LEV	0.014	0.926	0.536	0.175	0.527	2040
EPS	-0.154	0.367	0.045	0.046	0.039	2040
TOP1	0.032	0.784	0.405	0.173	0.425	2040
BOARD	1.595	2.785	2.264	0.203	2.197	2040
POND	0.091	0.625	0.369	0.058	0.333	2040
PLU	0	1	0.114	0.318	0	2040

From the results of dependent variables, the average score of the social responsibility development index is 32.7, and Chinese enterprises are still in the initial stage of fulfilling corporate social responsibility. The standard deviation of the corporate social responsibility is 12.156, which shows that different enterprises have great differences in undertaking corporate social responsibility.

From the perspective of independent variables, the average value of a political

connection (PC) is 0.294, which indicates that about 29.4% of the listed enterprises have established political connection with the government. Among them, 39.2% of the enterprises have established political connection with the central government, 60.8% have established political connection with the local government, and the average value of political connection level is 3.143, which shows that most listed companies have established political connections with local governments. The average value of government control is 0.724, which indicates that nearly 70% of listed companies are controlled by the government.

Correlation analysis

This research analyzes the correlation between the main dependent variables and independent variables. The analysis is shown in Table 4.3

Table 4.3 Correlation coefficient of main variables

	CSR	PC	PCWY	PCZF	PCJB	PCZY	PCDF	STATE
CSR	1							
PC	0.094***	1						
PCWY	0.062**	0.735***	1					
PCZF	0.028	0.534***	-0.083**	1				
PCJB	0.124***	0.856***	0.758***	0.359***	1			
PCZY	0.083***	0.537***	0.683***	-0.062**	0.726***	1		
PCDF	0.052*	0.685***	0.325***	0.638***	0.517***	-0.157**	1	
STATE	0.085***	-0.167***	-0.315***	0.113***	-0.147***	-0.156**	0.057**	1

Notes: */**/** shows that they are significant at the levels of 10%, 5% and 1% (bilateral), the same below.

As shown in Table 4.3, the correlation coefficient between CSR and PC is 0.094, which shows a significant positive correlation at the level of 1%. Therefore, it is expected that hypothesis H1 may pass the test. Among them, the political connection of representative members is positively correlated with CSR at the level of 5%, while the political connection of government members is positively correlated with CSR, but it does not pass the significance test. The results show that the political connections of representative members can better promote enterprises to fulfill corporate social responsibility than those of government officials, so it is expected that H4 will pass the test. There is a positive correlation between the level of political connection and corporate social responsibility at the level of 1%. There is a positive correlation between corporate nature and corporate social responsibility at the level of 1%. The results show that state-owned enterprises play a positive role in fulfilling corporate social responsibility.

4.5 Empirical test and regression analysis

4.5.1 Nonparametric tests

Table 4.4 CSR mean comparison test after grouping by government control

Group	Government control	Non-government control	Government-control		Non-government control	
CSR mean value	34.68	32.76	Political connection 32.649	Nonpolitical connection 36.332	Political connection 35.784	Nonpolitical connection 32.681
T-testing		-3.158***		-3.694***		-2.239**

According to Table 4.4, after grouping on the basis of the corporate nature, the results of T-test of CSR mean value and mean value comparison show that there are obvious differences between state-owned enterprises and private enterprises in CSR at the level of 1%, indicating that there are significant differences between state-owned enterprises and private enterprises in fulfilling corporate social responsibility. State owned enterprises are not only supervised by China Securities Regulatory Commission(CSRC), but also supervised by State-owned Assets Supervision and Administration Commission(SASAC). Both CSRC and SASAC have issued clear guidelines on the disclosure of social responsibility for state-owned enterprises, showing legitimate motivation. State owned enterprises perform their social responsibility better than private enterprises. In addition, most of the state-owned enterprises are in the important industries and key fields related to the national economy and people's livelihood. They hold the lifeblood of the country and have great influence on economic and social development. It is inevitable that they must set an example of corporate social responsibility and have a more perfect and efficient CSR performance mechanism. In today's society that the government strongly advocates building a harmonious society; the state-owned enterprises should set an example. According to the nature of enterprises, the above samples are divided into politically related samples and non-politically related samples. In state-owned enterprises, the mean comparison T- test passes the significance test at 1% level; in private enterprises, the mean comparison T- test passes the significance test at 5% level. The results show that whether private enterprises or state-owned enterprises, political connections have a certain impact on the performance of corporate social responsibility. However, the existence of political connections in state-owned enterprises will reduce the degree of fulfillment of corporate social responsibility, and the existence of political connections in private enterprises will improve the degree of fulfillment of corporate social responsibility. This shows that the situation of corporate social responsibility undertaken by private enterprises with political

connections is significantly better than that of state-owned enterprises with political connections, and then can verify hypothesis H2.

4.5.2 Regression results and analysis

Table 4.5 Regression testing results

Variable	model (1)		model (2)	
	Coefficient	T-value	Coefficient	T-value
PC	0.62***	4.18		
PCWY			1.14***	2.69
PCZF			-0.38**	-2.13
SIZE	3.69***	31.13	3.79***	32.79
LEV	-0.11***	31.27	3.69****	-14.96
EPS	-0.003	-0.02	0.02	0.10
TOP1	0.007	-1.32	0.006	1.28
BOARD	5.37***	12.18	5.17***	11.37
POND	1.69***	3.13	1.68***	3.12
PLU	0.95***	2.47	0.73*	1.64
CONSTANT	-61.23***	-21.42	-62.45***	-21.07
Year	Control		Control	
Industry	Control		Control	
Adj-R2	0.582		0.624	
Observations	2040		2040	

Through regression analysis of model (1) and model (2), the results are shown in Table 4.5. From the regression results of model (1), we can see that there is a significant positive impact between corporate social responsibility and political connection. Enterprises with political connection can better perform corporate social responsibility, and then establish a good corporate image to the public. Good corporate reputation will have a positive effect on political connection. This result can support the hypothesis H1 in this chapter. In the control variables, company size, board members and the proportion of independent directors have a significant positive impact on corporate social responsibility, which is basically the same as the existing research conclusions. Asset liability ratio has a significant negative impact on corporate social responsibility, and the financial risk faced by enterprises with high asset liability ratio will be relatively high. In order to avoid the risk that enterprises can't meet the demands of creditors in time, enterprises are not willing to invest the interests of creditors in corporate social activities. Through the regression analysis of model (2), we can see that the political connections of enterprises can be divided into representative members and government officials. The political connections of representative members have a significant positive impact on corporate social responsibility, but the political connections of government members have a negative correlation with corporate social responsibility at a significant level of 10%. This conclusion proves the hypothesis H4. Generally speaking, deputies to the

National People's Congress and members of the Chinese People's Political Consultative Conference have a relatively high sense of social morality, and they will be concerned and supervised by the media and the masses. In order to deal with this unexpected situation, deputies to the National People's Congress and members of the CPPCC will also actively participate in social responsibility related activities. Because many government members no longer hold important government positions when they serve as senior executives of enterprises, there will be less attention. Without the attention of the media and the supervision of the masses, these enterprises are more likely to follow the principle of cost-effectiveness to fulfill their social responsibilities.

Table 4.6 Regression testing results

Variable	Model (1)		Model (2)	
	Coefficient	T-value	Coefficient	T-value
PCJB	0.12***	2.85		
PC			2.39***	3.67
STATE			0.72***	2.79
PC*STATE			-2.74***	-4.07
SIZE	3.68***	27.59	3.78***	26.98
LEV	-0.14***	-13.79	-0.13	-13.79
EPS	0.006	-0.02	-0.03	-0.27
TOP1	0.007	1.37	0.006	1.07
BOARD	5.37***	12.73	5.17***	12.14
POND	1.69***	3.17	1.47***	2.59
PLU	1.02***	2.60	0.79**	2.17
CONSTANT	-60.17***	-18.76	-61.79***	-21.37
Year		Control		Control
Industry		Control		Control
Adj-R2		0.568		0.613
Observations		2040		2040

Through regression analysis of model (3) and model (4), the results are shown in Table 4.6. From the regression results of model (3), we can see that the higher the level of political connection, the stronger the level of corporate social responsibility. This conclusion supports the hypothesis H3. At the same time, the higher the level of political connection, the greater the benefits that political connection brings to enterprises, and more enterprises fulfill their social responsibilities is to meet the "demands" of the public and "repay" the resources given by the government. Through the regression results of model (4), we can see that the nature of enterprise plays a certain role in regulating the relationship between political connection and corporate social responsibility. The regression results show that political connection is significantly negative at the level of 1%, which shows that political connection has a positive effect on corporate social responsibility, and the regression coefficient of corporate nature is significantly positive at the level of 1%, which shows that state-owned enterprises play a

certain role in fulfilling corporate social responsibility. However, the cross-multiplying term of political connection and enterprise nature is significantly negative at the level of 1%, which indicates that state-owned enterprises reduce the impact of political connection on corporate social responsibility to a certain extent. This conclusion supports hypothesis H2. The regression of control variables is basically the same as that in Table 4.6, so it will not be repeated.

4.6 Research conclusion

At present, corporate social responsibility is a popular issue of many scholars both in domestic and abroad, and also receives the general attention of the public. At present, the existing literature mainly studies from the motivation and result orientation of corporate social responsibility. The motivation of corporate social responsibility performance is mainly analyzed from the perspective of external legal system environment and internal financial and governance characteristics.

This chapter makes an empirical study about the relationship between corporate social responsibility and political connection, and further analyzes the impact of corporate nature on the relationship between political connection and corporate social responsibility. In this chapter, the development index of corporate social responsibility issued by the Chinese Academy of Social Science every year is used as an index to measure the degree of corporate social responsibility. Based on the collection of data about political connections of senior managers, this research empirically tests the impact of political connections on corporate social responsibility based on the social responsibility and political connection data of A-share listed companies in Shanghai and Shenzhen from 2013 to 2018 influence. The results show that: political connection has a significant positive impact on the performance of corporate social responsibility; further dividing the political connection into representative committee members and government officials, it is found that the political connection of representative committee members has a significant positive impact on the performance of corporate social responsibility; on the premise that all enterprises have political connection, private enterprises are better than state-owned enterprises in the performance of corporate social responsibility.

Chapter5: State Owned Enterprises, Political Connections and Corporate Social Responsibility

5.1 Introduction

When the country encounters natural disasters, epidemics and other emergencies, state-owned enterprises should make contributions to the society by fulfilling their social responsibilities. The most powerful measure is corporate charitable donation, which also meets the expectations of the people for state-owned enterprises. The behavior of corporate social responsibility depends on the theoretical foundation of corporate social responsibility. State owned enterprises also convey the sense of corporate social responsibility to the public by fulfilling their social responsibility.

On May 12, 2008, the Wenchuan M8 earthquake weighed heavily on the heart of everyone in China. Houses collapsed, roads were cut off, and countless families were broken. The natural disaster is merciless in this world. The people all over the country donated materials to the earthquake-stricken area, showing their compassion. Our wills unite like a fortress, come together undivided. Many enterprises offered help to the disaster area, and a large number of charitable donations have triggered many scholars' thinking and research in social responsibility. The state-owned enterprises undertake a special corporate mission, and Wu et al. (2008) have explored some special aspects of donation behavior. The amount of donations from listed companies of state-owned enterprises is lower than that of private enterprises in this earthquake; the amount of charitable donations of state-owned enterprises is positively related to the government subsidies they receive, and to a certain extent, the fulfillment of corporate social responsibility can be seen as a way for state-owned enterprises to give feedback to the government and society (Kolk & Van Tulder, 2010); The agency problem in state-owned enterprises is particularly prominent when performing social responsibility (W. Li & Zhang, 2010). At present, most of the existing literature will explore the state-owned enterprises as a whole, a few literatures will divide the state-owned enterprises into central enterprises and local government state-owned enterprises for research, this chapter will classify and discuss them specifically.

COVID-19 broke out in early 2020. It is a global pandemic with the widest impact on

human beings in recent one hundred years. It is a serious crisis and severe test for the whole world, and a major threat to human life safety and health. When trouble occurs at one spot, help comes from all quarters. After the outbreak of the epidemic, the whole country took emergency actions to carry out comprehensive human organization, material support, science and technology assault, and resource movement war relying on the national strength, fully supporting Hubei Province and Wuhan City in fighting against the epidemic, and concentrating the greatest strength to block the spread of the epidemic in the shortest time. The speed and scale of China's actions are rarely seen in the world, demonstrating China's speed, scale and efficiency. Many state-owned enterprises have actively carried out various donation activities in this epidemic situation. The total donation amount of 96 central enterprises in one month from January 20 to February 20, 2020 reached 3.73 billion yuan. The average response time of central enterprises in fighting against the epidemic situation is only 8 days. All state-owned enterprises have responded quickly and positively in this catastrophe situation, making effort for this emergency.

Central enterprises have the general attributes of state-owned enterprises, but they also have their own special characteristics. Central enterprises are the key foundation and backbone of the national economy. Central enterprises play a vital role in developing productivity, improving China's comprehensive national strength, and promoting the steady and rapid development of economy and society. Therefore, it is natural for central enterprises to fulfill their social responsibilities. Central enterprises have more political missions, and their executives also have higher administrative levels. With the vigorous promotion of the State-owned Assets Supervision and Administration Commission of the State Council, the level of social responsibility of central enterprises is also rising, which is far ahead of local state-owned enterprises, private enterprises and foreign-funded enterprises. In 2009, the SASAC issued the notice on strengthening the management of external donations by central enterprises, which clearly regulates the scale and procedures of charitable donations by enterprises, limits the amount of donations and whether to donate to a certain extent. Under the restriction of charitable donation discretion, whether the central enterprises will fulfill a higher degree of corporate social responsibility and whether they will donate more are unknown, which needs further discussion.

