



# **CORPORATE SOCIAL RESPONSIBILITY - ITS POSITIVE IMPACTS** **ON COMPANIES**

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Corporate Social Responsibility (CSR) is progressively an important issue for companies.<sup>2</sup> It is a multidimensional organizational phenomenon that is assumed as the scope for which an organization is intentionally responsible for its actions and non-actions and their impact on its stakeholders.<sup>3</sup> It is being understood as a means by which companies may achieve a balance between their efforts to generate profits and the societies that they impact in these efforts.<sup>4</sup> In a wider sense, CSR is about the impact of business on a society or, and the role of companies in the development of the society.

## **CORPORATE SOCIAL RESPONSIBILITY**

The ‘soul’ of corporate social responsibility is what the French philosopher *Rousseau* understood to be ‘the social contract’ between business and society. *Rousseau* theorized this relationship between business and society as being a ‘symbiosis’. ‘Symbiosis’ is a Greek word ‘means the co-living and co-existence of two parties in a mutually advantageous relationship. Thus, the social contract understands men (social members) as being able to act freely in a civil society that is combined by a general will or ‘*volonte generale*’: The social contract that brings society into being is an initiate, and the society remains in being as a pledged good.<sup>5</sup>

CSR is a fluid concept.<sup>6</sup> Its interchangeable and overlapping character is dominant in its definition. To some, this concept is similar to the source of competitive advantage; to others: it is ‘an important response to the increasing demands of key stakeholders such as employees,

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<sup>2</sup> Jeremy Moon and David Vogel, ‘*Corporate Social Responsibility, Government, and Civil Society*’ in Andrew Crane et al., *Oxford Handbook of Corporate Social Responsibility* (2008); David Vogel, *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility* (2005).

<sup>3</sup> Wilfred Luetkenhorst, *Corporate Social Responsibility and the Development Agenda: The Case for Actively Involving Small and Medium Company’s*, *Inter economics* pg.-157, 166, (2004)

<sup>4</sup> John Clark, *Worlds Apart: Civil Society and the Battle for Ethical Globalization* (2003) 2002–2003; Bridget M Hutter and Joan O’Mahony, ‘*The Role of Civil Society Organizations in Regulating Business*’ (*Centre for Analysis of Risk and Regulation*, London School of Economics and Political Science, (2004).

<sup>5</sup> Jean-Jacques Rousseau, *The New Encyclopaedia Britannica, Chicago*, Vol 26, pg.- 938-942.

<sup>6</sup> See, Michael Hopkins, *Corporate Social Responsibility: An Issues Paper*, Working Paper 27, Policy Integration Department World Commission on the Social Dimension of Globalization, International Labour Office, Geneva (2004) and See M Van Marrewijk, ‘*Concept and Definitions of CSR and Corporate Sustainability: Between Agency and Communion*’ 44(2–3) *Journal of Business Ethics* pg.-95,105, (2003).



investors, consumers and environmentalists.<sup>7</sup> Again, the precepts of CSR change with each generation, and its criteria may change according to the society in question.<sup>8</sup> It is no longer confined to corporate philanthropy; rather, it has been established that accepting social responsibilities has a positive effect on companies' financial performances. Thus, CSR has established the core principles for advancing suitable strategies for incorporating its different ideas into business practice.<sup>9</sup>

### **RELEVANCE OF CSR**

CSR as a strategy is becoming increasingly important for businesses today because of three identifiable trends<sup>10</sup> namely changing social expectations, increasing affluence and Globalization- These three trends combine with the growing importance of brands and brand value to corporate success to produce a shift in the relationship between corporation and consumer and between corporation and all stakeholder groups, in general.<sup>11</sup>

### **CSR IN INDIA**

India is seen to be a country of sweatshops where workers swelter to make bread. To improve their picture from such gore, a few organizations may window dress themselves by portraying themselves as the self-important rescuers of the general public while keeping their wage-earners grueling in the back.<sup>12</sup>

India is the first country in the world to make CSR mandatory, following to the Companies Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality and hunger etc.<sup>13</sup> Companies with net worth of 500 crores or more during a financial year shall earmark 2 percent of average net profits of three years towards CSR activities. Although it was found earlier that, as per the net sales of the financial year, only some amount out of crores dedicated to the cause of social responsibility were really

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<sup>7</sup> Jamie Snider et al., in their article titled '*Corporate Social Responsibility in the 21st Century: A View from the World's Most Successful Firms*' stated that an exact definition of CSR is elusive since beliefs and attitudes regarding the nature of CSR fluctuate with the relevant issue of the day.

