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DISSERTATION

ADVANCEMENTS OF CORPORATE SOCIAL RESPONSIBILITY PRACTICE IN CHINA: THE CASE OF THE IMPACT OF BUSINESS AND FINANCIAL ROUTINE ON CSR

073 Management

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Submitted for a scientific degree of Doctor of philosophy

The dissertation contains the results of own research. The use of ideas, results and texts of other authors have references to the relevant source

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ANNOTATION

Zhang Li. Advancements of Corporate Social Responsibility Practice in China: The Case of the Impact of Financial and Organizational Management Routine on CSR - Qualifying scientific work on manuscript rights.

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This dissertation comprehensively explores the evolution of Corporate Social Responsibility (CSR) practices in China. Focusing on the past two decades, the study delves into the micro-level dynamics of enterprises, systematically substantiating the influence of corporate accounting/finance and organization/management routines on CSR.

Since China's entry into the World Trade Organization, its rapid economic development has brought both prosperity and challenges. Chinese enterprises, facing intense market competition, have contributed significantly to societal wealth. However, negative externalities like environmental pollution and breaches of trust have emerged. A lack of understanding and indifference toward social responsibility exacerbate the imbalance between economic and social development.

This study aims to address gaps in theoretical CSR research in China, focusing on understanding social responsibility, current CSR fulfillment status, factors influencing CSR behavior, and the impact on business performance.

This doctoral dissertation investigates the intricacies of Corporate Social Responsibility (CSR) practices in China, emphasizing the impact of financial and organizational management routines on CSR. The study employs a systematic approach, combining theoretical analysis, empirical research, and case studies.

With China's integration into the global economy, there's a pressing need to align corporate strategies with CSR principles. Existing CSR research in China primarily involves normative approaches, lacking empirical depth. The study seeks to bridge this gap by exploring how enterprises understand, fulfill, and impact CSR.

The research employs a multifaceted approach, starting with a theoretical analysis of CSR concepts and theories. It then delves into empirical research, utilizing statistical methods to analyze CSR-related data spanning two decades. The study also explores CSR development trends under various macro-environmental contexts.

Unlike previous studies which predominantly explored the direct relationship between CSR and financial/organizational performance from financial, economic, and governance perspectives, this research pioneers a management-focused perspective, delving into the micro-level routine behaviors of enterprises in accounting/finance and organization/management. The approach uncovers the intricate interaction and impact of routine behaviors on CSR.

Earlier research mainly relied on finance-centric perspectives and lacked comprehensive assessment tools for CSR fulfillment. This dissertation introduces advanced statistical methods such as structural equation modeling, ANOVA, factor analysis, and regression analysis. It designs a robust assessment index system, incorporating Strategic Corporate Social Responsibility (SCSR) concepts. This method evaluates CSR fulfillment performance across various dimensions, offering a nuanced understanding of its impact.

This study expands CSR knowledge by analyzing influencing factors from micro, meso, and macro perspectives, embracing economics, management, behavior, competence, and the environment. It introduces a novel process analysis framework, emphasizing "Influencing Factors - Behavioral Performance - Influencing Outcome."

Furthermore, the research constructs a new CSR development strategy and associated model, addressing the macro-environmental background of the digital economy and the "dual-carbon" target.

CSR research often approached influencing factors from singular perspectives, lacking a comprehensive framework. This study expands CSR knowledge by analyzing influencing factors from micro, meso, and macro perspectives, embracing economics, management, behavior, competence, and the environment. It introduces a novel process analysis framework, emphasizing "Influencing Factors - Behavioral Performance - Influencing Outcome." Furthermore, the research constructs a new CSR development strategy and associated model, addressing the macro-environmental background of the digital economy and the "dual-carbon" target.

The research concludes with strategic suggestions for strengthening corporate CSR practices and promoting the construction and sustainable development of China's CSR system. The strategic model proposed in response to various macro backgrounds, including the Covid-19 Epidemic and digital economy transformation, offers a roadmap for enhancing CSR practices in Chinese enterprises. Additionally, the exploration of the evolution path from CSR to ESG provides new perspectives and standards for evaluating corporate sustainable development.

This research contributes to CSR theory by offering innovative perspectives, methodologies, and analytical frameworks. Its findings are crucial for guiding CSR practices in Chinese enterprises and shaping future research in this dynamic field.

This dissertation achieves groundbreaking contributions to CSR research in China by introducing a fresh perspective, innovative measurement methods, and advanced theoretical frameworks. The results not only offer valuable insights for CSR management practice but also serve as a foundation for future research in this evolving field.

Keywords: Corporate social responsibility; Corporate social responsibility (CSR) reports; Sustainability reporting; Non-financial reporting; Quality of sustainability report; Tax aggressiveness; Accounting conservatism; Corporate governance; External assurance of Sustainability reporting; a financial auditor in CSR; Internal control; Sustainable company growth; GRI; ESG; Strategic CSR; China.

АНОТАЦІЯ

Чжан Лі. **Удосконалення практики корпоративної соціальної відповідальності в Китаї: економічне оцінювання впливу ділової та фінансової рутини на КСВ** - Рукопис.

Дисертація на здобуття наукового ступеня доктора філософії (Ph.D.) за спеціальністю 073 – Менеджмент. – Сумський національний аграрний університет, Суми, 2023.

Ця дисертація всебічно досліджує еволюцію практик корпоративної соціальної відповідальності (КСВ) у Китаї. Зосереджуючись на останніх двох десятиліттях, дослідження заглиблюється в динаміку підприємств на мікрорівні, систематично обґрунтовуючи вплив корпоративної бухгалтерії/фінансів та процедур організації/управління на КСВ.

Після вступу Китаю до Світової організації торгівлі його швидкий економічний розвиток приніс як процвітання, так і виклики. Китайські підприємства, які стикаються з гострою ринковою конкуренцією, зробили значний внесок у суспільне багатство. Однак з'явилися такі негативні зовнішні ефекти, як забруднення навколишнього середовища та зловживання довірою. Нерозуміння та байдужість до соціальної відповідальності посилюють дисбаланс між економічним і соціальним розвитком.

Це дослідження спрямоване на усунення прогалин у теоретичних дослідженнях КСВ у Китаї, зосереджуючись на розумінні соціальної відповідальності, поточної КСВ та виконання статусу, факторів впливу на КСВ поведінку і вплив на ефективність бізнесу.

Ця дисертація досліджує тонкощі практики корпоративної соціальної відповідальності (КСВ) у Китаї, наголошуючи на впливі процедур фінансового та організаційного менеджменту на КСВ. Дослідження використовує системний

підхід, поєднуючи теоретичний аналіз, емпіричне дослідження та кейс дослідження.

З інтеграцією Китаю в світову економіку, нагальною є потреба узгодити корпоративні стратегії з принципами КСВ. Існуючі дослідження КСВ у Китаї передусім включають нормативні підходи, яким бракує емпіричної глибини. Дослідження намагається подолати цей розрив, досліджуючи, як підприємства розуміють, залучені до КСВ.

Дослідження використовує багатогранний підхід, починаючи з теоретичного аналізу концепцій і теорій КСВ. Потім заглиблюється в емпіричне дослідження, використовуючи для цього статистичні методи аналізу. Дані, пов'язані з КСВ, охоплюють два десятиліття. Дослідження також досліджує тенденції розвитку КСВ у різних контекстах макросередовища.

На відміну від попередніх досліджень, які переважно досліджували прямий зв'язок між КСВ та фінансовою/організаційною діяльністю з фінансової, економічної та управлінської точок зору, це дослідження відкриває перспективу, орієнтовану на управління, заглиблюючись у рутинну поведінку підприємств на мікрорівні в бухгалтерському/фінансовому та організаційному обліку/ /управлінні. Цей підхід розкриває складну взаємодію та вплив рутинної поведінки на КСВ.

Попередні дослідження в основному спиралися на перспективи, орієнтовані на фінанси, і не мали комплексних інструментів оцінки реалізації КСВ. Ця дисертація представляє передові статистичні методи, такі як моделювання структурних рівнянь, ANOVA, факторний аналіз і регресійний аналіз. В роботі розроблено надійну систему індексів оцінки, яка включає концепції стратегічної корпоративної соціальної відповідальності (SCSR). Цей метод оцінює ефективність виконання КСВ за різними параметрами, пропонуючи детальне розуміння її впливу.

Це дослідження розширює знання про КСВ шляхом аналізу факторів впливу з мікро-, мезо- та макроперспектив, охоплюючи економіку, управління, поведінку, компетентність та навколишнє середовище. Він представляє нову структуру аналізу процесів, наголошуючи на «Факторах впливу – Поведінкові результати – вплив на результат». Крім того, дослідження будує нову стратегію розвитку КСВ та пов'язану з нею модель, звертаючись до макросередовища цифрової економіки та цілі «подвійного вуглецю».

Дослідження завершується стратегічними пропозиціями щодо зміцнення корпоративної практики КСВ та сприяння побудові та сталому розвитку системи КСВ Китаю. Стратегічна модель, запропонована у відповідь на різні макроекономічні ситуації, включаючи епідемію Covid-19 і трансформацію цифрової економіки, пропонує дорожню карту для вдосконалення практик КСВ на китайських підприємствах. Крім того, дослідження шляху еволюції від КСВ до ESG надає нові перспективи та стандарти для оцінки корпоративного сталого розвитку.

Це дослідження робить внесок у теорію КСВ, пропонуючи інноваційні перспективи, методології та аналітичні рамки. Його висновки мають важливе значення для спрямування практики КСВ на китайських підприємствах і формування майбутніх досліджень у цій динамічній галузі.

Ця дисертація робить новаторський внесок у дослідження КСВ у Китаї, запроваджуючи новий погляд, інноваційні методи вимірювання та передові теоретичні основи. Результати не тільки пропонують цінну інформацію для практики управління КСВ, але й служать основою для майбутніх досліджень у цій галузі, що розвивається.

Ключові слова: Корпоративна соціальна відповідальність; Звіти про корпоративну соціальну відповідальність (КСВ); Звітність про сталий розвиток; Нефінансова звітність; Якість звіту про сталий розвиток; Податкова агресивність; Бухгалтерський консерватизм; Корпоративне управління; Зовнішнє забезпечення якості (аудит) звітності про сталий розвиток; фінансовий аудитор у КСВ; Внутрішній контроль; Стійке зростання компанії; GRI; ESG; Стратегічна КСВ; Китай.

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Conference Paper

6. **Zhang Li**. Determinants of CSR Disclosure: Empirical Evidence from China / Modern issues and prospects of accounting, analysis and control in condition of economic globalization/ Abstracts of the XII International Scientific Conference for Young Scientists, Graduate Students and Students/ Тезисы докладов XII Международной научно-практической конференции молодых ученых, аспирантов, соискателей и студентов Випуск 14 Інформаційно-видавничий відділ Луцького НТУ Луцьк – 2020/ P. 383 – 385.

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LIST OF SYMBOLS

CDP = Carbon Disclosure Project

CDSB = Climate Disclosure Standard Board

CEO = Chief Executive Officer

CG = Corporate Governance

CSMAR = China Stock Market & Accounting Research Database

CSR = Corporate Social Responsibility

CSRC = China Securities Regulatory Commission

CSRR= Corporate Social Responsibility Report

ESG = Environmental, Social and Governance

GRI = Global Reporting Initiative

IC = Internal Control

IIRC = International Integrated Reporting Committee

ISSB = International Sustainable Development Standards Board

MA = Managerial Ability

RSK = Rankins CSR Ratings

SASAC = State Assets Supervision and Administration Commission

SASB = Sustainability Accounting Standards Board

SOEs = State-Owned Enterprises

SR = Sustainability Reporting/report

TCFD = Task Force on Climate-Related Financial Disclosure

INTRODUCTION

Relevance of the topic. The significance of the research topic is underscored by the transformative trajectory of China's economy over the past two decades. While Chinese enterprises, as pivotal market entities, have been instrumental in fostering substantial societal wealth, the concurrent escalation of negative externalities demands urgent attention. This proliferation of adverse impacts encompasses environmental degradation, concerns over food and drug safety, compromised product quality, industrial accidents, infringements on employee rights, labor disputes, and instances of deceptive financial reporting. Despite this, China's overall commitment to social responsibility remains in its infancy, marked by notable deficiencies in understanding CSR concepts, the overarching management of CSR, and the practical execution of CSR behaviors.

The infancy of CSR practices, especially in the realm of implementation, accentuates the need for enterprises to navigate the complex landscape of establishing a robust social responsibility framework. This involves cultivating a nuanced comprehension of social responsibility, aligning with national sustainable development policies, and seamlessly integrating social responsibility mandates into the fabric of corporate development strategies and day-to-day operational and managerial practices. The aspiration is to ensure that corporate strategies, decision-making processes, and daily operations align harmoniously with the expectations and requisites of stakeholders. This concerted effort aims to facilitate the realization of a symbiotic relationship between economic objectives, environmental stewardship, and social welfare. The current stage is characterized by an initial foray into these critical considerations.

Against the backdrop of the developmental trajectory and findings from mainstream international CSR research, this dissertation meticulously scrutinizes the existing landscape of CSR practices in China. The examination is multifaceted, encompassing both the overarching national macro strategic environment and the intricate micro-level influencers of CSR within enterprises—specifically, the financial and organizational management routine behaviors. The research endeavors to systematically probe the intricacies of CSR implementation and performance enhancement within Chinese enterprises. Moreover, it casts a forward-looking gaze, delving into prospective trends in CSR development within China. The dissertation culminates in offering strategic insights and recommendations for the establishment and refinement of CSR management systems. In essence, this research is poised to contribute substantively to the ongoing discourse surrounding CSR practices in China, serving as a compass for future advancements in this critical domain.

Connection of work with scientific programs, plans, topics. The dissertation work was carried out within the scope of scientific research of the Department of Accounting and Taxation of the Sumy National Agrarian University, namely "Development of corporate reporting on sustainability / ESG reporting and its service infrastructure" (0121U100105) and "Development of CG and corporate relations based on sustainable development" (0121U100113).

The Aim and Objectives of the study. This study aims to comprehensively elucidate the current state and advancements in Corporate Social Responsibility (CSR) practices in China. It employs a systematic analysis to investigate the influence of financial and business routines on CSR performance, utilizing Chinese listed companies as case studies. The research employs empirical methods to validate proposed hypotheses and subsequently synthesizes and discusses the obtained results.

The overarching goal is to identify effective strategies for enhancing and optimizing China's CSR practices. This study further provides rationalized countermeasures and suggestions for both the Chinese government and enterprises to facilitate the development of robust CSR systems, ultimately promoting transformative management and fostering high-quality development.

To achieve the outlined research objectives, this dissertation formulates and addresses the following tasks:

- **An In-depth Elaboration of CSR as an Element of Enterprise Management**: to provide a comprehensive explanation of CSR, delineating its essence, characteristics, components, and associated fundamental theoretical knowledge. This task aims to foster a rational understanding of CSR among Chinese enterprises, eliminating cognitive misunderstandings and blind spots, and promoting the accurate fulfillment of social responsibility obligations.
- **Identification and Classification of Key Factors Affecting CSR Performance:** Based on the analysis of Chinese enterprises' characteristics and CSR theories, identify key factors influencing CSR performance. Classify these factors into accounting/financial and organizational/managerial routines. Synthesize relevant literature on the dependence of CSR on these routines, categorized according to their types.
- **Analysis of China's CSR Development and Gap with Foreign Practices:** Examine the current state, characteristics, and gaps in China's CSR development compared to international standards. Employ relevant theoretical knowledge to systematically analyze existing issues in CSR fulfillment by Chinese enterprises. Formulate the research idea and construct the basic logical framework of the dissertation.

- **Theoretical Analysis and Hypothesis Formulation:** Propose research hypotheses based on theoretical analysis. Define sample selection and data sources, research CSR evaluation index systems, key performance indicators, and assessment methods. Select instrumental variables for CSR performance influencing factors and design the research, constructing the corresponding regression model.
- **Countermeasures and Suggestions for Enhancing CSR Practices:** Analyze empirical research results and summarize patterns. Provide countermeasures and suggestions for strengthening and promoting CSR practices among Chinese enterprises, considering perspectives from corporate governance and government supervision. Contribute to improving the construction of China's CSR system.
- **Analysis and Exploration of CSR Development Trends and Strategies:** Further analyze and explore the development trends and characteristics of CSR from the perspectives of sustainable development, enterprise science and technology innovation, and value creation. Consider various macro contexts, such as the new epidemic, digital economy transformation, and the "dual-carbon" goal. Propose assumptions and construct a strategic model, supplemented with case studies and tests.
- **Prospective Exploration of the Evolution Path from CSR to ESG:** Prospectively explore the evolution path from CSR to Environmental, Social, and Governance (ESG). Provide guidance on China's ESG institution-building practice. Introduce new perspectives and standards for government departments, industry organizations, and the public to evaluate corporate sustainable development behaviors, information disclosure quality, corporate governance performance, and medium- and long-term development potential.

Research methods. In this thesis research, a systematic approach has been employed, integrating the system analysis method, literature research method, normative research method, and empirical research method, supplemented by auxiliary methods such as qualitative and quantitative analysis, macro and micro analysis, and countermeasure research method.

System Analysis Method: This method involves the analysis of elements within a system from a systemic perspective. In this dissertation, the author applies the system analysis method to perceive enterprises (fulfillment subjects), government (managers, policy makers, law enforcers, organizers, and promoters), and social/industry organizations (supporters, supervisors, and evaluators) as a complex system. The analysis explores core concepts, fulfillment behaviors, influencing factors, role mechanisms, practice methods and strategies, CSR-related factors from different positions and perspectives, mechanism, practice methods and strategies, development and evolution trends, regulatory policies and systems, management system construction, etc. A profound and comprehensive analysis of China's CSR development strategy in the context of the new era is conducted, seeking a correct and effective way to strengthen and enhance the level of Chinese enterprises' practice of social responsibility.

Literature Research Method: This method involves forming a scientific understanding of facts through the study of literature relevant to the research field. In addressing the current status and issues of CSR practice in China, the author utilizes the literature research method to comprehensively review existing CSR-related research results globally, reviewing nearly 200 Chinese and English literatures. This process forms preliminary views on research issues, establishes the logical framework of the research topic, and defines the analytical unit and hierarchical structure for subsequent normative and empirical research stages.

Normative Research Method: This method, based on certain value judgments, sets theoretical standards for analyzing problems and investigates how to meet these standards. Focusing on the "Progress of CSR Practice in China," this dissertation discusses it from the perspectives of government regulation and corporate governance, employing theoretical knowledge from economics, strategy, and system theory. The research framework of "Influencing Factors - Behavioral Performance - Influencing Outcomes" for CSR fulfillment by Chinese enterprises is constructed, and the influencing factors and mechanisms of CSR fulfillment are analyzed in-depth. Research hypotheses are proposed based on stakeholder theory, agency theory, signaling theory, and other relevant theories.

Empirical Research Method: This method aims to recognize objective phenomena, providing real, useful, certain, and accurate knowledge. The dissertation conducts empirical design, establishes relevant regression models, and utilizes sample data from Chinese A-share-listed companies with ratings from authoritative organizations (Rankins CSR Ratings, RKS) from 2009 to 2019. Using STATA15.1 statistical analysis software, descriptive, correlation, and regression analyses are performed, followed by further mediation effect, heterogeneity test, and robustness test on the benchmark regression. The empirical findings contribute to the verification of hypotheses and formulation of main conclusions. Based on these findings, the author proposes strategies and policy recommendations to enhance CSR disclosure quality and strengthen CSR practices, considering China's specific market development environment and economic background.

The scientific novelty of the obtained results.

For the first time:

— a general and complete model of dual Standpoint and Multidimensional Analysis is proposed. This study pioneers a dual research stance, departing from the one-sided business performance focus in previous research. Examining CSR performance from the perspectives of both Chinese enterprises and governmental organizations, the research delves into the influencing factors at the micro level of enterprise routines and the macro-strategic environment. Unlike prior studies limited to managerial or enterprise levels, this work systematically integrates these perspectives, offering a comprehensive analysis. The paper then explores practical strategies for enhancing China's CSR management system, presenting a significant advancement in CSR performance research.

***Improved*:**

— Robust Framework and Methodology for CSR Practice Research. This paper presents a meticulously crafted research idea and methodology, offering a systematic and comprehensive framework for CSR practice research. Beginning with a thorough theoretical analysis and an understanding of China's national conditions, the paper consolidates the content framework of CSR practice research in China. It establishes a theoretical analysis framework, "influencing factors-behavioral performance-influencing results," for CSR performance in Chinese enterprises. In contrast to previous studies that often focused on isolated issues, this paper introduces a more inclusive theoretical model encompassing the intricate relationships and effects within CSR. This model not only incorporates factors influencing CSR realization but also captures the internal and external components constituting CSR effects and their intricate interactions. The analysis of influencing factors and dimension indicators in the comprehensive evaluation of CSR effects is notably extensive.

— Enhancing CSR Impact Factor Measurement through Indicator Diversification. This paper contributes to the advancement of CSR impact factor measurement by adopting a diversified set of indicators. While prior scholars predominantly assessed internal control (IC) through elements of design, process, deficiencies, and auditing, this study broadens the scope of internal control indicators. The measurement now extends beyond the auditing perspective to encompass operational aspects such as corporate sustainable growth rate (SCG), strategic considerations like non-market strategy, and other goal-oriented achievements. Simultaneously, the integration of corporate risk factors adds further diversity to the design of measurement indicators, enhancing the overall comprehensiveness of CSR performance impact factor assessment.

— Enriching CSR Research: Theoretical and Empirical Contributions. This paper significantly contributes to the field of CSR research by enriching and expanding its theoretical foundations. The theoretical findings encompass a systematic and in-depth exploration of the conceptual system and related theories of CSR. Analysis from multiple perspectives, including micro- and macro-levels, economics-management, behavioral, competence, and environmental aspects, results in a comprehensive expansion of intrinsic assumptions and theoretical horizons within CSR. On the empirical front, large-sample data is employed to rigorously test the multi-dimensional impact of corporate financial and business routines on CSR. The empirical research not only authenticates the intrinsic effects but also reveals the underlying mechanisms and pathways. The obtained conclusions directly inform Chinese government CSR management policy decision-making and guide corporate CSR practices, providing valuable insights for strengthening monitoring functions within government departments and enhancing CSR-related systems for listed companies.

***Acquired further development**:*

— Strategic Corporate Social Responsibility and Organizational Resilience in

Public Crises: A Conceptual Redefinition. This paper introduces a novel perspective by redefining "Strategic Corporate Social Responsibility (SCSR)" and explores its impact on organizational resilience amid public crises, thereby advancing the conceptual framework of CSR research. Leveraging signaling theory, the author elucidates the mechanism through which the implementation of SCSR influences organizational resilience during public crises. This mechanism is categorized into the signaling process, involving emotional resonance, and the behavioral feedback process, encompassing action support. The thesis meticulously analyzes how companies, by fulfilling SCSR, contribute to enhancing organizational resilience, shedding light on the intricate interplay between strategic CSR and organizational adaptability in crisis scenarios.

— Reconstruction of CSR Development System Under the Lens of Enterprise Ecosystem Theory in the Context of China's Digital Economy Transformation. Drawing on the "enterprise ecosystem theory," this thesis meticulously restructures a novel CSR development system and operational mechanism model tailored to the strategic landscape of China's digital economy transformation. The framework systematically incorporates key concepts such as core enterprises, main ecosystems, extended ecosystems, and external environments. Simultaneously, it delves into the establishment of a sustainable CSR fulfillment mechanism through collaborative efforts among the government, enterprises, and society. This includes an examination of the government's incentive mechanism, the society's promotional mechanism, and the adaptive strategies of enterprises. The research aims to provide valuable insights into fostering a resilient CSR framework that adapts to the dynamic shifts in the digital economy paradigm.

— Prospects for the Evolution from CSR to ESG: A Comprehensive Analysis.

This work delves into the evolution of Corporate Social Responsibility (CSR) into Environmental, Social, and Governance (ESG), situating ESG as an extension within the realm of financial investment. Anchored in the perspective of green sustainable development, the study navigates through the contemporary focal point of CSR development, providing a detailed exploration of the historical trajectory and intrinsic and extrinsic catalysts propelling CSR's transition to ESG. The analysis encompasses the nuanced similarities and distinctions between ESG and CSR, shedding light on ESG reporting standards, disclosure frameworks, and guidelines. Furthermore, leveraging insights from ESG disclosure practices in foreign contexts, the author offers a forward-looking assessment of the current trajectory of sustainability disclosure in China, particularly in alignment with the objectives outlined in the "dual-carbon" goal.

The practical significance of the obtained results. This dissertation rigorously examines the empirical landscape of corporate accounting, financial practices, and organizational management routines over the past two decades within China's listed companies. The study reveals compelling findings, showcasing that third-party assurance and high-quality audits, notably those conducted by major accounting firms, bolster the credibility, fairness, and authenticity of CSR reports and financial disclosures. This heightened integrity prompts listed companies in China to recognize the significance of CSR information disclosure, consciously fulfill social responsibilities, fortify accounting practices, and ensure the quality of financial information. Consequently, this amplifies the quality of CSR disclosure information, bolsters capital market transparency, facilitates stakeholder comprehension, augments enterprise financing capabilities, enhances investment efficiency, and overall elevates

CSR and business performance.

Furthermore, the research uncovers a noteworthy deterrent effect of CSR on corporate tax aggressiveness. This revelation carries substantial practical implications, guiding governmental efforts in advancing CSR fulfillment by corporations. It advocates for strengthened tax supervision, a fair tax environment, and a corporate CSR mindset. This insight can inform policy initiatives aimed at refining the CSR information disclosure system, providing directional cues for tax audit index construction. In practice, tax administrators can consider CSR performance as a gauge for assessing tax avoidance during audits, fostering a nuanced understanding of enterprise tax intentions and nurturing the orderly progression of CSR practices in China.

Additionally, in the realm of corporate governance, this study offers policy guidance for Chinese enterprises. It advises managers and decision-makers to enhance internal systems, emphasizing the design of governance structures conducive to robust CSR fulfillment. A pivotal focus lies in reinforcing internal control and augmenting management capacity, imparting practical significance to improve the governance quality of Chinese listed companies and advance CSR management practices in the country.

Personal contribution of the applicant. This dissertation represents an autonomous scientific endeavor meticulously crafted by the author. The investigative journey involved the formulation of a comprehensive research plan, an extensive review and synthesis of pertinent literature germane to the subject matter, meticulous selection of research methodologies and data samples, systematic collection, and scrupulous processing of data, followed by rigorous statistical analyses. The author, under the insightful guidance of the supervisor, embarked on the critical tasks of illustrating and summarizing the acquired results, drawing meaningful conclusions, and proffering practical recommendations.