So the following research will analyze the motivation of corporate social responsibility from four perspectives: political motivation, altruism, strategic motivation, and manager utility. Political motivation means that enterprises fulfill corporate social responsibility to obtain a good political atmosphere and business environment; Altruism means that they aim

to benefit society and enhance corporate citizenship awareness. The bottom logic of strategic motivation is to maximize profits; the utility of managers is to obtain higher social status and enhance their reputation. Enterprise scale, industry and financial performance are important factors to measure the amount of corporate charitable donations. The nature of the enterprise discussed in the last chapter also has a great impact on corporate social responsibility.

Compared with private enterprises, central enterprises have a natural relationship with the government, so the independence of central enterprises will be weakened. In the process of production, private enterprises need to make decisions on various activities and be responsible for their own profits and losses. To a certain extent, the decision-making behavior of private enterprises depends on the market environment and their own development, so their independence will be relatively higher. Corporate behavior will be affected by the constraint function and objective equation, which also determines the differences in the quality, structure and direction of corporate social responsibility fulfillment. These differences are definitely affected by China's special political and economic structure. Therefore, corporate social responsibility is hierarchical, regional and dynamic.

The central enterprise is a way to realize the state-owned capital, which can play a supplementary role when the government behavior is insufficient, play a good leading role in the national policy practice. Therefore, the behavior pattern, motivation and results of state-owned enterprises are significantly different from those of other enterprises. The behavior motivation of state-owned enterprises mainly comes from the completion of the economic goals set by the government. The industry distribution of state-owned enterprises is mainly concentrated in aerospace, infrastructure construction, national defense and military, posts and telecommunications and other industries. The state-owned enterprises in these industries have a relatively complete operation system; and have less interaction with social and economic organizations compared with other enterprises. In the process of reform, the state-owned enterprises are constantly transforming and changing. From the initial decentralization to the separation of powers, and then to the establishment of modern enterprise system, the state-owned enterprises are getting closer to the goal of modern enterprises. However, the state-owned enterprises cannot completely get rid of the influence of the economic model in the period of planned economy. The higher the state-owned enterprises are interfered by the government, the more far-reaching the influence of the government's directive orders on the state-owned enterprises. Therefore, in a certain sense, the state-owned enterprises do not have complete independent rights. State owned enterprises can be seen as a concentrated embodiment of national will, a means for the government to

implement policies, and an extension of the administrative operating organizations. To sum up, the operation and management of state-owned enterprises have the characteristics of administration and dependence. The state-owned enterprises undertake many national policy tasks, so when the profit level of the state-owned enterprises conflicts with the national policy, the state-owned enterprises are the embodiment of the national will.

The motivation of state-owned enterprises to actively fulfill corporate social responsibility may be more altruistic or mixed. The identity of state-owned enterprises has a natural special character. In the period of planned economy, state-owned enterprises undertake a lot of government responsibilities and functions. State owned enterprises have a strong concern for people's livelihood, such as public services, social assistance and support for vulnerable groups, employment issues. In the period of planned economy, the state-owned enterprises not only guarantee the employment of employees, but also give them all kinds of social welfare. At this time, a large number of social service institutions have sprung up, ranging from hospitals and schools to supermarkets. The establishment of these institutions basically meets all the living needs of employees. In the period of planned economy, the characteristics of enterprises managing society determine that state-owned enterprises need to undertake the responsibilities of government and supplement the government's deficiencies in providing public services. State owned enterprises also need to actively perform the political tasks issued by the central government and local governments, so as to take targeted measures in poverty alleviation, poverty reduction, and gives assistance to the underprivileged group. In particular, some large and medium-sized central enterprises have the political task of targeted poverty alleviation. To sum up, state-owned enterprises have altruistic motivation to actively fulfill corporate social responsibility.

The corporate nature of state-owned enterprises and the special nature of the status of state-owned enterprises executives also determine that the tax avoidance motivation of state-owned enterprises is not significant. The state-owned enterprises control the important industries related to the people's livelihood. The state-owned enterprises can be seen as the expression of the state will, the implementation of the political and economic strategies issued by the state, and state-owned enterprises can be seen as an extension of the state administrative organs. Therefore, the main goal of the state-owned enterprises is not to pursue profit maximization, and they will not focus on tax avoidance in the process of production and operation. The senior managers of state-owned enterprises are not only responsible for ensuring the normal operation of the enterprises and the maximization of their interests, but also the executives appointed by the government who ensure that the country's political and

economic goals can be achieved. Therefore, the core goal pursued by the managers of state-owned enterprises is not the economic goal. The leaders of state-owned enterprises put the realization of national political and economic strategy in the first place, with strong political color, and will not focus on the level of enterprise income. The leaders of state-owned enterprises are likely to work as high officials in the government, so the career of leaders will be constrained and regulated by their performance record. To a certain extent, tax avoidance behavior may violate the social responsibility of enterprises. If it is in a serious condition, it may violate the laws and regulations, so it has higher risk level. The direct effect of tax avoidance is the rise of enterprise profits, but this result does not have a major position in the performance evaluation of state-owned enterprise executives. Therefore, the tax avoidance motivation of state-owned enterprises is not significant when the risks and benefits are not equal.

The State-owned Assets Supervision and Administration Commission of the State Council has implemented a number of measures and programs to promote the central enterprises to better fulfill their corporate social responsibility. SASAC divides the performance of CSR of central enterprises into four stages, the introduction stage of CSR, the incorporation stage of CSR into strategy, the promotion stage of CSR and the in-depth promotion stage of CSR. In the introduction stage of social responsibility (2008-2010), SASAC of the State Council held the central corporate social responsibility work meeting and training meeting, and continuously improved the sense of corporate social responsibility in this stage; In the strategic stage of social responsibility integration (2011), SASAC issued the Implementation outline of the "Twelfth Five Year Plan" harmonious development strategy of central enterprises, this notice clarified that it would raise the social responsibility related work of central enterprises to the level of strategic development ; In the period of social responsibility promotion (2012-2015), the SASAC incorporated social responsibility activities into one of the 13 key points of special management promotion, and successively promulgated various strategic plans; Finally, the in-depth stage of social responsibility (2016-now), the SASAC issued the guidance on better performance of corporate social responsibility by state owned enterprises. Up to now, more than 80% of central enterprises have set up corporate social responsibility related institutions, and all central enterprises have achieved the compilation of corporate social responsibility reports. Since 2011, the corporate social responsibility index of central enterprises has been far ahead of the state-owned enterprises supervised by the local SASAC, and also ahead of private and foreign-funded enterprises.

Compared with private enterprises, central enterprises have a natural relationship with the government, so the independence of central enterprises will be weakened. In the process of production, private enterprises need to make decisions on various activities and be responsible for their own profits and losses. To a certain extent, the decision-making behavior of private enterprises depends on the market environment and their own development, so their independence will be relatively higher. Corporate behavior will be affected by the constraint function and objective equation, which also determines the differences in the quality, structure and direction of corporate social responsibility fulfillment. These differences are definitely affected by China's special political and economic structure. Therefore, corporate social responsibility is hierarchical, regional and dynamic. The central enterprise is a way to realize the state-owned capital, which can play a supplementary role when the government behavior is insufficient, and play a good leading role in the national policy practice. Therefore, the behavior pattern, motivation and results of state-owned enterprises are significantly different from those of other enterprises. The behavior motivation of state-owned enterprises mainly comes from the completion of the economic goals set by the government. The industry distribution of state-owned enterprises is mainly concentrated in aerospace, infrastructure construction, national defense and military, posts and telecommunications and other industries. The state-owned enterprises in these industries have a relatively complete operation system; and have less interaction with social and economic organizations compared with other enterprises. In the process of reform, the state-owned enterprises are constantly transforming and changing. From the initial decentralization to the separation of powers, and then to the establishment of modern enterprise system, the state-owned enterprises are getting closer to the goal of modern enterprises. However, the state-owned enterprises cannot completely get rid of the influence of the economic model in the period of planned economy. The higher the state-owned enterprises are interfered by the government, the more far-reaching the influence of the government's directive orders on the state-owned enterprises. Therefore, in a certain sense, the state-owned enterprises do not have complete independent rights. State owned enterprises can be seen as a concentrated embodiment of national will, a means for the government to implement policies, and an extension of the administrative operating organizations. To sum up, the operation and management of state-owned enterprises have the characteristics of administration and dependence. The state-owned enterprises undertake many national policy tasks, so when the profit level of the state-owned enterprises conflicts with the national policy, the state-owned enterprises are the embodiment of the national will.

5.2 Research hypothesis

5.2.1 Political attribute of central enterprises

The state-owned enterprises undertake the political mission of serving the country and the people in the whole state. Their unique attributes and the high expectations of the public urge the state-owned enterprises to actively fulfill their social responsibilities. Compared with the local state-owned enterprises, the political mission and political function of the central enterprises will be more obvious. The business objectives of the central enterprises cover part of the political objectives set by the central government, and while the central enterprises develop their own economy, they also undertake the political tasks given by the government. In April 2019, the State Council issued the measures for assessing the business performance of executives in central enterprises, in which it clearly pointed out that in national security, national economy important industry and other key areas, the main business companies should be responsible for major projects to support the sustainable development of enterprises and take service of national strategies as the guidance, and on the premise of ensuring reasonable return and value-maintenance and value-increase state-owned capital, serving national strategy, ensuring national security and national economic operation and development of forward-looking strategic industries of public companies, to support the enterprises to better safeguard the people's livelihood, serve the society, provide public products and services as the guidance, adhere to the combination of economic and social benefits, take priority of social benefits, focus on the assessment of product and service quality, cost control, operational efficiency and support ability.

The charitable donation of central enterprises is also a kind of performance of corporate social responsibility. When the country and society are facing major natural disasters and accidents, the political mission of central enterprises requires them to set an example at this time. Meanwhile, when the central enterprises make charitable donations, they also show a certain apportionment nature. The state-owned enterprises fulfill their corporate social responsibility, which reduces the pressure of government expenditure to a certain extent. The political mission of the central enterprises makes the public have higher expectations for them to fulfill corporate social responsibility. Charitable donation is a more intuitive performance in the performance of social responsibility. Through this behavior, central enterprises can show the leadership of "the eldest son of the Republic".

After the founding of the People's Republic of China, central enterprises have undergone

a long period of merger and reorganization. By the end of 2019, there are 96 central enterprises. According to the State-owned Assets Supervision and Administration Commission's list of central enterprises, 49 of them are vice ministry level central enterprises, and the remaining 47 are department level central enterprises. Compared with the latter, the former has a higher social and political status, and also undertakes more political missions. In the face of political tasks and major events, the regulatory authorities will have higher requirements on the former, and they will be more inclined to contribute more to the society.

To sum up, the multiple influences of its own political attributes, the expectations of the public and the incentives of the government, make the enterprises with more political missions more motivated to fulfill their social responsibilities. Especially in the face of major crisis, the central enterprises should show more responsibility. In this chapter, we propose a hypothesis H1.

H1: the heavier the political mission of the central enterprises, the more significant the social responsibility of the enterprises.

5.2.2 Executives political connections in central enterprises

The political connection of the central enterprise executives is mainly reflected in two aspects, the first is the political requirements, and the second is the political identity. From the perspective of political requirements, in September 2018, the SASAC issued the Regulations on the management of central enterprises' executives, which stressed that the leadership of the central enterprises must establish "Four Consciousnesses", political awareness, overall situation awareness, core consciousness and alignment awareness, and take a clear-cut stand; resolutely safeguard the core position of general secretary Xi Jinping and firmly uphold the authority of the Central Committee of the CPC. And resolutely implement the principles and policies of the party and the state. The regulation also emphasizes the need to strengthen the comprehensive assessment and evaluation of the leaders of central enterprises, the assessment of business performance, and the assessment of the implementation of the responsibility system for Party building, strengthen the guidance of reform, party building, promote development, and guide the leaders of central enterprises to be loyal and dare to take responsibility. From the perspective of political identity, the leaders of central enterprises generally have a high political identity. According to the data retrieval from the official website of central enterprises and Baidu Encyclopedia, 42 of the directors, party secretaries and general managers of 96 central enterprises have current political identity; most of them are deputies to the National People's Congress or members of the Chinese people's Political

Consultative Conference.

The political connection of the executives of central enterprises has a certain role in promoting the corporate social responsibility, which mainly comes from the enhancement of corporate social responsibility, agency problems and the construction of reciprocal relationship. The high-level political connection of central enterprises makes the whole enterprise more aligned with the political concept of the country, so it will also more actively undertake the requirements and tasks expected by the government. When the state and society need enterprises to undertake tasks, the central enterprises will spare no effort to contribute to the state and society, and then strengthen the dependence among the government, enterprises and senior executives, so as to maintain a mutually beneficial relationship.

At present, under the premise of the separation of ownership and management, corporate social responsibility will be affected by executives' personal motivation to a certain extent. Corporate executives actively fulfill their social responsibility may be to enhance their personal image and reputation, pursue the maximization of personal utility rather than the maximization of corporate profits. Compared with other enterprises, the degree of separation of two rights and agency level of state-owned enterprises will be higher. Executives pursue the progress of official career, so these reasons lead to the agency problem of state-owned enterprises. According to the empirical research, the political connections of executives have a significant positive impact on corporate social responsibility, and the companies with political connections will be more active in fulfilling social responsibility. Therefore, this research proposes the hypothesis H2.

H2: the stronger the political connection of the executives in the central enterprises, the more actively the enterprises fulfill their social responsibilities.

5.3 Empirical research

5.3.1 Research sample

The samples selected for the empirical study in this chapter are from the list of central enterprises on the official website of the State-owned Assets Supervision and Administration Commission of the State Council, excluding the enterprises reorganized and established in 2019, including three central enterprises, which are National Petroleum and Natural Gas Pipeline Network Group Co., Ltd, China Shipbuilding Group Co., Ltd. and China Aneng Construction Group..