<sup>8</sup> Nada K Kakabadse, Cecile Rozuel and Linda Lee-Davies, '*Corporate Social Responsibility and Stakeholder Approach: A Conceptual Review*' Vol. 1(4) International Journal of Business Governance and Ethics pg.-277, 279, (2005).

<sup>9</sup> M.M. Rahim, *Legal Regulation of Corporate Social Responsibility, CSR, Sustainability, Ethics & Governance*, DOI 10.1007/978-3-642-40400-9\_2, Springer, Verlag Berlin Heidelberg (2013)

<sup>10</sup> William B. Werther and Jr. David Chandler, *Strategic Corporate Social Responsibility: Stakeholders in a Global Environment*, SAGE, Business & Economics, pg.- 19- 21, (2010) .

<sup>11</sup> Prof. J.M. Ramanuj, *Research Paper on Corporate Social Responsibility*, Volume: 3, Issue: 2, pg-1 -2, (2014)

<sup>12</sup> Dhruva Sareen & Purav Shah, International Journal of Research and Analysis, Volume 2 Issue 1, pg.- 161 – 169, (2014)

<sup>13</sup> Schedule VII of Companies Act, 2013



spent by the top 100 companies as per their complete volume, of the country.<sup>14</sup> The hindrance to the proper implementation of the funds is the sometimes creative interpretation of the CSR clause of the Act<sup>15</sup> with the State governments twisting the language of the statute in the way most unscrupulous manner. However, in recent times Listed companies in India spent Rs 83.45 billion in various programs,. The Prime Minister's Relief Fund saw an increase of 418 Percent in comparison to previous financial year. In 2017 CSR spend further rose with corporate firms aligning their initiatives with new government programs such as *Swachh Bharat* (Clean India) and Digital India, in addition to education and Healthcare, to foster inclusive growth.<sup>16</sup>

### **RESONS FOR CSR**

There are two major reasons for the increase in the number of corporations undertaking the CSR programs. The first reason is the government policy of various countries and the second reason being the reputation economy.<sup>17</sup>

In India, there have been some prominent contributions by various big corporations. **Bharat Petroleum Corporation** has a rain water harvesting project *Boond*<sup>18</sup>, which selects draught-stricken villages to turn them from water-scarce to water-positive. **Hindalco** Industries CSR activities are concentrated in 692 villages and 12 urban slums, where it reaches out to about 26 lakh people. It has constructed check dams, ponds and bore wells to provide safe drinking water.<sup>19</sup>

Branding a firm's CSR content which is executed and integrated into the organization, can be an innovative and valuable business policy.<sup>20</sup> Large corporations have exploited this opportunity to increase their consumer base and further position themselves in the market. **P&G's** flagship CSR program *Shiksha* is an integral part of their global program *Learn, Live & Thrive*. Since its inception, *Shiksha* has made a cumulative donation of over Rs. 22 crores towards helping children on the path to better education. This is a result of the support from

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<sup>14</sup> Lok Sabha Secretariat, Reference Note: Corporate Social Responsibility, No. 11 /RN/Ref./2013 as available on <<http://164.100.47.134/intranet/CorporateSocialResponsibility.pdf>> last accessed on 25th June 2017.

<sup>15</sup> Section 135, The Companies Act, 2013.

<sup>16</sup> Dezan Shira & Associates, *Corporate Social Responsibility in India*, India Briefing, (2017)

<sup>17</sup> See, Dhruva Sareen & Purav Shah, supra note. 11.

<sup>18</sup> See, Lok Sabha Ref: CSR, supra note 13.

<sup>19</sup> Jayashankar, Mittu, *CSR Report Card: Where Companies Stand, India Forbes*, available on <<http://forbesindia.com/printcontent/34893>> as on date March 18, 2013.

<sup>20</sup> Mc Elhany, Kellie, *A strategic approach to Corporate Social Responsibility*, (2009), as available on <[http://responsiblebusiness.haas.berkeley.edu/documents/Strategic%20CSR%20\(Leader%20to%20Leader,%20McElhany\).pdf](http://responsiblebusiness.haas.berkeley.edu/documents/Strategic%20CSR%20(Leader%20to%20Leader,%20McElhany).pdf)> last accessed on 1<sup>st</sup> July, 2017



consumers who participated in the *Shiksha* movement by buying P&G brands for one quarter of the year, thus enabling P&G to contribute a part of the sales towards the cause.<sup>21</sup> Thus, the corporation has been able to generate more sales along with enhancing its reputation.