Central to the author's academic exploration was the cultivation of scientific insights, conclusions, and proposals, meticulously incorporated into the dissertation. This document serves as a testament to the rigor and depth of the author's scientific inquiry, encapsulating a wealth of knowledge garnered through the dedicated pursuit of empirical evidence and scholarly discourse. The findings, conclusions, and practical suggestions encapsulated within this dissertation are poised for defense, symbolizing the culmination of an intellectual journey grounded in the pursuit of knowledge and academic excellence.

Approbation of dissertation results. The main provisions and results of the dissertation research were reported and received general scientific approval at conferences, seminars, meetings, among which the most important were "the annual scientific reports and conferences of faculty and graduate students at Sumy National Agrarian University" (Sumy, Ukraine, 2019), "Modern issues and prospects of accounting, analysis and control in condition of economic globalization XII International Scientific and Practical Conference of Young Scientists, Postgraduates, Applicants and Students" (Lutsk, Ukraine, 2020), "Current realities, forecast scenarios and development prospects III International scientific-practical conference" (Ukraine, 2021), "Modern aspects of science modernisation: state, problems, tendencies Proceedings of the XXI International Scientific and Practical Conference" (Debrecen ,Hungary, 2022).

Publications. The culmination of the author's exhaustive theoretical and empirical investigations is succinctly encapsulated in a corpus of eight scientific papers. This disseminative portfolio includes the dissemination of scholarly contributions across diverse platforms, exemplifying the breadth and depth of the research conducted. Specifically, these scholarly outputs comprise one publication in esteemed professional journals within the academic landscape of Ukraine, underscoring the localized impact of the research within national scholarly discourse.

Furthermore, the research findings find resonance in four publications strategically positioned within esteemed scientific publications cataloged in the revered Scopus/Web of Science databases. This strategic placement not only emphasizes the international reach of the research but also aligns with the scholarly standards of global scientific communities. Additionally, the author's scholarly discourse extends to three abstracts presented at conferences of scientific repute, thereby contributing to the vibrant exchange of ideas and insights within the academic community.

Collectively, these disseminated works reflect the author's commitment to not only advancing the academic frontier through rigorous research but also engaging with diverse scholarly communities on both national and international platforms. The strategic alignment of these outputs across varied channels underscores the nuanced and multifaceted impact of the research in shaping scholarly conversations and advancing the collective understanding within the scientific domain.

Structure and scope. The dissertation is systematically structured, encompassing key components such as an introduction, three main sections, concluding insights, and a meticulously curated list of references. The entire scholarly composition spans a substantial volume of 243 pages, each page meticulously crafted to contribute meaningfully to the research endeavor.

Initiating the intellectual exploration is the introduction, serving as the gateway to the research landscape. This section articulates the context, delineates research objectives, and provides a preview of the overarching themes explored in subsequent sections. The main body unfolds across three distinct yet interconnected sections, each contributing uniquely to the comprehensive understanding of the research question. These sections traverse theoretical frameworks, methodological underpinnings, empirical findings, and analytical discussions, collectively shaping a robust narrative.

The concluding segment synthesizes the research journey, distilling key findings into general conclusions. This section not only summarizes the nuanced outcomes but also contemplates their broader implications, potentially guiding future avenues of research. The meticulous organization and synthesis of information in the conclusion contribute to the coherence and completeness of the dissertation.

Complementing the textual depth are 19 tables and 15 figures strategically incorporated throughout the work. These visual elements serve as analytical tools, facilitating the interpretation of complex data sets and enhancing reader comprehension. Their integration aligns with scholarly conventions, promoting clarity and accessibility in presenting intricate concepts.

The reference section underscores the scholarly foundation of the dissertation, encompassing 196 publications. This comprehensive list incorporates seminal works, contemporary contributions, and a diverse range of academic sources, affirming the rigorous engagement with established theories, empirical studies, and scholarly discourse underpinning the research.

In summary, the dissertation, spanning 243 pages, stands as a testament to meticulous structuring, analytical rigor, and scholarly engagement. Through its integration of tables, figures, and an extensive reference collection, the work contributes substantively to the field.

SECTION 1 CHARACTERISTICS OF CSR AS AN ELEMENT OF ENTERPRISE MANAGEMENT

1.1 The Essence of CSR and Its Components

The firm is an important component of the social economy. With the development of society, the influence of society on the firm becomes bigger and bigger. This means that the company must fulfil more social responsibilities. Indeed, in recent years, society has become increasingly demanding of Corporate Social Responsibility (CSR) due to global issues such as environmental pollution, food insecurity, energy depletion, and the greenhouse effect. In the 1960s and 1970s, the study of corporate social responsibility has been activated. Since then, it has begun to grow globally and has gotten worldwide attention. There are many ways to explain CSR. The study on this has not ceased and has not stopped developing on its study. The practice and application to apply are different in every country and in every location.

The essence of CSR

Since the 1930s, corporate social responsibility has been a hot issue. Nowadays, there is no uniform definition of CSR; numerous international organizations and enterprises have their definitions of CSR, and many researchers' definitions are equally diverse. Early debates on CSR tended to be more relational in nature and investigated its philosophical roots from the viewpoints of market exchange justice, government distributive justice, general justice of the legal and ethical framework, and social justice (Dempsey, 1949). Later, researchers moved their focus to production and management operations and narrowed in on business owners and managers via the lens of trusteeship, emphasizing that they must combine personal ethics with corporate obligations as trustees of the public good (Heald, 1970).

Oliver Sheldon formally proposed the concept of CSR (Sheldon, 1924). He stated that the operation of a company should be linked to the responsibilities of various human needs both inside and outside the industry and that the interests of the community must have priority over the company's profits, breaking with the traditional corporate theory that "the responsibility of a company is to make money for shareholders." In retrospect, the 1950s marked the beginning of the contemporary era of CSR. Although there was little emphasis on the definition of the CSR concept in the 1950s, this time was marked by generic CSR discussions. As observed in 1999, Howard Bowen was the major and nearly exclusive advocate during this period. There were few businesswomen throughout Bowen's period. Bowen's overall view of social obligations was both managerial and connected to business and society. In the landmark book Social Responsibilities of the Businessman published in 1953, Bowen proposed CSR as a businessman according to objectives and values, getting near to relevant policy, making the corresponding choice, and doing ideal practical action and responsibility (Bowen, 1953).

According to Milton Friedman, the only social duty that corporations should have is the pursuit of profit (Friedman, 1962). In Harvard Business Review, Friedman published "The Social Value of the Corporation." And he said that this business duty may be accomplished by complying with rules and regulations as well as utilizing their resources. In a 1970 New York Times essay titled "The Social Responsibility of Business is to Increase Its Profits," he also stated that the only social responsibility is to increase profits under the laws. Friedman's perspective on CSR emphasized the interests of corporations and shareholders, which ignited an ongoing debate about CSR and continues to this day. Authors who published in many well-known economics journals, including The Economist, continued to question the legitimacy of CSR up until the 2008 financial crisis; despite criticizing certain aspects of capitalism, they maintained their faith in the system, particularly free-market capitalism, saying that "capitalism is wicked but redeemable." The concept and use of CSR have developed throughout time as academics have continued to critique capitalism and discuss possible reforms.

Corporations and representatives from all facets of society have been involved in substantial discussions and debates about the future and limits of capitalism in recent years as the governments of Western capitalist nations have worked to resolve tensions between economic and social progress. According to Mackey and Sisodia, who discussed the nature of interdependent human relationships in society in Conscious Capitalism, the interactions between businesses and stakeholders should be based on maximizing long-term economic value creation while taking into account all costs (including external costs) and stakeholder interests (Mackey & Sisodia, 2014). In Sustainable Capitalism, Gore and Blood stressed the drawbacks of pursuing short-term interests in the conventional manner of shareholder value maximization and pushed for a greater emphasis on offering workable solutions to issues and obstacles. Gore and Blood emphasized the drawbacks of the traditional mode of shareholder value maximization and recommended paying more attention to offering workable solutions to issues and challenges in the development of human society, thereby realizing long-term value creation in the process (Gore & Blood, 2012).

According to Beinhocker and Hanauer CEOs have recently started to rethink capitalism (Beinhocker & Hanauer, 2014). Many of them are rediscovering the core principles of capitalism and examining the nature of the interaction between businesses and society. Some people think we should forsake the consumerismcentered concept of social development and instead define social prosperity as the cumulative fixes to issues with the growth of human civilization (Beinhocker and Hanauer 2014). According to proponents of this viewpoint, businesses should redefine their mission to focus on solving social issues as opposed to maximizing shareholder value. To some extent, this puts the very basis of current operating principles and the viability of the maximization of shareholder value as a business goal in jeopardy. These considerations and arguments have largely provided justification for the growth of CSR and improved corporate. These analyses and conversations have greatly improved corporate managers' comprehension and application of CSR. At the same time, a new CSR vision is being developed that explores how business and society as well as business and the environment may coexist under the new development mode.

Since 2011, corporate social responsibility has been replaced in Western nations by the phrase "creating shared value". The next phase of capitalism's development is creating shared value, which will unavoidably alter the boundaries of capitalism (Porter & Kramer, 2011). Conceptually, producing shared value emphasizes the connection between company and society, the coherence of commercial goals and those for social advancement, and the dependency of corporate business success on a thriving neighborhood. Enterprises get economic benefits from incorporating social concerns into their fundamental business strategy, while at the same time, resolving social issues generates shared value. The "creating shared value" notion has gained advocates, however a number of flaws were pointed out in a quite critical analysis of the proposal. It was criticized for being unoriginal, ignoring the conflicts that arise from corporate responsibility, being relatively naive about corporate compliance, and not being grounded in a clear understanding of the place of business in society, among other flaws (Crane et al., 2014). To be fair to Porter and Kramer, they had a chance to address these issues and provided insightful justifications and arguments in opposition (Porter & Kramer, 2014). The argument between these two author groups demonstrates how "creating shared value" and CSR are still up for debate.

Some academics have suggested the CSR 3.0 and CSR 4.0 concepts based on networkvalue since the essence of CSR has been redefined and developed focused on creating shared value. CSR 3.0, which emphasizes consistency between CSR performance and business strategy, places more emphasis on finding solutions to environmental, social, and governance issues. It also promotes consistency between CSR performance and enterprise strategy. In order to accomplish the aim of producing shared value, both ideas stress collaboration with various partners in value chains and social networks. They also underline the relevance of CSR in company strategy. Munro makes the case in a suggested CSR 4.0 framework for changing how companies and organizations operate business in a shared, interconnected environment with a changing CSR framework (Munro, 2020). The fundamental tenets of CSR 4.0 would be "purpose" as an essential priority, innovation, inclusion, and collaboration with all partners, identification, engagement, and co-creation with all stakeholders, shared and integrated value at a deeper level, deep transformation and networking in a new ecosystem, measurable Sustainable Development Goals (SDGs) with ongoing assessment and renewal, a systems orientation at the C-suite and employee level, and circular symbiosis. In order to accomplish the aim of producing shared value, both ideas stress collaboration with many partners in value chains and social networks. They also emphasize the relevance of CSR in company strategy.

Recent studies indicate that in order to implement sustainability-oriented innovation, businesses must examine and intentionally change their organizational philosophies and beliefs. Only after that can they develop novel goods and services that achieve certain goals, uphold social and environmental ideals, and generate profits. Tata made the following argument in a recent article: When businesses come to an agreement on "putting social goals first, and considering profit second," and support workers' efforts to "do the right thing," their combined efforts will result in improved financial performance (Tata et al., 2013).

The development of "purpose-driven business terminology" and the Business Roundtable's latest landmark revelation proposing a new understanding of their social contract are two more significant issues that have emerged over the past several years and appear highly important. This is an attempt to use new terminology to repackage or refresh their previous CSR concerns when it comes to purpose-driven enterprises or the current emphasis on firms identifying their mission. Purpose-driven firms, like many other alternative views of CSR, attempt to aspire to a greater purpose than profits alone. Almost all of the corporations who publicly support a higher purpose or conscious capitalism are also supporters of CSR, sustainability, and other CSR-related principles. Only time and better measurements will indicate whether or not considerable progress is being achieved. Some of the major corporations appear to be making a difference; it remains to be seen whether the mainstream CSR-adopter companies are doing more than simply changing terms. However, the recent COVID-19 epidemic has set the stage for corporations to improve their CSR, purpose, or sustainability initiatives and commitments (Carroll, 2021).

In general, the continued advancement of corporate theories and practices has successfully shifted the boundary between business operations and society, encouraged social responsibility, facilitated the incorporation of novel ideas into daily operations, and accelerated the integration of CSR and business strategy. Thinking carefully about why, how, and for whom businesses are operated is necessary to redefine capitalism. By making it their mission to serve the community, effectively protect workers' lives, welfare, and growth, and contribute to the solution of societal issues via innovation, legendary characters in today's business world have changed the attitude of company operations. Konosuke Matsushita describes companies as "social tools", which reflects this transition. By taking into account the needs of different stakeholders and integrating and coordinating the interests of businesses, communities, and the government, these new ways of thinking and operating reveal that the only way for businesses to improve their business ecosystem and achieve sustainable development is by creating shared value.

To summarize, CSR indicates that a company must abide by the law, social morality, and business ethical standards, as well as having a responsibility to stakeholders, the environment, and future generations, maintain economic progress, and maximize the value of society and the environment. The ultimate purpose of a corporation's CSR program is to take advantage of opportunities for development and get limited resources through social business and corporate competitive strategy. As a result, CSR is defined as a company's obligation to its shareholders and other stakeholders as a result of external pressure (law and regulation, moral-ethical norms) or internal incentive. Also, the enterprise invests in social resource service for the benefit of the public good, pursuing enterprise economy, maximizing society and environmental value, and realizing society and corporation's sustainable growth and harmony via social resource allocation.

The classic model of CSR

Many researchers and academics proposed various categories and division criteria; the following section will present the process of CSR development and choose a classification that has a significant effect.

Three Concentric Circles Responsibility Model. The Committee for Economic Development issued a report on industrial and commercial corporations' social responsibility in 1971, and this report detailed three concentric circles of the CSR concept. In this three-circle model, the middle circle represents the enterprise's basic economic functions, which include business growth, products, etc.; the middle circle is for enterprises to maintain a concern for the demands of the public and the trends and changes in the values of society as a whole based on their economic functions, such as combating pollution, eliminating discrimination at work, providing welfare protection to employees, integrity, and protecting consumer rights; and the outer course includes a broader range of other responsibilities for promoting society's development, which includes companies actively engaging in socially beneficial and charitable activities to contribute to the welfare of society as a whole. The Committee for Economic Development's three-dimensional responsibility model represented, to some extent, a rethinking of the American public's view of the functions and roles of business in the social economy at the time, and the expectation that business would devote attention to and play a role in many emerging social issues. The introduction of the model further contributed to the evolution and development of CSR thinking and theory.

The Four Levels of CSR. Carroll (1979) proposed a four-level model of Corporate Social Responsibility, describing CSR as a concept that can be defined in terms of a range of responsibilities to society. In this model, he classified social responsibility into four categories, including economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility. The economic responsibility of the company is the initial and most important responsibility of CSR, which means that the company must provide good products to society at an appropriate price for obtaining profits. The legal responsibility of a company is the responsibility that all business activities of the company must comply with laws and regulations. The ethical responsibility of a company is the responsibility that its business activities must conform to social norms and moral aspects and be consistent with mainstream values. Corporate philanthropic responsibility means that the company should, within its capacity, carry out socially beneficial charitable activities or some other completely non-rewarding actions as far as possible. There are differences in the weighting of these four dimensions of social responsibility. Carroll defines economic responsibility as the most fundamental responsibility of the company, which is the guarantee of its survival and development, and therefore gives it the greatest weight; legal responsibility is second, and companies that operate in violation of the law face legal sanctions that make them unsustainable. These two types of social responsibility are both obligations for companies and carry a certain degree of compulsion. Ethical and philanthropic responsibilities, on the other hand, are not compulsory for companies and are voluntary.

Caroll improved the model of CSR by proposing a pyramid structure of CSR (Carroll, 1991). In particular, the pyramid structure emphasizes that economic responsibility is the most basic and primary part of CSR and that if companies do not fulfil the three levels of responsibility below, they do not need to pursue the highest level of philanthropic responsibility. In other words, Carroll is in favor of the idea that a comprehensive understanding of CSR will help companies to take a holistic approach to improve their business performance. Only after a company has fulfilled its economic, legal, and ethical responsibilities should it consider the option of voluntary giving or altruistic CSR.

The Three Dimensions of CSR. Lantos' thinking stems from Carroll's (1979) framework of social responsibility, and Lantos (2001) divides CSR into three dimensions: ethical, altruistic, and strategic. Ethical CSR requires companies to be ethical and not to do things that are harmful to society. The ethical requirement for CSR is the minimum requirement any company can do. Altruistic CSR is a genuine and voluntary concern for society, even at the expense of personal or organizational gain if necessary, and Lantos (2002) suggests that strategic CSR is when a company engages in certain service activities that care for society to achieve strategic business objectives.

Lantos also uses a variety of ethical frameworks to demonstrate that altruistic CSR is unethical and therefore should not be addressed by public corporations; ethical CSR is a basic requirement for corporations, while strategic CSR is beneficial to both corporations and society. Carroll (2003) also supports Lantos' view that although altruistic CSR is sometimes required due to the actual social contract between business and society, it is rarely used because it exists only at the external boundaries of a company's activities. Lantos also argues that CSR should only focus on two aspects: avoiding harm to society as a result of corporate activities and achieving strategic business objectives.

The Three Circles Model of CSR. Caroll (2003) further refines the classification and model of CSR by combining 'philanthropic' and 'ethical' responsibilities into one level of responsibility, and they describe CSR in terms of three circles with three main components: economic, ethical, and legal. These three circles of CSR partially overlap each other, and it can be seen that the model is similar to the pyramid model, but the three dimensions of the model are equally weighted and there is no hierarchy. In this model, the element of philanthropic or voluntary corporate behavior disappears, as the authors believe that if the behavior goes beyond the responsibilities of the company, it should no longer be called corporate responsibility. In addition, Carrol explains that there are many activities in the business that companies engage in for economic or ethical motives that go beyond their responsibilities, so a more precise definition of CSR requires only three main components. They also explain that the best business strategy for a company is to concentrate on areas where all three components - economic, ethical, and legal responsibilities - overlap, or failing that, to adopt a business strategy where economic and ethical responsibilities happen to overlap, as long as the company does not violate the law. In both cases, the business strategy will deliver the greatest benefit to the business.

The Components of CSR

Looking back at the development of CSR, it is easy to see that CSR has emerged in response to the development of social issues. The rapid expansion of capital has led to problems such as social polarisation, poverty, labor problems, and environmental degradation, and the process of corporate development has led to the above conflicts. To pursue high profits in the market, enterprises have to establish the concept of social responsibility and practice it to enhance their image in society. Nowadays, CSR has become a modern management concept and a widely recognized business philosophy, and the content of CSR has also become rich with the continuous development and changes in society.

Economic Responsibility. The company is an economic organization, and the economic aspect is the fundamental reason and power that an enterprise must carry. The main economic responsibilities undertaken by enterprises are: firstly, to provide diversified and high-quality products and services for society through the production and operation of enterprises, which is also a prerequisite for enterprises to pursue their interests. Through the provision of diversified products and services, enterprises can achieve high economic benefits in the market and at the same time meet the needs of society at large. Secondly, to provide more employment opportunities. The provision of employment opportunities is an integral part of corporate economic responsibility and an important guarantee for the sustainable development of society as a whole. Third, to promote the growth of social wealth. While pursuing the maximization of their interests, enterprises need to provide more wealth for society through their operations and achieve a greater accumulation of social wealth. Fourthly, to make effective use of social resources. Enterprises can achieve efficiency in the use of natural resources by improving their production methods and production processes while reusing natural resources through sustainable development and the development of a circular economy. Fifth, create and accumulate corporate profits. The ultimate goal of enterprise development is to create and accumulate corporate profits, which is also the most important responsibility of corporate economic responsibility.

Legal Responsibility. The operation of an enterprise must be an economic activity carried out under the constraints of relevant laws and regulations, which are the institutional guarantee for the harmonious and benign development of society as a whole, and therefore the various developments of an enterprise must comply with legal responsibilities. Specifically, the legal responsibilities of enterprises are: firstly, to comply with international conventions; secondly, to comply with the national constitution and laws and regulations of the country where the enterprise is located; thirdly, to comply with the industry norms, industry standards and industry ethics within the industry in which the enterprise is located; fourthly, to comply with the enterprise rules and regulations.

Ethical Responsibility. The content of corporate ethical responsibility can be understood at three levels: micro, meso, and macro. The micro level of corporate ethics refers to the ethics of the company and its shareholders, employees, consumers of its products, and the individuals involved in its business operations and their relationships with each other. The individual people involved in the development of the company are decisive in making decisions and in the development of the company in the marketplace, so it is one of the company's priorities to integrate their ideas into the corporate philosophy. The development of a code of conduct that links the moral and ethical values of individuals with the aims of the company is important for the development of the company.

Enterprise is a complicated economic organization. In addition to the mandatory restrictions of policies and regulations, business ethics has become another important means and tool to standardize business activities. Business ethics at the meso level is to study the ethical relationship between economic organizations and between economic organizations and government departments. The operation rules of the organization exceed the rules of the individual, that is to say, the organization's ethics exceed the individual ethics.

A series of social systems guarantee the survival and development of enterprises. The development of enterprises in society is bound to be constrained and influenced by social systems and social ethics. The development of enterprises in the market will have an impact on the whole social economy, technology, culture, environment, system, and other aspects, and in turn, will be restricted and constrained by these aspects. First of all, the economic behavior of enterprises has a crucial impact on the whole social economy and people's quality of life and living standards, and its behavior results determine the quality of social life. Secondly, science and technology are the primary productive forces, and the improvement of material wealth must depend on the progress of science and technology, which is constantly promoted through the practice of enterprise development, and at the same time, it is necessary to transform science and technology into material wealth through the behavior and practice of enterprises. Thirdly, the quality of enterprise development determines the quality of social employment. If the enterprise is negatively affected in its development, it will have a fatal blow to social employment, and employment is the first factor to maintain social stability, so the development of enterprises plays a role in promoting the harmony and stability of the whole society. Finally, the development of enterprises needs to rely on social resources, which will inevitably affect the social and natural environment. To protect and improving the earth's environment in which human beings live has become the social responsibility that enterprises should undertake in their development.

Environmental Responsibility. Since the beginning of the industrial revolution, companies have experienced a period of rapid growth, and the rapid increase in material wealth has brought prosperity on a global scale. However, this has been accompanied by the deterioration of the natural environment and the massive consumption of resources, making global warming, dust storms, acid rain, radioactive emissions, and other environmental problems increasingly prominent. To maintain rapid economic growth, the main consideration for business development in contemporary society is to effectively protect the environment. Therefore, corporate environmental responsibility is also an important part of corporate social responsibility. Specifically, corporate environmental responsibility mainly includes: firstly, the design of products, selection of materials and processes, etc., to comply with national standards and focus on reducing pollution and protecting the environment. Secondly, in the production of products, they should actively adopt advanced technology, clean production, green production, and energy-saving production. Thirdly, in terms of resource utilization, resources should be allocated scientifically and rationally to provide recycling efficiency of resources. Fourth, in terms of research and development, we should focus on developing products that are not harmful to the environment and human health.

Philanthropic Responsibility. The rapid development of enterprises has led to a widening of the gap between the rich and the poor, and predatory development has squeezed out the development space of others while plundering public resources, so enterprises have the responsibility to help poor groups improve their quality of life. At present, the fulfilment of corporate philanthropic responsibility is mostly voluntary, and its main contents include: firstly, helping the poor and the needy. Enterprises should help people who encounter difficulties in life to solve their difficulties, help people in crisis to solve their crises, help poor groups to enjoy the right to fair education, help poor groups to obtain the right to fair competition and development, etc. Secondly, helping people in need. Enterprises should help people who are suffering from disasters or major diseases to get out of disasters or diseases and take responsibility for saving lives and helping the injured, such as earthquake relief. Thirdly, to place people with disabilities in employment. China has enacted laws and regulations on the employment of people with disabilities, requiring enterprises to place people with disabilities in employment in proportion to the total number of people in the enterprise and to assist people with disabilities to have the same opportunities for development as others. Fourthly, the responsibility to support orphans and the elderly. Enterprises are required to help elderly people and widows and orphans who have difficulties in their lives solve various difficulties by establishing foundations, investing in the construction of orphanages, etc.

In addition to the above five universal social responsibilities, enterprises should also fulfill other related responsibilities according to the actual situation of different regions and different times, but at present, the above five types of CSR are the most basic social responsibilities worldwide.

1.2 Theoretical Developments in CSR

Stakeholder theory. Traditional organizations adhere to the principle of shareholder first, and believe that the focus of organizational management is to continuously improve the earnings and increase the wealth of the enterprise's controlling owners. In this view, corporate behavior and decision-making often seek economic benefits at the expense of other interests, such as the best interests of society. Stakeholder theory breaks the shackles of this traditional view. The core viewpoint of stakeholder theory is that organizations should comprehensively balance the interests of various stakeholders, rather than focusing on the accumulation of shareholder wealth. Enterprises should not blindly emphasize their own financial performance, but also pay attention to their own social benefits. Business managers should understand and respect all individuals closely related to the organization's behavior and results, and try to meet their needs. According to the stakeholder theory, the inclusion of stakeholders in organizational decision-making is not only an ethical requirement but also a strategic resource, both of which contribute to the enhancement of an organization's competitive advantage. Stakeholders are individuals and groups that influence the behavior of the organization and the achievement of the organization's goals, or are affected by the realization of the organization's goals and their processes. According to the broad definition of this interpretation, any individual or group can be called a business stakeholder. Based on this, stakeholder theory often Narrows the definition of stakeholder to major, legitimate individuals and groups. To a large extent, stakeholder theory has excluded the parts of stakeholders that are far from the operations and objectives of the enterprise. This is because it is difficult for an organization to maintain a normal economic operation if it spreads too much energy to meet the different interests of different interest groups.

Sirgy (2002) proposed to subdivide stakeholders into the following three categories: Internal stakeholders, including employees, managers, corporate departments and the board of directors; External stakeholders, including corporate shareholders, suppliers, creditors, local communities and the natural environment; Remote stakeholders, including competitors, consumers, advocacy media, government agencies, voters and trade unions (Sirgy, 2002). The core idea of stakeholder theory is that part of the decision-making power and interests held by shareholders should be transferred to the hands of stakeholders. Freman(1984) also cautiously pointed out that any similar theory related to decision-making power is likely to be abused by non-shareholders, because power is flowing from shareholders with more wealth to stakeholders with less wealth. This redistribution of wealth is likely to hurt shareholders who benefit from corporate earnings. Stakeholder theory can be classified from three perspectives: descriptive, instrumental and normative. The descriptive perspective simply states that there are stakeholders in the organization. The role of the organization is to satisfy the interests of the broad range of stakeholders, not only the interests of the shareholders of the company. Studies have shown that many companies also take into account measures to balance the needs of the organization and the needs of stakeholders when implementing shareholder management. An instrumental perspective suggests that firms that consider the interests of their stakeholders are more likely to succeed than those that do not. Research in this area validates the link between aspects of stakeholder strategy and organizational performance. The conclusion shows that after controlling for other variables, organizations that practice stakeholder management are relatively more successful in terms of profitability, stability and growth. The normative perspective focuses on why a firm should pay attention to its stakeholders. This perspective is an important point, or the main core, of stakeholder theory, while the other two perspectives are often ignored by most researchers. According to the normative perspective, stakeholders refer to individuals and groups that have the substantial legitimate interests of an enterprise. Stakeholders are determined by their interests in the organization, that is, whether the organization has relevant interests is controlled by the stakeholders. The interests of stakeholders are valuable to the organization in their own right, not because focusing on their interests can benefit other groups, such as corporate shareholders.