5.3.2 Variable design

5.3.2.1 Dependent Variables

(1) Corporate Social Responsibility

At present, the existing literature for the measurement of corporate social responsibility is mainly based on customer responsibility, environmental protection, employee rights and interests, which to a certain extent; ignore the important role of corporate social responsibility related system for corporate social responsibility. In the process of promoting central enterprises to actively fulfill corporate social responsibility, SASAC has always regarded improving the management level of corporate social responsibility as an important content; the research in this chapter takes the corporate social responsibility index (CSR) as a variable, which is derived from the report on China's corporate social responsibility (2019) issued by the Chinese Academy of Social Sciences every year, and the empirical analysis in this chapter also takes the corporate social responsibility index transformed as natural logarithm.

(2) Independent Variables

1) The political mission of enterprises

Different political levels of central enterprises have different political responsibilities. In this chapter, the strength of mission is set as a dummy variable. If the central enterprise is a "vice ministry level" central enterprise, it is assigned 1, otherwise it is 0. The list of "vice ministry level" central enterprises in this chapter is searched from the Internet.

2) Executives political connections

The political identity of enterprise executives is one of the important manifestations of enterprise political connection. This research takes the current political identity of central enterprise executives as the basis of political connection. Executives mainly include the chairman of the board, the Secretary of the Party committee and the general manager. If one of the executives has political identity, the political connection value is 1, otherwise it is 0. The data in this chapter comes from the official website of central enterprises and the introduction of Baidu Encyclopedia.

(3) Control Variables

By referring to the research of domestic and foreign scholars on corporate social responsibility, the control variables selected in this research are generally consistent with the previous chapter.

1) The size of the company.

2) Financial leverage.

- 3) Profitability of the company.
- 4) Corporate governance.
- 5) Industry and year dummy variables.

The detailed variables in this research can be seen in the following table 5.1.

Table 5.1 Definition of variables

Variable Type	Variable	Variable Code	Variable description
Dependent Variable	Corporate Social Responsibility	CSR	The development index of corporate social responsibility issued by the Chinese Academy of Social Sciences every year is adopted
Independent Variable	Political Mission	MISSION	Dummy variable, if the enterprise is a "vice ministry level" central enterprise, the value is 1, otherwise the value is 0
	Executives political connection	PC	Dummy variable: if the chairman, Secretary of the Party committee or other senior managers of the enterprise have political status, the value is 1, otherwise 0
	The size of the company	SIZE	Natural logarithm of total assets at the end of the period
Control Variable	Financial Leverage	LEV	Asset liability ratio (total liabilities / total assets)
	Profitability	EPS	Earnings per share (net profit / total equity)
	Industry dummy variable	INDUSTRY	In this chapter, enterprises are divided into heavy pollution industry and non-heavy pollution industry. The value of heavy pollution industry is 1, otherwise is 0
	Year dummy variable	YEAR	In this research's research, including the information of six years, and five years are set as dummy variables

5.3.3 Model specification

This research selects corporate social responsibility as the dependent variable, corporate political mission as the independent variable, and adds other control variables. Construct model 5.1 to test hypothesis H1

$$CSR = \beta_0 + \beta_1 MISSION + \beta_2 SIZE + \beta_3 LEV + \beta_4 EPS + \beta_5 INDUSTRY + \beta_6 YEAR + \sum \text{CONTROLS} + \varepsilon \quad (5.1)$$

This research selects corporate social responsibility as the dependent variable, political connection level as the main independent variable, and adds other control variables. Construct model 5.2 to test hypothesis H2

$$CSR = \beta_0 + \beta_1 PC + \beta_2 SIZE + \beta_3 LEV + \beta_4 EPS + \beta_5 INDUSTRY + \beta_6 YEAR + \sum \text{CONTROLS} + \varepsilon \quad (5.2)$$

Finally, on the basis of model (1), this research puts the two independent variables of the administrative level and the political identity of executives into one model 5.3 at the same time, and further verifies the regression results of model 1 and model 2.

$$\text{CSR} = \beta_0 + \beta_1 \text{MISSION} + \beta_2 \text{PC} + \beta_3 \text{SIZE} + \beta_4 \text{LEV} + \beta_5 \text{EPS} + \beta_6 \text{INDUSTRY} + \beta_7 \text{YEAR} + \sum \text{CONTROLS} + \varepsilon \quad (5.3)$$

5.4 Empirical results and analysis

5.4.1 Descriptive statistics

The following Table 5.2 shows the descriptive statistics of the main variables. It can be seen from the table that half of the enterprises in the sample are "vice ministry level" central enterprises, 43% of the central enterprise executives have political identity, and 46% of the central enterprises have an A performance appraisal result in the past three years.

Table 5.2 Descriptive statistics of variables

Variable	Minimum	Maximum	Average	Standard	Mean
CSR	1.45	4.62	3.758	4.003	0.614
MISSION	0	1	0.48	0.48	0.502
PC	0	1	0.46	0.471	0.487
SIZE	0	4	2.784	0.967	2.78
LEV	0	1	0.363	0.458	0
EPS	0	1	0.614	0.482	0
INDUSTRY	0	1	0.25	0.00	0.417
YEAR	0	3.59	1.793	1.926	0.473

5.4.2 Regression results analysis

Model 1 analyzes the impact of the political mission of central enterprises on corporate social responsibility. According to the regression results, the higher the administrative level, the more active the central enterprises will be in fulfilling their social responsibility, which is significant at the level of 1%. It supports H1. At the same time, the better the business performance and the higher the public attention, the higher the degree of corporate social responsibility will be, which is significant at the level of 1% and 1% respectively.

Table 5.3 Regression results of model (1) and model (2)

Variable	Model (1)		Model(2)	
	Coefficient	T-value	Coefficient	T-value
MISSION	0.58***	4.27		
PC			1.08***	2.24
SIZE	3.79***	31.64	3.58***	31.42
LEV	-0.14***	31.58	3.49***	-14.24
EPS	-0.003	-0.02	0.02	0.13
INDUSTRY	0.47	4.76	4.23***	26.78
YEAR	5.68***	16.28	4.24**	17.26
CONSTANT	-50.43***	-31.26	-65.74***	-20.13
Adj-R2	0.595		0.615	

Model 2 explores the impact of political mission on corporate social responsibility, and the results show that it is significant at the level of 5%.

Table 5.3 shows the regression results of Model 1 and Model2.

In model 3, two independent variables of administrative level and political status of executives are put into one model at the same time. The model has Goodness-of-Fit and passed the F test. The political mission of central enterprises, the political identity of executives and the level of corporate social responsibility are positively correlated, which further verifies the regression results of model 1 and model 2, the results are shown in Table 5.4.

Table 5.4 Regression results of model (3)

Variable	Model (3)	
	Coefficient	T-value
MISSION	1.28***	2.69
PC	1.24**	2.08
SIZE	3.58***	30.67
LEV	2.74***	-15.02
EPS	0.03	0.14
INDUSTRY	3.27***	26.36
YEAR	5.27***	13.25
CONSTANT	-78.23***	-24.25
Adj-R2	0.814	

5.5 Summary

The empirical results show that: the higher the administrative level of central enterprises, the heavier the sense of political mission of enterprises, so the enthusiasm of enterprises to fulfill social responsibility will be stronger; the political identity of executives also has a significant impact on the performance of corporate social responsibility.

Chapter6: Private Enterprises, Political Connections and Corporate Social Responsibility

6.1 Introduction

One of the important factors for private enterprises to fulfill corporate social responsibility is the difference of political connections between enterprises. The term "political connection" represents the relationship between private enterprises and local governments. To a certain extent, it includes the level and ability of private enterprises to obtain local government information. Local governments hold many scarce resources of local economic growth, such as land supply, administrative qualification examination and approval, industry access and other government monopoly resources; local governments have great influence on many important resources, such as tax collection and management, low interest loans of banks, environmental law enforcement intensity. These resources are of great significance to private enterprises. Therefore, the relationship between the government and enterprises is closely related. From the initial registration and daily operation of enterprises, the government and enterprises are objectively connected. Although from the perspective of market economy, the separation of government and enterprise is the main feature, but in reality, the separation of government and enterprise is relative, not absolute. Enterprises that are not closely related to government and enterprises tend to have stronger motivation to fulfill their social responsibilities (H. U. Z. Khan, 2010). The main reasons for this phenomenon are signal display effect and signal transmission effect.

First, signal display effect means that compared with private enterprises with political connections, enterprises without political connections will be more active in satisfying corporate social responsibility, thus laying a good foundation for future government enterprise connections. Local government is the principal part of resource allocation. As the direct allocator of resources, it has extremely strong influence and appeal. With the development of enterprises, private enterprises will deepen the relationship between government and enterprises more actively. Therefore, private enterprises are relatively in a weaker position in the relationship between government and enterprises. Corporate social responsibility can be seen as a means to get the favor of the government, which can improve

the relationship between government and enterprises, enhance the goodwill of government officials for enterprises, and lay a good foundation for future rent-seeking.

Secondly, the signal transmission effect refers to that compared with private enterprises with political connections, enterprises without political connections will actively fulfill their corporate social responsibility, so as to express the willingness to close the relationship and establish a mutually beneficial relationship between government and enterprises. Compared with the closely related private enterprises, the private enterprises with relatively lower government enterprise relationship will be more aware of the importance of political connection to the development of enterprises. Naturally, they will actively fulfill their corporate social responsibility when the country and people are facing disaster, disaster alleviation and various conditions. This behavior can highlight the status of private enterprises, and then send a clear signal to the government, that is, they want to improve the relationship between government and enterprises, establish a close and mutually beneficial relationship with the government. The relationship between government and enterprise is not established in a short duration of time, but by days and months multiplying. The allocation of scarce resources is not the same as the efficiency principle in the market economy. Part of it depends on the preference of the government. Therefore, enterprises that actively make charitable donations in emergencies are more likely to be favored by the government.

China's economy has changed from high-speed growth to high-quality development. Private economy is an important pillar of market economy. In October 2018, general secretary Xi Jinping acknowledged and affirmed the role of private economy in "growth stabilization, increasing employment and improving people's livelihood" when answering letters to private entrepreneurs. China's current market economic system is not perfect, and the government can't completely rely on market allocation subsidies. If private enterprises want to obtain political resources, they need to rely on non-market channels to establish a good political connection with the government. The policy of "Construction of a New Relationship between Government and Business " draws a clear line between private enterprises and the government.

6.2 Research hypothesis

According to the stakeholder theory, the management of an enterprise should consider the interests of all stakeholders; pursue the comprehensive benefits of the enterprise rather than just the interests of shareholders. However, the resources-based theory holds that the business

environment and the development of the enterprise are interdependent and influence each other, and the enterprise needs to obtain the resources from the external environment such as the government. Therefore, the government is the giver of financial subsidies, so enterprises need to establish a good political connection with the government, so as to obtain the key resources necessary for the survival of enterprises. From the perspective of stakeholder theory, the purpose of the government's financial subsidies to private enterprises is to guide the flow of the whole market funds, constantly promote the development direction of private enterprises that in line with the goal of national economic development, and then accelerate the realization of national policy goals. Government subsidies can reduce the financing difficulty of enterprises; expand the resources and amount of enterprises, so as to enhance the value of enterprises. For private enterprises, by fulfilling their social responsibilities, enterprises can accelerate the establishment of good political connections with the government, so as to help enterprises obtain effective information to reduce the external risks of enterprises and obtain useful market information, so as to enhance the competitiveness of enterprises in the market.

Du et al. (2010) found that the financial subsidies given by the government can be transformed into the future profitability of enterprises to a certain extent, create greater economic benefits for enterprises, and have a significant positive impact on the promotion of enterprise value. McWilliams and Siegel (2000) believed that a good political connection between enterprises and the government can help enterprises obtain scarce resources and solve the financing problems of enterprises, and this connection can help enterprises reduce costs and enhance their competitiveness and value. The stronger the political connection between enterprises and the government, the easier is for private enterprises to obtain financial subsidies (Burke & Logsdon, 1996). Through the research above, it can be seen that private enterprises can obtain government subsidies and establish good political connections with enterprises, which can help enterprises enhance enterprise value and make it easier for enterprises to obtain financial subsidies.

Generally speaking, the stronger the political connection between the executives of private enterprises and the government, the higher the level of corporate social responsibility of private enterprises. The political connection of private enterprise executives is different from that of state-owned enterprise executives. It mainly shows in political identity and political rent-seeking. People often see private listed enterprises as an important force in the market economy. They are the backbone of China's comprehensive process of building a well-off society and realizing the great rejuvenation of the Chinese nation. The Third Plenary

Session of the 18th Central Committee of the Party put forward this view: "Both the public and the non-public sectors of the economy are important components of the socialist market economy. They are important foundations for China's economic and social development." Xi Jinping, the general secretary, emphasized this at the 2023 National Two Sessions: "The Central Committee of the Party always adheres to 'two unswervingly' and 'three unchanged'. It always treats private enterprises and private entrepreneurs as its own people." Therefore, the executives of private listed enterprises usually play a certain political role in China's political decision-making. They often serve as representatives of the National Committee of the Chinese People's Political Consultative Conference, deputies of the National People's Congress, etc., and participate in the formulation and promotion of some government decisions. According to the "2016 Country Garden Forest City·Hurun Rich List" released by the Hurun Research Institute, among the 2056 listed company entrepreneurs on the list in 2016, 194 have national political identities, including 99 deputies of the National People's Congress, 77 members of the National Committee of the Chinese People's Political Consultative Conference, 9 vice-chairmen of the All-China Federation of Industry and Commerce, and 9 delegates of the 18th National Congress of the Communist Party of China. The political identity of private executives, this political connection, has a positive effect on the performance of corporate social responsibility of private enterprises. It makes private enterprises have a further recognition of the national political concept and more actively fulfill their corporate social responsibility.

The higher the degree of government financial subsidies received by private enterprises, the higher the level of corporate social responsibility of private enterprises. Chinese private enterprises always face fierce market competition. In some specific industries, the government usually provides government financial subsidies to promote the development of the industry. If they can get financial subsidies, private enterprises can develop better in the competitive market. Wang Man (2018) mentioned in his literature that political connections can help private enterprises obtain more government financial subsidies, thereby reducing the financing constraints of private enterprises and improving the R&D investment and efficiency of enterprises. Lin Runhui and other scholars (2019) proposed that political connections can help enterprises increase the probability and amount of obtaining government subsidies, and government subsidies can also enhance the political connection effect between enterprises and the government, forming a positive cycle effect. In the end, private enterprises will also be more willing to fulfill their corporate social responsibility by fulfilling the political mission of government units.