Another example is the Classmate notebooks by **ITC**. For every four Classmate Notebooks purchased, ITC contributes Re. 1 to its social development initiative that supports, among other projects, primary education.<sup>22</sup> Thus, in this ‘Reputation Economy’, branding through corporate responsibility has risen as a fruitful device for organizations to grow their exercises and upgrade their reputation empowering them to position themselves firmly in the business sector.

### **IMPLEMENTING CSR**

CSR is about sense policies that represent a means of integrating a complete ‘social perspective’ into all aspects of operations. The goal is to maximize true value and benefit for an organization, while protecting the huge investments corporations. CSR asks companies to ensure their business operations are clean and equitable and contribute positively to the society in which they are based.<sup>23</sup> CSR involves the interface between the enterprise and its environment, including stakeholders. It can also be fully embedded in corporate strategy and operations by ensuring that all the corporation’s philosophies goals, strategies and activities take into account the company’s impact on its stakeholders, the environment and society as a whole.<sup>24</sup>

### **ARGUMENTS SUPPORTING CSR**

Arguments offered in favors of CSR can be broadly split into two - moral and economic.<sup>25</sup>

- **A moral argument for CSR**

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<sup>21</sup> Padhega India. Badhega India, Shiksha Foundation, P&G as available on <[http://www.pg.com/en\\_IN/sustainability/social\\_responsibility/social-responsibility-programs-in-india.shtml](http://www.pg.com/en_IN/sustainability/social_responsibility/social-responsibility-programs-in-india.shtml)> last accessed on 1<sup>st</sup> November 2017

<sup>22</sup> Classmate: because you are one of a kind, ITC, as available on <<http://www.itcportal.com/businesses/fmcg/education-and-stationery-products/classmate.aspx>>. last accessed on 1<sup>st</sup> November 2017.

<sup>23</sup> A Guide to Corporate Social Responsibility (CSR), ECRC, available on <[http://www.ecrc.org.eg/uploads/documents/articles\\_a%20guide%20to%20corporate%20social%20responsibility.pdf](http://www.ecrc.org.eg/uploads/documents/articles_a%20guide%20to%20corporate%20social%20responsibility.pdf)> last accessed on 25th of June, 2017

<sup>24</sup> Maria Cristina I. Alarilla And Ryan Vincent L. Uy, *Towards Strategic CSR, Aligning CSR with the Business and Embedding CSR into the Organization*, (2013)

<sup>25</sup> *Ibid.*



While that benefits are essential for any business element to exist, all groups are ought to endeavor to include esteem and improved life. Business depends on the society within which they operate and could not exist or prosper in separation. CSR is acknowledgment of that inter-dependence and a means of conveying that obligation, to the mutual benefit of businesses and the societies within which they are based.

Supporters of CSR trust that, in general, the objective of any economic framework should be to advance the general social welfare. In advanced economies, the purpose of business should stretch beyond the maximization of efficiency and profit. Progressively, society expects businesses to have an obligation to the society in which they are located, to the people they work, and their customers, beyond their customary bottom-line and narrow shareholder concerns.

- **An economic argument for CSR**

Defenders of this argument believe that CSR represents an encompassing way to business. Therefore, an effective CSR policy will fill all aspects of operations.<sup>26</sup>

CSR is an argument of economic self-interest for a business. It is a method of coordinating corporate operations with stakeholder values and demands, during a period when these parameters can change easily. One example is a company's customers: CSR adds value because it allows companies to better mirrors the values of this essential constituent base that the company plans to serve. CSR covers all parts of business everyday operations. Everything an organization does in some way collaborates with one or more of its stakeholder groups, and companies today need to build a watertight brand with respect to all stakeholders. The success of a company today is directly connected to the strength of its image and it influences all aspects of all operations within a corporation.