Kaler(2003) made a typology analysis of stakeholder theory and concluded two possible theoretical types: The enterprise has full responsibility for both shareholders and non-shareholders; The enterprise has full responsibility to shareholders and partial responsibility to non-shareholders (Kaler, 2003). Stakeholder theory has been continuously improved and expanded, distinguishing major stakeholders from secondary stakeholders, focusing on defined (narrow) and non-defined (broad) stakeholder strategies, balancing the orientations of various stakeholders, and evaluating enterprise performance from the perspectives of different stakeholders. The research also focuses on the holistic perspective of stakeholders, exploring issues such as understanding stakeholders and their needs, the interaction between stakeholders and companies, and decision-making involving stakeholder needs. Stakeholder understanding involves identifying key stakeholders and prioritizing their needs. In addition, companies should focus on those stakeholders who have power, legitimacy, urgent needs, or some combination of the above. The interaction with stakeholders should include a mutually satisfying and mutually beneficial relationship between the organization and the shareholders. Stakeholders interact with the organization in the form of participation, consultation, cooperation and information exchange. Recently, the debate on stakeholder theory has focused on the moral and ethical responsibilities of managers to stakeholders. Greenwood (2007) proposes that stakeholder theory is morally neutral because the inclusion of stakeholders and their needs is not mandatory to act on the basis of maximizing the interests of corporate stakeholders (Greenwood & De Cieri, 2007). Stakeholder research has also begun to explore the extent of the powers, freedoms and capacities that managers can exercise according to the wishes and expectations of stakeholders, known as managerial authority. Stakeholders themselves can either constrain or promote management behavior. There are also studies that tease out the relationship between what managers do (behavior) and why they do it (rationality).

Stakeholder theory postulates that firms are part and parcel of a broader social system in which their businesses influence and are influenced through the various stakeholder assemblies in society (Bollas-Araya et al., 2019; Deegan, 2002). Accordingly, firms act in accordance with what their stakeholders require. In view of this point, stakeholder insistence is expected to influence the assurance of CSRR and the pick of assuror (Fernandez-Feijoo et al., 2015). This study is completely on board with Cormier et al. (2005), arguing that CSRR is a compound phenomenon that cannot be interpreted restrictively by one single theory. Nevertheless, it is believed that the assurance on CSRR best suitable to describe is the signaling theory. Despite pressure from stakeholders and companies' efforts to obtain legitimate and compelling arguments, signaling theory is more convincing given the topic of this study. Firms 'signal' their higher quality through assurance on their CSRR, distinqishing themselves from low-quality firms that shun scrutiny from assurance providers. Companies incur additional costs to overcome the asymmetry of information, which is present between them and stakeholders, and add credibility to its CSRR. This study adapts a "signaling model" of Bagnoli and Watts (2017) (Bagnoli & Watts, 2017); however, here the approach can be called "stakeholder-signalling", since it is the expectations of stakeholders and their positive assessment of what the companies are striving to attain.

Agency theory. Agency theory, the full name of which is principal-agency theory, is one of the most important theories in corporate governance. Agency Theory was first proposed by Jensen and Meckling in 1976. This theory was later developed into the contracting cost theory. The contract cost theory assumes that the enterprise is composed of a series of contracts, including the contractual relationship between the provider of capital (shareholders and creditors, etc.) and the operator of capital (management authority), the enterprise and the lender, the enterprise and the customer, and the enterprise and the employee.

According to the agency theory, when a principal entrusts a task to an agent, because the interests of the two are inconsistent and there is no effective supervision mechanism to supervise the agent's behavior, the agent will do some opportunistic behaviors out of his own interests, which may damage the interests of the principal. At the enterprise level, the typical phenomenon is that due to the separation of corporate ownership and governance, shareholders do not directly participate in corporate governance, but hire professional managers to govern the company. Especially in mature markets such as Europe and the United States, the dispersion of ownership of large companies is a common phenomenon, which leads to basically no shareholder can decide all the matters of the company, so it is necessary to hire professional managers to govern the company. This is not only to leave professional matters to professional people to do, but also the result of mutual compromise between shareholders, after all, this is a way that shareholders can generally accept. In theory, professional managers should make decisions based on the principle of maximizing shareholder interests, but this is not the case. The interests of professional managers are often inconsistent with the interests of shareholders. For example, shareholders often pursue the long-term development of the company, but professional managers will choose to take care of the immediate development of the company for their own reputation and future. Therefore, when professional managers make decisions that conflict with each other, they will prioritize decisions that benefit them rather than those that benefit shareholders. Moreover, professional managers may be lazy and neglect corporate governance, which leads to the loss of shareholders' interests. This raises the question of how to ensure that professional managers will act in the interests of shareholders. How to ensure that shareholders can effectively control professional managers? It is necessary to design a mechanism that can ensure effective corporate governance by professional managers and protect the interests of shareholders. There are several solutions, but the three that have the greatest impact on corporate governance are equity incentives, independent directors and separation of roles. One is to grant professional managers partial ownership. Once professional managers have equity, they are also shareholders themselves, so they will consider their own interests as shareholders when making decisions, rather than just being a professional manager, which is also the theoretical basis for many companies to engage in option incentive system. The second is to design the supervision mechanism. The board of directors is not only the decision-making body of the company, but also has the supervision function. For example, the most important function of an independent director is to oversee decision-making at the top. Third, let the chairman and the general manager /CEO be held by two people to prevent the abuse of power caused by one person holding too much power.

The problem is presented, the solution is presented, and it seems that the problem is solved, but it is not. For this theory and its solution, some scholars have put forward different opinions. Some scholars have questioned this theory. First of all, this assumption may not be true. For example, Davis et al. (1997) put forward stewardship theory, which opposes the assumption of inner opportunism and laziness of professional managers proposed by agency theory, and believes that professional managers work hard and do a good job as "stewards" out of the pursuit of their own dignity, faith and inner work satisfaction (Davis et al., 1997). Their interests are aligned with those of shareholders and other stakeholders, and secondly, this assumption leads to some bad consequences. Ghoshal (2005) criticized a bad phenomenon that bad management theory is destroying good management practice (Ghoshal, 2005). Taking agency theory as an example, he believed that, first of all, social science has the characteristic of self-fulfilling (Gergen, 1973), and if a certain management theory is widely spread, it can change managers to act according to this theory. If a theory assumes that people will behave opportunist and propose solutions, it is likely to induce managers to behave opportunist (Ghoshal & Moran, 1996). If a theory is based on the unreliability of professional managers, this will make professional managers unreliable (Osterloh & Frey, 2003). The assumption of the agency theory on the opportunistic behavior and laziness of professional managers plays such a bad role. There are also many problems with the solution of the agency problem. Ghoshal (2005) believed that the solutions to the agency problem, such as expanding the influence of independent directors, separating the roles of chairman and CEO, creating a market controlled by the company to eliminate unqualified professional managers, recurring rewards, deferred rewards, and option incentive system, did not promote performance. Some examples are given in these aspects. But even so, the agency theory is still one of the most important theories in corporate governance theory today, which is generally accepted and almost a final conclusion. Since the 1976 article by Jensen and Meckling (1976), this theory has been endorsed by numerous major figures (Jensen & Meckling, 1976). Jensen and Meckling (1976) has far more citations than Davis et al. (1997), and there are far more articles based on agency theory than butler theory. Agency theory is still a widely accepted and popular theory, and despite some criticisms, it is still the mainstream theory in economics and management research.

Legitimacy theory. Legitimacy theory is one of the most cited theoretical frameworks in social, environmental and sustainability accounting research. It is probably the most commonly used theory to explain social, environmental and sustainability information disclosure (Campbell et al., 2003). The application of legitimacy theory in sustainable development related accounting research originates from the concept of organizational legitimacy. According to Suchman (1995, p. 574), "legitimacy is the general perception or assumption that an entity's actions are desirable, appropriate, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995). In our concept, legitimacy theory is a mechanism that supports organizations to implement and develop voluntary social and environmental disclosures in order to fulfill their social contract, have their goals recognized, and survive in turbulent environments. The society's perception of the organization's activities is reported to the society's expectations. When the organization's activities do not respect moral values, the organization is severely sanctioned by society; The sanctions could even bankrupt the organization. Organizations must justify their existence through legitimate economic and social actions that do not endanger the existence of the society in which they operate or the environment.

In legitimacy theory, corporations are seen as social creations, and their existence relies on the inclination of society to persist in allowing them to operate (O'Donovan, 2002). Thus, companies will behave in such a way that society will acknowledge them to be socially responsible (Fernandez-Feijoo et al., 2015). As claimed by legitimacy theory, companies are obliged by a 'social contract' in which they consent to discharge various socially desired activities in exchange for endorsement of their objectives and other benefits, and this essentially safeguards their survival (Bollas-Araya et al., 2019). Accordingly, firms issue CSRR in an effort to legitimize their role in society (O'Dwyer et al., 2011), and assurance intended to bolster social behavior by adding credibility (Birkey et al., 2016). In a situation where society's expectations are not being observed on part of the firm and society detects or perceives the company's behavior as not appropriate, a legitimacy gap might arise (Castelo Branco & Lima Rodrigues, 2006). In this case, the presence of third-party assurance fortifies social behavior by amplifying credibility of the report (Birkey et al., 2016). Therefore, articles examining the determinants of CSRA choice unequivocally state that "the need for enhanced credibility plays at least some role in the choice to seek assurance" (Birkey et al., 2016).

Signaling theory. Signaling theory posits that non-financial reporting over various channels can lessen information asymmetry between managers and stakeholders (Connelly et al., 2010; Karaman et al., 2021). Companies can determine to ‘signal’ their behavior to the outward parties because of this information asymmetry by assuring its CSRR (Simaens & Koster, 2013). Signaling theory springs from Spence’s paper from year 1973 exploring signaling at the labor market (Spence, 1973). Thereafter, management researchers have more and more often utilized signaling theory ‘to help explain the influence of information asymmetry in a wide array of research contexts’ (Connelly et al., 2010). This theory implies the presence of three principal components in the signaling process such as the signaler, the signal itself, and the receiver of the signal.

Overall, signaling is utilized to differentiate and highlight quality, intent and risk issues (Li & Zhang, 2010). According to theory of Melumad and Thoman (1990), in audits within the voluntary context, the choice to recruit an external auditor is going to signal a firm’s low-risk type, whereas dodging an audit altogether signals to the contrary – a high-risk type (Melumad & Thoman, 1990). In light of this theory, and provided that a firm’s CSRR quality is indicative of its risk type, good CSR performers would be more inclined to attain external assurance on their CSRR as a signal of their low-risk type (Li & Zhang, 2010). Similarly, signaling distinguishes between high-quality firms and low-quality firms. The companies may be aware of their own actual quality, while outsiders are not, so information asymmetry exists. In this context, each company might avails itself of the opportunity to signal or not to signal its actual quality to outsiders (Connelly et al., 2010). In our case, the signaling takes place through the assurance provided by the independent third party. Hence, as a rule, low quality of CSRR would not make it to endure the stringency of assurance providers as the company chose a path to assure its CSRR signals to stakeholders the CSRR higher quality. Therefore, signaling theory assumes that higher corporate social responsibility performers are more prone to assure their CSRR externally.

Stakeholder-agency theory. Stakeholder-agency theory considers managers as unique stakeholders who are at the center of the nexus of contracts. Given a manager's central position and insider knowledge, managers are "agents", but not shareholders' agents, but stakeholders (Hill & Jones, 1992). Stakeholder-agency theory links management to their stakeholders, who have a claim on a company (Moroney et al., 2012). Stakeholder-agency theory presupposes that managers have contractual relationships with all types of stakeholders and thus work as "agents" for them (Dutta & Dutta, 2021). In situation of "stakeholder diffusion" (when stakeholders are dispersed and no one individually controls serious resources on their own), the need for "monitoring structures" arises to monitor management performance (Hill & Jones, 1992). External assurance on CSRR, given its mostly voluntary status, qualifies to be and may also be regarded as a "monitoring structures". Counter to agency theory, social-political theories, such as legitimacy or stakeholder theories, bring a more all-encompassing perspective on CSRR as they explicitly acknowledge that "organizations evolve within a society that encompasses many political, social and institutional frameworks" (Cormier et al., 2005).

1.3 CSR quality and its interdependence on Firms' Financial & Business Routines: Literature Review

Accounting and Financial Aspects (Routine)

External assurance and CSR. Watts and Zimmerman, in their seminal article, explain that external audit assists in mitigating information asymmetry among managers and principals through strengthening the correctness, accuracy, completeness, veracity and reliability of financial statements (Maroun, 2019; Watts & Zimmerman, 1983). Follow-up studies were instrumental in finding out that higher audit quality corresponds with the lesser levels of discretionary accruals (Astami et al., 2017; Francis & Krishnan, 1999) and lesser level of the costs of capital (Coffie et al., 2018). Comparable to financial information external assurance, an independent CSRR audit might mitigate information asymmetry and ambiguity, generating bigger realized credibility to non-financial information (Bagnoli & Watts, 2017; Du & Wu, 2019; Rhianon Edgley et al., 2010; Steindl, 2021). Given that CSRR commonly incorporates discourse that is mostly favorable and beneficial from the firms' point of view, securing external assurance is regarded as a notably informative signal (Coram et al., 2009; Du & Wu, 2019; Dutta & Dutta, 2021). This is due to the fact that external assurance can, in some ways, backup and substitute for shortcomings in corporate governance systems and the legal mechanisms in place to safeguard investors' interests (Maroun, 2019; Simnett, 2012). Sustainability reports, subjected to scrutiny by an independent expert, can also encourage conformity with reporting regulations in use and advocate more thorough and factual reporting on social and environmental matters (Birkey et al., 2016; Moalla et al., 2021; Moroney et al., 2012). Furthermore, CSRA might to be pursued by companies for which net gains are considerable, both from the perspective of reduced agency costs and enhanced confidence among users (Connelly et al., 2010; Simnett et al., 2009). According to this view, the Bagnoli and Watts (2017) signaling model is worth mentioning here again, according to which firms pursuing more socially responsible undertakings are more willing to procure external assurance and pick a separating equilibrium (Bagnoli & Watts, 2017). Prior studies are testament to that as they show that "socially responsible firms demand high-quality audits from external auditors" (Saeed et al., 2022). The selected prior studies on the effect of CSRA on CSRR quality and their findings are presented in Table 1.1. The most relevant for this study are findings delivered by Du and Wu (2019), Maroun (2019), and Moroney et al. (2012). There is a consensus that higher performers in corporate social responsibility are more willing to externally assure their CSRR, and vice versa, assured CSRR are of higher quality (Bagnoli & Watts, 2017; Koseoglu et al., 2021; Saeed et al., 2022).

Table 1.1 - Prior studies on the effect of CSRA on CSRR quality*

Authors	Dependent variables	Independent variables	Sample	Main findings
(Koseoglu et al., 2021)	Cost of Debt Capital (COD)	Mandatory assurance of CSR	803 companies listed on the Taiwan Stock Exchange and the Taipei Exchange between 2010	Mandating the assurance of CSR reports tended to decrease the cost of debt capital
		Big 4 accounting firms	and 2018	No significant impact
(Steindl , 2021)	The culture of a country	Credibility of CSR reporting indirectly by legal institutions	All GRI reports included into GRI Sustainability Disclosure Database (GRI SDD) years	Cultural rule orientation shapes firms' tendencies toward credible CSR reporting indirectly by legal institutions
		Credibility of CSR reporting directly	2012-2016	Cultural rule attitude influences the credibility of CSR reports directly
(Moalla et al., 2020)	Environmental reporting quality	Environmental assurance	Listed companies from France indexed in SBF120 for the period 2012–2017	Significant positive association

(Du & Wu, 2019)	CSR-related misconduct	CSR assurance	6,289 firms on Taiwan Stock Exchange (TWSE) from 2005 to 2013	External assurance can strengthen the credibility of CSR reports
(Maroun, 2019)	Quality of integrated report	CSR assurance	50 listed companies on the Johannesburg Stock Exchange (JSE) (South Africa) from 2010 to 2016	Assured CSR is of better quality
		Reasonable assurance		No significant association
		Big Four audit		The Big four audit is associated with better quality of integrated reporting
(Birkey et al., 2016)	Environmental reputation of a company	CSR assurance	351 observations with firms listed on the Newsweek ranking lists and having KLD CSR ratings of 2009 and 2010	Positive significant association
		Assurance provider type		Positive relationship between assurance and environmental reputation sustain, irrespective of assurer type
(Moroney et al., 2012)	The quality of voluntary environmental disclosures	Environmental assurance	74 firm-year observations out of 500 public companies listed on the Australian Securities Exchange (ASX) from 2003 and 2007	Assured companies ranking higher than unassured companies on the environmental index
		Assurance by professional accountant		No significant association
(Hodge et al., 2009)	Confidence in, and credibility of the sustainability report	Assurance of SR	145 students enrolled in an MBA program at two large Australian universities	The provision of an assurance statement with a sustainability report generates greater credibility in the report from users perspective
		Level of Assurance		No significant association
		Type of		

	assurance practitioner		Public accounting firm having (as opposed by a specialist consultant) a more positive impact on report users' confidence in the sustainability report

Source: Author's development.

Tax aggressivness and CSR. There are two major theories related to CSR and aggressive tax avoidance practices: corporate culture theory and risk management theory (table 1.2) (Col & Patel, 2019; Raithatha & Shaw, 2022).

Table 1.2 - Theories explaining the relationship between CSR and tax aggressiveness

Theory name	Meaning and logical reasoning behind theory	Utilized in studies
Corporate culture theory	Postulates that if a company truly believes in good corporate behavior, then all CSR and tax avoidance decisions should reflect that belief and shared value. The company cannot simultaneously be involved in activities that have a drastically opposite impact on society. The company conducts CSR for the benefit of all stakeholders and this list already includes the government. Therefore, aggressive tax avoidance cannot be concomitantly combined with CSR. Therefore, corporate culture influences the decision to reduce tax aggressiveness as a result of greater involvement in CSR.	(Ling & Liu, 2023)
Risk management theory	The company is focused on satisfying the interests of shareholders, not the interests of a wide range of stakeholders. This theory assumes that companies seek to reduce reputational risks associated with negative corporate events and maximize the interests of shareholders by strengthening their CSR, which basically is designed to create a good reputation for them. If a company is exposed to negative public attention as a result of participating in active tax avoidance schemes, it can always counter these messages by strategically increasing its	(Col & Patel, 2019; Huseynov & Klamm, 2012; Lanis & Richardson, 2015)

	CSR engagement in response, thus “blocking” those negative public attention.	

Source: Author’s development.

The corporate culture theory assumes a negative relation between CSR and tax avoidance, while risk management theory asserts that companies ratchet up their CSR engagement to minimize or to mitigate the negative reputational effects associated with tax aggressiveness (Col & Patel, 2019; Raithatha & Shaw, 2022).There are also one theory which is also mentioned in connection between CSR and tax avoidance slack resource theory (Penrose, 2009; Watson, 2015) asserting that the relation between CSR and tax avoidance catalyzed by earnings performance, thus assuming that “attention to the demands of non-shareholder stakeholders is curtailed when firms face scarce resources” (Watson, 2015).

Currently, two currents have emerged that consider divergent and contradictory approaches to the relationship between CSR and tax avoidance. One camp of researchers believe that corporate culture steers both CSR activities and tax practices, thus assuming that firms with inferior CSR performance are going to be more aggressive in tax avoidance (Hoi et al., 2013; Kim et al., 2012). The other group of researchers claims that CSR is simply a risk management instrument, therefore assuming that engaging in aggressive tax practices companies should either improve and boost their CSR activities or make it perceived as being robust CSR performance (Abid & Dammak, 2022; Col & Patel, 2019; Davis et al., 2016; Huseynov & Klamm, 2012; Lanis & Richardson, 2015; Preuss, 2010; Raithatha & Shaw, 2022). It is also worth mentioning the original approach (Davis et al., 2016) who presented evidence that CSR and tax avoidance “act as substitutes rather than complements” (Davis et al., 2016).

The literature is replete is studies that provide empirical evidence, both in favor of the first and second theories and groups. Thus, confirming the theory of corporate culture assumptions Raithatha & Shaw (2022) sample of 1,577 non-financial firms (6,082 firm-year observations) listed on the Bombay Stock Exchange (BSE) between 2015 to 2018 show that “firms that comply with CSR regulation end up showing less tax aggressiveness measured by the effective tax rate (ETR) and book-tax difference measure” (Raithatha & Shaw, 2022). Lanis & Richardson (2015) sample of 434 firm-year observations (from it 217 tax-avoidant and 217 non-tax-avoidant firm-year observations) from the Kinder, Lydenberg, and Domini database over the period 2003–2009 finds that “the higher the level of CSR performance of a firm, the lower the likelihood of tax avoidance” (Lanis & Richardson, 2015). Kacem & Brahim Omri (2022) on 71 Tunisian companies operating in different sectors shows that “there is a negative and significant association between tax incentives and CSR practices. Therefore, there is an inefficient use of these types of incentives” (Kacem & Brahim Omri, 2022). Ling & Liu (2023) suggesting that firms that generously contribute to charitable causes are less aggressive in avoiding tax and finds that firms that engage in corporate giving (a CSR strength) are less aggressive in avoiding tax than their peers (Ling & Liu, 2023). Kuo (2023) on a sample of 1,277 listed firms in Taiwan from 2015 to 2020 firms that perform well in CSR are less likely to engage in tax avoidance (Kuo, 2023).

Contrary to abovementioned papers findings several studies substantiate the risk management theory. In particular, research of Col & Patel, 2019 can be included in this group, who using a sample of U.S. firm show that firms that engaging in aggressive tax avoidance (proxied by the use of offshore entities in tax havens) increase their CSR ratings considerably (Col & Patel, 2019). The findings Col &

Patel, 2019 testify that firms' CSR ratings rise steeply in the two years after they first open tax haven affiliates (Col & Patel, 2019). Özbay et al. (2023) using 1156 firm-year observations from 94 firms listed on the Istanbul Stock exchange, found that "socially responsible non-family firms engage in tax avoidance activities through discretionary book-tax differences rather than tax avoidance through aggressive tax planning and tax sheltering, and this behavior is opposite in family firms" (Özbay et al., 2023). Sarhan (2023) using a sample of FTSE350 non-financial listed firms from 2002 to 2016 tries to determine the moderating role of the structure of shareholders on the relationship between CSR and tax avoidance and finds that "institutional shareholding dampens the positive relationship between firms' social responsibility and tax citizenship" (Sarhan, 2023). Gavious et al. (2022) found that "tax avoidance has decreased in non-CSR firms in response to this exogenous change, but surprisingly, in CSR firms it has increased" (Gavious et al., 2022). Abid & Dammak (2022) the effect of tax avoidance on corporate social responsibility performance based on a sample of French non-financial companies over the period 2005 to 2016 shows that "firms with high CSR scores are more likely to engage in aggressive tax avoidance" (Abid & Dammak, 2022). Research of Watson (2015) can also be recorded in the second group, who going out of the assumptions of slack resource theory (Penrose 1959), predicts and finds that the relation between CSR and tax avoidance catalyzed by earnings performance, thus proving that "attention to the demands of non-shareholder stakeholders is curtailed when firms face scarce resources" (Watson, 2015).

Financial auditor quality and CSR. Numerous studies consistently affirm that prominent professional service firms, exemplified by the Big Four, consistently deliver audits of superior quality, thereby mitigating information asymmetry between insiders and external users compared to non-Big Four firms (Huang & Kung, 2010; Jacob et al., 2019; Jo et al., 2016; Lento & Yeung, 2021; Pflugrath et al., 2011; Sundarasen et al., 2016). This phenomenon is particularly pronounced in the USA, where auditors face elevated litigation risks (Kim et al., 2019). DeFond & Zhang unequivocally assert that "Big N research is one of the most thoroughly researched areas in the literature, and provides a mountain of evidence that Big N auditors deliver higher quality as captured by a long list of proxies that span multiple categories of audit quality" (DeFond & Zhang, 2014). Furthermore, several papers affirm that external information users favor and assign higher value to the Big Four compared to their counterparts (Azizkhani et al., 2010; DeFond & Zhang, 2014; He et al., 2019).

Existing literature presents two hypotheses explaining these preferences: the information quality hypothesis (perceived quality, firm size) and the insurance hypothesis (firm size, 'deeper pockets,' stronger auditor incentives) (Azizkhani et al., 2010). The information quality hypothesis focuses on how audits directly enhance the quality of management-generated information for investors, emphasizing users' perceptions and firm size (Azizkhani et al., 2010). Robust perceptions of audit quality are crucial for maintaining consistent confidence in financial reporting integrity, reducing information risk asymmetry (Azizkhani et al., 2010; DeFond & Zhang, 2014; He et al., 2019). The insurance hypothesis centers on the extent of auditor liability to investors for financial misstatements (Azizkhani et al., 2010; Jacob et al., 2019). DeFond & Zhang articulate this hypothesis, stating, "Auditor size, as captured by Big N membership, is often argued to capture stronger auditor incentives, because reputation costs increase with size, and because larger auditors' 'deep pockets' make them a target for litigation" (DeFond & Zhang, 2014).

Scholarly research supports these hypotheses, indicating that Big Four auditors contribute to higher audit quality and act as a safeguard against financial misstatements (J. R. Francis et al., 2013; De Beelde & Tuybens, 2015; Barros et al., 2013). Additionally, the literature suggests that Big Four auditors play a pivotal role in advocating sustainability reporting and reducing CSR practices decoupling (García-Sánchez et al., 2022; García-Sánchez, 2021; Velte & Stawinoga, 2017). Scholars also argue that auditors, including the Big Four, actively promote social and environmental information disclosure and advise clients accordingly (Pucheta-Martínez et al., 2019). The study by Al-Shaer & Zaman establishes a link between audit committee independence and the choice of a Big Four audit firm (Al-Shaer & Zaman, 2018). Hummel et al. find that poor sustainability performers seek in-depth assurance services from Big Four auditors to enhance their internal sustainability-related processes (Hummel et al., 2019).