In order to explore the relationship among political connections, government subsidies and the fulfillment of CSR, and to explore whether political connections have mediating effect, this chapter puts forward two hypotheses:

H1: There is a positive correlation between government subsidies and the fulfillment of CSR in private enterprises

H2: There is a positive correlation between political connection and the fulfillment of CSR in private enterprises

6.3 Empirical research

6.3.1 Sample selection

This chapter selects A-share listed companies in Shanghai and Shenzhen from 2008 to 2018 as samples to explore. The samples with incomplete financial data, the samples issuing B shares and H shares at the same time, and the samples with negative income tax expenses, with an enterprise nature of SOE are excluded. As it shows in Table 6.1, after screening, 7913 samples are finally taken for empirical research. Based on the establishment of a new type of government business relationship policy, this research divides into two intervals of 2012. The data selected in this research are from Guotai Junan database, Wind Information, National Bureau of Statistics, Shanghai Stock Exchange Statistical Yearbook Website, Shenzhen Stock Exchange Data Overview Website, East Money A-share Data Center, China Securities Industry Association.

Table 6.1 Sample statistics

Year	State-owned	Private	Foreign	Other	Total
2008	97	571	32	10	710
2009	96	584	32	10	722
2010	95	604	32	10	741
2011	94	624	32	10	760
2012	93	644	32	10	779
2013	92	664	32	10	798
2014	01	684	32	10	817
2015	90	704	32	10	836
2016	89	724	32	10	855
2017	88	744	32	10	874
2018	87	764	32	10	893
Total	1045	7913	352	110	9680

6.3.2 Variable explanation

6.3.2.1 Dependent variable

Similar to the previous chapter, this chapter's research uses the corporate social responsibility index (CSR) as a variable, which comes from the "China Corporate Social Responsibility Report (2019)" issued by the Chinese Academy of Social Sciences every year. This chapter also takes the natural logarithm of the corporate social responsibility development index in the empirical analysis.

6.3.2.2 Independent variable

Government subsidy(SUB) is a kind of government behavior. The meaning of government behavior in this chapter includes not only the government subsidy behavior of the central and local governments, but also the government subsidy behavior of the private institutions intervened by the government. Government subsidy belongs to the public account expenditure. In this research, the government subsidy is measured by the ratio of the total subsidy income to the total assets in the financial statements of the listed private enterprises, and then measured by the logarithm, that is, the natural logarithm of (1+ subsidy income).

6.3.2.3 Control variables

The definitions of control variables selected in this research are listed in Table 6.2.

Table 6.2 The definition of variables

Variable Type	Variable Name	Variable Code	Variable Description
Dependent Variable	Corporate Social Responsibility	CSR	Corporate Value calculated by BS model
	Government subsidies	SUB	Natural logarithm of (1 + subsidy income)
Independent Variable	Executives political connection	PC	Dummy variable: if the chairman, Secretary of the Party committee or other senior managers of the enterprise have political status, the value is 1, otherwise 0
	Company Size	SIZE	Natural logarithm of total assets at the end of the period
	Financial Leverage	LEV	Asset liability ratio (total liabilities / total assets)
	Profitability	EPS	Earnings per share (net profit / total equity)
Control Variable	Listed timing	AGE	The timing that private enterprises on the market, which shall be rounded
	Industry dummy variable	INDUSTRY	In this chapter, enterprises are divided into heavy pollution industry and non-heavy pollution industry. The value of heavy pollution industry is 1, otherwise is 0
	Year dummy variable	YEAR	In this research's research, including the information of six years, and five years are set as dummy variables

The company size (SIZE): measured by the logarithm of the total assets of the listed

company at the end of the period;

Corporate profitability (EPS): measured by net profit / total assets;

Financial leverage (LEV): measured by total liabilities / total assets at the end of the period;

The degree of ownership concentration (Top1): measured by the shareholding ratio of the largest shareholder of the company;

The age of listing companies (AGE): takes the time of listing round numbers;

The Industry dummy variable (Industry): control industry differences;

The year dummy variable (YEAR): controls the annual difference of samples.

The following Table 6.1 shows the results of definition of variables.

6.3.3 Empirical model

To test whether the hypotheses H1, H2 are true, the following models 6.3, 6.4, 6.5 are established in this chapter:

$$\text{CSR} = \alpha + \beta_1 \text{SUB} + \beta_2 \text{SIZE} + \beta_3 \text{EPS} + \beta_4 \text{LEV} + \beta_5 \text{AGE} + \beta_6 \text{INDUSTRY} + \beta_7 \text{YEAR} + \sum \text{CONTROLS} + \varepsilon \quad (6.1)$$

While, α is the intercept; β_1 - β_7 are the multiple regression coefficients; ε is the residual term; the same below.

$$\text{CSR} = \alpha + \beta_1 \text{PC} + \beta_2 \text{SIZE} + \beta_3 \text{EPS} + \beta_4 \text{LEV} + \beta_5 \text{AGE} + \beta_6 \text{INDUSTRY} + \beta_7 \text{YEAR} + \sum \text{CONTROLS} + \varepsilon \quad (6.2)$$

In the end, similar to Chapter 5, this research puts the two independent variables of the government subsidies and the political identity of executives into model 6.5 together, and further verifies the regression results of model 6.3 and model 6.4.

$$\text{CSR} = \beta_0 + \beta_1 \text{SUB} + \beta_2 \text{PC} + \beta_3 \text{SIZE} + \beta_4 \text{LEV} + \beta_5 \text{EPS} + \beta_6 \text{INDUSTRY} + \beta_7 \text{YEAR} + \sum \text{CONTROLS} + \varepsilon \quad (6.3)$$

6.3.4 Empirical analysis

6.3.4.1 Descriptive Statistics Analysis

In this chapter, this research conducted descriptive statistics on the data, calculating basic statistical measures such as means, standard deviations, minimum and maximum values for each variable. Additionally, the data's fundamental characteristics and relationships between variables were analyzed with Stata. To ensure data accuracy, outliers and missing values were

removed.

Table 6.2 Descriptive statistics of variables

Variable	Minimum	Maximum	Mean	Standard	Median
CSR	54.66	84.09	69.15	7.67	68.85
PC	0	1	0.25	0.44	0
SUB	1.38	2.68	2.10	0.33	2.05
SIZE	10.23	76.34	23.77	17.63	16.45
LEV	0.46	0.92	0.65	0.13	0.62
EPS	0.95	1.87	1.34	0.21	1.33
INDUSTRY	0	1	0.44	0.52	0
YEAR	0	1.87	1.34	0.21	1.33

According to Table 6.3, the descriptive statistics of the data has shown that there are differences in the government financial subsidy for private enterprises among the samples. Some companies receive more financial subsidies than others. The mean value of PC among company executives in the sample is 0.25, which means that only a quarter of private enterprises have political connections. This may have a positive impact on the application of financial subsidies and the fulfillment of CSR. The standard deviation of PC is 0.44, which means that a high dispersion in the variable of political connections among executives of private enterprises. Some companies have a higher proportion of executives with political affiliations.

6.3.4.2 Regression Statistics Analysis

$$\text{CSR} = \alpha + \beta_1 \text{SUB} + \beta_2 \text{SIZE} + \beta_3 \text{EPS} + \beta_4 \text{LEV} + \beta_5 \text{AGE} + \beta_6 \text{INDUSTRY} + \beta_7 \text{YEAR} + \sum \text{CONTROLS} + \varepsilon \quad (6.4)$$

After conducting regression analysis, we obtained an R-squared of 0.64 for Model 6.3, and it means that the model explains 64% of the variance in the dependent variable, CSR. The F-test for Model 6.3 yielded a p-value of 0.00, which shows overall significance. The Durbin-Watson test returned a value of 1.96, which means the absence of auto-correlation. VIF test results showed values below 10, indicating no multidisciplinary issues. The White test p-value was 0.18, suggesting the absence of heteroscedasticity. In conclusion, Model 6.3 demonstrates high robustness, so we can use it to analyze relationships between variables.

Table 6.4 Regression results for model 6.3

Variable	Regression Coefficient	Standard Error	t-value	p-value
SUB	0.12	0.03	4.00	0.00
SIZE	0.05	0.01	5.00	0.00
EPS	0.08	0.02	4.00	0.00
LEV	-0.06	0.02	-3.00	0.00
INDUSTRY	0.09	0.03	3.00	0.00
YEAR	0.04	0.01	4.00	0.00
Intercept	0.52	0.10	5.20	0.00

Note: The table represents the regression results for Model 6.3, including variables, regression coefficients, standard errors, t-values, and p-values.

According to Table 6.4, we can find that SUB shows a significant positive impact on CSR, which means that subsidies can motivate private enterprises to enhance their fulfillment of CSR. This result supports H1 and aligns with theoretical expectations.

$$\text{CSR} = \alpha + \beta_1 \text{PC} + \beta_2 \text{SIZE} + \beta_3 \text{EPS} + \beta_4 \text{LEV} + \beta_5 \text{AGE} + \beta_6 \text{INDUSTRY} + \beta_7 \text{YEAR} + \sum \text{CONTROLS} + \varepsilon \quad (6.5)$$

As for Model 6.4, it exhibits an R-squared of 0.66; the F-test for Model 6.4 produced a p-value of 0.00; the Durbin-Watson test returned a value of 1.97; Model 6.4's VIF test values are all below 10; the White test p-value is 0.16. Overall, Model 6.4 demonstrates good robustness and can be used for analyzing relationships between variables.

The regression results of Model 6.4 in Table 6.5 indicate that political connections of executives among private enterprises (PC) have a positive impact on CSR. This means PC can enhance the interaction and trust between private enterprises and the government. And because of this, private enterprises will perform more actively in the fulfillment of CSR. So this result supports H2 and aligns with theoretical expectations.

Table 6.5 Regression results for model 6.4

Variable	Regression Coefficient	Standard Error	t-value	p-value
SUB	0.18	0.04	4.5	0
SIZE	0.06	0.01	6	0
EPS	0.09	0.02	4.5	0
LEV	-0.07	0.02	-3.5	0
INDUSTRY	0.1	0.03	3.33	0
YEAR	0.05	0.01	5	0
Intercept	0.48	0.1	4.8	0

Note: The table represents the regression results for Model 6.4, including variables, regression coefficients, standard errors, t-values, and p-values.

$$\text{CSR} = \beta_0 + \beta_1 \text{SUB} + \beta_2 \text{PC} + \beta_3 \text{SIZE} + \beta_4 \text{LEV} + \beta_5 \text{EPS} + \beta_6 \text{INDUSTRY} + \beta_7 \text{YEAR} + \sum \text{CONTROLS} + \varepsilon \quad (6.6)$$

The R-squared of model 6.5 is 0.65; the p-value of the F-test of the model is 0.00; the value of the DW-test of the model is 1.98; the values of the VIF-test of the model are all less than 10; and the p-value of the White-test of the model is 0.15, which means the model does not have heteroscedasticity problem. In summary, model 6.5 is robust and can be used to analyze the relationship between variables.

In Table 6.6, the regression results of model 6.5 show that SUB and PC have positive and significant effects on CSR, and the effect of executives' political identity is larger. It means that government subsidies can motivate private enterprises to improve their social responsibility level, and executives' political identity can enhance the interaction and trust

between private enterprises and the government, thus promoting private enterprises to act more actively on CSR. In conclusion, these results support the H1 and H2 of this chapter.

Table 6.6 Regression results for model 6.5

Variable	Regression Coefficient	Standard Error	t-value	p-value
SUB	0.1	0.03	3.33	0
PC	0.15	0.04	3.75	0
SIZE	0.04	0.01	4	0
EPS	0.07	0.02	3.5	0
LEV	-0.05	0.02	-2.5	0.01
INDUSTRY	0.08	0.03	2.67	0.01
YEAR	0.03	0.01	3	0
Intercept	0.5	0.1	5	0

Note: The table represents the regression results for Model 6.5, including variables, regression coefficients, standard errors, t-values, and p-values.

6.4 Summary

Based on the data of China's private listed companies from 2008 to 2018, this chapter makes a regression analysis on the relationship between the political connections of executives among private enterprises, government subsidies and the fulfillment of CSR.

The results show that there is a significantly positive correlation between the leading roles' political connections and the fulfillment of CSR in private enterprises. This implies that political connections can improve the relationship between the government and private enterprises. And as a result, private businesses will take a more active role in fulfilling CSR. Thus, this finding is consistent with theory and supports H2.

Also, we can see SUB's positive impact on the fulfillment of CSR. And it implies that financial subsidies may encourage private businesses to increase their CSR compliance, which supports H1.

Chapter7: International Experience and Inspiration of Enterprises in Performing Social Responsibility

Chinese enterprises have strong localization characteristics in their CSR implementation, so it is difficult to directly apply the advanced experience of foreign countries to China, which is likely to result in a lack of adaptability. The related theoretical social responsibility of countries such as Germany, Japan and the United States is relatively advanced, so we can learn and refer to these relevant theories of foreign scholars as well as the development of corporate social responsibility, to analyze and summarize the advanced experience, and thus give some constructive suggestions for the development of our country's enterprise social responsibility. Firstly, this chapter takes corporate social responsibility in the United States as the research object and uses Buffett's donation as the case to analyze, so as to summarize the experience of fulfilling corporate social responsibility in the United States. Secondly, this chapter takes corporate social responsibility in Japan as the research object and uses Canon Group as an example to analyze and summarize Canon Group's experience in fulfilling corporate social responsibility. Then, this chapter takes German corporate social responsibility as the object, explores the changes and implementation of corporate social responsibility, and takes Siemens Group as a case for analysis. Finally, this research summarizes the experience of the United States, Japan and Germany in the fulfillment of corporate social responsibility, and provides some experience for the fulfillment of corporate social responsibility in China.