### **PROPONENTS OF CSR**

They contended that corporations gain in many ways by working with a long-term view of their organization and role in society than they do by focusing on just their own short-term

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<sup>26</sup> Karl Martin Ekornes Mertens, *Milton Friedman and Social Responsibility an Ethical Defence of the Stockholder Theory*, Master Thesis in Philosophy (FIL4090) Department of Philosophy, Classics, History of Arts and Ideas, pg.- 68 -78 (2013)



profits.<sup>27</sup> Critics argue that CSR diverge from the fundamental economic role of businesses, which is to make profits.

Over the next several years, it was expanded to include how the company extended its quality leadership to the external community and integrated its responsibilities to the public for health, safety, environmental protection, and ethical business practice into its quality policies and activities. This consists of how the company encouraged quality awareness and sharing with external groups; how the company encouraged employee leadership and participation in quality activities of external organizations; how the company defined and set quality improvement goals, indicators used to monitor quality, and progress reviews. Organizations should not only meet all local, state, and federal laws and regulatory requirements, they ought to treat these related requirements as opportunities for continuous enhancement ‘beyond mere compliance’. This requires the use of suitable measures in managing performance.

### **MODEL WHICH HELPS TO IMPROVE THE FIRM**

*Mackey*, and *Barney* (2007) developed a theoretical model in which the supply of and demand for socially responsible investment prospects were analyzed to determine which activities would improve, reduce, or have no impact on a firm’s market value. The model shows that firms might fund socially responsible activities that do not maximize the present value of their firm’s future cash flows, yet it can still maximize the market value of the firm. A positive correlation between firm choices about investing in CSR activities and firm value was shown, suggesting that CSR can improve an organization’s performance.<sup>28</sup> This proposition is supported by *Deckop*, *Merriman*, and *Gupta* (2006) whose empirical research also indicated that CSP was positively related to corporate financial performance.

### **VARIOUS STUDIES TO ANALYSE THE EFFECT OF SOCIAL RESONSIBILITY ON BUSINESS**

#### **CORPORATE SOCIAL RESPONSIBILTY ON FIRM’S FINANCIAL PERFORMANCE**

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<sup>27</sup> Jessica Footea, Nolan Gaffney and James R. Evansa, *Corporate Social Responsibility: Implications for Performance Excellence*, Total Quality Management Vol. 21, No. 8, pg.-799 –812 (2010)

<sup>28</sup> Alison Mackey, Tyson B. Mackey and Jay B. Barney, *Corporate Social Responsibility and Firm Performance: Investor Preferences and Corporate Strategies*, Academy of Management, Academy of Management Review, Vol. 32, No. 3, pg.-817-835 (2007)



In the debate among researchers about the effects of CSR on firm financial performance, one of the most prominent arguments against the financial benefits of CSR has been the agency cost prediction first made by *Friedman* (1970), who characterized CSR activities as self-interested behavior by individual managers at the expense of the firm's shareholders.<sup>29</sup> Subsequent studies have found supporting evidence of CSR as a probable agency cost, finding that CSR may be used to advance personal interests over the interests of shareholders,<sup>30</sup> provide increased job security to inefficient managers by agreeable stakeholders, reimburse for the negative consequences of engaging in earnings management, and enhance individual reputations of managers. However, a number of studies have also found a positive relationship between CSR activities and firm financial performance.<sup>31</sup>

#### CORPORATE SOCIAL RESPONSIBILITY AND FIRM PERFORMANCE<sup>32</sup>

Some researchers have investigated the relationship between CSR and firm performance, but they provided mixed results.<sup>33</sup> For example, *Preston and O'Bannon* (1997) observe a positive correlation between CSR and profitability. *Waddock and Graves* (1997) also identify CSR is positively related with both of prior financial performance and future financial performance. However, *Aupperle et al.* (1985) do not find any significant relationship between CSR and performance. Notwithstanding the prior diverse results, a recent meta-analysis suggests that total relationship between CSR and financial performance is positive.

#### CORPORATE SOCIAL RESPONSIBILITY AND FIRM RISK

CSR can be an operative strategy for risk management of firms.<sup>34</sup> Firms can improve their reputations by investing in social issues. CSR also creates goodwill that is the positive acknowledgement from stakeholders because CSR provides good indications to external stakeholders. Good CSR activities allow firms to create social capital that proposes insurance-like protection in negative situations.<sup>35</sup> The high-quality stakeholder relationships through CSR lead to better access to social capital, allowing firms to make profitable investments and avoid severely negative performance.

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<sup>29</sup> McWilliams et al. (2006) and Gao and Bansal (2013) provide overviews of the major theoretical perspectives regarding CSR and financial performance. In this study, however, we focus only on the agency cost argument.