Moreover, research indicates that Big Four audits significantly encourage CSR reporting, with Big Four audited firms displaying higher levels of disclosure and increased credibility in sustainability reports (Zorio et al., 2013; Fernandez-Feijoo et al., 2018). These findings may signal the financial auditor's influence on expanding their business (Fernandez-Feijoo et al., 2018). Ball et al. suggest that audited financial reporting and voluntary disclosures are complementary, with firms issuing voluntary disclosures more likely to engage one of the Big Four companies (Ball et al., 2012). Lento & Yeung's study covering 2000–2014 provides evidence of higher levels of actual audit quality for the Big 4 in Chinese institutional settings compared to both large indigenous Chinese and the five largest second-tier international networks (Lento & Yeung, 2021).

Accounting conservatism and CSR. The existing body of literature offers a nuanced exploration of the dynamic relationship between accounting conservatism and Corporate Social Performance (CSP), presenting two conflicting perspectives. Stakeholder theory, grounded in a positive association, posits that heightened engagement with stakeholders fosters the adoption of their perspectives within financial reporting. Conversely, agency theory adopts a negative stance, asserting that CSR activities may serve as a façade for less stakeholder-friendly endeavors. Drawing on these contrasting theories and insights from the extant literature, we formulate two opposing hypotheses to scrutinize the association between CSP and accounting conservatism.

The 'Responsible' View/Stakeholder Theory. Earlier studies suggest that accounting conservatism plays a pivotal role in instilling prudence in recognizing income and assets, thereby potentially mitigating the risk of exaggerating a firm's financial outlook. Beaver & Ryan (2000) emphasize the significance of the "bias" component, encompassing conservatism, in understating the book value of equity, leading to a diminished book-to-market ratio. Givoly & Hayn (2000) corroborate this, noting an uptick in conservative financial reporting during the last decade of the 20th century, thereby curbing the risk of a firm's accounting-based performance surpassing its cash flows.

Moreover, stakeholders derive benefits from conservatism in financial reporting. Watts (2003) illustrates that accounting conservatism curtails opportunistic behavior and enhances contracting efficiency within firms. Given stakeholders' vulnerability to downside risks arising from overstated accounting information, Guo et al. (2020) contend that conservatism serves as a risk mitigation tool, providing stakeholders with a verifiable lower bound of a firm's net assets and earnings. J. Zhang

(2008) further elucidates the contracting advantages of accounting conservatism in the debt contracting process, assisting lenders in evaluating net assets and predicting timely signals of default risk. LaFond & Watts (2008) contribute to this narrative by demonstrating that conservatism diminishes managers' incentives and capabilities to manipulate accounting figures, consequently reducing information asymmetry and deadweight losses. Additionally, conservatism emerges as a natural response to growing information asymmetry, intensifying following increases in information asymmetries (LaFond & Watts, 2008, p. 476). Biddle et al. (2020) expand on these findings, showcasing that unconditional and conditional accounting conservatism effectively mitigates bankruptcy risk in U.S. listed firms through channels of cash enhancement and earnings management.

In a broader context, conservative financial reporting emerges as a catalyst for advancing the interests of a firm's financial stakeholders. This is manifested through the reduction of information asymmetry, alignment of interests between management and capital providers, alleviation of agency issues, equilibrium in managerial remuneration and compensation costs, and fortification of investment efficiency (Anagnostopoulou et al., 2021; R. N. Francis et al., 2013).

The exploration of Corporate Social Responsibility (CSR) in previous studies provides a theoretical framework that seamlessly integrates ethical expectations into a rational economic and legal context (Anagnostopoulou et al., 2021; Carroll, 1979; Jones, 1995; Kim et al., 2012). Carroll (1979) delineates a firm's social obligations, including economic, legal, ethical, and discretionary responsibilities, while Jones (1995) formulates a theoretical framework unifying economic theory and business ethics. Garriga & Melé (2004) contribute by classifying main CSR theories into four groups: instrumental theories, political theories, integrative theories, and ethical theories. These theories collectively imply that managers are incentivized to embody sincerity, honesty, trustworthiness, ethical behavior, and high standards in their business processes (Garriga & Melé, 2004). Within this ethical framework, the perspective on CSR anticipates that managers are motivated to 'do the right thing,' recognizing the inherent advantages to the firm (Carroll, 1979; Garriga & Melé, 2004; Kim et al., 2012).

Organizational and Management Aspects

Corporate governance and CSR. The theoretical framework for studies focusing on the linkage between corporate governance attributes and SRC consists as evident by a comprehensive overview by Hussain et al. (2018, pp. 414-415) of agency theory and stakeholder theory (Hussain et al., 2018). The theoretical framework provides the rationale as to what may push certain people or groups of people to act in a certain way, e.g. underlying intentions underpinning their action.

Stemming from Freeman (1984), stakeholder theory avers that an organization has responsibilities to a wider group of stakeholders than its investors and creditors (Manita et al., 2018; Tyson & Adams, 2020). This paper applies stakeholder theory in a way paved by the prior literature examining sustainability-related disclosures (Hussain et al., 2018). The main tenets of stakeholders theory are that sustainability-related disclosures are treated by management as a tool to convey information to a wider array of stakeholders; there could be primary stakeholders (shareholders, employees, customers) or secondary stakeholders (local communities, public authorities, NGOs) (Lock & Seele, 2017; Manita et al., 2018). Moreover, the diversity in stakeholder relationships, together with board composition, may also be instrumental to clarify the variability of sustainability reporting practic es in an industry with comparable organizations (Tyson & Adams, 2020, p. 300).

While discussing sustainability reporting, legitimacy theory must also be mentioned because the urge of informing stakeholders stems mostly from the desire to increase the legitimacy in the eyes of society (Manita et al., 2018)). In fact, field research testifies to that as most of the senior executives interviewed by O'Dwyer (2002) cited the aspiration to enhance corporate legitimacy as the major motive for sustainability reporting. Whilst certain managers sensed that sustainability reporting might be counterproductive to gaining corporate legitimacy as a result of widespread skepticism to corporate sustainability publications at the time of the study (Adams & McNicholas, 2007; O'Dwyer, 2002); the societal pressure nowadays is at the appropriate level to consider legitimacy theory as well needed. Recent studies have confirmed that legitimacy theory continues to predict the decision of companies to disclose sustainability-related information even after the implementation of the EU Directive 2014/95/EU on non-financial reporting (Mio et al., 2020).

Agency theory is utilized often to explicate voluntary sustainability-related disclosure practices (Mio et al., 2020). Agency theory presupposes the conflicts of interest that occur between shareholders (principals) and managers (agents), thus the antagonism between those groups stems from the separation of ownership and control. Agency theory deals with agency problems that arise when both the principal and the agent are trying to maximize their own interests, while those interests differ. Indeed the information asymmetry is the prime factor leading to the agency problem and in the present knowledge-based economy stakeholders seek and appreciate data on sustainability for their decision-making (Mio et al., 2020; Tyson & Adams, 2020). Therefore, sustainability reporting could lead to a decrease in agents' opportunistic behavior, reduce information asymmetry, and lower the cost of capital.

Following Hussain et al. (2018), in the conceptual background, the board of irectors is regarded as a stakeholder party and subsequently utilizes both agency and stakeholder theories for hypothesizing on the inherent corporate governance-sustainability reporting nexus. Table 1.3 provides an overview of the main empirical literature to the date studying the SRC and corporate governance attributes relationship.

Table 1.3 - Prior studies on the effect of sustainability reporting conduct and corporate governance attributes*

References	Dependable variables	Corporate governance attributes	Sample	Main findings
Kılıç et al. (2021)	Sustainability reporting	Board size	772 firm-year records of the H&T industry from Thomson Reuters Eikon database from 2013 and 2018	+ ve association
		Board gender diversity		+ ve association
		Board independence		no association
		CEO duality		no association
Uyar et al. (2020)	CSR performance	Board gender diversity	Eikon (940 firm-year observations) 2011–2018	+ ve association
		Board diligence		+ ve association
		Board independence		+ ve association
		Sustainability committee		+ ve association
Tibiletti et al. (2021)	CSR report	Board size	200 Italian listed companies for 3 years, 2016, 2011 and 2008	no association
		CEO duality		- ve association
		Independent directors		- ve association
		Female directors		no association
Naciti (2019)	Sustainabilit	Board independence	362 large industrial firms	- ve association

	y performance	Board diversity	Fortune Global 500 list 2013-2016	+ ve association
		CEO duality		- ve association
Pucheta-Martínez and Gallego-Álvarez (2018)	CSR	Board size	Total of 13,178 observations belonging to 39 countries were obtained from the Thomson Reuters Eikon database	+ ve association
		Board independence		- ve association
		Board gender diversity		+ ve association
		CEO duality CEO		+ ve association
Biswas et al. (2018)	Environmental performance	Board gender diversity	407 firms listed in the Australian Securities Exchange (2,188 firm-year observations) 2004–2015	+ ve association
		Board independence		+ ve association
	Social performance	Sustainability committee		+ ve association
Hussain et al. (2018)	Sustainability Performance	Board size	100 U.S. firms listed in the Global Fortune 2013 (152 firm-year observations) 2007–2011	+ ve association
		Board independence		+ ve association
		CEO duality		- ve association
		Women on the board		+ ve association
		Board meetings		+ ve association
		CSR committees		+ ve association
Liao et al. (2015)	GGD	Board gender diversity	329 firms listed in the 2011 CDP FTSE350 2011 407	+ ve association
		Board independence		+ ve association
		Environmental committee		+ ve association

Giannarakis (2014)	CSR disclosure	Board size	100 companies from the Fortune 500 listed for 2011	no association
		CEO duality		no association
		Women on the board		no association
		Board Competence		no association
		Board Meetings		no association
		Board composition		no association
		CSR Committee		+ ve association
Jizi et al. (2014)	CSR reporting	Board size	US national commercial banks from 2009 to 2011	+ ve association
		Board independence		+ ve association
		CEO duality		+ ve association
		Board meetings		+ ve association

Note: * + ve – positive; - ve – negative.

Source: Author's development.

Internal Control and CSR. It is believed that CSR affects corporate sustainable growth directly and indirectly. First of all, CSR promotes closer involvement of stakeholders and facilitates the change of management's mindset and also contributes to more efficient use of resources. There are two ways CSR is expected to extend the threshold of sustainable corporate growth: 1) through the mechanisms of downside risk reduction and 2) due to upside efficiency enhancement (Lu et al., 2021). Lu et al. suggest and prove that CSR can generate a market premium employing the processes of downside risk reduction or upside efficiency enhancement (Lu et al., 2021).

Downside Risk and CSR. CSR can be applied by companies as a tool in the strategy of a firm's risk-reduction (Jo & Na, 2012; Lu et al., 2021; Luo & Bhattacharya, 2009). In terms of risk management and from this standpoint, effective stakeholder management nurtured within CSR does not only produces favorable reputational capital (Godfrey, 2005; Kim et al., 2021) but also assists in the enhancement of the practices of risk management (Jo & Na, 2012; Lu et al., 2020). This has been proved to affect both the likelihood of risk ex-ante (Koh et al., 2014; Mayberry & Accounting, 2020) as well as the harshness and acuteness of losses ex-post (Jia et al., 2020; Shiu & Yang, 2017).

Corporate social performance can raise firm value through operating as an insurance instrument, although its value-raising consequences diverge contingent on a firm's litigation exposure (Koh et al., 2014). Moreover, companies having a long-term dedication to CSR are more likely to amass decent moral capital to produce insurance-like effects in case of damaging incidents occurrence (Shiu & Yang, 2017)). Lu, Liu, and Falkenberg results suggest that overall, firms that excelled in CSR are more likely to establish integrated risk management practices and CSR activities focusing both on principal stakeholders and secondary stakeholders are identically crucial in assisting of the endorsement of such risk management practices (Lu et al., 2020).

So, from this perspective, CSR can simulate or operate as loss control and hence minimize anticipated losses (through lessening the consequences of unfavorable incidents), the cost of loss financing (through diminishing the likelihood of financial trouble) and the cost of residual uncertainty (through facilitation of improved provisions of deal with stakeholders) (Lu et al., 2020). Lu et al. provide an example of a chemical firm that decides to switch to the use of nontoxic materials for its products (Lu et al., 2021). This simple step may decrease the probability of environmental prosecution (thereby minimizing expected loss) and strengthen and boost customer loyalty (thereby decreasing residual uncertainty), and consequently reducing the necessity to keep tied a certain amount of money in form of internal loss reserves or insurance (thus reducing the cost of loss financing (Lu et al., 2021).

However, it should also be borne in mind that reducing the risk does not always lead to an increase in the value of the company, besides, to calculate the net effect, one must also take into account the amount of investment in risk mitigation. At the same time, this strategy works well in the case of high-risk companies. Those kinds of companies, therefore have a larger demand to spend on risk mitigation measures since they are more likely to gain from risk mitigation (Lu et al., 2021). Risk context matters here. Thus, in the case of highrisk companies, investors will probably perceive a high level of CSR engagement as an appropriate effort towards risk reduction and respond positively, whereas low CSR engagement combined with a high-risk setting will be construed by investors as inadequate risk lowering endeavor, which leads to disproportionate risk exposure (Lu et al., 2020; Shiu & Yang, 2017). Lu et al. (2021) have developed the theoretical model of how investors distinguish the usefulness of CSR performance under various risk contexts which we provide here as figure 1.1.

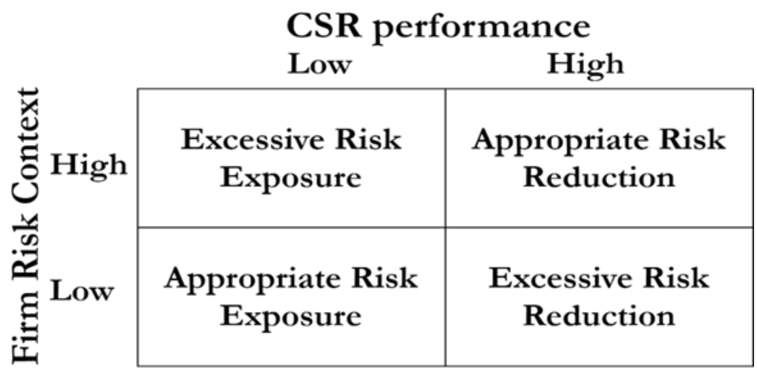

Figure 1.1 - Firm Risk Context and CSR Performance (Lu et al., 2021)

Upside potential and CSR. CSR can be regarded as a vehicle for intensifying the upside potential of the company by rising internal and external efficiency through building strong stakeholder trust (Hillman & Keim, 2001; Jiang et al., 2020; Lu et al., 2021), differentiating it from its rivals (Ben-Amar et al., 2021; McWilliams & Siegel, 2001), reducing transaction costs (Lu et al., 2021), and improving operational efficiency (Flammer, 2018; Lu et al., 2020). CSR is also recognized as one of the tools of effective differentiation tactics firms employ (Lu et al., 2021; McWilliams & Siegel, 2001) and is a common non-market strategy deployed by companies (Baron, 2001; Baron & Diermeier, 2007; "Firm improvements: The benefits of social and political nonmarket strategies in the UK," 2019).

At the same time, it should be noted that such effects do not always lead to value creation, as it is also necessary to take into account the invested capital related to CSR as well as the opportunity costs of invested capital. Therefore Lu et al. make a verdict that investors will acknowledge high CSR performance favorably provided that the benefits from CSR surpass the costs of attaining such high CSR performance (Lu et al., 2021). We argue following Lu et al. (2021) that level of earning capabilities acts as a litmus test of investors' reaction. When a company shows high earning capabilities it is capable to transform high CSR performance into value and be perceived by investors positively, whereas firms showing low earning capabilities "achieving high CSR performance will be perceived as value-destroying" (Lu et al., 2021).

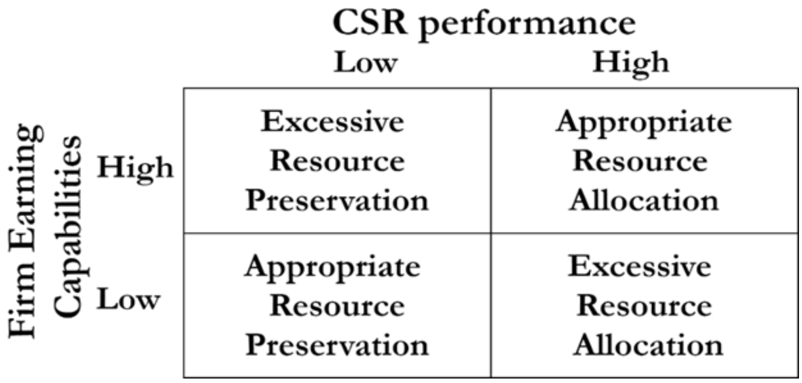

Figure 1.2 - Earning Capabilities and CSR Performance (Lu et al., 2021)

Fig. 1.2 represents the theoretical framework developed by Lu et al. (2021) which helps us to theorize how investors distinguish the serviceability of CSR performance contingent on a firm’s earning capabilities (Lu et al., 2021).

Internal audit (audit committee)and CSR. The impact of companies on society has also become a global concern, and companies are facing increasing pressure from stakeholders to adopt a wider range of goals and activities in terms of society and the environment. Committees such as audit committees act as oversight mechanisms to monitor and improve social responsibility. Karamanou and Vafeas (2005) argue that larger audit committees have a wider range of knowledge on which to base their debate (Karamanou & Vafeas, 2005). Othman et al. (2014) also pointed out that larger audit committees (audit committees with more members) can monitor companies more effectively, thus improving the quality of disclosure (Othman et al., 2014). Li et al. (2012) found that the size of audit committee was positively correlated with the level of voluntary disclosure (Li et al., 2012). Klein (2002) studied the determinants of audit committee independence (Klein, 2002). His research has found that audit committee independence increases with board size and board independence, and decreases with a company's growth opportunities and a company with a continuous loss. Carcello and Neal (2003) pointed out that the independence of the audit committee is related to the information disclosure of financially troubled companies (Carcello & Neal, 2003). Musallam (2018) found that there is a significant positive correlation between risk management, audit committee meetings and audit committee size and CSR disclosure (Musallam, 2018). There is a negative correlation between audit committee and corporate social responsibility disclosure. Steinberg & Bromilow (2000) believed that when the members of the audit committee are independent, the performance of the audit committee will be of high quality, thus improving the credibility of financial reports (Steinberg & Bromilow, 2000). Orlitzky et al. (2003) believes that participation in CSR activities can not only improve shareholder satisfaction, but also have a positive impact on corporate reputation (Orlitzky et al., 2003). In other words, corporate social responsibility information disclosure helps enterprises establish a positive image in the eyes of shareholders. Ji Yu et al. (2016) pointed out that there is a significant positive correlation between the financial expertise of audit committee members and corporate social responsibility disclosure (Yu et al., 2016). Li et al. (2012) believes that audit committees with financial expertise can improve the level of voluntary disclosure of corporate social responsibility and other information and reduce the abuse of corporate assets (Li et al., 2012). Said et al. (2009) pointed out that audit committee and government ownership can significantly expand the level of CSR, while other variables (board size, board independence, CEO duality, ownership structure, management ownership and foreign ownership) have no significant impact on CSR disclosure (Said et al., 2009).

Managerial ability and CSR. The influence mechanism of managerial ability (MA) on CSR can be seen from two aspects: First, managers' ability is the concrete embodiment of senior managers' individual characteristics, and managers' individual characteristics (gender, age, education, education, work background, etc.) directly affect the fulfilment of CSR. If the institutional environment is included, the more backward the institutional environment is, the more obvious the positive role of female executives in improving the quality of corporate social responsibility (Kahreh et al., 2014). The social reputation and gender heterogeneity of the management team can also significantly inhibit the degree of impression management in social responsibility reports, while the heterogeneity of academic and professional background further aggravates the degree of impression management in social responsibility reports (Kahreh et al., 2014; Ozdora Aksak et al., 2016). Senior executives' overseas background is positively correlated with CSR disclosure; The influence of senior executives' overseas working background on the quality of CSR information disclosure is stronger than that of senior executives' overseas study background; Compared with overseas training, visiting research and overseas postdoctoral research, senior executives' overseas study background plays a stronger role in improving the quality of corporate social responsibility (Wen & Song, 2017). In addition, management's shareholding status, tenure, salary income, self-confidence, etc.. The tenure characteristics and salary incentives of senior managers of listed companies have a significant impact on the quality of corporate social responsibility information disclosure. The remaining tenure is positively correlated with the quality of CSR information disclosure; The shareholding ratio and annual salary of senior executives are positively correlated with the quality of CSR information disclosure (Cai et al., 2011).

Secondly, management ability has an indirect impact on corporate social responsibility. The ability of managers is directly related to the performance of enterprises. There is a positive correlation between management ability and enterprise performance. CSR and corporate performance have linkage effect (Becchetti et al., 2008), and the improvement of corporate performance will promote enterprises to actively fulfill their social responsibilities (Garg, 2016; Hou et al., 2019; Longo et al., 2005). A higher MA is also considered a proof of a company's value to external investors, thereby reducing information asymmetry between internal and external and achieving a relatively low cost of capital (Andreou et al., 2017; Chemmanur & Paeglis, 2005). Strong management ability can reduce the default risk of enterprises, enable enterprises to obtain higher credit rating (Bonsall et al., 2016), and reduce the financing cost of enterprises. The stronger the ability of managers, the more likely enterprises are to participate in tax planning (Koester et al., 2016). Legal tax avoidance improves the efficiency of enterprises. CEOs with high management ability (MA) can fully capture and implement the benefits of CSR (Yuan et al., 2019).

Summary of Section 1

This section firstly explains in depth the essence, characteristics, components and related basic knowledge of CSR as one of the elements of enterprise management, which will help Chinese companies to rationally recognize CSR, eliminate cognitive misunderstandings and blind spots, correctly fulfill their social responsibility obligations (including environmental protection, employee welfare, fair competition, consumer rights and interests, etc.), and integrate them into their corporate development strategies, objectives and routine operation and management systems, helping them to develop sustainably. Then, it goes on to detail several representative theories in the development of CSR theory, such as stakeholder theory, agent theory, legitimacy theory, signaling theory, and stakeholder-agent theory. The last part of this section is a literature review of studies on CSR quality and its interdependence with firms' financial and business routines, in which the main aspects cover both accounting and financial (e.g., external assurance, tax aggressive behavior, level of financial auditor, accounting robustness) and organizational management (e.g., corporate governance, internal control, internal audit, and management competence).

SECTION 2 STATE OF AFFAIRS OF CORPORATE SOCIAL RESPONSIBILITY IN CHINA

2.1 Analysis of the state and features of socially responsible activities of Chinese economic entities

CSR is highly regarded by the Chinese government and more and more enterprises are joining the ranks of sustainable development. Many enterprises realise that the competitive business environment is changing drastically and that the pursuit of purely economic interests will eventually be eliminated, while the fulfilment of social responsibility not only reflects the maturity of the enterprise's development strategy, but also ensures the sustainable development of the enterprise. As a result, some enterprises have started to carry out social activities based on their own strengths and actively try to gradually integrate social responsibility into their daily management and strategic planning. With strong policy guidance and promotion, China's CSR has been developing rapidly since 2006, and the importance of CSR has been generally recognised.

In terms of the number of social responsibility reports voluntarily disclosed by enterprises, only 24 enterprises disclosed social responsibility reports in the five-year period from 2001 to 2005, while 18 enterprises disclosed social responsibility reports in the year 2006. The RANKINS CSR RATINGS (RKS) Database shows that a total of 942 companies disclosed social responsibility reports on the Shanghai Stock Exchange and Shenzhen Stock Exchange in 2019.

In order to understand the current status of CSR fulfilment by Chinese listed companies, this section analyses the overall trend and structure of CSR fulfilment in China using data on CSR of listed companies released by professional rating agency

RKS Database as a sample of companies listed in Shanghai and Shenzhen A-shares in China from 2009-2019.

Increased awareness of CSR fulfilment and low overall level of responsibility fulfilment. Chinese companies have taken on social responsibility mainly because the attitude of Chinese leaders illustrates that in the domestic social environment CSR has risen to the level of a political issue at the strategic development level. When CSR rises to the level of strategic national development and becomes a hot topic of concern for the central government, CSR becomes a competition criterion for officials in promotion tournaments. At this point, CSR in China is likely to be an apportionment under government intervention, and the assumption of social responsibility by enterprises is likely to be a rent-seeking behaviour. As the government effectively replaces the state and the people as a whole as the majority shareholder of State-Owned Enterprises (SOEs) and exercises ownership over them. Therefore, the government is able to impose its will on SOEs more easily than on private enterprises (La Porta et al., 2002).

In summary, CSR in China is more of an apportionment by the government, and government officials may impose CSR directly on SOEs, which are naturally linked to the government, in order to complete their political performance, which at the same time has become a condition for SOE executives to seek political peace, and a means for individual executives to meet the performance requirements of the local government for their own promotion and promotion. The following paper will analyse the current situation of CSR in China in relation to the available data.

Figure 2-1 illustrates the overall situation of CSR performance of listed companies in China in the past decade. On the one hand, as the concept of CSR has become more popular in China, there has been a slow shift in corporate attitudes and behaviour, with companies moving away from simply pursuing economic benefits and beginning to take social benefits into account. Over the past ten years, the number of enterprises fulfilling social responsibility in China has steadily increased, from 314 enterprises undertaking social responsibility in 2009 to 942 in 2019, indicating that more and more enterprises are beginning to pay attention to social responsibility and take corresponding actions, and the awareness of CSR fulfilment is gradually increasing. On the other hand, the level of social responsibility fulfilment by Chinese enterprises is still low and fluctuates overall.