7.1 The U.S

7.1.1 The emergence and development of corporate social responsibility in the United States

The United States is the birthplace of corporate social responsibility, which came into being because the American public and enterprises recognized the serious social problems that existed at that time. After that, the government and non-governmental organizations began to adopt various policies to promote the implementation of corporate social responsibility. Therefore, the United States can be said to be the country with the most abundant theories of

corporate social responsibility.

The development of CSR theory in the United States can be divided into three stages. The first stage is from the early 20th century to the 1960s, which is the early stage of the emergence of corporate social responsibility. At that time, the second industrial revolution had just been completed in the United States. The overall rapid economic development of the United States resulted in the emergence of many monopolies and giants, but many problems emerged at that time. The conflicts between business owners and employees were increasing, the gap between the rich and the poor was becoming wider, and the rapid economic development also caused the overall environmental pollution. The main cause of these problems was that the business owners' goal was to maximize profits, and they did not pay attention to social responsibility. Because of this, government organizations and non-governmental organizations at this time called on enterprises to fulfill the corresponding social responsibility. Meanwhile, the enterprises themselves also became aware of the importance of these problems, as the generation of these problems would bring a lot of negative impacts to the enterprises. So in order to improve the reputation of the enterprises, they began to consciously fulfill corporate social responsibility.

The second stage is from the 1960s to the 1980s, which is the development period of corporate social responsibility. The most obvious difference between the second stage and the first stage is that in the latter, the US government began to formulate laws and regulations related to corporate social responsibility, so as to encourage enterprises to fulfill their responsibilities. In 1969, the U.S. government began to implement the National Environmental Policy Act. The Occupational Safety and Health Act of 1970 was issued; In 1972, the U.S. government enacted the Consumer Protection Act. These laws mainly focused on the environment, workers and consumers. These laws and regulations could not be implemented without the efforts of the non-governmental organizations, which called for and led the environmental protection, worker protection and safeguarding of consumers' rights and interests, and other efforts. The movement caused a great sensation in the United States, and in the end these NGOs' appeals were accepted and adopted by the American government, and then evolved into the laws and regulations.

The third stage is from the 1990s to the present, which is the period of vigorous development of social responsibility. In 1991, many enterprises were exposed to the scandal of people being forced to work for low wages in bad conditions. For example, Levi's, a denim clothing company, had employees in its overseas factories who had been exposed to be in a harsh production conditions for a long time. Under the pressure of the public, Levi's

developed the company's production code, which is also the first production code in the world. This code ensures that all employees of Levi's are in a healthy and safe production environment; the use of children, prisoners is prohibited, as well as corporal punishment or other coercive measures; wages, working hours and benefits must comply with local laws and regulations. In the same year, Levi's also promulgated the business partnership clause, which includes environmental responsibility. And after that many other companies have followed suit.

7.1.2 The practice of corporate social responsibility in America

First of all, corporate social responsibility in the United States is mainly to fulfill the responsibility of charity. This stems from the tradition of philanthropy in the United States, which has many private philanthropic organizations, the history of these charitable organizations may be longer than the founding of the United States. The scope of donation includes medical care, education and religion. The United States is a predominantly Christian country. Under such religious belief, American citizens have a strong spirit of altruism. In addition, the U.S. government has made tax incentives and preferential policies for enterprises to fulfill their social responsibilities. The Internal Revenue Code promulgated by the United States government provides a series of tax incentive policies. Under these incentives, American companies are more willing to contribute to philanthropy, and many companies and businessmen regard philanthropy as an important part of their business and life. Table 7.1 shows the different benefits which American enterprises receive by undertaking corporate social responsibility.

Table 7.1 Schematic diagram of tax incentive policies of american enterprises and their enjoying conditions

US Tax Incentives	The conditions under which a business is eligible for this policy
Tax-free(Tax Exemption)	Enterprises are established for the sole purpose of one of the followings: to promote religious beliefs, to promote a culture of philanthropy, to advance science or literature, to strengthen sports, or to protect children or animals from abuse.
Tax credits	The enterprise shall make a donation directly, net of 10% of the adjusted profit or income tax payable, and the enterprise shall make a donation indirectly, i.e. through a charitable organization, and the limit shall be 10% of the amount of income tax payable.
Tax deferred	If an enterprise donates to a charitable organization, the donation portion that exceeds the limit 10% can be deferred for 5 consecutive years, if the donation is made again within five years, the amount of donation carried forward before shall be deducted in the current year

Secondly, enterprises set up social responsibility management agencies and institutionalize

social responsibility institutionalization. American enterprises usually formulate corporate standards or codes of ethics to distinguish the rights and obligations between owners and employees, so as to ensure that the behaviors of the enterprises are approved and the obligations of each employee are guaranteed. The establishment of these standards enables enterprises to more consciously undertake social responsibilities. In addition, American companies usually set up corporate ethics committees and other organizations to regulate the handling of social responsibility. These bodies are often attached to boards of directors and hold meetings regularly to deal with corporate social responsibility issues. And the agency will set ethical standards for companies and monitor their implementation.

The government has established a complete legal system for social responsibility and a sound supervision mechanism. The United States is the first country to put forward social responsibility in the world, and it can also be called the country with the most sound legal system of social responsibility. Many American laws involve corporate social responsibility, such as the Corporate Code, the Commercial Company Law, and the Covenant on Economic, Social and Cultural Rights. These laws provide provisions and restrictions on social responsibility in terms of companies and social security. The US government has also enacted appropriate laws and regulations in environmental protection, employee interests protection and consumer protection.

Then, American companies respect the interests of their employees. Nowadays, human resources have gradually become a key factor for the success of a company. Enterprises should respect and protect the corresponding rights of employees while pursuing profit maximization. American companies improve the overall quality of their employees through re-education and training. Meanwhile, they also increase the compensation and various benefits of their employees. The main content of employee training includes not only skills training related to the position, but also moral training to improve the legal quality of employees.

Finally, NGOs play a role in promoting corporate social responsibility. Non-governmental organizations in the United States have been instrumental in the passage and enforcement of consumer protection laws, labor protection laws, environmental protection laws and many other laws. Therefore, American NGOs have played an important role in promoting the rational and healthy development of corporate social responsibility.

7.1.3 The fulfillment of corporate social responsibility in the United States--taking Buffett's charitable donation as an example

This research selects the case of Buffett to explore how Buffett advocated value investment theory in the financial sector, which is popular worldwide; Buffett said, " At Berkshire, let's do things according to the law, and everything we do can be on the front page of the news without making us feel guilty. Never assume that we can do the same thing just because others do it."

On June 26, 2006, Buffett donated about \$37.5 billion to five charitable foundations, which is also the highest donation amount in American history up to now. Buffett will donate his 10 million shares of Berkshire stock to the Gates Foundation for 5% each year. Mr. Buffett donated 1.35 million shares to other four foundations in the name of his wife and children.

In September 1986, Buffett published an article in Fortune magazine titled "Should You Leave All Your Money to Your Kids?" This article reveals his desire to donate his property to charity. Twenty years later, this wish has been put into practice. Part of the reason for not doing it until 20 years later is that Buffett has extraordinary profitability. The capital he had at that time could accumulate into a huge fortune in these 20 years, which obviously appreciated faster in his hands than that of the foundation. On the other hand, Buffet found that ". Philanthropy is like doing business in many ways. It's not enough to just go into this field. You need to learn some of the characteristics." Buffett needs to entrust this huge wealth to an effective charitable foundation. During these 20 years, Buffett conducted a systematic and comprehensive understanding and investigation of these foundations. From 2000 to 2006, the Gates Foundation managed more than \$27 billion assets and gave away more than \$1 billion annually. At the time of Buffett's donation, it had been operating transparently for at least six years, and it had achieved international success, making it bigger and more transparent than most NGOs. After signing the letter of intent, Mr Buffett said: "I appreciate the extraordinary work that the Gates Foundation has done and I hope that by making this donation, I could help expand the foundation's capabilities."

Buffett has been deeply opposed to the idea that if you inherit from your mother, you will be able to feed yourself for the rest of your life. This idea is contrary to the idea of fairness, and it undermines the fundamental foundation of the country. In 2001, the U.S. government proposed to eliminate the estate tax, Buffett and Bill Gates strongly opposed. Buffett's Berkshire has a strong track record on social responsibility in employment. In the

second quarter of 2006, more than 200,000 jobs were created by it.

In 2000, Berkshire's deal with AIG caused great controversy, and four senior executives of Berkshire's general reinsurance company were charged with fraud. In the capital world of "profit is king", huge wealth tempts everyone. It's hard for Berkshire's 200,000 employees not to make mistakes, but "we can minimize the negative impact of such mistakes by correcting even the smallest mistakes immediately." Buffett is very concerned about Berkshire's reputation. With his own practical actions, Buffett fulfills the social responsibility as the top rich person.

7.1.4 Summary of corporate social responsibility experience in the United States

Based on the practice of corporate social responsibility theory in the United States and the analysis of Berkshire's case, this chapter draws several clauses that are worthy of China's reference.

First, the government needs to establish a sound legal system of social responsibility. To a certain extent, enterprises fulfill their social responsibilities consciously relying on government intervention. The main way of government intervention is to formulate corresponding laws and regulations, so as to provide a basis for enterprises to fulfill their responsibilities.

Secondly, enterprises should formulate relevant social responsibility codes and set up corresponding management agencies. Enterprises can formulate corresponding social responsibility codes to clarify the rights and obligations of business owners and employees. On the one hand, they can regulate the behavior of enterprises and make them consciously assume social responsibilities. On the other hand, it also regulates the behavior of employees. Enterprises can standardize their business ethics by establishing ethics committees and other organizations related to social responsibility. First, they can ensure the legality and compliance of corporate behaviors. The premise of social responsibility is to abide by business ethics. Second, they can monitor and evaluate the performance of social responsibility and report it to the public.

Third, companies need to protect and respect the rights and interests of their employees. The development of an enterprise cannot be separated from the contribution of employees, and employees are the source of power for the development of an enterprise. In today's society, human resources are highly valued. Enterprises should pay attention to the re-education and training of employees while increasing their salary and remuneration. Re-education and training include not only the training of skills but also the popularization of

legal and ethical standards.

Finally, the government should encourage the establishment and development of non-governmental organizations. In the history of corporate social responsibility in the United States, NGOs have played a pivotal role. Therefore, the establishment and development of NGOs can increase the social supervision over enterprises' performance of their responsibilities; On the other hand, it can also promote the steady development of social responsibility.

7.2 The Japanese

7.2.1 Practice of corporate social responsibility in Japan

7.2.1.1 The emergence and development of corporate social responsibility in Japan

In the 20th century, the whole world economy developed rapidly, and the total economic volume increased by more than ten times. At this stage, a brilliant industrial civilization was created. After World War II, Japan experienced a period of high economic growth, and its social and economic development had been considerable. However, some enterprises ignored their social responsibilities such as employees' rights and interests, environmental protection and so on while developing themselves. The whole Japanese society realized the importance of corporate social responsibility at this time. From the 1990s to the beginning of the 21st century, we have witnessed the process of the corporate social responsibility theory in Japan from its initial appearance, continuous development to gradual maturity. With the continuous penetration of the theory of corporate social responsibility in Japan, the awareness of corporate social responsibility in all walks of life in Japan is also increasing. Through the efforts of government organizations, non-governmental organizations, enterprises and the public, the practice of corporate social responsibility in Japan has gradually been deeply rooted in the hearts of the people. In the *Business Studies of Corporate Social Responsibility*, Mitsuo (1999) once proposed that corporate social responsibility consists of four aspects. The first is economic responsibility. The primary purpose of enterprises engaged in social production is to make profits and maximize shareholders' rights and interests. Second is legal responsibility, which means that the premise of the enterprise to fulfill economic responsibility is to abide by laws and regulations; thirdly, ethical responsibility; finally, the philanthropic responsibility, which means that while taking from the society, enterprises should also give back to the society. According to the research of scholar Hiroji Tanimoto,

enterprises take social ethics, fairness, human rights and environmental protection into consideration in production and operation, which is social responsibility. The most fundamental thing for enterprises to achieve economic goals is to abide by laws and regulations. The core of enterprises to fulfill social responsibility is to be responsible for the environment and have a certain sense of environmental protection. To ensure the fairness and justice of the enterprise; and to work on human rights issues.

7.2.1.2 The practice of corporate social responsibility

First, pressure and motivation. Enterprises are the subjects to fulfill social responsibility, while environment, society and people are the objects to fulfill social responsibility. In the process of fulfilling responsibilities, it is difficult for enterprises to get rid of the coexistence of pressure and motivation. At present, most Japanese enterprises can apply the new environmental protection technology in the production and operation of enterprises. Through technological innovation and service improvement, the environmental protection and energy saving of enterprises are promoted, and the overall ecological environment of the society is healthy and sustainable. This technological reform also contributed to the steady improvement of Japan's position in the global competition. Although the products and services of enterprises are important in the global competition, the ecological health of society is also gradually taken seriously. In recent years, the importance of Japanese enterprises in the field of environmental protection has also been increasing. At the same time, with the increasing degree of globalization of the market, Japanese enterprises also need to make some changes and integration in order to integrate into the global market as soon as possible, including understanding and absorbing the cultures of various countries to form diversified corporate concepts and cultures. The mission of the enterprise has gradually developed from the initial maximization of shareholders' interests to the formation of a corporate social responsibility system of shareholders, social and environmental responsibilities.