<sup>30</sup> Borghesi et al., 2014; Brown et al., 2006; Jiraporn and Chintrakarn, 2013; Kruger, 2015; Masuli and Reza, 2015

<sup>31</sup> Orlitzky et al., 2003.

<sup>32</sup> Sewon Lee, Young Kon Kim and Kyungho Kim, *Corporate Governance, Firm Risk, And Corporate Social Responsibility: Evidence from Korean Firms*, The Journal of Applied Business Research, Vol. 32, No. 1(2017)

<sup>33</sup> Aupperle et al., 1985; Cochran & Wood, 1984; McWilliams & Siegel, 2000; Preston & O'Bannon, 1997; Ullmann, 1985; Waddock & Graves, 1997

<sup>34</sup> Orlitzky & Benjamin, 2001.

<sup>35</sup> Godfrey, 2005; Godfrey et al., 2009



In addition, CSR can be an active way for firms to improve from poor performance. Well implemented, CSR strengthens trust and faithfulness of the firms' stakeholders. The firms can use external knowledge and information from diverse sources and mix internal and external capabilities to improve existing schemes. *Choi and Wang (2009)* insist that such impacts through stakeholder relations ought to be more effective if the firm builds relational assets before experiencing poor performance. Accordingly, we assume that CSR can be an effective strategy for risk management and, in turn, considerably reduce firm risk.

#### MODERATING ROLE OF CSR

CSR commitment builds cherished social assets for the firm. Firms can gather benefits such as improved reputation, trust, and legitimacy from committed stakeholder relationships.<sup>36</sup> The social performance coming from the stakeholder's interests can, in turn, influence the corporate governance mechanisms. Since social capital may have an impact on the incentives of members' behaviors and the effectiveness of the corporate board. Accordingly, we assume that CSR will moderate the relationship between corporate governance and firm risk.

In addition, successful CSR generally indicates long-term performance and viability.<sup>37</sup> In the event that a firm is occupied with CSR, the firm may have embraced a long-haul execution horizon. This may stimulate the elements of outside shareholders to be successful on the grounds that the remote shareholders as a rule support a long-term point of view. CSR can motivate foreign shareholders to give their endeavors to monitor the manager practices seeking after their private advantages or fleeting advantage, and additionally giving significant data to upgrade firm techniques and enhance firm performance.<sup>38</sup> CSR may even improve practicability of corporate board.

#### CASE STUDY

- **TATA GROUP'S EXPERIENCE: EMBEDDING CSR INTO THE COMPANY'S STRUCTURE AND PERFORMANCE EVALUATION**<sup>39</sup>

Tata Sons was established by Jamsetji Nusserwanji Tata in 1868. Tata Sons and Tata Industries are the holding companies of the Tata Group. The Tata Group consists of more

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<sup>36</sup> Roberts & Dowling, 2002; Surroca et al., 2010

<sup>37</sup> Eccles et al., 2014; Kang, 2013

<sup>38</sup> Sewon Lee, Young Kon Kim and Kyungho Kim, *Corporate Governance, Firm Risk, And Corporate Social Responsibility: Evidence from Korean Firms*, The Journal of Applied Business Research, Vol. 32, No. 1(2017)

<sup>39</sup> Available on <[http://www.tata.in/pdf/Tata\\_CS\\_Protocol.pdf](http://www.tata.in/pdf/Tata_CS_Protocol.pdf)> last accessed 25th June 2017



than 100 operating companies in seven business sectors, including communications and information technology, engineering, materials, services, energy, consumer products and chemicals. The Group has over 450,000 employees, 3.9 million shareholders, and operates in more than 80 countries across six continents.

The founder of Tata Group believes that companies exist for the community. Tata's commitment to CSR is presented in the eight statements following:

1. Serving the Community is the purpose of the business.
2. Enhancing human excellence and improving the quality of life.
3. Conserving the Environment, Restoring Biodiversity and Social Development are integrated into one.
4. Core Competence, Expertise and Technology reach the common people especially the underprivileged.
5. Tata Companies are Partners in Development.
6. The culture of Volunteering is pervasive throughout the Tata Group.
7. Working with People brings Organizational and Personal Learning.
8. Tata Companies and their business process are environmentally and socially sustainable.