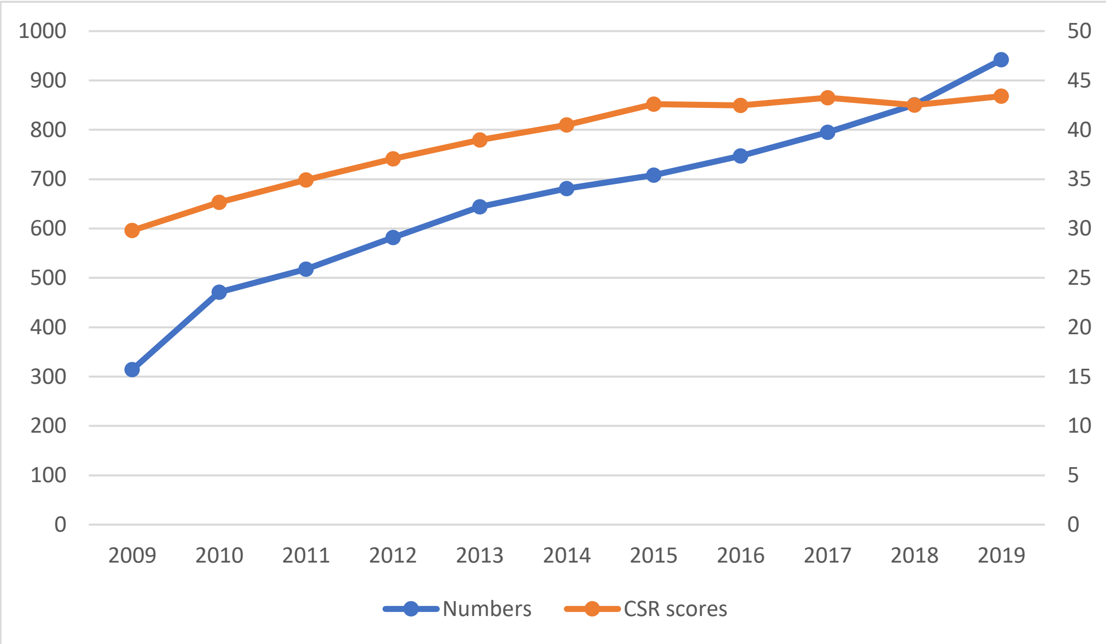

Figure 2-1 Statistics of CSR of Chinese listed companies in the past decade

Statistical analysis by industry. In this paper, based on the 2012 edition of the Industry Classification Guidelines for Listed Companies issued by the China Securities Regulatory Commission (CSRC), the statistical analysis of the fulfilment of CSR of Chinese listed companies by industry is conducted, and the results are shown in Figure 2-2. From the perspective of the number of enterprises fulfilling social responsibility, the number of enterprises fulfilling social responsibility in most industries is increasing, and individual industries are relatively stable, manufacturing industry is the industry with the largest proportion. This shows that the concept of CSR is increasingly accepted by enterprises, which no longer focus only on economic benefits, but on the unity of economic and social benefits. From the perspective of the level of CSR fulfilment, the industries with high and stable total CSR scores in the past ten years include machinery and equipment, metal and non-metal manufacturing, the industries with consistently low total CSR scores are wood and other furniture and manufacturing; information technology, social services show a steady rise, while other manufacturing industries and comprehensive categories show a decline. The manufacturing industry, as the mainstay of the national economy, has remained stable at around 63% of listed companies in China in recent years. The CSR score for this industry is close to but lower than the overall average, indicating that there is a long way to go to promote CSR in China.

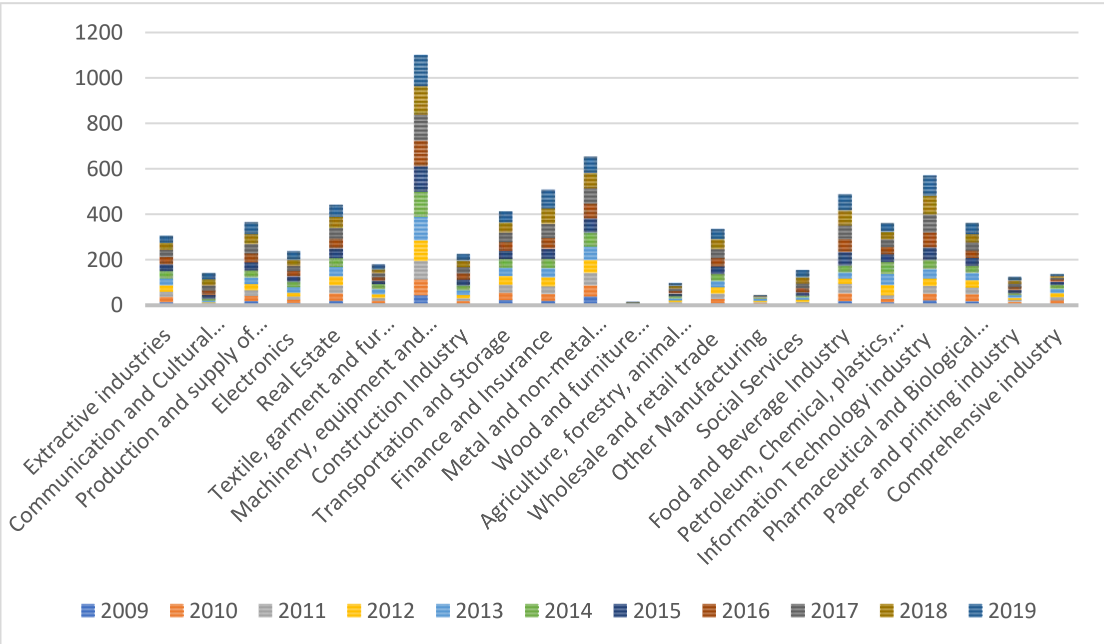

Figure 2-2 Statistics of Chinese listed companies performing CSR by industry

Statistical analysis by region. In this paper, statistical analysis is conducted on the fulfilment of CSR by listed companies in China by provinces and cities, and the results are shown in Figure 2-3. In terms of the number of enterprises fulfilling social responsibility, the regions with more enterprises fulfilling social responsibility are concentrated in the more economically developed regions such as Beijing, Guangdong, Shanghai, Fujian, Jiangsu and so on, indicating that the institutional environment and market development process in the regions where the enterprises are located will influence the awareness and behavior of enterprises fulfilling social responsibility. In terms of the level of CSR fulfilment, the provinces and cities with higher overall CSR scores in the past ten years are Beijing, Guangdong and Shanghai, while the provinces and cities with consistently lower CSR scores are Gansu, Inner Mongolia and Tibet.

When looking at the CSR scores of different regions in different years, it was found that the CSR scores of different regions in different years showed a steady growth trend. The CSR score was the lowest in 2009 and the highest in 2019.

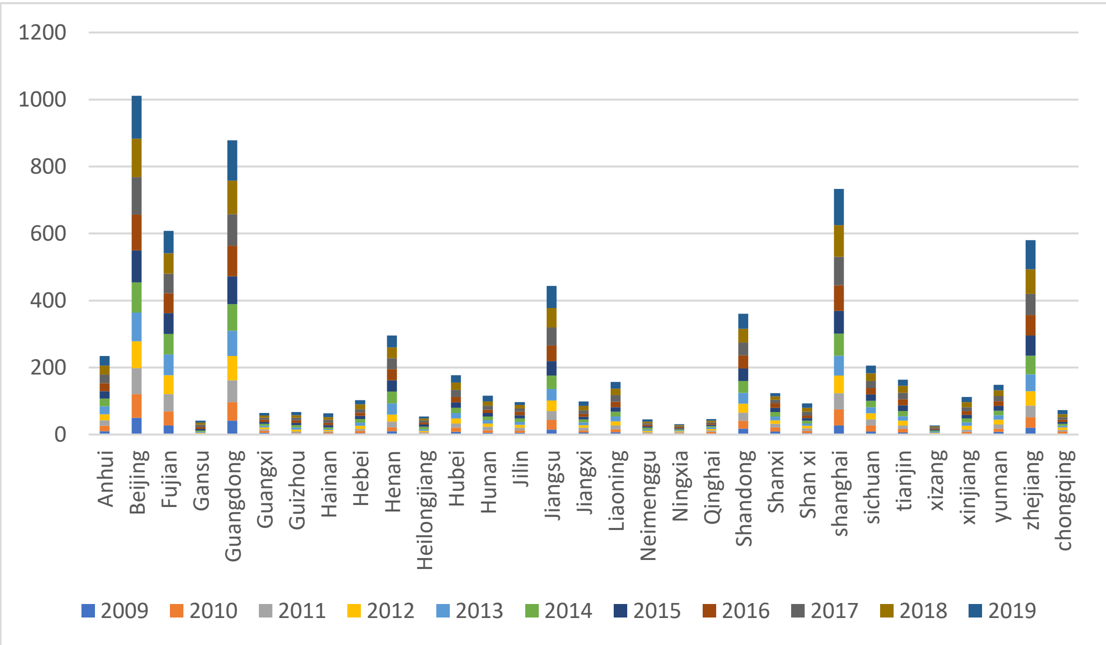

Figure 2-3 Statistics of CSR of listed companies performing CSR by region

Statistical analysis by ownership. This paper presents a statistical analysis of the fulfilment of CSR by Chinese listed companies by nature of equity, and the results are shown in Figure 2-4. Figure 2-4 depicts the characteristics of Chinese CSR ownership, and it can be seen from the figure that Chinese SOEs are far more likely to undertake social responsibility than private enterprises. This may be due to the fact that, unlike the motivation of enterprises in developed Western countries to take the initiative to undertake social responsibility for the maximisation of shareholder interests or for moral purposes, as described above, Chinese enterprises undertake social responsibility mainly because the attitude of Chinese leaders illustrates that CSR has risen to the level of a political issue at the strategic development level in the domestic social environment. Since CSR in China is more of a government apportionment, government officials are likely to impose CSR directly on SOEs, which have a natural link to the government, in order to fulfil their political performance.

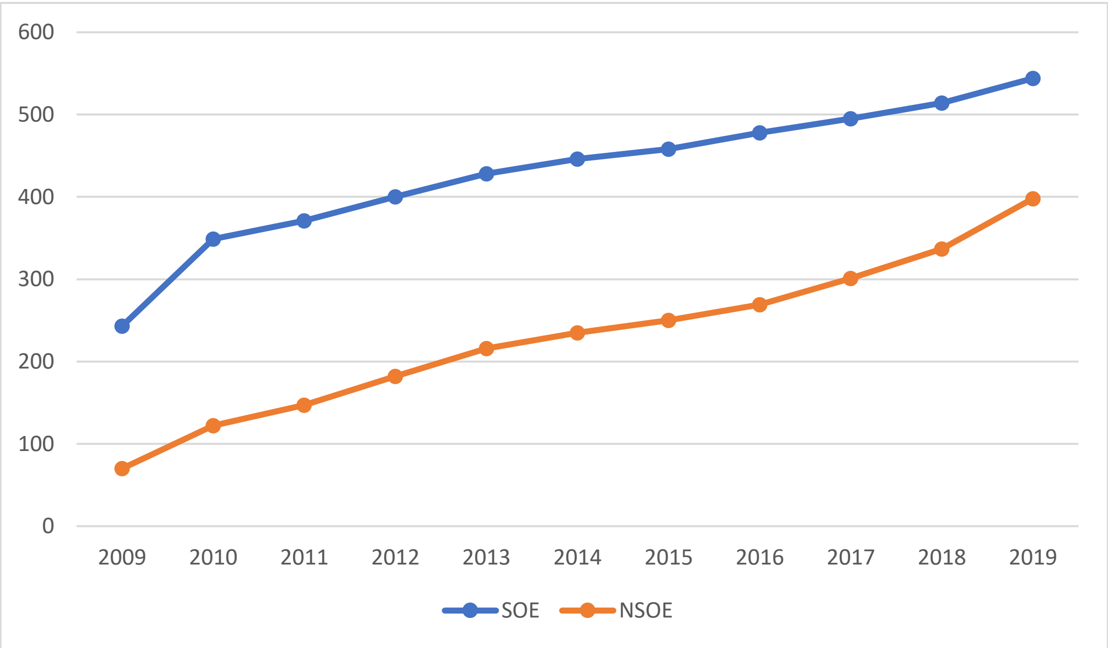

Figure 2-4 Statistics on the performance of CSR of equity nature of listed companies in China

2.2 Accounting and Financial Aspects (Routine) and CSR

External assurance and CSR

Hypothesis development. Ownership concentration is an important indicator of a company's equity distribution, which often determines how it fares conflict-wise internally. When equity is dispersed, potential conflicts between principals and agents may exist, while the external shareholders hope that management discloses more information to reduce the degree of information asymmetry. When the shareholding is concentrated, large shareholders may invade the interests of minority shareholders by preventing a company from disclosing information. Depending on the difference in the shareholding ratio of major shareholders, the gap size between control rights and cash flow rights, and the nature of major shareholders, the conflict between major shareholders and minority shareholders could result in two scenarios: 1) incentive-alignment effect or 2) entrenchment effect (Arthur et al., 2019; Forst & Hettler, 2019; Jong & Ho, 2020; Rehman et al., 2021).

Therefore, when the goals of large shareholders and minority shareholders are matched, an alignment effect occurs. However, when the degree of ownership concentration rises to the extent that major shareholders can effectively govern the company, it produces an entrenchment effect, where entrenched insiders tend to achieve their own interest by depriving non-controlling investor (Rehman et al., 2021; Shleifer & Vishny, 1986, 1997; Srinidhi & Liao, 2020). In accordance with the basic tenets of agency theory, the independent third party inspection might compensate for the unfitness of outside shareholders to follow the actions of insiders directly (Forst & Hettler, 2019). Therefore, prior literature recognizes the extent of agency conflicts as the main factor in audit demand (Anderson et al., 1993; Chow, 1982; Forst &

Hettler, 2019).

Thereby, insider ownership might bring a positive effect, reducing the agency conflict between corporate insiders and shareholders through adjusting their perspective interests. However, the threshold that borders incentive-alignment effect and entrenchment effect has no clear lines. Alignment effect situation alleviates the agency conflict and the calls for external audit declining accordingly. Yet, disproportionately higher levels of ownership could undo the positive alignment effect, transforming it into the entrenchment effect, the situation where outside shareholders are stripped partly of their due power and relay solely on information from major shareholders. Thus, while insider ownership assuages the Type I agen cy conflict between shareholders and managers, a high level of ownership concentration coulds witch it into detrimental effect creating Type II agency conflict between controlling and minority shareholders, where entrenched insiders can exploit their superior standpoint in a company to extricate special individual advantages at the cost of non-controlling investor (Forst & Hettler, 2019; Jong & Ho, 2020).

Thus, the Type II agency conflict revives the importance of external auditing on behalf of minority shareholders in an attempt to shed light on the insider's governance of the firm. However, with regard to entrenched insiders and their motivations and actions, opinions vary, with some arguing that they will use its power to obstruct the external audits, whereas others follow legitimacy and signaling theories thesis claiming the contrary: insider ownership incentives controlling investors to legitimate themselves in the eyes of minority shareholders and wider public and signal their openness (Forst & Hettler, 2019; Husain et al., 2020). In other words, the literature argues that entrenched investors may employ strengthened external control as a self-bonding mechanism (Forst & Hettler, 2019; Jensen & Meckling, 1976).

In his epochal article, Chow (1982) claims that the main reason for recruiting an independent auditor is to reduce the information asymmetry between managers, shareholders and stakeholders (Chow, 1982). Forst and Hettler, on the sample of U.S. dual- class firms, find that insider ownership is positively related with audit charges, the probability of recruitment of a Big Four firm or expert auditor, and auditor independence, thus, testifying to the self-bonding mechanism through enhanced external assurance (Forst & Hettler, 2019).

The purpose of this study is to examine the contrast that assurance makes to the quality of CSRR in a Chinese institutional setting. Adopting signaling and stakeholder theories, the paper suggests that external assurance enhances the CSSR quality analogous to financial reporting case. Thus, this paper conducts a more refined analysis of interdependent and interrelated influence external assurance has on the quality of CSRR when coupled with ownership concentration and its correspondingentrenchment effect.

Thus, in line with the discussion above, the paper's hypotheses can be formally stated as follows:

H1: Sustainability-related assurance significantly improves the quality of CSRR.

H2: Significant ownership concentration and its corresponding entrenchment effect are negatively associated with the quality of CSRR, and thus the positive effect of CSRA on quality of CSRR is thwarted by the "entrenchment effect".

Method and Research Design. *Sample selection and data collection.* To test the abovementioned hypotheses, data of all listed companies on Shanghai and Shenzhen stock exchanges (China) were collected covering the pe-riod from 2015 to 2018. The CSRR score and CSR assurance data in this paper are all from "Rankins CSR Ratings" or Runlin Global's Rankings rating (hereafter referred to as RKS), and the remaining data originate from the China Stock Market & Accounting Research (CSMAR) database. The in- itial sample of 13,023 was screened (Table 2.1), and the final sample comprised 2,292 firms. This paper uses statistical software STATA16.0 for data processing and statistical regression analysis.

Table 2.1 - Sample selection procedure

Action	Explication	Observations
1	A-share listed company on China's Shanghai and Shenzhen stock	13,023
2	Less: the financial industry companies	(353)
3	Less: *ST Company	(529)
4	Less: ST Company	(325)
5	Less: companies with missing data	(9,524)
6	Final sample	2,292

*Source: Author's development. Note: ST means "special treatment" and occurs when a company suffers losses for two consecutive years or its net assets are lower than the par value of the stock. *ST is added to those companies' names whose operations have not improved in the third year after ST, which means delisting risk.*

Variable definition. CSR reporting quality. This paper resorts to CSR rankings produced by Rankins (RKS) Inc. (there- fore referred to as RKS). It is known also as Runlin Global's Rankings rating or Runling CSR Ratings (Lee et al., 2017; Zhong et al., 2019). The Rankins (RKS) Inc. is a private, professional firm and rating agency established in Beijing and providing China-specific CSR assessments. RKS, although private, is an authoritative third-party rating agency enjoining solid reputation earned since 2008 when the company started tracking and assessing CSR re- ports issued by all A-share listed companies. CSR rankings by RKS during its existence have gone through a three-stage evaluation (Figure 2.1).

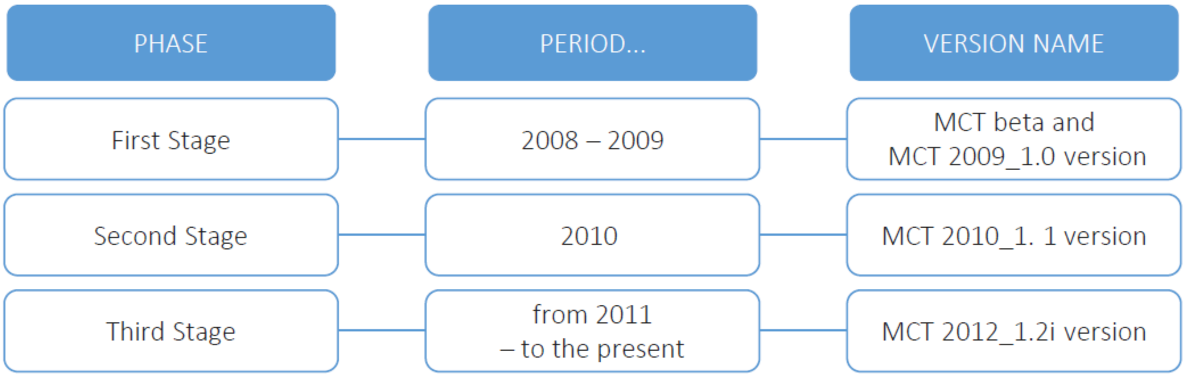

Figure 2.1 - Evolution of CSR rankings by RKS

Source: Zhong et al. (2019).

This study covers the period when RKS's latest ver-sion MCT 2012_1.2i was in force. This version of CSR rankings by RKS comprehensively evaluates the quality of CSR reports on the basis of four di mensional indicators: Macrocosm (M), Content (C), Technicality (T), and Industry (I), reflecting the performance and CSR Disclosure perfor-mance (Figure 2.2).

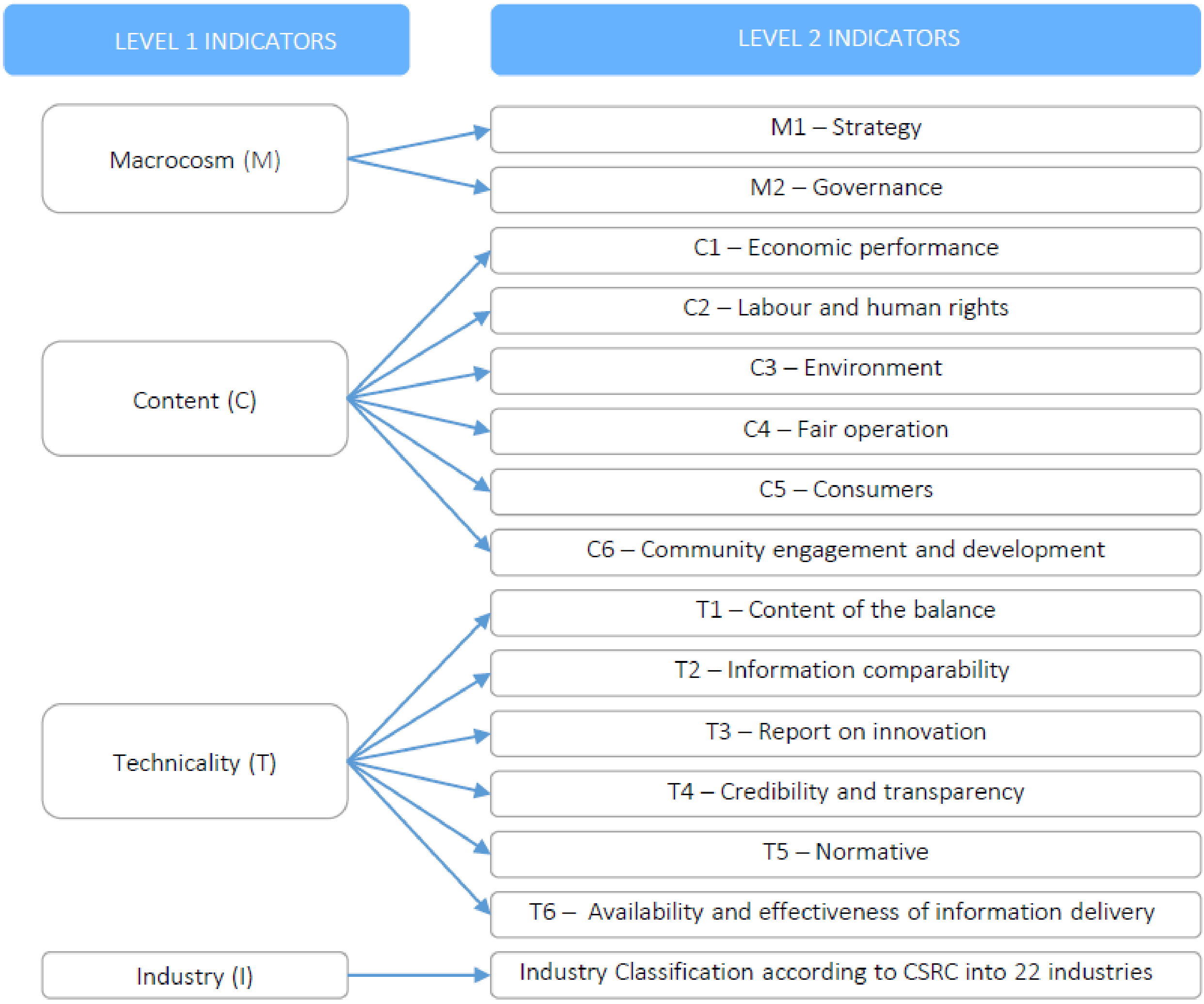

Figure 2.2 - Indicators and sub-indicators of the RKS rating system, MCT 2012_1.2i version

Source: Zhong et al. (2019).

This version refers to ISO 26000:2010 – Social re- sponsibility and begins to distinguish industry-relat- ed issues through developing industry-specific indi- cators for each of 22 industries according to classifi- cation endorsed by CSRC (Zhong et al., 2019).

CSR assurance. CSR assurance is an independent variable. It is used to measure whether a compa- ny's annual CSR report has been inspected and assured by an external assurer. If a company's CSR is audited, the value is 1, otherwise it is 0.

Ownership concentration. This paper uses the ratio of the shareholding ratio of the largest shareholder to the second largest shareholder to measure ownership concentration. It is suggested that the greater the ratio, the higher the concentration of the major shareholder's equity and the stronger its entrenchment effect.

Control variables. Control variables are included to enhance the internal validity of this study. The paper controls for firm size, firm age, leverage, return on assets, corporate growth, ownership rights type, board size and the dummy of year and industry. The main variables are defined in Table 2.2.

Table 2.2 - The main variables are defined

Variable name	**Mnemonics**	**Role**	**Operationalization**	**Unit**
CSR reporting quality	Score	Dependent	Runlin Global's Rankings rating or Runling CSR Ratings produced by Rankins (RKS) Inc.	Number
CSR assurance	Audit	Independent	CSR audit report, the company has audited and assigned the value of 1, otherwise it is 0	Dummy variable
Ownership concentration	Fstmonitor	Independent	Ratio of shareholding ratio between the largest shareholder and the second largest shareholder	Ratio
Firm size	Size	Control	Enterprise size, natural logarithm of total enterprise assets	Natural logarithm
Firm age	Age	Control	The age of the company, the natural logarithm of the company's time to market	Natural logarithm
Leverage	Lev	Control	Corporate debt ratio, the ratio of total responsibility to total assets	Ratio
Return on assets	ROA	Control	Profitability of the company's total assets, the ratio of net profit to total assets	Ratio
Corporate growth	Growth	Control	Corporate growth, corporate operating income growth rate	Percent

Ownership rights type	State	Control	Nature of property rights, the actual controller is a state-owned enterprise, assign a value of 1, otherwise 0	Dummy variable
Board size	Board	Control	Board size, natural logarithm of the number of board members	Natural logarithm
Year	Year	Control	Annual dummy variable, which belongs to a certain year and takes the value 1, otherwise 0	Dummy variable
Industry	Ind	Control	Industry dummy variable, which belongs to a certain industry and takes the value 1, otherwise 0	Dummy variable

Source: Author's development.

Model construction. This paper constructs the following two models. It first builds a model (1) to verify the first hypothe-sis of the study. The quality of the dependent var- iable CSR is measured as RKS rating total score (Score), and a regression model is constructed. In the robustness test, when the total rating (Credit) is used as a dependent variable, its value is discrete, and a Poisson regression model is constructed; when the four sub-dimension indicators of RKS rating (M, C, T, and I) are used as a dependent variable, the regression is constructed model.

$$CSR = \alpha_0 + \alpha_1 Audit + \sum \alpha_i Control + \varepsilon \qquad (1)$$

$$CSR = \alpha_0 + \alpha_1 Audit + \alpha_2 Audit \times FstMonitor + \alpha_3 FstMonitor + \sum \alpha_i Control + \varepsilon \qquad (2)$$

In the empirical regression of model (1), clustered by a company, control annual effect and industry effect, and report Robust-t value adjusted for heteroscedasticity. If the coefficient α_1 is signifi- cantly greater than 0, it indicates that the CSR reporting assurance is instrumental to enhance the quality of CSR information disclosure.

In the regression model (2), this paper introduces the proportion of major shareholders (FstMonitor) as the adjustment variable, and Audit×FstMonitor is the product of the proportion of assurance (Audit) and major shareholders (FstMonitor). If α_2 is significantly less than 0, it indicates that the entrenchment effect of major shareholders is enhanced, which affects the quality of CSRR through the CSRA. Control represents the control variables. In the paper, the variance inflation factor (VIF) function is run to test multicollinearity in the models. The test returned mean VIF 1.28 and 1.29, respectively. The results testify that there is no multicollinearity in both models, since, in general, when the maximum VIF value does not exceed 10, it is considered that there is no multicollinearity in the model.