Second, government, NGOs and people. Due to historical and cultural factors, Japanese enterprises cannot spontaneously develop their CSR from zero to perfect as American enterprises do. There is also a marked gap between Japanese NGOs and European NGOs. Since companies themselves and NGOs cannot improve their social responsibility system in Japan, the development of Japan as the benchmark of CSR fulfillment in Asia depends more on the government. The Japanese government has established the corresponding system and law of corporate social responsibility, so as to promote the performance of corporate responsibility. In addition, Japan sets the "leader" in the establishment of enterprises in the

industry, which is the lowest energy consumption, production standards are the most scientific landmark industry. By setting up pacemakers in their industries, Japan has forced other firms to follow the benchmarks. For those that do not meet the standards, the government will take measures to punish them, such as warnings, orders, public notices and fines. After the measures taken by the Japanese government, the energy conservation and emission reduction of all walks of life have been improved, and the production of the electrical appliance industry has achieved the target exceeding expectations. Japan is an island country with relatively poor natural resources. The raw materials needed by Japanese enterprises and the daily needs of the public are mainly dependent on imports. There have been many environmental events affecting the ecological environment in Japan, and the public has formed a more scientific concept of ecological environmental protection. First of all, Japanese are more willing to buy environmentally friendly products, such as environmentally friendly building materials, biological decomposition technology and waste disposal technology. Although the price is relatively high, the Japanese public's attention to ecology plays a catalytic role in enterprises' fulfillment of social environmental responsibility. Second, the environmental quality of the Japanese public is relatively high. Compared with other NGOs, Japanese media have played a more prominent role in promoting environmental awareness. In 1953, an outbreak of Minamata disease in Japan, a nitrogen fertilizer company in Japan discharged sewage, resulting in the nearby town residents suffering from central nervous diseases from consuming industrial waste water; the nature of the disease is heavy metal poisoning. After the Japanese media investigated the source of pollution and disclosed it to the public, the Japanese nitrogen fertilizer company paid hundreds of billions of yen to tens of thousands of people because it could not bear the pressure of public opinion.

7.2.2 Corporate social responsibility fulfillment—Take Canon Group as an example

Since its establishment in 1937, Canon has always adhered to the enterprise spirit of being indomitable and kept the spirit of advancing with the time. From the beginning, Canon's mission was to enrich people's lives through cameras. With the continuous development of society, Canon Group's goal has also changed to promote the development of the world electronics industry through the improvement of office efficiency through photocopiers, and the continuous improvement of semiconductor equipment. In addition, the revolution of IT technology is also promoting the process of digitization of products and providing a foundation for the creation of an information society. Canon is also committed to providing

products and services of higher value to society, and providing peace of mind, safety and a comfortable environment for all mankind.

Canon held a business presentation on the environment on June 20, 2003, which was unprecedented in Japan at the time. From 1994 to 2002, Canon published five Environmental Reports. In 2003, Canon published the Sustainable Development Report, which included economic and social information as well as environmental information. Canon ranked No. 2 in the sixth environmental business survey conducted by the Nikkei news research. Canon put forward a strategic transformation in 2016. The development of terminal technology can promote the great progress of high-end medical industry, so as to support the "medical" industry of human health. The field of commercial printing where advances in printing technology can meet the minimal printing needs of publication brochures and direct mail advertisements; and the technological innovation that can continue to accelerate the pace of innovation in the Internet of Things, artificial intelligence and robotics. Canon has always advocated the enterprise idea of "symbiosis" to "create new value and solve social problems", protect and guard the earth's environment "human and social common co-development" as the main work, strengthen the close communication with stakeholders, be brave in the face of various social problems of countries and regions, and strive for the early realization of the ideal society. As an international company, Canon has made contributions to society through technological innovation and corporate social responsibility, which has a high reputation.

At the end of the 1970s, Canon started its business in China. From technical cooperation at the beginning, it gradually developed into factory investment and now it has gradually set up sales headquarters in China. In these decades, Canon has tried a variety of business models. In March 1997, Canon established Canon (China) Co., Ltd. in China, which is responsible for all the work of Canon in the Chinese market. At present, the company has developed into an enterprise integrating imaging system products, office products, industrial equipment and other products. Canon China has always adhered to the corporate philosophy of "symbiosis" and is committed to becoming a trusted and respected enterprise by the Chinese people.

Covid-19, which broke out in January 2020, touched the hearts of the world, as well as all Canon people. Canon performed calmly in front of a major event, around the goal of building "community of responsibility", actively fulfilled the corporate social responsibility, Canon provided medical equipment supplies and epidemic prevention, and did a good job in customer service, joined hands to fight the epidemic, transmitted Canon energy to stakeholders, contributed strength for epidemic prevention and control, Canon, inspire you all the time!

In China, Canon Medical immediately mobilized resources such as R&D, production, logistics, service and training, as well as departments such as sales and supply chain to set up an emergency anti-epidemic team, rushed to Wuhan, and actively implemented various anti-epidemic measures. On the disease resistance front, the frequently used in the diagnosis and treatment of all kinds of medical diagnostic equipment were in short supply, Canon (China), Canon medical and other associated Canon group company donated nearly RMB 3 million worth of Canon medical lighting 28 CT equipment to the China council for the national health emergency for Wuhan Tongji hospital affiliated to Huazhong University of Science and Technology to be used for COVID-19 first-line clinical diagnosis, to alleviate the local medical imaging detection equipment shortage; At the same time, relying on its own advantages in professional medical imaging technology, equipment and services, Canon fully supports the work of front-line hospitals. In addition, Canon takes advantage of imaging technology, provides the Canon EOS digital cameras and lenses and other photographic equipment, to include the Xinhua News Agency, People's Daily, Hubei daily, China photographers' association, and a front-line coverage of the news media to Wuhan and institutions, and organizes related staff to ensure the front-line equipment allocation, use and maintenance of journalists, help the news media to deliver touching stories and images during the war and epidemic period, and convey confidence to the people of the whole country to overcome the epidemic; The Covid-19 outbreak is a big test, and Canon is working hard with partners to answer the "economic test". Within the enterprise, Canon held "Meet the challenge with laughter and convey warmth with touching" activities, cheered on employees, collected encouraging videos from Canon all over the world, encouraged each other to tide over the difficulties, and successively launched anti epidemic billboards with the theme of "stand together through storm and stress, hope together for the spring to come soon" in 40 computer cities across the country to convey our feelings to the society.

7.2.3 Summary of corporate social responsibility implementation experience in Japan

(1) Combine international vision with localization of social responsibility. The concept of corporate social responsibility originated in the West, but many Western ideas are not consistent with the Eastern culture, so it is inevitable to encounter some incompatible situations in practice. As the first East Asian country to practice corporate social responsibility, Japan has gradually found out a corporate social responsibility theory suitable for its local culture. In addition, in order to adapt to economic globalization, Japan keeps

paying close attention to the development of corporate social responsibility in other countries, so as to constantly improve its own concept of corporate social responsibility.

(2) The catalytic role of the government. Compared with other western countries, Japanese NGOs are relatively weak, and it is difficult for Japanese enterprises to complete corporate social responsibility by themselves. Therefore, the government plays a vital role in the development of corporate social responsibility. For example, the Japanese government has set up industry benchmarking, forcing all industries to follow the "leader" to some extent, and this method has enabled Japanese enterprises to achieve breakthrough progress in energy conservation and emission reduction.

(3) Establish corporate social responsibility organizational structure and guarantee system. Japanese enterprises usually set up departments related to corporate social responsibility, whose main work is to formulate strategic planning and supervise the implementation of corporate social responsibility by various departments, so as to ensure the implementation of the concept of corporate social responsibility. Canon, Sony and other large multinational companies are not the only ones to set up departments related to corporate social responsibility. Corporate social responsibility departments generally exist in many enterprises.

(4) Media's role in promoting corporate social responsibility. Compared with other NGOs, Japanese media have played a more prominent role in promoting corporate social responsibility. Since 2003, Japanese media have paid wide attention to the issue of corporate social responsibility. Some enterprises involved in scandals have been exposed. The media publicity has aroused the public's concern about corporate social responsibility, which also makes enterprises have to take relevant measures to deal with the public opinion in order to maintain their reputation.

7.3 German

7.3.1 Corporate social responsibility practice in German

Germany is the first European country to put forward and attach importance to corporate social responsibility, and it is also one of the first countries in the world to improve social responsibility in the legal system. Germany does not have a special Corporate Social Responsibility Law to stipulate the social responsibility obligations of enterprises, and the current legislative dynamics of the German government do not have the intention of

formulating a Corporate Social Responsibility Law. The laws related to corporate social responsibility in Germany are mainly reflected in three aspects: the first is the traditional domestic legislation, which refers to the contents of certain aspects of corporate social responsibility scattered in the department laws; The second is the conversion law carried out according to the EU directive; The third is the domestic conversion law carried out in accordance with international conventions or principles. The enforcement of these laws is guaranteed by the coercive power of the state, which is called the hard law.

The Weimar Constitution, established in 1919, stipulates that "Ownership entails obligations which shall be exercised with regard to the common interests". According to the provisions of the Constitution, the Law of the Joint Stock Company was derived in 1937, in which the concept of corporate social responsibility was further elaborated. The mission of a company is not only to create maximum profits for shareholders, but also to protect the legitimate rights and interests of the public and employees. The law disappeared with the repeal of the Weimar Constitution, but its legacy remains in Germany: respect for and protection of workers' rights, a tradition that is worthy of learning other countries learn from. Employees play a vital role in the development of an enterprise, so the enterprise should also assume the corresponding responsibility for its employees. According to laws and regulations, the German government has formulated a series of employee participation systems to ensure that the interests of employees can be protected. According to the German employee law, German companies implement a two-tier committee system. The board of supervisors and the management committee are separated in the company. The management committee is mainly responsible for the daily operation and management of the enterprise, and the board of supervisors is mainly responsible for the supervision of Management Committee. Generally speaking, the board of supervisors does not participate in the operation of the enterprise, and employees can't cross serve between the two committees. The coal and steel industry joint decision law was promulgated in 1951, the Joint decision law was promulgated in 1976, and the law on the one third of workers' representatives of the board of supervisors was passed in 2004. The idea of equal participation of labor and capital is embodied in these three laws. The implementation of this concept effectively protects the legitimate rights and interests of employees and resolves the conflict between employees and management.

At the same time, the German government formulated a social responsibility strategy at the international level, which was formulated and adopted by the resolution in 2009 and formally implemented in 2010. The purpose of promulgating this strategy is to enhance the national citizens' attention to the concept of social responsibility, thus creating a good

atmosphere for the whole people to fulfill their responsibilities. The higher the degree that German enterprises fulfill their corporate social responsibility, the higher their reputation in the society will be, and the higher their position in the global competition.

By reviewing the legalization process of German corporate social responsibility, we can sort out the development process of German corporate social responsibility. German enterprises' fulfillment of social responsibility is more due to the influence of the whole social environment and cultural tradition, rather than just due to the awakening of their own morality. In today's society, the legalization of corporate social responsibility has become a general trend. The German government can bring employees, environmental protection and consumers' rights and interests into the legalization process, so as to achieve substantial social fairness. The German government actively plays its role in the European Union and constantly updates and improves its laws to meet the needs of today's society for corporate social responsibility. The perfection of relevant laws on corporate social responsibility also enables German enterprises to take the lead in the development of social responsibility.

7.3.2 German enterprises fulfill corporate social responsibility and tax incentives

In order to encourage enterprises to fulfill their corporate social responsibility, the German government gives certain tax incentives. According to the provisions of the German tax law, the corporate legal person can deduct the tax for the donation to the charity organization. And the company can deduct income tax according to a certain proportion. Companies can deduct up to 5% of their donations to charity groups, churches and other public welfare organizations. The maximum deductible rate for donations made by enterprises to industries supported by the state, such as science and culture, is 10%.

According to the tax law, charitable organizations that can deduct tax cover various industries, including disaster relief and poverty alleviation, education support, medical assistance, environmental protection, and the deduction limits for each field are also different according to social development and national needs. Based on macro-policy regulation, the German government correctly guides enterprises to fulfill their social responsibilities and uses resources in the most needed and scarce areas as far as possible.

7.3.3 Social responsibility performance of German enterprise

This part introduces the situation of Siemens' fulfillment of social responsibility, so as to illustrate the overall fulfillment of social responsibility of German enterprises. Siemens was

founded in 1847 by Werner von Siemens and headquartered in Berlin, Siemens AG is now the world's largest electrical and engineering and electronics company. Since the establishment of Siemens, the purpose of the enterprise is sustainable development. The penetration of this purpose has enhanced the enterprise's understanding and implementation of the concept of environmental awareness and social responsibility.

Dr. Richard Horn, President and CEO of Siemens (China) Ltd proposed that " Corporate social responsibility is part of our corporate DNA and we believe we should give back to society." Corporate social responsibility requires comprehensive consideration of economic, ethical, environmental and social factors to ensure the sustainable development of Siemens in the future. Siemens has deeply embedded corporate social responsibility in the soul of the company. The company has formulated corresponding regulations and guidelines, which closely combine corporate social responsibility with corporate strategy.

First of all, the premise for enterprises to fulfill their social responsibility is to observe, maintain and improve social order. Siemens conducts business in accordance with local laws and regulations around the world and has zero tolerance for any unethical behavior. The company now has a comprehensive set of binding guidelines, which require employees around the world to observe discipline, ensure the smooth development of work, and provide a good foundation for harmonious relationship among employees, customers and suppliers. Secondly, corporate social responsibility requires enterprises to contribute to charity, increase and protect social welfare. Siemens has also made huge contributions in this area.

Siemens' corporate social responsibility in China can be tracked to 1937, when it provided humanitarian assistance to 250,000 refugees who were persecuted during the Nanjing Massacre, and provided safe haven for more than 600 people through its offices in Nanjing. The year 2012 marks the 140th anniversary of Siemens' entry into China, and Siemens' CSR in China has entered a new stage of development. Siemens has formally established the Employee Volunteer Association in China, which provides a platform for volunteer service and cross-border cooperation among employees, enterprises and society. The association will gradually develop into an autonomous organization led by employees. Siemens will continue to promote the spirit of volunteerism within the company and the society.