Tata's CSR commitment is manifest in the organizational structure and revenue stream of the Tata Group. About two thirds (or 66%) of the equity of Tata Sons is held by philanthropic trusts. The Tata Trust consists of non-profit, non-sectarian philanthropic organizations that implement the CSR initiatives of the company in relation to community development. The Tata Trust also provides funding assistance to partner organizations. It is estimated that 3% of the Tata Group's 2011 net profit were directed to development-related expenditures.<sup>40</sup> Tata companies and Tata trusts are involved in community development and sustainability initiatives through implementing programs in health, education, women and child development, training of youth and building sustainable livelihoods, and environmental conservation. The Tata Trusts also built learning and training institutions such as the Indian Institute of Science, Tata Institute of Fundamental Research, Tata Institute of Social Sciences. The Group has also implement CSR programs that exploits on the core competency of each company: (a) TCS developed a functional literacy program, (b) Tata Interactive

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<sup>40</sup> See, Maria Cristina I. Alarilla and Ryan Vincent L. Uy, *supra* note. 23



created e-learning modules for children with learning disability, and (c) Tata Teleservices helps fishermen with communications technology”<sup>41</sup>

CSR is good business sense, and a total approach to doing business, in a globalizing world where companies are increasingly relying on brand strength to add value and product differentiation, and where NGO-driven consumer activism is increasing. Many trust the issue of how companies incorporate CSR into regular operations will characterize the business commercial center sooner rather than later and it will end up being a key purpose of brand separation.

### **CONCLUSION**

CSR is now-a-days considered to be a ‘real world’ solution to the global poverty gap, social exclusion and environmental squalor.<sup>42</sup> As the profitability is not only the concern of the firm and the responsibility regarding social aspects as become an important issue.<sup>43</sup> Basically, CSR means that company’s business model should be socially responsible and environmentally sustainable. By socially responsible it means that the company’s activities should benefit the society and by environmentally sustainable- it means that the activities of the company should not harm the environment.

CSR is also important for the business as Companies that are socially responsible in making profits also contribute to some aspects of social development. Every company should not be expected to be involved in every aspect of social development. That would be irrational and unnecessarily restrictive. But for a firm to be involved in some respects both within the firm and on the outside will make its products and services more attractive to consumers, therefore making the company more profitable. Therefore, these steps are necessary to have good governance. Though, it will increase costs to implement CSR and business ethics codes, but the benefits are likely to far balance the costs.

At the national level, the vast majority of the strong economies have embraced CSR standards inside their corporate governance systems. They have utilized diverse systems and distinctive performing actors to empower this incorporation of CSR standards in corporate control. Although their governance systems are not indistinguishable, their objectives for relating CSR to open approaches extend their political association for CSR practices in

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<sup>41</sup> Available on <[http://www.tata.in/pdf/Tata\\_CS\\_Protocol.pdf](http://www.tata.in/pdf/Tata_CS_Protocol.pdf)> last accessed 1st July 2017

<sup>42</sup> Tarek Miloud, *Part III — Corporate Social Responsibility, Placing Stakeholder Theory Within the Debate on Corporate Social Responsibility*, pg.- 531-550

<sup>43</sup> *Ibid.*



organizations; the part of government in these economies is to encourage the private division.<sup>44</sup>

It can be concluded that if CSR gives adequate returns to shareholders, firms with stronger corporate governance should incentivize their managers to invest in social performance. Be that as it may, if CSR represents managerial excess and is an agency cost, then firms with better governance ought to be more averse to give motivating forces to CSR. As an outcome, consistent evidence has been discovered that CSR is prone to be financially beneficial for firms, and for shareholders. Firms with more shareholder-friendly governance are more likely to incentivize their managers to take part in CSR. Likewise, firms that provided compensation linked to CSR had greater levels of social performance on average, consistent with the notion that the provision of incentives for CSR leads to more CSR activities.<sup>45</sup> Accordingly, CSR has a decreasing impact on the relationship between corporate governance and firm risk and expanding impact on corporate firm's performance.

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<sup>44</sup> Peter May, 'Compliance Motivations: Perspectives of Farmers, Homebuilders, and Marine Facilities' Vol. 27(2) Law and Policy 317(2005)

<sup>45</sup> Bryan Hong, Dylan Minor and Zhichuan (Frank) Li, *Corporate Governance and Executive Compensation for Corporate Social Responsibility*, Working Paper 16-014, Harvard Business Scholl (2015)