Table 2.3 - Descriptive statistics

Variables	N	Mean	Sd	Min	Max
Score	2,292	42.60	11.91	17.35	89.00
Audit	2,292	0.0196	0.139	0	1
FstMonitor	2,292	10.69	22.40	1.000	563.3
Size	2,292	23.41	1.449	19.78	28.52
Age	2,292	2.564	0.524	0	3.332
Lev	2,292	0.493	0.202	0.0341	2.302
Roa	2,292	0.0348	0.0748	–1.577	0.482
Growth	2,292	0.149	0.535	–0.941	15.58
Board	2,292	2.183	0.217	1.386	2.833
State	2,292	0.640	0.480	0	1

Source: Author's development.

Results. *Descriptive statistics and correlation analysis.* The descriptive statistics of the main variables in this study are shown in Table 2.3. It can be seen from Table 2.3 that the average value of the total score of the CSR reporting of Chinese listed companies is only 42.60, and the standard deviation is as high as 11.91. This shows that the overall quality of China's CSR report is not very high yet, and the CSR reporting quality fluctuates from company to company. Moreover, the average value of Audit (CSR assurance) is only 1.96%, in- dicating that the practice of CSR assurance is in its infancy.

The correlation analysis results presented in Table 2.4 show that CSR reporting assurance (Audit) and CSR reporting quality (Score) are significantly (0.366) positively correlated at the 1% level. This indicates that the quality of CSR reports of companies that have conducted its assurance is significantly higher than that of companies that have not conducted audits. For further analysis, statistical inspections are conducted to study various patterns between companies that assured their CSR reporting and those who did not do that, as well state-owned vs. private firms.

Table 2.4 - Correlation analysis

Variable	**Score**	**Audit**	**FstMonitor**	**Size**	**Age**	**Lev**	**Roa**	**Growth**	**Board**	**State**
Score	1	2	3	4	5	6	7	8	9	10
Audit	0.366***	1								
FstMonitor	–0.0150	–0.0190	1							
Size	0.470***	0.181***	–0.043**	1						
Age	0.00500	0.0140	0.052**	0.136***	1					
Lev	0.161***	0.0270	0.046**	0.519***	0.157***	1				
Roa	0.039*	0.0160	–0.065***	0.00100	–0.0270	–0.406***	1			
Growth	0.0070	–	–0.039*	0.0170	–	–	0.150*	1		

	0	0.0140			0.0170	0.00100	**			
Board	0.169***	–0.0100	–0.0180	0.181***	0.090***	0.074***	0.043**	–0.0340	1	
State	0.174***	0.0340	0.146***	0.267***	0.300***	0.176***	–0.050**	–0.062***	0.202***	1

Source: Author's development.

Statistical inspection. The difference between companies that provide CSR reporting assurance and those that do not. The statistical test of the difference in the quality of CSR of companies that have conducted CSR report audits and those that have not is shown in panel I of Table 2.5. The results show that the total CSRR score (Score) of companies that conduct CSRA is significantly higher than that of companies that do not, and the significance level reaches 1%.

Table 2.5 - Differences between companies on dummy variables: Audit and State

	Audit=1	**Audit= 0**	**diff**	**t**	**State=1**	**State=0**	**diff**	**t**
Score	73.397	41.981	31.416***	18.823	44.146	39.839	4.307***	8.434
M	23.461	14.737	8.724***	15.462	15.293	14.223	1.070***	6.296
C	31.311	17.633	13.678***	15.851	18.623	16.615	2.008***	7.739
T	13.089	7.547	5.542***	23.814	7.794	7.409	0.386***	5.161
I	5.536	2.065	3.471***	14.258	2.436	1.595	0.841***	11.791

Source: Author's development.

Moreover, the inspection found out that CSR reports of companies that conduct their assurance have higher sub-scores in all four aspects of RKS rating, namely macrocosm (M), content (C), technicality (T), and industry (I) than those that do not at a significance level of 1%. The two subcat- egories with the largest difference that CSR as- surance brings to are content (13.678) and macrocosm (8.724), which are fully consistent with the hypothesis proposed in this study, since the assur- ers inspect foremost content of the reports.

The difference between state-owned vs. private companies. The statistical test results of the difference in the quality of CSR reports between state-owned vs. private companies are shown in Table 2.5, panel II. It can be seen that the total scores and sub- items of CSR reports of state-owned enterprise (SOEs) are higher than non-state-owned enterprises, and are significant at the 1% level. Again the RKS indicator where the biggest divergence is noted is content (C) (2.008). This indicates that the quality of CSR information disclosure of SOEs is higher than that of private enterprises, and the overall performance of social responsibil- ity is better.

Table 2.6 - Regression analysis

Variables	**(I)**		**(II)**	
	Score		**Score**	
Audit	31.416***	24.863***	24.867***	25.656***
	(21.97)	(22.32)	(22.29)	(20.30)
FstMonitor			0.005	0.006
			(0.43)	(0.50)
Audit×FstMonitor				–0.100*
				(–1.87)
Size		3.574***	3.583***	3.571***
		(19.47)	(19.50)	(19.35)
Age		–1.682***	–1.684***	–1.685***
		(–4.07)	(–4.08)	(–4.08)
Lev		–4.726***	–4.762***	–4.745***
		(–3.68)	(–3.71)	(–3.70)

Roa		–0.437	–0.403	–0.349
		(–0.12)	(–0.11)	(–0.10)
Growth		0.220	0.225	0.223
		(0.68)	(0.70)	(0.69)
Board		5.107***	5.125***	5.119***
		(5.29)	(5.29)	(5.29)
State		1.628***	1.591***	1.599***
		(3.73)	(3.57)	(3.59)
Constant	41.981***	– 47.102***	– 47.351***	– 47.100***
	(179.03)	(–11.00)	(–10.99)	(–10.89)
Observations	2,292	2,292	2,292	2,292
R-squared	0.134	0.324	0.324	0.324
F test	0	0	0	0
*r*2_a	0.134	0.322	0.322	0.322
F	482.7	213.4	189.5	173.9

Note: Robust *t*-statistics in parentheses. *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$.

Source: Author's development.

Regression analysis. CSR assurance and CSR disclosure quality. Regression is performed on sample data according to model (1), and the results are listed in Table 2.6. The paper uses the RKS's CSR report total score (Score) as a dependent variable for regression test- ing. The results in column I show that the CSR assurance (Audit) significantly positively (31.416) affects the quality of CSR information disclosure, and the significance level is 1%. This shows that a company's CSR assurance has indeed improved the quality of CSR information disclosure through supervision, restriction and proper risk assessment. Thus, this test result supports the first hypothesis of this study. Among the control variables, the size of a company (3.574, $p < 0.01$), the board size (5.107, $p < 0.01$), and ownership rights type (1.628, $p < 0.01$)

are significantly positively correlated with the quality of CSR reports, whereas the company age (–1.682, $p < 0.01$) and financial leverage (–4.726, $p < 0.01$) are significantly negatively correlated with CSR total scope as assessed by RKS. This shows that, compared to small-scale companies, large-scale companies disclose better social responsibility information, the big board is more conducive to promoting CSR, and that state-owned companies are more inclined (in effect mandated) to disclose social responsibility information than their non-state owned counterparts. On the contrary, long-time listed companies and companies experiencing deterioration in their financial status, endure non-beneficial influence on the quality of CSR reporting as a result.

CSR report audit and CSR information disclosure quality. The paper uses model (2) to regress the sample. The results in column II of Table 2.6 show that the CSR report assurance (Audit) coefficient is significant (24.867) at the 1% level, which still supports the first hypothesis. However, when the major shareholder's shareholding ratio exceeds 50% and reaches absolute holding, a positive correlation between the variable FstMonitor and CSR is no longer significant. Although the coefficient of the variable FstMonitor is still positive, it is no longer significant. The coefficient of the variable Audit×FstMonitor is negative (–0.100, $p < 0.1$), which confirms that the CSR assurance is negatively correlated with the ownership concentration, that is, the degree to which the largest shareholder effectively controls the company, and is significant at the 10% level. This means that when the majority shareholder's shareholding ratio is increased to be able to effectively control the company, it will hinder and put a cap on the advancement in the quality of CSRR through its assurance. Thus, hypothesis H2 is confirmed.

Tax Aggressiveness and CSR

Purpose of research. This part of the research work aimed to investigate whether CSR activities are associated with more or less tax avoidance in mandatory vs. voluntary regulatory regimes in China.

Research hypothesis. The *hypothesis development* process predicates on the corporate culture theory and risk management theory. Thus, in line with the purpose of this study, the hypotheses were proposed as follows:

H1: All else being equal, mandatory CSR is negatively associated with corporate tax aggressiveness.

H2. All else being equal, voluntary CSR disclosure is negatively associated with corporate tax aggressiveness.

Sample selection and data source. *The samples* for this study initially consisted of all Chinese A-share publicly-listed firms over the 2011-2019 period. However, the sample was reduced to 6668 firm-years after excluding a number of companies which fall into the following categories: financial companies; ST, *ST and PT companies; total profit before tax is less than or equal to 0 companies; companies with abnormal effective tax rates (effective tax rates less than 0 or greater than 1) and companies with missing data. The CSR disclosure data comes from HEXUN CSR system and CSMAR database, the tax related data comes from the WIND database, the rest of the financial data comes from the CSMAR database.

Research method. This study applies regression analysis and manifold robustness tests to testify the hypotheses aforementioned.

Conclusion. From the regression analysis of the data, followed by robustness tests, the following conclusions could be drawn. Overall, notwithstanding regulatory regime the findings of this study indicate that when the level of CSR perfromance is higher the level of tax aggressiveness is lower. Meanwihile, the results imply that firms which engages in more CSR activities are less likely to be tax aggressive, thus, gave credence to corporate culture theory as opposed risk management theory. Moreover, the study also finds that pollution indicators have little effect on CSR and tax aggressive.

Financial Auditor Quality and CSR

Purpose of research. This part of the research work mainly focused on investigating the cross-reporting quality transfer: the association between the financial auditor merits and CSR reports quality. Specifically, this study examine whether the effect of the Big 4 financial auditing on CSR reporting quality differs from those of non-Big 4 firms.

Basic analysis of institutional setting. In many respects, China differs from its Western counterparts in the institutional environment in which the Big Four developed and in which CSR practices developed and operate, while the recent studies keep utilizing the indicators borrowed from the Western framework to analyse Chinese practice. Therefore, the analysis of institutional setting is imperative to put the readers into perspective that would be instrumental for them to grasp the intricate details of Chinese original practice. Specifically, the analysis is mainly carried out from the following two aspects: a) The audit market development status and Big Four in China, and b) the development of CSR reporting practice in China.

Research hypothesis. The hypothesis development process predicates the Big 4 financial auditing theory and CSR theory. Thus, in line with the purpose of this study, the hypotheses were proposed as follows :

Hypothesis 1: The Big Four financial audits significantly improve the quality of CSR reporting.

Hypothesis 2: Compared with SOEs, the Big Four financial audits have a more pronounced effect on enhancing the quality of NSOEs CSR disclosures.

Hypothesis 3: Compared with companies in regions with poor legal environments, the Big Four financial audits have a more obvious effect on improving the quality of CSR disclosure in regions with good legal environments.

Sample selection and data source. This study takes all 2009-2018 A-share listed companies that disclose CSR reports as an initial research sample, and then screens it as follows: (1) Exclude financial industry companies; (2) Exclude ST and *ST companies; (3) Exclude companies with missing related variables. After screening, this paper finally obtains 5257 company-year observations.

In this study, the quality of CSR disclosure is measured by RANKINS CSR RATINGS (RKS); the variable data of institutional investor's shareholding ratio is obtained from WIND; data on other variables are acquired from China Stock Market & Accounting Research Database (CSMAR). To eliminate the possible impact of extreme data values on the results of the research, this paper has carried out a tailing treatment for all continuous variables according to the upper and lower 1% in the regression analysis.

Research method. This study applies regression analysis and manifold robustness tests to testify the hypotheses aforementioned.

Conclusion. The results proving that irrespective of the weak institutional environment and the fact that Big 4 operate in light of Chinese realities the Big 4 financial audit contribute to the higher quality of CSR reporting. Our findings confirm the effect of high-quality financial audits through quality transfer effect on the quality of CSR reports. Moreover, we find that Big Four financial audits have more significant effects on the quality of CSR disclosures of NSOEs (as opposed to SOEs) and compared with companies in regions with legal environments of low pressure, the Big Four financial audits have a more obvious effect on improving the quality of CSR disclosure in regions with a high level of pressure from governments.

Accounting Conservatism and CSR

Purpose of research. This study investigates the link between accounting conservatism (cherished by financial stakeholders) and corporate social performance (CSP) (treasured by non-financial stakeholders). The goal was to appraise the magnitude to which a commitment of firms' senior management to financial stakeholders, evident by engagement in conservative reporting, is associated with the extent of responsibility and commitment towards an array of stakeholders, manifested through a CSR engagement (SCP).

Research hypothesis. Following the discussion, we employ those theories and arguments utilized by the extant literature to establish two competing hypotheses on the association between CSP and accounting conservatism. Accordingly, to the extent of financial responsibility manifested in firm's accounting conservatism in financial reporting, we can also expect a corresponding level of commitment and ethical behaviour to all stakeholders, not just financial, which gives us reason to put forward the following hypothesis:

Hypothesis A. Corporate social performance is positively related to accounting conservatism.

Hypothesis B. Corporate social performance is negatively related to accounting conservatism.

Sample selection and data source. The data in this study comes from the China Stock Market & Accounting Research (CSMAR) database. The sample consists of A-share listed companies in China's Shanghai and Shenzhen stock exchanges from 2008 to 2019. Drawing lessons from previous research papers, this article deals with the samples as follows: (1) Remove financial and insurance samples; (2) Remove ST, *ST and other financial abnormal samples; (3) Remove samples with missing variable data. Finally, 25490 year-company observations were obtained.

Research method. This study applies regression analysis and manifold robustness tests to testify the hypotheses aforementioned.

Conclusion. Our results overall indicate that with the growth of the level of conservatism in financial reporting corporate social performance decreases.
The findings also show that Chinese firms that display a higher level of CSP report less conservative earnings. We imply that CSR active companies expending their effort and putting their resources into implementation of CSR practices are more often able to match ethical expectations of society and thus, are more likely to provide more transparent financial information characterized by a higher level of conservatism. Moreover, we find that there is no significant difference in the negative association in the case of different equity concentrations as well in state and non-state-owned enterprises.

2.3 Organizational and Management Aspects (Routine) and CSR

Corporate Governance and CSR

Hypothesis Development. Thus, the variables applied most regularly in the literature to depict the structure of corporate governance are as follows: board size, board independence, board gender diversity, and CEO duality. The findings to the date are contradicting each other as evident from Table 1.5.

Board size is believed to be one of the most widely studied board characteristics for several reasons (Tibiletti et al., 2021). First, the number of directors can affect the functioning of the board and, consequently, the corporate performance (Biswas et al., 2018)). Secondly, the boards of directors are studied also from the perspective of group dynamics and workgroup effectiveness as the decision-making process of those groups is of paramount impor tance for companies' they oversight. In this regard, size is analyzed in terms of a "pool of expertise" (Tibiletti et al., 2021) and "faultlines strength" potential (Ali & Ayoko, 2020). The large membership on the board leads in the case of a proportional approach to more diverse knowledge and skills sets at the board's disposal without the need for external advice. Moreover, it is believed that large boards may be in the position to alternate the variety of perspectives on corporate strategy and may make the CEO less dominant (Tibiletti et al., 2021). Board size also could facilitate the desire for subgroup interactions (Hart & Van Vugt, 2006). In this regard it is believed that "a small board is likely to have strong faultlines strength because the distinction between the ingroup and outgroup will more likely be sharper and more pronounced" (Ali & Ayoko, 2020, p. 1209).

There are disadvantages of large boards concern- ing coordination costs and free-rider problems (Guest, 2009). The big board could bring with it some coordination problems related to the time of organizing meetings, it is more problemat- ic to reach consensus as well, and therefore it can lead to less effective decision-making. Moreover, the disproportionally large board might lead to a less cohesive board because "board members will be less likely to share a common purpose, communicate with each other clearly and reach a consensus that builds on the directors' different points of view" (Guest, 2009, p. 387). Finally, the large board is much more likely to have director free-riding problem, as it is more plausible that some directors will play a purely symbolic role (Guest, 2009; Tibiletti et al., 2021).

Board independence is another corporate governance attribute that affects SRC. Independent directors are especially useful in the areas prone to conflict of interest such as financial control, remuneration, and nomination (Giannarakis, 2014; Tibiletti et al., 2021). This inside, outside, and independent directors' distinction is grounded in agency theory and presupposes that independent directors are safeguarding shareholders' interests, particularly minority shareholders' interests (Giannarakis, 2014).

Moreover, independent directors may favor and advocate sustainability reporting following such rationales. First, independent directors are to a smaller extent exposed to influences from managers and shareholders than internal directors, and therefore are prone to be more stakeholder-oriented (Hussain et al., 2018; Kılıç et al., 2021). Secondly, to fend off any stains to their reputation, independent directors are more likely to respect the company's stakeholder obligations (Mallin & Michelon, 2011) and thus they, as a rule, are more preferential toward the sustainability reporting as the growing chorus of stakeholders demanding it (Younas et al., 2019).

Nevertheless, irrespective of the referred to rationales the independent directors might still be a hinder to SR for example due to not being in fact independent and autonomous in decision-making (Kılıç et al., 2021). In this respect, some authors acknowledge that CSR is correlated with board inde- pendence but indicate that this linkage has stuck (Calderón et al., 2020). They believe that it is due to the use of the first generation of the definition of independence (the status-based approach and the contextual approach) and aver that "a consistent definition that identifies the characteristics of independent directors" (Calderón et al., 2020) could be a breakthrough factor as it offers a second-generation interpretation of independence founded on a positive resemblance to the concept.

Female directors are expected to be positively associated with the SRC due to several intertwined reasons. It is believed that “women directors are an important resource linking the firm to its external environment and nomination committees concerned with aligning board composition with the societal and investor expectations” (Ruigrok et al., 2006, p. 128). Thus, women on the board positively signal into the outside world (Ruigrok et al., 2006).

Female directors are favorable to sustainability reporting because women display higher levels of environmental concerns (Hur et al., 2016), are usually deeper engaged in pro-environment behaviors, and tend to have a better perception of environmental risks (Birindelli et al., 2019). Besides, female directors tend to develop liaise with the exterior to the company world and supply top management with discerning guidance about stake-holders’ expectancies (Kılıç et al., 2021; Mallin & Michelon, 2011). Thus, higher female representation on the board is likely to push the boardroom to discussions concerning wider stakeholder issues (Biswas et al., 2018; Kılıç et al., 2021; Manita et al., 2018).

CEO duality which occurs when the CEO and the board chairman is the same person presents a dis- putable disposition from the viewpoint of agency theory as the CEO happens to be accountable to her/himself (Khlif et al., 2021)). Although stakeholders pressure firms to separate those roles aiming to put stricter control on the management as a matter of fact half of S&P 500 firms do combine them citing “unified leadership” as a reason for it (Goergen et al., 2020).

The mainstream view is that from the stakeholder theory’s perspective, independent directors are better advocating the stakeholders’ needs and interests (Nadeem, 2021), whereas the CEO duality is viewed as deleterious to board independence (Hussain et al., 2018; Kılıç et al., 2021). Thus, the combination of the roles of CEO and board's chairman expands the gulf between managerial and stakeholder interests (Nadeem, 2021), which in turn, may have a detrimental effect on the board's proclivity to invest time and effort into sustainability reporting (Kılıç et al., 2021). Several studies have proved a negative impact of CEO duality on sustainability performance and reporting (Mallin & Michelon, 2011; Naciti, 2019) and confirmed that "CEOs seem to play a critical role in environmental stakeholder issues" (Walls et al., 2012).

Thus, this paper aims to examine how board composition, particularly board size, board independence, female directors, and CEO duality affect sustainability reporting conduct (SRC) in a sample comprising 10,330 firm-year observations from China covering 2015–2018.

Accordingly, the following hypotheses are put forward:

H1: There is a positive association between board size and SRC.

H2: There is a positive association between independent directors and SRC.

H3: There is a positive association between female directors and SRC.

H4: There is a negative relationship between CEO duality and SRC.

Therefore, the abovementioned assertions regarding board size (hypothesis 1), board independence (hypothesis 2), CEO duality (hypothesis 4) are founded primarily, but not entirely, on agency theory, whilst the assertion on female directors (hypothesis 3) has been developed predominantly through stakeholder theory application. Nevertheless, it should be stressed that a comprehensive approach is needed as "any theory independently falls short in explaining the relationship completely" (Hussain et al., 2018, p. 415).

Methods. The paper selects China's A-share main board listed companies from 2015 to 2018 as the research sample. The reason why 2015 was chosen as the initial year of the study was mainly that the Global Reporting Initiative (GRI) released the G4 Chinese version of the Sustainability Reporting Guidelines in Beijing on January 16, 2014. It takes a certain amount of time to establish and improve the internal sustainable development system. Therefore, it is more reasonable to select the reliability and validity of the sustainable-related data after 2014. The sample selection procedure is reported in Table 2.7.

Table 2.7 - Sample selection procedure

Steps	Explanation	Observations
1	A – share listed company on China's Shanghai and Shenzhen stock	13,023
2	Less: the financial industry companies	353
3	Less: *ST Company	529*
4	Less: ST Company	325*
5	Less: companies with missing data	1,486
6	Final sample	10,330

*Source: Developed by the authors. Note: * – When a company has suffered losses for two consecutive years or its net assets are lower than the par value of the stock, "ST" will be added before the stock name, which means "special treatment", and the daily rise and fall shall not exceed 5%. It is used to warn investors to pay attention to investment risks. If In the third year, the company's operations have not improved and it is still in a state of loss, in addition to the "ST" before the stock name, "*" will be added, which means delisting risk.*

Financial data comes from the WIND database, corporate governance and other related data come from the China Stock Market & Accounting Research (CSMAR) database, and data processing and statistical software used is Stata16.0. Table 2.8 provides the details of the governance and control variables used in this study. To test the hypotheses, Model (1) was created:

Table 2.8 Description of the variables

Variable	Mnemonics	Role	Measurement	Unit

Sustainability reporting conduct	SUS	Dependent	Sustainability reporting conduct: equals 1 if a firm issues sustainability reporting, and 0 otherwise.	Dummy variable
Board size	BOARD	Independent	Natural logarithm of the total number of board's member	Natural logarithm
Board independence	INDE	Independent	The percentage of independent directors on the board	Percent
Female directors	FEMALE	Independent	The percentage of female directors on the board	Percent
CEO duality	DUALITY	Independent	CEO duality, if the same person holds the positions of CEO and chairman in a company equals 1, otherwise 0.	Dummy variable
Ownership concentration	TOP1	Control	Ownership concentration, the shareholding ratio of the first major shareholder.	Percent
Return on assets	ROA	Control	Net income/Total assets	Percent
Firm size	SIZE	Control	Total assets	Number
Firm age	AGE	Control	Natural logarithm of the number of years since the firm was founded	Natural logarithm
Leverage	LEV	Control	Total debt /Total assets	Percent
Type of property rights holder	STATE	Control	Property rights, the actual controller is a state-owned company, equals 1, otherwise 0.	Dummy variable

Source: Developed by the authors.

$$SUS = \beta_0 + \beta_1\mathrm{BOARD} + \beta_2 INDE + \beta_3\mathrm{FEMALE} + \beta_4 DUALITY + \beta_5\mathrm{TOP1} + \beta_6\mathrm{ROA} + \beta_7\mathrm{SIZE} + \beta_8\mathrm{AGE} + \beta_9\mathrm{LEV} + \beta_{10}\mathrm{STATE} + \varepsilon \qquad (1)$$

The regression analysis is used to test the relationship between the corporate governance variables and SRC.

Results. The data set explicated in the preceding section is analyzed by first putting into the spotlight the descriptive results (Table 2.9). The overall level of voluntary disclosure of sustainability reports by Chinese listed companies is not high and varies greatly (mean 0.261, standard deviation 0.439). The average board size is 8.3 (natural logarithm 2.120) vacillating from a minimum of 3 (1.099) to a maximum of 17 persons (2.833). On average board includes approximately 1/3 of independent directors with the highest percent on this indicator – 80% of board independence. Female directors on average represent 18% of the total number of directors with a maximum of 89%. 27.5 % of companies in the sample practice CEO duality.

Table 2.9 - Descriptive statistics

Variables	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
	N	**mean**	**sd**	**min**	**max**	**median**
SUS	10,330	0.261	0.439	0	1	0
BOARD	10,330	2.120	0.200	1.099	2.833	2.197
INDE	10,330	0.376	0.0559	0	0.800	0.363
FEMALE	10,330	0.178	0.151	0	0.889	0.142
DUALITY	10,330	0.275	0.447	0	1	0
TOP1	10,330	0.343	0.145	0.0339	0.900	0.322
ROA	10,330	0.0399	0.0762	–1.859	0.669	0.037
SIZE	10,330	22.31	1.302	15.98	28.51	22.155
AGE	10,330	2.026	0.941	0	3.332	2.079
LEV	10,330	0.424	0.221	0.0174	8.009	0.410
STATE	10,330	0.355	0.478	0	1	0

Source: Developed by the authors.

The correlation matrix (Table 2.10) incorporates all variables under study. Pearson analysis results show that BOARD (board size: correlation coefficient 0.163), TOP1 (ownership concentration: correlation coefficient 0.108), ROA (return on assets: correlation coefficient 0.024), SIZE (company size: correlation coefficient 0.456), AGE (company age: correlation coefficient 0.264), LEV (financial leverage: correlation coefficient 0.166), STATE (property right: correlation coefficient 0.291);

FEMALE (female directors: correlation coefficient –0.086) and DUALITY (CEO duality: correlation coefficient –0.116) are significantly negatively correlated with sustainability information disclosure. The Pearson test also shows that the absolute value of the correlation coefficient between the variables does not exceed 0.5, so this paper excludes the existence of multicollinearity between variables.

Table 2.10 - Correlations matrix

	SUS	*BOARD*	*INDE*	*FEMALE*	*DUALITY*	*TOP1*	*ROA*	*SIZE*	*AGE*	*LEV*	*STATE*
SUS	1	2	3	4	5	6	7	8	9	10	11
BOARD	0.163***	1									
INDE	0.00500	–0.568***	1								
FEMALE	–0.086***	–0.116***	0.040***	1							
DUALITY	–0.116***	–0.192***	0.124***	0.109***	1						
TOP1	0.108***	0.019*	0.040***	–0.037***	–0.040***	1					
ROA	0.024**	0.024**	–0.032***	0.0130	0.039***	0.104***	1				
SIZE	0.456***	0.255***	–0.00200	–0.151***	–0.183***	0.213***	0.00700	1			
AGE	0.264***	0.162***	–0.042***	–0.093***	–0.235***	–0.049***	–0.159***	0.408***	1		
LEV	0.166***	0.111***	0.00900	–0.072***	–0.113***	0.062***	–0.396***	0.472***	0.298***	1	
STATE	0.291***	0.260***	–0.052***	–0.173***	–0.295***	0.236***	–0.075***	0.364***	0.459***	0.249***	1

Note: Robust t-statistics: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: Developed by the authors.