In January 2020, the COVID-19 went viral around the world, and Siemens offered China its full support during the period. Siemens has provided Wuhan with relevant support in medical care, electricity and other aspects, and is moving forward to the ultimate victory together with the Chinese government. On February 3 this year, Siemens China and Siemens

Healthcare China announced that the company would donate 15 million yuan worth of medical equipment to help China fight the epidemic, including urgently needed CT, mobile DR and other medical equipment in Wuhan, which play a vital role in the diagnosis and screening of COVID-19 in Wuhan. In addition to the medical equipment, more than 6,000 Siemens employees responded to the company's call for a total donation of about 2.2 million yuan, contributing to the fight against the epidemic and saving lives in China. Siemens has fully demonstrated its concern for the society and courage to shoulder responsibilities in this outbreak. Its actions have shown that Siemens is a long-term reliable partner of China. "Siemens stands firmly behind all efforts to combat the outbreak at this critical time," said Hermann, CEO of Siemens Greater China. This battle is not just China's battle. It is also about the entire international community. Siemens stands ready to provide the further support necessary to win the battle.

Corporate social responsibility is formed in the process of development, not a strategy used by companies for public relations or publicity. The enterprise should formulate the corresponding system, make it into the enterprise consciousness, and then form the corporate social responsibility system. Siemens embodies the concept of corporate social responsibility theory in its public strategy, has achieved remarkable results. Over the years, Siemens has been involved in numerous CSR activities, focusing on three areas: technology utilization, education promotion and social development. The three are closely related and mutually complementary.

7.3.4 Experience summary of German CSR implementation

(1) Tax incentives given by the government. Germany's tax incentives cover many areas, and the pre-tax deductible limit is relatively high. To a certain extent, this has promoted the fulfillment of corporate social responsibility, and it is also beneficial to the development of philanthropy in Germany. At present, China's tax law provides certain tax incentives for enterprises to fulfill their social responsibilities, but the scope of charitable organizations enjoying tax incentives is limited, and the amount of pre-tax deductions is relatively low. Therefore, the Chinese government should improve the tax policy to make up for the deficiencies in the system, so as to better stimulate the charitable behavior of enterprises.

(2) Build an organizational structure related to construction and corporate social responsibility. Many German companies have closely integrated corporate social responsibility with their corporate development strategies. Similar to Siemens mentioned above, they have established an organizational structure related to corporate social

responsibility. To a certain extent, Chinese enterprises can learn from the experience of German enterprises, set up organizations related to corporate social responsibility, and gradually penetrate the concept of corporate social responsibility into their daily business activities. Although Siemens has set up the Sustainable Development Committee, Siemens still violates relevant laws when fulfilling its responsibilities and does not assume corresponding legal responsibilities to a certain extent. Therefore, in addition to establishing an organizational structure related to corporate social responsibility, enterprises should also build a compliance system to ensure that all behaviors of enterprises are in line with national laws and regulations. Corporate social responsibility is not just about respect for employees, charity and protecting the environment. Most importantly, it is about fulfilling legal responsibilities. The establishment of a compliance system can ensure the compliance of the philanthropic behavior of the enterprises; it can also ensure that the enterprise fulfills the original intention of social responsibility.

(3) The mode of employee participation in management. Germany has a two-tier board governance framework, with supervisory boards overseeing business activities. At least 1/3 of the board of supervisors is employees of enterprises, which can enable the board of supervisors to better perform their functions. At the same time, the two-tier committee governance structure makes enterprises more active in disclosing social responsibility reports, improves the authenticity of the reports. Although the governance structures of Chinese and German enterprises are different, Chinese enterprises can enhance the power of the Board of Supervisors in the enterprise and let more employees participate in corporate governance, which can effectively avoid tax avoidance when enterprises give charity.

(4) Promoting role of government. The most important role of the state in the development of corporate social responsibility is reflected in two aspects: one is legislation; the other is the formulation of national corporate social responsibility strategy. The German government has drafted and passed a bill related to corporate social responsibility, which provides a corresponding legal basis for enterprises to fulfill their responsibilities. The German government has also set up a social responsibility strategy at the national level, which is led by the government and promotes the continuous progress of corporate social responsibility. The government's promotion of social responsibility also reflects the government's emphasis on social responsibility. It is not feasible for enterprises to avoid taxes through charitable behavior.

7.4 Summary

Through the successful experience of the United States, Japan and Germany in fulfilling social responsibility, the experience includes: establishing and perfecting the legal and supervisory system of social responsibility, promoting enterprises to set up institutions related to corporate social responsibility, encouraging the establishment and development of NGOs, encouraging enterprises to develop corporate operation guidelines.

First, from the national perspective, the government encourages enterprises to fulfill their social responsibilities by legislating corresponding tax provisions. Second, national rules on charitable deductions need to be improved to ensure that tax incentives are not abused. Thirdly, tax incentives affect enterprises to fulfill their social responsibility to a certain extent, which has an incentive effect on enterprises to carry out philanthropy. Finally, western countries do not have too strict requirements on the forms of fulfilling social responsibility, and the overall evaluation system is relatively complete. China can learn from other countries' successful experience of corporate social responsibility and localize it so as to provide reference for the vigorous development of corporate social responsibility in China.

Chapter8: Conclusions and Policy Recommendations

8.1 Main conclusions

The background of this manuscript is that the current development of corporate social responsibility does not match the objective needs, and social economics has not paid enough attention to the constraints. First of all, this manuscript summarizes the theory of corporate social responsibility in the literature review part, focusing on the study of the correlation between the differences in the nature of corporate ownership and social responsibility, and the overview of political connection and social responsibility. This manuscript systematically sorted out and summarized related researches by scholars at home and abroad, analyzed the continuous evolution and shortcomings of existing researches. These researches provide a solid theoretical foundation for the writing of this manuscript. Secondly, on the basis of the theory of corporate social responsibility, this thesis combines donations, tax avoidance, and further analyzes the impact on corporate responsibilities of the nature of corporate ownership, political connections, and the institutional environment in which the company is located. Thereby constructing a framework for political connections, which promotes the development of corporate social responsibility in the nature of corporate ownership. This leads to the proposal of the hypothesis of this thesis: corporate social responsibility, differences in the nature of ownership, and political connections are related to each other. Thirdly, this thesis combed the development process of social responsibility of both state-owned and private enterprises, analyzed the existing problems and historical causes, and combined the four aspects of law, economy, ethics and charity responsibility to construct a four-dimensional indicator system, and then carried out a quantitative analysis of social responsibility. On the one hand, it verified the relevant theories from an empirical point of view; on the other hand, it provided data support for Chinese enterprises to fulfill their responsibilities. Finally, based on the above-mentioned theoretical and empirical research, this thesis presented precedents of three developed countries, Japan, the United States, and Germany, in fulfilling corporate social responsibilities, and summarized their success factors, in order to provide references for Chinese enterprises to better perform corporate social responsibilities. While realizing the maximization of shareholders' interests, Chinese enterprises should also continuously improve

the pace of practicing corporate social responsibility and find a practical and relatively complete development path.

Based on the research of corporate social responsibility, differences in the nature of ownership, and political connections, this thesis mainly draws the following conclusions:

First of all, this thesis took corporate social responsibility as the research object, summarized and excavated its concept, connotation and deep meaning. The goal of enterprises in fulfilling corporate social responsibility is not only to pursue economic benefits, but also to achieve surpassing traditional economic goals in the long term. In the process of production and business activities, enterprises should actively perform economic, ethical, legal and charitable obligations. The fulfillment of these obligations has a positive impact on the respect of enterprise employees, the stability and unity of the social environment, the sustainable development of ecological environment, and the protection of consumers' rights and interests. With the continuous development of society, enterprises should gradually get rid of the shackles of production-operation-profit framework, regard enterprises as gears for social development, and practice entrepreneurship.

Secondly, through theoretical research, this thesis thinks that factors such as the nature of corporate ownership, the institutional environment in which the company is located on, and political connections have a significant impact on corporate social responsibility. Firstly, the impact of differences in the nature of corporate ownership on the performance of corporate social responsibilities is mainly reflected in charitable donations and tax avoidance. The targets of charitable donations of state-owned enterprises are mainly for poverty alleviation and assistance to disadvantaged groups, which tend to be long-term and institutionalized. The purpose of state-owned enterprises in fulfilling corporate social responsibility is to complete political tasks, mainly for altruism; correspondingly, private enterprises donate mainly to specific levels of disaster relief and mitigation, which tend to be short-term and specific. The purpose of private enterprises in fulfilling corporate social responsibility is more to obtain political asylum, with self-interest as the main goal. At the same time, the tax avoidance motivation of private enterprises in fulfilling corporate social responsibilities is significantly higher than that of state-owned enterprises. Second, from the perspective of political connection, the reason why private enterprises perform social responsibilities such as charitable donations is more to obtain political connection, and then obtain political asylum, and tax incentives. Thirdly, from the perspective of the institutional environment, if an enterprise is in a better institutional environment, the competition it faces will be more intense, and the government's promise to fulfill its social responsibilities will give tax incentives more

credible. Therefore, from this perspective, private enterprises have stronger tax avoidance motives for fulfilling corporate social responsibilities, and the tax avoidance effect brought by the fulfillment of corporate social responsibilities will also be more significant..

Thirdly, this thesis verified the relationship between the nature of corporate ownership, political connection and corporate social responsibility through empirical researches. This research verified that the differences in the nature of corporate ownership, the differences in political connections between companies and the government, and the differences in legal environment are the main reasons for the differences in corporate social responsibility in China through empirical data. This research selected China's Shanghai and Shenzhen A-share listed companies from 2013 to 2019 as a sample, constructed an economic model, and drew the conclusions of the study. One is that private enterprises are more active in fulfilling corporate social responsibilities than state-owned enterprises; the other is that the political attributes of state-owned enterprises and the political status of corporate executives have a positive impact on the performance of corporate social responsibilities; besides, private enterprises actively perform social responsibilities, and there is a positive correlation between the government subsidies obtained by the enterprise and the degree of tax avoidance of the enterprise relationship.

Fourthly, this thesis studied the cases of performing corporate social responsibilities in developed countries such as the United States, Japan, and Germany, and summed up several experiences for reference for the development and performance of corporate social responsibilities by Chinese enterprises. Firstly, strengthen the concept of social responsibility. Western countries have an early recognition of the concept of corporate social responsibility, so its level of development is also relatively mature. Enterprises in developed countries believe that the implementation of social responsibility is a goal that enterprises must pursue, and should not be regarded as a burden or expenditure cost for enterprises. Good corporate social responsibility has laid a good foundation for the company's century-old foundation and sustainable development. Secondly, establish organizations related to corporate social responsibility. Corresponding institutions should be established within the enterprise to enable it to participate in daily business activities and to continuously penetrate the concept of social responsibility. Thirdly, diversified participation. Companies should build a model that emphasizes government leadership, social organization participation, and corporate implementation, and fully incorporate social organizations and employees into the corporate sustainable development committee to provide a guarantee for the company to better practice corporate social responsibility. Fourth, the government formulates legal provisions related to

corporate social responsibility. Each country has formulated corresponding tax deductions and exemptions for enterprises to fulfill their social responsibilities, but the tax deduction limits and scope are not exactly the same. However, the legal provisions are detailed and clear, which provide a solid legal guarantee for enterprises to assume social responsibility.

Finally, this thesis analyzed the historical process and status quo of the development of corporate social responsibility in China, combined with the experience of developed countries, and believed that the key to corporate social responsibility is to establish an incentive mechanism based on ownership differentiation and crack the correlation effect between government and enterprise. First of all, with regard to differences in enterprise ownership, state-owned enterprises have formulated diversified development goals, and will pay equal attention to economic and social responsibilities, and pay attention to the development of state-owned enterprises through the establishment of a performance evaluation mechanism; private enterprises should focus on guiding enterprises to undertake social responsibility, to form a relatively good development mechanism. Besides, at the level of political connection, it is necessary to establish a new type of cordial and clean relationship between government and business. The government should actively establish a good development environment for the economy and promote the development process of private enterprises. Meanwhile, it is also necessary to put an end to the trading of power and money, create a good development environment for private enterprises.

8.2 Policy recommendations

Through empirical researches, this research concluded that the degree of enterprises actively fulfilling their corporate social responsibility and tax avoidance show a significant negative correlation. The tendency of enterprises to perform social responsibility has a certain role in promoting tax avoidance, and the analysis showed that the higher the degree of corporate fulfillment of social responsibility, the higher the degree of corporate tax avoidance. In the empirical part, this thesis divided the enterprises into state-owned and private enterprise groups, good and poor institutional environment groups, with and without political connections based on three factors: the nature of enterprise ownership, the institutional environment in which they are located and political connections. This thesis drew the following conclusions through empirical results: firstly, compared with state-owned enterprises, the tax avoidance effect of corporate social responsibility will be more obvious for private enterprises. That is to say, the purpose of tax avoidance of private enterprises is

stronger; secondly, compared with enterprises without political connections, the tax avoidance effect of politically connected enterprises in fulfilling social responsibilities will be more obvious, which is easy to be ignored. As a rent-seeking method; in the end, compared with poorer ones, companies in areas with a better legal environment will have more obvious tax avoidance effects for companies in fulfilling their social responsibilities, and vice versa.

The preceding part of the manuscript is an understanding and analysis of corporate social responsibility donation regulations and incentive mechanisms in Germany, Japan and the United States, and a comparison with the tax deductions and exemptions obtained by Chinese companies in fulfilling their social responsibilities. The results showed that the tax-deductible amount, the scope of donations, and the improvement of recipients after enterprises fulfill their social responsibilities are different from those in western developed countries. China still needs to continue to move closer to western developed countries. The main reasons for the vigorous development of corporate social responsibility in various western countries are reflected in the soundness and improvement of laws and regulations, the establishment of corporate social responsibility institutions, and the diversified cooperation with other social organizations.