Table 2.11 and Table 2.12 convey the statistical test results of the difference in the sustainability reporting conduct between SOEs and private enterprises. The findings show that sustainability reporting conduct of SOEs is significantly higher than that of private enterprises and this result is significant at the 1% level.

Table 2.11 - T-test results on type of property rights holder

Variables mnemonics	**STATE=1**		**STATE=0**		**mean-diff**	**T**
	Obs (1)	**mean (1)**	**Obs (0)**	**mean (0)**		
SUS	3663	0.434	6667	0.166	0.267***	30.942
BOARD	3663	2.190	6667	2.081	0.109***	27.408
INDE	3663	0.373	6667	0.379	– 0.006***	–5.242
FEMALE	3663	0.143	6667	0.198	–	–

					0.055***	17.808
DUALITY	3663	0.097	6667	0.373	–0.276***	–31.407
TOP1	3663	0.390	6667	0.318	0.072***	24.682
ROA	3663	0.032	6667	0.044	–0.012***	–7.684
SIZE	3663	22.949	6667	21.958	0.991***	39.744
AGE	3663	2.608	6667	1.706	0.901***	52.434
LEV	3663	0.498	6667	0.383	0.115***	26.151

Note: Robust *t*-statistics: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: Developed by the authors.

Table 2.12 - T-test results on sustainability reporting conduct

Variables mnemonics	**SUS=1**		**SUS=0**		**mean-diff**	**T**
	Obs (1)	**mean (1)**	**Obs (0)**	**mean (0)**		
BOARD	2698	2.174	7632	2.100	0.074***	16.768
INDE	2698	0.377	7632	0.376	0.001	0.510
FEMALE	2698	0.157	7632	0.186	–0.029***	–8.746
DUALITY	2698	0.188	7632	0.306	–0.118***	–11.865
TOP1	2698	0.370	7632	0.334	0.036***	11.062
ROA	2698	0.043	7632	0.039	0.004**	2.454
SIZE	2698	23.308	7632	21.957	1.351***	52.053
AGE	2698	2.444	7632	1.878	0.566***	27.864
LEV	2698	0.485	7632	0.402	0.083***	17.057
STATE	2698	0.589	7632	0.272	0.317***	30.942

Note: Robust *t*-statistics: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: Developed by the authors.

Based on the setting of model (1), the multiple regression model is used to examine the specific impact of the board size on the SRC of the company to verify whether hypothesis 1 is valid (Table 2.13). The result is 0.109, and it has passed the statistical significance test under the 1% confidence level, thus hypothesis 1 is confirmed: the larger the board size, the better the corporate sustainability reporting conduct. The results hold for both state (0.139, $p < 0.01$) and private companies (0.068, $p < 0.05$), signaling that board size plays an obvious role in promoting proactive SRC.

Table 2.13 - Multiple regression results

Variables	**(1) STATE=1**	**(2) STATE=0**	**(3)**	**(4)**
	SUS	**SUS**	**SUS**	**SUS**
BOARD	0.139***	0.068**	0.109***	0.015***
	(3.35)	(2.08)	(4.20)	(4.91)
INDE	0.238	0.276***	0.341***	0.355***
	(1.62)	(2.59)	(3.94)	(4.25)
FEMALE	–0.028	0.026	0.005	0.005
	(–0.49)	(0.96)	(0.19)	(0.19)
DUALITY	–0.025	0.012	0.005	0.005
	(–1.03)	(1.31)	(0.60)	(0.64)
TOP1	0.030	–0.090***	–0.017	–0.016
	(0.57)	(–2.66)	(–0.58)	(–0.53)
ROA	–0.338**	0.226***	0.049	0.050
	(–2.15)	(3.93)	(0.92)	(0.94)
SIZE	0.169***	0.111***	0.140***	0.139***
	(30.41)	(20.62)	(33.86)	(33.50)
AGE	0.023**	0.037***	0.027***	0.027***
	(2.16)	(7.59)	(5.98)	(6.02)
LEV	–0.376***	–0.043	–0.160***	–0.159***
	(–8.32)	(–1.52)	(–4.73)	(–4.74)
STATE	–	–	0.117***	0.115***
			(10.89)	(10.71)
Constant	–3.711***	–2.559***	–3.240***	–3.123***
	(–27.51)	(–17.95)	(–32.24)	(–36.51)
Observations	3,663	6,667	10,330	10,330
R-squared	0.208	0.137	0.235	0.235

F test	0	0	0	0
*r*2_a	0.206	0.136	0.234	0.235
F	176.2	98.60	378.1	380.9

Note: Robust *t*-statistics in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: Developed by the authors.

The regression coefficient on independent directors and SRC is 0.341 (Table 2.13) and it has passed the statistical significance test under the 1% confidence level, indicating that independent directors lead to the enhancement of the company's sustainable reporting conduct. Thus, hypothesis 2 has been confirmed. It shows that the higher the proportion of independent directors, the better the corporate sustainability information disclosure. The paper's findings imply that board independence is not that very significant for state-owned companies (0.238, not passed the statistical significance test), whereas conducive for a boost in SRC for privately owned firms (0.276, p < 0.01).

The findings testify that female directors on board although have a positive influence (0.005) but as it has not passed the statistical significance test hypothesis 3 has been rejected meaning that female directors have an insignificant impact on SRC. Moreover, in state-owned companies, the pro- portion of women on the board of directors has even an insignificant negative impact (–0.028, not passed the statistical significance test) on sustain- ability reporting conduct, whilst in private-owned an insignificant positive (0.026, not passed the statistical significance test).

The regression results of CEO duality on SRC (Table 2.13, based on the regression model (1) is insignificantly positive (0.005), but it has not passed the statistical significance test. Thus, hypothesis 4 is rejected. However, as well as in the case of female directors, CEO duality pushes state and private companies into contrasting directions. CEO duality in state-owned companies has a negative regression coefficient (–0.025) to SRC, which does not pass the statistical significance test, whereas in private companies-positive (0.012) but also sta- tistically insignificant. Among the control variables, worth noting two in- dicators the size of the company (SIZE) and the age of the company (AGE) which both significantly positively correlated at the level of 1%, indicating that large-scale and older companies have a high- er level of sustainability reporting conduct. The STATE coefficient is positive (0.117, $p < 0.01$) indi- cating that the level of SRC of state-owned enter- prises is higher than that of non-state-owned en- terprises. The debt-to-asset ratio (LEV) is signifi- cantly negatively correlated at the 1% level (–0.160), indicating that companies with a low debt-to-asset ratio perform better in the disclosure of sustaina- bility information.

Interestingly enough among state-owned companies (1), the size of the company (SIZE) and the age of the company (AGE) are significantly positively correlated at the levels of 1% and 5% respectively, while return on assets (ROA) and financial leverage (LEV) are significantly negatively correlated at 5% and 1% respectively. It shows that state-owned companies with large scale, solid age, low return on assets, and low asset-liability ratio have a higher level of sustainability information disclosure. Among private companies (2), return on assets (ROA), enterprise size (SIZE), and company age (AGE) are all significantly positively correlated at the 1% level, and (TOP1) are significantly nega- tively correlated at the 1% level. It shows that private enterprises with a high return on assets, large scale, solid age, and low ownership concentration have a higher level of SRC.

To test the robustness of the estimated relation-ship between corporate governance attributes and sustainability reporting conduct, another set of regressions was performed using the variable substitution method (Table 2.13). For this, the core variables of this paper were replaced. Such as the number of directors serving on the board was replaced by the original natural logarithm of the number of directors serving on the board by the number of directors serving on the board to verify the research hypotheses 1-4 proposed in this paper. Through the variable substitution method, it was found that the conclusions are still intact and valid.

Internal Control and CSR

Purpose of research. Adopting agency theory and stakeholder theory, this part examines the relationship between CSR and the strength of IC alone, as well as combined on the sustainable corporate growth of Chinese listed companies. Thus, our study seeks to determine whether active participation in CSR leads to enhanced sustainable corporate growth of firms. Moreover, alongside CSR we examine how the strength of internal control and sustainable corporate growth relate. Therefore, we embark to examine basically how CSR is instrumental for sustainable development on the ground, on a firm's level.

Research hypothesis. By studying the relevant theories of CSR and SCG (Sustainable Corporate Growth), and the relevant theories of the Strength of IC and SCG. Taken together, we argue that CSR through the risk-reduction and intensifying upside potential of the company is going positively affect sustainable corporate growth.

Based on the above mentioned analysis, the following hypothesis is proposed.

H1: The fulfilment of CSR enhances the company's sustainable growth.

H2: The strength of internal control of a company is positively correlated with the level of sustainable corporate growth.

H3: CSR and the strength of internal control combined exerting an effect on sustainable corporate growth

Sample selection and data source. We drew on the entire population of China’s A-share listed companies from 2010 to 2018. We screened the samples as follows: financial and insurance listed companies are 506 eliminated; observation samples with missing relevant data and indicator values are eliminated; observation samples with abnormal relevant data and indicators are eliminated. Finally, 17,294 sample observations are obtained.

Research method. This study applies regression analysis and manifold robustness tests to testify the hypotheses aforementioned.

Conclusion. We identify a significantly positive relation between CSR and SCG. We find that socially responsible firms fare better in SCG. The same holds for the relationship between IC and SCG. We further examine the combined effects of CSR and IC on SCG and find that CSR and IC exerting a synergistic effect on SCG. We show that due to CSR and IC the resources base of a firm what “effectively matched with the environment” increases allowing economic growth without harm to the environment and limiting the insatiable consumption of external resources, strengthening instead the use of existing resources. We show that CSR and IC allow harmonizing actual growth with internal resources available and that CSR and IC both enhance the company's sustainable growth rate. We document that CSR and IC increase that threshold enabling companies to grow internally without resorting to further use of sparse limited resources.

Internal Audit (Audit Committee) and CSR

Purpose of research. This section makes theoretical analysis and empirical test on the impact of audit committee and internal control on CSR. Then, whether the characteristics of the audit committee will have an impact on the number of key audit items in the information disclosure of listed companies, and which characteristics will have an impact on the number of key audit items in the information disclosure of listed companies are the issues studied in this section. By fulfilling social responsibilities, enterprises can create a good internal and external environment for internal control, while supervising and controlling the reasonable performance of social responsibilities by enterprises and maintaining and balancing the legitimate rights and interests of various stakeholders are important functions of corporate internal control. Therefore, exploring the interaction between CSR and internal control is another purpose of this section.

Research hypothesis. Through the comprehensive research of internal control, audit committee characteristics and CSR disclosure and other related theories. Internal control factors play a crucial role in the fulfilment of CSR. Considering the impact of audit committee characteristics such as the size of the audit committee, the number of independent directors and the number of audit committee meetings on CSR disclosure, based on the above mentioned analysis, the following hypothesis is proposed.

H1: Internal control has is positively related to CSR disclosure. +

H2: Audit committee size is positively related to CSR disclosure. +

H3: The proportion of independent directors of audit committee is positively related to CSR disclosure. -

H4: Audit committee meeting is positively related to CSR disclosure. -

Sample selection and data source. This study selects A-share listed companies in Shanghai and Shenzhen stock exchanges from 2010 to 2019 as the research samples.

In order to ensure the validity of the sample data, financial listed companies are removed, ST and *ST listed companies are removed, and data vacancies are removed. Finally, 2613 observation data were obtained. CSR information disclosure data comes from HEXUN CSR system; internal control data comes from DIB Database; other company characteristics come from China Stock Market & Accounting Research (CSMAR) Database. In addition, in order to eliminate the influence of outliers, all continuous variables have been narrowed down according to the 1% and 99% quantiles.

Research method. This study applies regression analysis and manifold robustness tests to testify the hypotheses aforementioned.

Conclusion. This paper takes China's A-share listed companies as the research object, and explores the impact of the audit committee of the Board of directors on CSR performance from the perspective of the impact of internal control on CSR performance, the size of the audit committee, the proportion of independent directors and the number of meetings. The results show that internal control has a significant positive correlation with CSR performance, that is, good internal control is conducive to CSR performance. The size of the audit committee of a listed company is significantly positively correlated with CSR performance, the number of meetings of the audit committee is significantly negatively correlated with CSR performance, and the proportion of independent directors of the audit committee is not correlated with CSR performance. In other words, the larger the scale of the audit committee and the fewer the number of meetings, the more helpful the audit committee to play the role of supervision, audit and other governance.

Managerial Ability and CSR

Purpose of research. Based on principal-agent theory, stakeholder theory, high-level echelon theory, decision theory, etc., this part uses Chinese listed companies as research samples to explore the relationship between managers' competence and CSR and analyze their impact on corporate value.

Research hypothesis. Highly management ability can efficiently convert input resources and become more flexible in the process of enterprise operation. They can not only easily prove themselves in the short term, but also have more time and energy to focus on those long-term social benefit projects, so as to more actively fulfill their CSR and enhance the value of the company. Therefore, this paper speculates that highly management ability is more willing to fulfill CSR. Based on the above mentioned analysis, the following hypothesis is proposed.

Hypothesis 1 There is a negative correlation between managerial ability and CSR.

Hypothesis 2 The negative impact of CSR on firm value has a certain relationship with the manager's ability.

Hypothesis 3 The manager's ability has a significant positive impact on firm value.

Hypothesis 4 In state-owned enterprises(SOEs), the positive correlation between managerial ability and firm value weakens.

Sample selection and data source.This study uses China's Shanghai and Shenzhen A-share listed companies from 2009 to 2018 as the initial sample for the study. The following treatments were performed on the initial sample: (1) Remove financial and insurance companies and companies that have been specially processed by ST, *ST, and PT; (2) Remove delisted and cross-listed companies; (3) Remove missing data the company. Our final sample has 3498 company-year observation data. The CSR ratings comes from the RANKINS CSR RATINGS (RKS) Database, and the rest of the data comes from the China Stock Market & Accounting Research

(CSMAR) Database. In order to avoid the influence of extreme values, this paper performs 1% winsorize on all continuous variables.

Research method. This study applies regression analysis and manifold robustness tests to testify the hypotheses aforementioned.

Conclusion. The empirical results show that there is a positive correlation between management ability and CSR fulfilment; There is a positive correlation between managers' ability and firm value. The negative impact of CSR on firm value has a certain relationship with the manager's ability; However, in non-state-owned enterprises, the manager's ability has a greater impact on firm value. In addition, highly manager's ability have a greater impact on firm value.

Summary of Section 2

This section first objectively analyzes the current situation and characteristics of CSR activities of Chinese economic entities based on the relevant historical statistics of Runling Global Responsibility Rating (RSK).The development of CSR in China can be traced back to 2006, under the regulation and requirements of the policy, Chinese enterprises have gradually attached importance to CSR, and have taken corresponding actions to carry out the practice of social responsibility, and the awareness of fulfilling CSR has gradually been enhanced; however, up to now, the overall level of Chinese enterprises' fulfillment of social responsibility is still relatively low. However, the overall level of Chinese enterprises' fulfillment of CSR is still low, with an overall fluctuating trend. Divided by industry, region and ownership type, China's CSR practice activities show significant differentiation, both in terms of the number of enterprises fulfilling social responsibility and the level of fulfillment of social responsibility. In terms of the number of enterprises fulfilling social responsibility, the number of enterprises fulfilling social responsibility is increasing in most industries, and individual industries are relatively stable, with the manufacturing industry accounting for the largest share. As a pillar industry of the national economy, the share of manufacturing industry in Chinese listed companies has been stable at around 63% in recent years; the CSR score of this industry is close to but lower than the overall average, indicating that there is a long way to go in promoting CSR in China. The regions with more enterprises fulfilling social responsibility are concentrated in the more economically developed regions, such as Beijing, Guangdong, Shanghai, Fujian, Jiangsu, etc. This indicates that the institutional environment and market development process of the regions where enterprises are located will affect their awareness and behavior of fulfilling social responsibility. Due to China's special national conditions, CSR has been elevated to a strategic choice at the political and economic level in the domestic social environment, and thus Chinese SOEs may be far more motivated to take the initiative to assume social responsibility than private companies.

In subsections 2.2 and 2.3 of this section, the author uses an empirical approach to focus on the impact of accounting/financial routine (e.g., external forensics, tax aggressive behaviors, level of financial audit firms, and accounting soundness) and organizational/managerial routine (e.g., corporate governance, internal control, internal audit, and management competence) on the CSR of Chinese listed firms, and the mechanism of their effects, respectively.

SECTION 3 FORMATION AND IMPLEMENTATION OF THE ENTERPRISES' IMPROVEDCSRMANAGEMENT MECHANISM

3.1 Discussion of the Results of the Empirical Analysis

In the second section of this paper, we conducted a series of empirical studies on the impact of CSR and its mechanism of action on Chinese listed companies from the micro point of view of the companies themselves, focusing on the accounting/financial aspects (e.g., external assurance, tax aggressive behavior, level of financial auditor, accounting conservatism) and organizational/management aspects (e.g., corporate governance, internal control, internal audit, and managerial ability.) respectively. The statistical analysis materials and data used in these empirical studies mainly involve the internal characteristics of the company at the micro level, such as company size, company establishment time, leverage ratio, return on assets, company growth rate, ownership type, ownership concentration, board size, etc.

In order to provide some practical enlightenment and suggestions for the improvement and development of Chinese enterprises' CSR management system and the establishment of a good mechanism for the application of empirical research results, we will specifically discuss some of the main conclusions as follows.

(1) External assurance contributes to improve the quality of corporate CSR reports. However, significant ownership concentration and its corresponding "entrenchment effect" are negatively correlated with the quality of CSR reporting. Especially when the major shareholder's holding ratio exceeds 50% and reaches majority, it will hinder and put a cap on the advancement in the quality of CSR reporting through its assurance.

Practical enlightenment: Accounting (external assurance) plays an important role in ensuring high-quality disclosure in corporate CSR reports, but at the same time, attention should be paid to the "entrenchment effect" of ownership concentration, an element of corporate governance.

The results of this research have important guiding significance for the theoretical research and practical activities of CSR in Chinese enterprises, which can be elaborated from the following two perspectives:

From the theoretical point of view, this study is conducive to deepening the theoretical research of CSR report authentication business. With the increasingly standardized construction of the social responsibility information disclosure system in China, the quality requirements forCSRreports are also getting higher and higher. At present, some scholars in China have conducted normative studies on the verification of CSR reports, but there are few studies on the motivation and influencing factors of voluntarily accepting external assurance of CSR reports. external assurance of CSR reports is an important way to improve the credibility and quality of CSR reports, and plays a good role in promoting the improvement of China's CSR information disclosure system. By reading a lot of foreign literatures and summarizing them, this paper compares the research status of Chinese and foreign scholars, and finds out the gap, so as to provide references for domestic scholars in the theoretical research on CSR report authentication business.

From the practical point of view, this study also has enlightenment significance to promote the practice development of CSR report authentication in China. China's listed companies have realized the importance of disclosure of social responsibility information, and some of them have begun to releaseCSRreports regularly and continuously. However, the independent third-party verification of CSR reports has not attracted extensive attention from enterprises and the public, and the lack of verification will greatly reduce the credibility and authenticity of CSR reports. Therefore, the results of this research are conducive to promoting the development of China'sCSRmanagement practices, promoting the quality of information disclosed in China'sCSRreports, and increasing the transparency of the capital market.

(2) In general, no matter in the mandatory regulatory system or the voluntary regulatory system, the social responsibility performance of Chinese enterprises has a significant negative correlation with the degree of corporate tax avoidance. In addition, the pollution index as an environmental sensitive factor has little impact on the degree of CSR and tax avoidance.

Practical enlightenment: The conclusion of this study also shows that most enterprises realize that tax payment is a part of social responsibility, and should not take aggressive tax measures, that is, CSR can inhibit the degree of corporate tax avoidance.

In recent years, with the awakening of people's awareness of rights and obligations, the problem of fulfilling CSR in Chinese society has attracted wide attention, and the public has increasingly called for enterprises to consciously assume social responsibility. From the perspective of stakeholder theory, the responsibility of enterprises is not only to create greater value for shareholders, but also to the internal employees of enterprises, external communities, the environment, creditors, the country and so on. Human beings are the sum of social relations, and legal persons are no exception. The aggressive tax avoidance behavior of enterprises is a challenge to the tax law, the management ability of tax authorities and tax personnel, and also causes a waste of social resources. Moreover, the aggressive tax avoidance behavior of enterprises is often walking in the edge of the law, and it is more likely to commit acts that violate legal ethics. For the phenomenon of the waste of social resources caused by the aggressive tax avoidance behavior of enterprises, it is also considered to be unclear and non-commitment to social responsibility.

It can be seen that the research results of this paper have positive significance for the government to promote social responsibility activities, the tax inspection of tax regulators and the strengthening of enterprises' concept of social responsibility. To a certain extent, it will help relevant tax administration departments to further improve the CSR information disclosure system and provide directional guidance for their construction of measurement indicators for tax inspection. In the specific practice process, tax collectors can also take the performance of CSR as one of the indicators to judge the degree of tax avoidance of enterprises when conducting tax inspections, so as to better understand the tax intention of enterprises. Relevant authorities in China can also standardize the disclosure of CSR reports by issuing policies to promote the orderly development of CSR practices.

(3) The results of this empirical study show that high-quality financial audit has a positive impact on the quality of CSR report through the quality transfer effect. Although the institutional environment is weak, and the Big Four accounting firms only operate according to the actual situation in China, their financial audits help to improve the quality of CSR reporting. In addition, the financial audit of the Big Four has a more significant impact on the quality of CSR disclosure of non-state-owned enterprises (compared with state-owned enterprises). Compared with regions under less pressure from legal environment, the Big Four financial audits have a *more obvious effect on the improvement of CSR disclosure quality in regions under greater government pressure.*

Practical enlightenment: When enterprises are actively fulfilling their social responsibilities and have the guarantee of high-quality audit, enterprises can timely and completely convey the fairness and authenticity of corporate financial information to their stakeholders, including the behavior of decision-making related to social responsibility, which is conducive to stakeholders' more effective identification and perception of corporate social responsibility. At the same time, the information asymmetry can be reduced to a greater extent, so as to further improve the efficiency of investment. In terms of practice, this paper puts forward the following three suggestions:

a) *Encourage enterprises to formulate social responsibility development strategies and actively fulfill their social responsibilities.* At present, there are still many enterprises in China that do not realize the importance of social responsibility to the development of enterprises, and their enthusiasm and willingness to fulfill social responsibility are not high. With the development of economy and the change of concept, enterprises should also actively accept and recognize social responsibility, change the narrow and short-sighted concept before, actively fulfill social responsibility, and formulate social responsibility development strategy in a timely manner. Integrate the concept of social responsibility into the soft culture of enterprises, so that social responsibility can be truly transformed into the daily business behavior of enterprises. According to the conclusion of this paper, the active implementation of social responsibility by enterprises can alleviate information asymmetry and also ease the principal-agent conflict. Therefore, enterprises should be encouraged to pay attention to social responsibility and develop social responsibility-related development strategies, and get rid of the short-term behavior of only pursuing the maximum profit of shareholders while ignoring the interests of stakeholders such as customers, employees and the environment.

b) *Encourage active disclosure of CSR reports and constantly improve the disclosure system of CSR reports.* While fulfilling their social responsibilities, enterprises should also actively disclose their performance to the outside world. Compared with enterprises that do not disclose their social responsibility reports, they can enable stakeholders to understand the performance of their social responsibilities in a more timely and detailed manner and deliver more favorable information to enterprises. At present, China has not forced all listed companies to disclose social responsibility report, nor is there a uniform report template for all listed companies to use, which will lead to reports of different enterprises disclosing different forms, standards, and content are not comparable. In order to enhance the usability and standardization of reports, relevant departments should improve the disclosure system of social responsibility reports and build a detailed disclosure system with consistent standards, similar formats and comparable content.

c) *Improve the CSR special audit mechanism and strengthen the quality of CSR-related audits.* Audit is an important external supervision mechanism. High-quality audit (especially that of the Big Four accounting firms) can reduce the degree of earnings management and ensure the fairness and authenticity of financial reports. High-quality audit can promote the positive correlation between corporate social responsibility and investment efficiency. So it is of practical significance to improve audit quality. Timely issue and improve the special audit of corporate social responsibility, and release the audited high-quality social responsibility report to facilitate stakeholders' identification of their ability to improve the investment efficiency of enterprises. At the same time, firms should be encouraged to invest more high-quality audit talents and better audit resources in auditing, and should also emphasize the need to abide by auditing standards, maintain the independence of auditing, and improve audit quality to the maximum extent, so as to give play to the governance role of high-quality auditing.

(4) Empirical evidence shows that there is a negative correlation between accounting conservatism and corporate social performance(CSP). In general, the significant improvement of corporate social performance is accompanied by a decline in the conservatism of financial reporting. Therefore, companies that pursue superior corporate social performance may adopt less conservative policies towards financial reporting at the expense of financial stakeholders. Consistent with agency theory, the findings suggest that companies with high social performance are less likely to use accounting conservatism to report their earnings.

Practical enlightenment: The conclusions of this study reveal the influence mechanism of Chinese enterprises' social responsibility on corporate performance under the view of great power responsibility, which is of great significance for actively promoting enterprises' conscious fulfillment of social responsibility, improving accounting conservatism, ensuring accounting information quality and even promoting corporate performance.

In today's China, the concept of sustainable development has become the new pursuit of enterprise development, but because of the constraints of investors' resources, investors are more willing to choose those investment projects with high returns. In order to win external investment, enterprises will pay attention to the quality of financial reporting information provided to the outside world, so as to improve accounting conservatism. At the same time, in order to reduce the self-interested behavior tendency of enterprise management, many stakeholders also produce the demand for accounting conservatism.

Accounting conservatism itself has the ability of contract governance to reduce the cost of capital, and the low cost of capital indicates that the enterprise has a high performance. At the same time, accounting conservatism is one of the important guarantees of accounting information quality, which can reduce the occurrence of information asymmetry, make the stakeholders of the enterprise more trust the enterprise, promote the enterprise to improve its own strength and achieve good business performance. However, it is often difficult for external investors to accurately understand the real development status of enterprises. Accounting conservatism can improve the authenticity of information transmission to a certain extent, curb the inefficient excessive investment behavior of enterprises, and improve corporate performance. When enterprises fulfill corresponding social responsibilities while developing their own business, they can improve the happiness of stakeholders, and the acquisition of public happiness can promote their work enthusiasm and promote the growth of corporate performance. Accounting conservatism, as a manifestation of CSR, can affect corporate performance to a certain extent, and plays an intermediary or regulatory role betweenCSRand corporate performance.

(5) There is a correlation between corporate governance attributes (such as board size, board independence, female directors and CEO duality) and sustainable reporting behavior in Chinese companies. The empirical results show that board size and board independence are positively correlated with sustainability reporting behavior, while female directors and the duality of CEO have no significant impact on the sustainability reporting conduct of Chinese enterprises. Furthermore, a larger, more independent board would help to better oversee the managing director, thus making decisions more aligned with an understanding of stakeholder perspectives.