In China, the performance of corporate social responsibilities is more of donations explicitly and tax avoidance stealthily in the current social background, which is a concentrated expression of the mutual benefit relationship between the government and enterprise in the political and economic system with Chinese characteristics. The behavior and concept of corporate social responsibility-tax avoidance between local government and private enterprises not only undermines the performance of corporate social responsibilities to a certain extent, but also has a destructive effect on the legal environment and the construction of a fair market. Therefore, China needs to set up corresponding incentive mechanisms for enterprises with different ownership to improve the level of corporate social responsibility in all aspects, and to further improve the legal environment, and crack down on the negative effects of political connections. This section will give policy recommendations on China's promotion of corporate social responsibility from four perspectives.

8.2.1 Further construction and improvement of the legal system

From the perspective of China's government, the state can reduce the improper relationship between the government and enterprise by further improving and promoting the construction of the rule of law, thereby reducing the opportunity for enterprises to achieve tax avoidance by fulfilling their social responsibilities. Compared with enterprises with a better legal

environment, a weaker legal system will have a stronger motivation to fulfill their social responsibilities and obtain government asylum to avoid taxation. Among the laws currently in force in China that involve corporate social responsibility, there are only the Company Law and the Partnership Law. These laws and regulations do not provide detailed regulations on the performance of corporate social responsibilities, but only provide some principled provisions. China's current legislation on corporate social responsibility is not yet complete, which has also led to the incompatibility between China's economic development level and corporate social responsibility level. There is a corporate social responsibility-tax avoidance problem between local governments and private enterprises, which is an issue of mutual benefit between the government and enterprises, which is not in compliance with the rules. It is imperative to promote the construction of the legal system.

Firstly, improve tax-related laws and regulations. Part of the motivation of companies in fulfilling their social responsibilities is tax avoidance. Therefore, relevant departments should conduct in-depth analysis of operational processes and mechanisms, discover loopholes in the existing tax system and improve corresponding laws and regulations to avoid such problems. The repeated occurrence of tax avoidance will bring huge losses to the country's finances. The National People's Congress is China's highest legislative body. It should urge the revision process to improve the corresponding laws and regulations as soon as possible, so as to provide a legal basis for local governments' taxation supervision. The Supreme People's Court is the highest judicial department in China. It should track new issues arising from the implementation of the law and issue corresponding legal interpretations and detailed rules to further enrich the connotation of laws and regulations. The Ministry of Finance and the State Administration of Taxation are the leading and implementing agencies for tax collection and administration in China. They should further supervise the new problems and new situations that arise in accordance with the development of the society and economy, and introduce specific supervisory measures in response to the new situations, so as to continuously reduce the space and possibility of unreasonable tax avoidance of enterprises.

Secondly, improve laws and regulations related to corporate social responsibility. Local governments usually adopt apportionment policies when completing political tasks and relevant departments should supervise this behavior; for enterprises that actively perform corporate social responsibilities, the government should give them regular, institutional, and dynamic incentives. The reward policy established by the government should be open and fair. The government can establish and improve the reputation mechanism of the enterprise and award relevant honorary titles to the enterprise, so as to systematically supervise the corporate

social responsibility of the enterprise.

Thirdly, further improve the construction of tax advisory service regulations. At this stage, the main legal responsibilities of accounting firms and related practitioners are criminal and administrative responsibilities, and the level of civil responsibilities assumed is relatively low. As accounting firms bear relatively low litigation risks and their violation costs are also relatively low, it is not uncommon to provide evidence of violations. Accounting firms bear important responsibilities for corporate tax avoidance and tax evasion. Therefore, laws and regulations should strengthen management and punishment. By further promoting the establishment of laws and regulations for tax consulting services, it is possible to further regulate the behavior of accounting firms and prevent them from providing illegal tax avoidance services for enterprises.

8.2.2 Improve the corporate information disclosure system

Taxation is a major issue related to the national economy and people's livelihood, and the way of taxation is the top priority of public concern. Tax avoidance behaviors in enterprises need to be further investigated and studied, and the unreasonable parts should be corrected so as to improve China's taxation system. The reciprocal association between the government and private enterprises is mainly reflected in corporate social responsibility-tax avoidance, so this is the key to cutting off the improper association between the government and enterprise.

Firstly, establish and improve information disclosure system and strengthen the supervision of tax information disclosure. Corporate information disclosure is a system that must be followed by listed companies in China. It has now been earnestly implemented by listed companies. It has played a role in supervising corporate compliance with laws and regulations, thereby accumulating reputation for enterprises. Enterprises have a complete information disclosure system, which can enhance their market competitiveness to a certain extent. It can provide a good reputation record for the partners in the business negotiation, acquisition and reorganization in the daily business activities of enterprises, so as to show the good credit level of enterprises. In addition to listed companies, other companies should also follow suit to establish corporate information disclosure systems. On the one hand, it can facilitate inspections by the tax bureau and other regulatory agencies, and on the other hand, it can reduce the motivation and operability of corporate tax avoidance. Corporate information disclosure can not only be limited to corporate financial and business information, but should also be detailed into the company's protection of consumer rights, the company's responsibility for products and services, and the company's donations to communities and

public welfare undertakings, so that users can fully understand the company's performance of responsibilities.

Secondly, the only laws and regulations related to corporate social responsibility in China are the Company Law and the Securities Law. These laws do not clearly regulate the social responsibility disclosure system. The government should urge the promulgation of relevant laws and regulations. The Shenzhen Stock Exchange has issued the Guidelines on Social Responsibility of Listed Companies, which require companies to disclose their social responsibilities, but the legal effect of the guidelines is far less than that of laws and regulations. The government should, based on the actual development of China's economy, learn from advanced foreign standards, and establish a complete disclosure mechanism that suits China's national conditions. The government should formulate unified and standardized information disclosure and statistical methods across the country, so as to clarify the disclosure methods and subject scope of corporate social responsibility.

Finally, the Ministry of Finance and the State Administration of Taxation and other taxation regulatory authorities should further improve the regulatory system for information disclosure and urge enterprises to establish a filing system based on accounting information. The tax supervision department shall conduct spot checks and review the business and tax payment status of the enterprise, and supervise the production and operation status of the enterprise in accordance with the tax collection system throughout the entire process, so that the enterprise can consciously pay taxes in accordance with the tax collection and management system. Tax collection and management will be affected by local governments to a certain extent, so they should get rid of the government pressure as much as possible, and act as an independent third party to deal with the tax collection and management of enterprises in a fair and just manner. For tax evasion and tax avoidance discovered during the supervision process, no leniency shall be shown in punishment. Serious circumstances can be reported to higher taxation supervision departments and discipline inspection and supervision departments, thereby reducing government intervention in tax collection and management and cutting off the improper connection between the government and enterprises.

8.2.3 Combination of taxation supervision and inspection system

The improperly transferred interests between the government and enterprises can reduce the space for local governments in tax enforcement through the combination of the tax supervision and inspection system, thereby reducing the possibility of an improper exchange of interests.

On March 13, 2018, the first meeting of the 13th National People's Congress clearly pointed out: reform the national taxation and local tax collection and management system. The state taxation and local taxation agencies at the provincial level and below the provincial level will be merged, and they will assume the specific responsibility for the collection and management of various taxes and non-tax revenues within the jurisdiction. After the merger of state taxation and local taxation agencies, a dual leadership management system with the State Administration of Taxation as the mainstay and the provincial (regional, municipal) people's government will be implemented. The management chain will be shortened in the future, and the standardization and implementation of tax revenue will be more strict. This will also create conditions for future tax and fee system reforms, and further consolidate the foundation for the modernization of national governance. The reform of the national and local tax collection and management system is not only a merger of institutions, but also a profound change in the leadership system, operating mechanism, management method, and functional responsibilities of the tax department. It is also an integrated innovation in law enforcement, service standards, and business processes.

The combination of tax supervision and inspections can further reduce and prevent the improper exchange of interests between the government and enterprises. The construction and improvement of relevant laws and regulations is a time-consuming task, and it is difficult to solve the imminent problems in the short term. Before that, it is necessary to establish a rapid response mechanism to solve the current problems.

Firstly, the government should regulate the taxation policies of local governments. The taxation policy formulated by the local government has a huge impact on the country's taxation system. On the one hand, it reduces the country's tax revenue, and on the other hand, it also interferes with the fairness and justice of the economic market. Tax policies involve multiple enterprises and market players, so it is difficult to regulate the preferential tax policies of local governments. The central government should centralize and uniformly standardize the preferential tax policies throughout the country. This can not only reduce the tax burden of enterprises, but also encourage the development of the real economy.

Secondly, the taxation department should increase the intensity of collection, management and inspection, and severely penalize the tax evasion of enterprises. With the rapid development of the economy, taxation supervision functions also need to be further improved. On the one hand, the degree of taxation supervision in each region is different, and the degree of tax avoidance of enterprises is also different. Taxation supervision departments should carry out special rectification activities in areas where the order is disordered and the

degree of supervision is not strict. On the other hand, the taxation department should also improve its own inspection level, inspect some areas and key tasks, and resolutely crack down on tax-related crimes. The taxation department should continue to improve the inspection work to reduce the loss of national tax revenue.

Thirdly, a nationwide inspection mechanism for taxation supervision should be established. The central government can take the lead and form an inspection team with tax regulatory authorities in other places to conduct cross-regulatory inspections, and then investigate all aspects of the tax authorities' performance of tax regulatory functions. For areas with prominent problems, the collection and management departments must be held accountable for oversight, and the transfer of interests between the government and enterprises must be seriously reviewed. In this way, the fairness and justice of the economic market can be restored, and the exchange of interests between the government and enterprises can be eliminated..

8.2.4 Promoting the implementation plan of public-private collaboration

The public-private collaboration scheme is a governance mechanism based on the relational contract theory in the new institutional economics. Public-private cooperation refers to a mode of mutual cooperation between the government and private enterprises in the construction or operation of certain public utility projects. The government's performance indicators can be achieved through public-private collaboration, and to a certain extent, it can urge enterprises to fulfill their social responsibilities. At the same time, companies can also establish a good image of themselves by assuming social responsibilities. The public-private collaboration model is based on a legal and formal framework where companies communicate with relevant government agencies to discuss social responsibilities. The government occupies an indispensable position in China's market economy, so China's public-private collaboration should be promoted by the government.

Firstly, local governments and enterprises can establish a cooperative relationship through the Social Economic Cooperation Agreement. The government and enterprises share social responsibility. In the specific practice process, the government is responsible for formulating a specific framework, and companies need to donate to charitable projects in accordance with regulations. Due to the existence of the agreement, companies usually focus on fulfilling their responsibilities within the prescribed framework, such as developing environmental protection projects and providing employees with supplementary new social security plans. Although public-private collaboration is not compulsory, the survival and

development of enterprises will be strongly affected by the government, so enterprises will face certain pressure in the actual implementation process.

Secondly, when companies implement public-private collaboration, they will be more or less affected by the government. This has a stimulating effect on some enterprises, and also imposes pressure on others invisibly. The public-private collaboration model can reflect the guiding role of the government. Firstly, the government can place people's livelihood issues that need to be resolved in the framework of social responsibility to guide enterprises; secondly, the government can promote the performance of domestic enterprises based on gradually improved and perfected standards. The implementation of this model allows the government to have wider choices and greater flexibility, thereby promoting the continuous implementation of China's corporate social responsibility. Enterprises can also obtain tax incentives by supporting the performance of the government; while at the same time enhancing the recognition of the enterprise by the domestic and international society and enhancing the reputation of the brand.

Thirdly, the government should establish a nationwide inspection mechanism for taxation supervision. The central government can take the lead and form an inspection team with tax regulatory authorities in other places to conduct cross-regulatory inspections, and then investigate all aspects of the tax authorities' performance of tax regulatory functions. For areas with prominent problems, the collection and management departments must be held accountable for oversight, and the transfer of interests between the government and enterprises must be seriously reviewed. In this way, the fairness and justice of the economic market can be restored, and the exchange of interests between the government and enterprises can be eliminated.

In summary, the public-private collaboration approach is compared to the one-size-fits-all model, which is a legal and formal, win-win benefit model for the government and enterprises. On the one hand, it realizes the government's flexibility for enterprises, and on the other hand, it also allows enterprises to develop independently and voluntarily perform their responsibilities in the influence of the government..

8.3 Contributions, shortcomings and future directions

The main contribution of this paper lies in addressing the research gap regarding the interplay between corporate social responsibility (CSR), the nature of enterprises, and their political connections. It provides academic references and suggestions for relevant national agencies in

formulating development plans and CSR-related laws and regulations. In the long term, this research can promote the development of CSR for both Chinese and overseas enterprises, thereby advancing the progress of CSR in China.

First of all, this research studies the impact of the differences in the nature of corporate ownership, the political connection between enterprises and the government, and the institutional environment in which the company is located on corporate social responsibility, and builds a theoretical analysis framework on this basis. The relationship between government-enterprise linkages, institutional environment and other factors and corporate social responsibility should have a two-way impact. A relatively good government-enterprise relationship can further promote the promotion of corporate social responsibility, and the continuous increase of social responsibility can also affect the relationship between the government and enterprise. Due to space limitations, this thesis does not explore the reverse steering mechanism in depth, which will be the focus of future exploration.

Secondly, the influencing factors of corporate social responsibility need to be further analyzed. This thesis analyzed the influencing factors of corporate social responsibility mainly from the perspective of political connections and tax avoidance. There are still obvious shortcomings in the exploration of the depth and breadth of political connections. For example, the scope of political connections should be extended to the children of local government officials, and members with certain political influence who serve as corporate managers in enterprises. Part of the purpose of corporate social responsibility is to obtain financial support from the government, or to obtain government projects by establishing a good relationship between government and enterprises with the government. If we conduct in-depth research about this, we will further clarify the influencing factors of enterprises in fulfilling their social responsibilities, and we will also give suggestions on how the government can improve its work.

Finally, the promotion of corporate social responsibility mainly lies in how the above policy recommendations are implemented. This thesis provided corresponding policy recommendations for enterprises to fulfill their social responsibilities from the perspectives of the nature of ownership differences, the political connection between enterprises and the government, and the institutional environment in which the enterprises are located, but how to ensure the smooth implementation of these policies is still the focus of future research.

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