Practical enlightenment: *The results of this study have policy guiding* *significance for managers and decision makers of Chinese enterprises in designing corporate governance structures conducive to CSR practice (board size, composition structure and independence setting, dual roles of chairman /CEO, etc.)*.

At present, the independent director system in China is not perfect, such as the proportion of independent directors is too low, the independence of independent directors is controversial, and the concurrent appointment of independent directors. These reasons may lead to the failure of independent directors to perform their relevant functions, effectively supervise the management, safeguard the interests of other stakeholders, and promote the active performance of enterprises' social responsibilities. Moreover, it is worth noting that the number of independent directors of some listed companies does not meet the requirements of the China Securities Regulatory Commission (CSRC). According to the requirements of China's new Company Law, the size of the board of directors is between 5 and 19 people. Therefore, we suggest that within the scope of legal provisions, appropriate consideration should be given to increasing the size of the board of directors, and the number of independent directors will also increase accordingly, so that the interests of other stakeholders can be more widely represented and considered. To some extent, the increase in the size of the board of directors is also conducive to maintaining the independence of directors and reducing the possibility of directors using related party transactions to damage the interests of other stakeholders. A larger board of directors can accommodate more elites from different industries and bring more professional knowledge, management experience, personal relationship background, influence and other resources to the enterprise. All these can improve the decision-making effect of the board of directors, better coordinate the interests of various stakeholders, and contribute to the sustainable development of the enterprise and better fulfillment of its social responsibilities.

The empirical results in this paper did not confirm the significant correlation between the dual roles of chairman and general manager and CSR, that is, whether the two positions of chairman and general manager are held by one person (that is, CEO duality) has no significant impact on the fulfillment of CSR. Although most listed companies choose the mode that the two positions of chairman and general manager are held by different people, the performance of their social responsibilities is not better than that of listed companies with two concurrent positions, which also indicates that the supervision and control role of the board of directors in listed companies with two separate positions is not well played, and the coordination and communication between the chairman and general manager are not smooth. It will produce a large internal cost, which is not conducive to the realization of the interests of various stakeholders, and is not conducive to the enterprise's commitment to social responsibility. Although the dual role of chairman and general manager is conducive to communication and efficient decision-making, this mode has serious drawbacks. The general manager has too much power, and the board of directors has greatly weakened the ability to restrict the management. Therefore, ***we suggest that Chinese enterprises should choose a reasonable leadership structure according to their actual situation***.

a) *For the mode of two-position separation,* they can make clear regulations on the behavior of the chairman and general manager through internal systems and articles of association within the scope stipulated by law, and formulate a reasonable communication mechanism to ensure the effectiveness of decision-making.

b) *For the dual position model*, a reasonable supervision and control mechanism should be formulated, and the supervision of other directors and stakeholders should be used to restrain the behavior of the general manager, so as to avoid the risks brought by his/her excessive power to the enterprise.

(6) The fulfillment of CSR can promote the sustainable development of the company. High-quality internal control can promote enterprises to fulfill their social responsibilities, and the intensity of internal control is positively correlated with the sustainable growth level of the company. CSR plays an intermediary effect between the quality of internal control and sustainable development, and the joint effect of the two has an impact on the sustainable growth of enterprises.

Practical enlightenment: Enterprise internal control has now developed into a very important part of enterprise management, and plays an important role in the entire development and operation of the enterprise. However, due to China's historical national conditions and the old traditional enterprise concepts still exist, many enterprises do not pay enough attention to the construction, implementation and evaluation of internal control systems. Over the years, in the special period of rapid economic development, a variety of enterprises have been exposed from time to time to ignore the problem of social responsibility, in the final analysis, the lack of perfect internal control.

Based on relevant empirical research conclusions, this paper puts forward the following suggestions.

*a) Combine CSR with internal control***.** The fundamental purpose of the establishment of internal control is to reduce the agency cost among the stakeholders within the enterprise. Whether the enterprise can survive smoothly and develop healthily is closely related to the quality of the implementation of internal control. By actively fulfilling corresponding social responsibilities, enterprises can improve their own reputation and popularity, and promote various stakeholders of enterprises to increase their dependence on them and their willingness to cooperate, thus bringing more hidden development opportunities. Therefore, if an enterprise can organically combine internal control and social responsibility, it is likely to bring win-win results to the enterprise. In the process of combining the two, enterprises need to pay attention to the fact that they should effectively fulfill their social responsibilities in the whole process of their daily operations, rather than just staying in words and becoming empty slogans. Therefore, the combination of CSR and internal control and the integration of CSR as a guiding factor into the construction of internal control system is the only way for the stable survival and healthy development of enterprises.

b) Deepen the reform of corporate governance structure. In essence, internal control is a mechanism of continuous game and mutual checks and balances among various stakeholders to achieve equilibrium. Therefore, without mutual checks and balances among various stakeholders, the internal control of an enterprise cannot play its due role, resulting in increased agency costs. In turn, it may lead to a series of problems such as enterprises can not fulfill their social responsibilities and internal control system can not be perfected. Most enterprises in China have realized the importance of improving their own governance structure and have gradually taken various stakeholders into account in their corporate governance structure. However, in the process of implementation, there is still a big gap with the idealized state. In the enterprise, there is still a phenomenon of unequal rights, and insiders such as shareholders and executives can still enjoy most of the rights by virtue of their own advantages, which makes the rights of all stakeholders, as the main body of the corporate governance structure, cannot be fully realized. Corporate governance structure and governance mechanism to a large extent determine the distribution of all the interests of the enterprise among each interest subject. If internal control wants to play a better role, it is necessary to deepen the reform of corporate governance structure.

*c) Strengthen the construction of corporate culture***.** Looking at many cases at home and abroad, any enterprise with relatively perfect internal control or good internal control is all built on the basis of good ethics and excellent corporate culture. The construction process of internal control system should consider the corresponding social responsibility of enterprises, should be guided by social responsibility, and the implementation of CSR can not lack internal control as the guarantee of environment and system. What links internal control andCSRand can act as a bridge is corporate culture, which is a general environment and a unified invisible criterion for coordinating the behavior of internal stakeholders.

(7) There is a significant positive correlation between internal control audit and CSR performance, the size of the audit committee of a listed company is significantly positively correlated with CSR performance, while the number of audit committee meetings is significantly negatively correlated with CSR performance, and the proportion of independent directors of the audit committee is not correlated with CSR performance. In other words, the larger the scale of the audit committee, the fewer the number of meetings, the more beneficial the audit committee to play the role of supervision, audit and other governance.

Practical enlightenment: This empirical study proves that in the process of implementing internal control audit, Chinese listed companies can promote the company to fulfill its social responsibility, and then promote the enthusiasm of enterprises to voluntarily disclose information related to internal control audit, and improve the efficiency of internal audit. This is a good example of the mandatory internal control audit of Chinese listed companies that is being gradually implemented in China to implement CSR. Improve the corporate governance system, provide some guiding countermeasures. On the other hand, it also enriches the relevant research of CSR in China.

At present, China's listed companies and various stakeholders need to establish institutional arrangements by means of internal control audit to coordinate their respective interests. By actively fulfilling corporate social responsibilities, the company can show the signal of its unique capabilities to various stakeholders, and realize the transmission of reliable information through internal control audit. Therefore, Chinese listed companies need to strengthen the construction of internal control audit system. The following will be elaborated from two main aspects:

a) On the one hand, it is possible to integrate CSR into corporate governance or internal control. On the other hand, because the performance of social responsibility involves different functional departments and personnel within the enterprise, the enterprise must balance the interests of social responsibility and other departments. Enterprises must ensure that CSR is consistent with the objectives of internal audit, internal control and risk management, and incorporate it into corporate strategic objectives, and evaluate and provide overall solutions together with other forms of risk in the organization's operation in a balanced manner, so as to preventCSRperformance risks, reduce corporate losses and enhance corporate image.

b) On the other hand, enterprises must institutionalize the participation of internal audit in supervising and evaluating the fulfillment of social responsibility. Under the premise of clear audit content and standards, regular special audit of social responsibility shall be carried out in all departments, pre-event, in-event and post-event audit of social responsibility of major projects, timely detection of problems, and solution measures shall be adopted to reduce losses of enterprises. In addition, internal audit should improve the disclosure system of CSR reports. TheCSRreport is a necessary supplement to the financial report. When the board of directors or the audit committee discloses theCSRreport to the outside world, the internal audit department should ensure that theCSRreport timely discloses the important information needed by the stakeholders to make decisions and confirms theCSRin various fields. The internal audit department auditsCSRreports, corresponding to specific activities, listing significant issues and helping management to identify significant management deficiencies. The participation of internal audit in supervising and evaluating the fulfillment of social responsibility can not only improve the quality of CSR report, but also improve the quality of audit. High-qualityCSRreports can increase the confidence of investors and other stakeholders in the future development of enterprises, attract investment for enterprises, win a better development platform, and ultimately create value for enterprises.

(8) The empirical results show that there is a positive correlation between management ability and CSR fulfillment; while there is also a positive correlation between management ability and coporate value. In non-state-owned enterprises, the ability of managers has a greater impact on enterprise value. In addition, the ability of senior managers has a greater impact on the value of the enterprise.

Practical enlightenment: In order to better play the role of management in promoting CSR fulfillment and corporate value creation, and then comprehensively improve the level of CSR management in China, this paper will put forward suggestions from three aspects: enterprise management ability, internal control construction (the management is the developer of internal control system) and functional role of government (external regulator).

a) Build a high-quality management team to improve the quality and level of CSR performance. From the conclusion of this paper, it can be seen that the improvement of management ability has a positive significance for improving the level of corporate social responsibility of Chinese listed companies. First of all, establish a scientific and perfect manager selection system, adhere to both virtue and talent, appoint merit-based, appropriate personnel, through the selection and appointment of management to enhance their overall ability. Because of the heterogeneity of the management, the different population background characteristics of the management members will improve the comprehensive ability of the management and optimize the management structure. For example, the rational appointment of female executives, the humanistic care of female executives to play a role in strengthening moral ethics in strategic decision-making, is conducive to improving the quality of corporate social responsibility; Executives with overseas backgrounds are more sympathetic to the concept of corporate social responsibility, have personal experience of the implementation of foreign social responsibility, and can guide the construction of corporate social responsibility to be in line with international standards. Secondly, improve the supervision mechanism of enterprises to prevent selfish and opportunistic behavior of management; The supervision channels of the public and the media should be broadened, the behavior of the management should be more transparent, the reputation mechanism should be used to promote the management to perform their social duties, and the management should be effectively incentivized to narrow the interest deviation between the management and the shareholders, form a community of interests, and improve the operation efficiency of the enterprise. Finally, improve the performance assessment mechanism, add CSR indicators into the assessment system, and strengthen the management's efforts to implement CSR; From the results of management performance and ability evaluation, find out the shortcomings of management, and improve the work efficiency and ability of management as much as possible.

b) Strengthen the construction and implementation of internal control to ensure the effect of CSR implementation. As a profitable economic organization, enterprises must abide by relevant laws and regulations while obtaining economic effect. From the perspective of audit, improve the internal control system to ensure the effective conduct of business activities and avoid possible legal risks in the course of business. High-quality internal control can improve the quality of accounting information and increase the transparency of enterprise information, thus easing the agency conflicts of enterprises and balancing the interest demands of stakeholders. Effective internal control is the guarantee of good corporate social responsibility performance. Enterprises can take the following measures to improve internal control: *First*, establish a scientific and reasonable internal control system according to their own characteristics. In the specific implementation process of internal control, adjust the implementation situation timely and dynamically according to the internal and external environment of the enterprise to improve the implementation effect. The management is an important participant in the formulation and implementation of the internal control system, and its ability and moral level directly information the effect of internal control; Therefore, higher requirements are put forward for management. *Second*, the design of enterprise organizational structure should be reasonable, the responsibilities should be clear, and the departments should cooperate and restrict each other; Give full play to the role of internal audit and self-assessment, establish an external supervision mechanism, timely supervise and evaluate the internal control system and its implementation effect, and ensure the perfection and effectiveness of the internal control system of the enterprise. *Third*, the goal of internal control and social responsibility of enterprises is the same to maximize the value of enterprises. Integrate social responsibility into the internal control process of the enterprise, strengthen the constraint of the enterprise's own behavior, consciously and proactively assume social responsibility, establish and cultivate the sense of social responsibility, strengthen the sense of identity of all employees, and form a good corporate culture of internal control of corporate social responsibility. *Fourth*, establish a joint decision-making mechanism. Let all stakeholders participate in corporate decision-making and internal control construction, change the traditional backward way of behavior. The social responsibility management organization is embedded in the organizational framework of the company to achieve fair and efficient business operation.

c) Give full play to government functions and improve CSR policy support.At present, western developed countries have no special legislative provisions on corporate social responsibility, and there is no special supervision and management organization. The fulfillment of corporate social responsibility mainly depends on the supervision of public opinion and the consciousness of enterprises, which makes it difficult to effectively guarantee the quality of corporate social responsibility. The situation in China is similar to that in foreign countries, the provisions on CSR only appear in relevant laws and regulations, such as the Company Law and the Environmental Protection Fee Law. Similarly, there is no management organization to supervise the implementation of corporate social responsibility, and it is lack of binding force to encourage enterprises to actively fulfill their social responsibility. China's market economy was established under the guidance of the government, and the government also promoted the establishment and improvement of corporate social responsibility. Therefore, the government should give play to the function of economic management, speed up the standardization process of corporate social responsibility, and make corporate social responsibility behavior have laws to follow. Establish a unified corporate social responsibility disclosure standard, guide enterprises to transition from mandatory disclosure to voluntary disclosure, and improve the quality of corporate social responsibility reporting.

To sum up, an important reason for the relatively low level of CSR in China is the lack of effective supervision of enterprises and the low cost of default. The government needs to establish a reasonable reward and punishment mechanism, increase the severity of punishment for the failure of corporate social responsibility, and give incentives such as tax incentives or financial subsidies to enterprises with good social responsibility performance, so as to enhance the motivation of enterprises to fulfill their social responsibilities. In order to improve the consciousness of enterprises to fulfill their social responsibilities, the most fundamental thing is to improve the moral quality of the whole people. CSR also belongs to the moral category in a sense, and an atmosphere of active fulfillment of corporate social responsibility should be formed in the whole society.

3.2 Future Development Trends and Practical Strategies of CSR Management in China

Objectively speaking, the empirical research on the influencing factors and mechanisms of Chinese enterprises' social responsibility should not be isolated or limited to the micro characteristics of enterprises, while ignoring the influence of external factors such as the political, economic, social and institutional environment in which enterprises operate and develop. Therefore, we should also comprehensively consider the above macro external factors, that is, the external governance environment in which enterprises are located, and the impact of enterprises' social responsibility behavior and daily operation and management activities. For example, enterprises choose to conduct external verification of social responsibility reports can achieve the goals of improving the credibility of social responsibility reports and gaining competitive advantages, while the realization of these goals is affected and limited by the social and economic development level of enterprises.

As we all know, the COVID-19 epidemic, which has lasted for more than three years, has reflected the fragile side of modern civilization, and the unpredictable international situation, such as the Russia-Ukraine conflict, geopolitical tensions and camp confrontation, has intertwined with the impact of the COVID-19 epidemic, causing a huge and serious impact on the economic and social development of China and the world. Since December 2022, with the adjustment of China's epidemic prevention and control policy and the passing of the peak of the epidemic impact, all aspects of China's economy and society have gradually returned to normal operations, and the economy has started the recovery process, beginning to enter the post-epidemic period.

Despite many challenges, the Chinese government attaches great importance to restoring public confidence, and proposes to accelerate the establishment and improvement of a green, low-carbon and circular development economic system, based on the responsibility of promoting the building of a community with a shared future for mankind and the inherent requirements of addressing climate change to achieve sustainable development. It also made a major strategic decision of "3060" dual carbon goals (that is, carbon dioxide emissions strive to peak before 2030, and strive to achieve carbon neutrality before 2060), and combined with China's rapid progress in the field of digital economy in recent years, strongly promote the coordinated integration of green economy and digital economy. This new economic form has provided important support and impetus for China's economic transformation and innovative development, and digital economy transformation and green innovation have become the two pillars of China's post-epidemic economic recovery. As the main body of the socialist market economy, enterprises of different ownership in China have become the main body of the socialist market economy. It will also actively participate in the new historical process of digitization of economy and society and the dual transformation of "green and low-carbon". In the new era, how Chinese enterprises can better fulfill their social responsibilities and promote digital transformation and green innovation to achieve long-term sustainable development has become an important research topic that cannot be ignored by many Chinese scholars.

Therefore, based on the above-mentioned research results in this paper, the following parts will further discuss the new trends, application strategies and expected implementation effect of the improvement and development of China's CSR management system in the context of China's economic recovery in the post-epidemic period, digital economy transformation and “3060" dual-carbon goals.

(1) The Effect of Strategic CSR (SCSR) on Organizational Resilience in an Uncertain Environment of Major Public Crisis (e.g., COVID-19)

A) Background Analysis

The world today is undergoing complex and profound changes. Major public crises such as financial crisis, epidemic diseases and natural disasters, which are increasingly frequent, have brought great challenges to the survival of enterprises and people's lives. Economic development has slowed down, and the business environment in which enterprises are operating has become more complex than ever, with various "black swan" and "gray rhino" incidents occurring frequently. The world has entered a "VUCA" era characterized by Volatility, Uncertainty, Complexity, and Ambiguity. Therefore, how enterprises can improve their organizational resilience by assuming social responsibility in uncertain environments such as the new crown epidemic, and help them survive, recover quickly and even achieve new development in the face of adversity has become an important hot topic that is of common concern in CSR theory and practice circles.

Since 2020, the comprehensive and sustained outbreak of the novel coronavirus epidemic has severely impacted China's economic development. Social production has hit the pause button from time to time, enterprises are struggling, and the whole society is at risk. During this period, many enterprises have emerged to assume social responsibility, pursue public interests, treat employees well, donate money and goods, participate in rescue... The actions made by these enterprises to promote social interests not only help the society out of the crisis, but also bring new vitality to the enterprises themselves in difficulties or even on the verge of bankruptcy, and provide a fresh example for exploring the way to enhance organizational resilience.

Existing studies have found that corporate social responsibility can promote organizational resilience, but its mechanism and internal logic still need to be further explored. In this regard, this paper selects two of China's most representative well-known local enterprises that have shown strong vitality during the COVID-19 pandemic, examines their performance in social responsibility, and focuses on how enterprises can enhance organizational resilience and improve their survival ability in the face of adversity by implementing CSR strategic management in the context of major public crisis.

B) Theoretical basis and hypothesis: Strategic corporate social responsibility (SCSR) and organizational resilience

Strategic Corporate Social Responsibility (SCSR) -- This concept was first proposed by Burke & Logsdon (1996) and has since opened up a new field of CSR research (Burke & Logsdon, 1996). They believe that traditional CSR activities are valuable to stakeholders, but non-strategic to companies; The implementation of CSR (including policies, projects or processes) is strategic only if it generates business benefits, particularly in support of the company's core business, and contributes to increased productivity. In addition, they also proposed five characteristics to identify SCSR, namely centrality, specificity, prospectivity, voluntariness and visibility. Since then, other scholars have defined SCSR from different perspectives and distinguished traditional CSR, traditional corporate strategy and SCSR. Husted and Allen (Husted & Allen, 2007) made a comparative analysis of traditional CSR, traditional corporate strategy and SCSR based on the five characteristics of SCSR proposed by Burke and Logsdon (1996). They believe that the biggest difference between SCSR and traditional CSR lies in the above five characteristics, and therefore has strategic value. The biggest difference between SCSR and traditional corporate strategy is that SCSR considers the relationship between enterprises and society from a broader perspective, incorporates social issues into the scope of corporate strategy, and seeks market opportunities from social issues. Value creation through product and service innovation. Jamali (Jamali, 2007) defined SCSR by integrating the CSR classification views of Baron (Baron, 2001) and Lantos (Lantos, 2001) and modifying the CSR pyramid model proposed by Carroll (1991) (see Figure 3.1). Jamali first distinguished SCSR from compulsory responsibility from the perspective of the nature of responsibility, and then separated SCSR from altruistic responsibility from the perspective of responsibility motivation. On this basis, he defined SCSR as a voluntary responsibility with strategic value, and held that the core of SCSR is to obtain commercial benefits through the performance of SCSR. That is, doing well by doing good. Jamali's (2007) definition of SCSR helps to further clarify the concept of SCSR and grasp the essential attributes of SCSR. Based on the theory of competitive advantage, Porter and Kramer (Porter & Kramer, 2006) took the symbiotic relationship between enterprises and society as the basic assumption, and divided CSR into reactive CSR and strategic CSR according to the different nature of social problems and the different behavior patterns of enterprises in dealing with social problems.

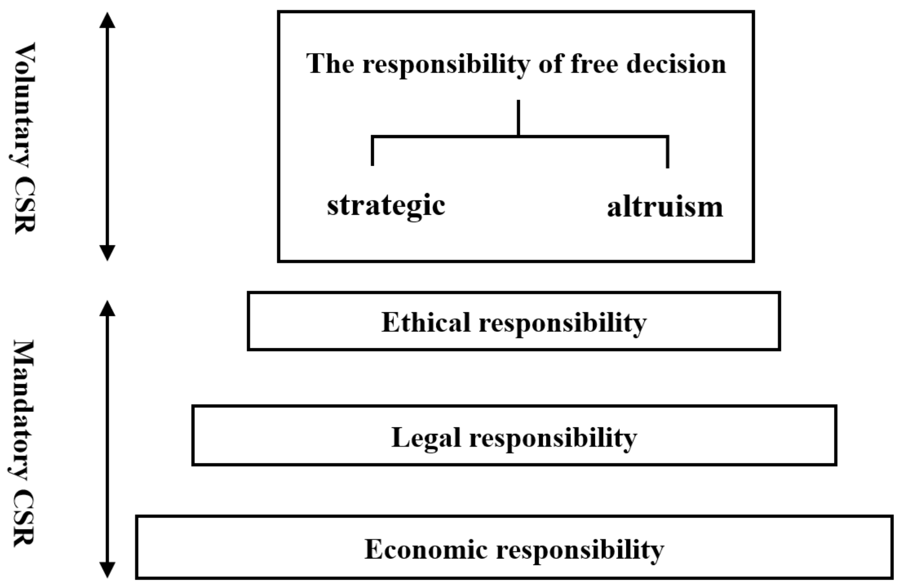

Figure 3.1--CSR classification -- Modifications to the pyramid model

Although the perspectives and conclusions of the above scholars in defining the concept of SCSR differ (see Table 3.1), the connotation is basically the same, that is, SCSR is a CSR that is intrinsically unified with corporate interests and social interests, and can create shared value for enterprises and society.

Table 3.1 - Summary of perspectives and conclusions of foreign scholars defining the concept of SCSR

Scholars (Year)	**Perspectives**	**Main Conclusion**
Burke and Logsdon (1996)	Relationship of CSR to strategic interests	SCSR is a CSR that can generate business benefits, especially support core business and improve productivity. It can be characterized by five dimensions: centrality, foresight, voluntariness, specificity and visibility.
Baron (2001)	Behavior motivation	SCSR is a strategic behavior bearing social responsibility and aiming at profit maximization.
Lantos (2001)	Behavior motivation, nature of responsibility	SCSR is a strategic philanthropic act to achieve social welfare and strategic business objectives of the company.
Porter and Kramer (2006)	Behavioral patterns, strategic objectives	The goal of SCSR is to identify opportunities to create shared value for business and society, and to achieve sustainable competitive advantage while solving social problems, and can be categorized into two types: Value Chain Innovation and Competitive Environment Investments.
Jamali (2007)	Nature of responsibility, Behavior motivation	SCSR is a strategic voluntary responsibility that balances corporate interests and social contributions.
Husted and Allen (2007)	Traditional CSR, Traditional Corporate Strategy and SCSR	SCSR integrates social issues into its strategy and seeks market opportunities from social issues to innovate products and services to create corporate value; it is

	product and service innovation oriented to social issues and aiming at value creation.

Source: Author’s development

In addition, it is particularly important to point out that SCSR is a completely different concept from traditional CSR strategies. The traditional CSR strategy is essentially an external and passive adaptation strategy for enterprises to deal with social problems. SCSR, in essence, is an intrinsic and active strategy that incorporates social issues into the core value of an enterprise. It regards CSR as a strategic opportunity for an enterprise to create value shared with the society, gain sustainable competitive advantages and exert positive social influence. SCSR is a new way of thinking and behavior for enterprises to pursue self-realization. It requires enterprises not only to establish the concept of symbiosis with society, but also to incorporate social interests into their core value proposition, and regard their social impact as an important part of their strategy.

Therefore, in essence, SCSR can help enterprises identify core stakeholders, respond to their interest demands in a timely manner, and obtain their praise and recognition, so that enterprises can obtain more tangible and intangible resources and enhance the realization of enterprise value.

The core stakeholders emphasized by SCSR include shareholders, employees, consumers, and government. First of all, enterprises fulfill their social responsibilities to shareholders by creating profits for shareholders, which is conducive to enhancing shareholders' confidence in investment and prompting them to provide more funds for enterprises to survive the environmental crisis. Secondly, SCSR has significant positive effects on employees' attitudes and behaviors. On the one hand, caring for employees' work and life helps to improve employees' perception of organizational care and enhance their confidence and ability to face crises; On the other hand, SCSR behavior that enterprises care about external stakeholders is conducive to enhancing employees' pride and sense of belonging, promoting employees' organizational commitment, and strengthening employees' courage and determination to advance and advance together with the enterprise. Third, SCSR can help enterprises retain consumers. The improvement of product or service quality by enterprises is conducive to improving consumers' satisfaction with enterprise products or services and their loyalty and trust in enterprises, reducing the loss rate of consumers during public crises, and helping enterprises tide over difficulties. Finally, SCSR is conducive to improving the relationship between government and enterprise. Enterprises abide by laws and regulations, respond to the call of the government, and establish and develop a good relationship between government and enterprise, which is conducive to enterprises' priority in getting government assistance in a crisis.

Organizational resilience -- Organizational resilience is the ability of an enterprise to reconstruct organizational resources, processes and relationships in a crisis, recover quickly from the crisis, and use the crisis to achieve growth against the trend (Cao Yangfeng, 2020). Organizational resilience implies two meanings, one is the crisis situation, and the other is the expected result that the organization recovers from the crisis and even achieves transcendent development. Among them, crisis situation is the incentive of organizational resilience, including public crisis, industry crisis and individual organization crisis; In the survival predicament caused by the crisis, whether the enterprise returns to the normal level of development or achieves breakthrough growth, it is a strong performance of organizational resilience.

Organizational resilience, however, is not unique to some organizations or immutable, but can be continuously enhanced through acquired efforts. The focus of attention on organizational resilience is to explore ways to enhance resilience, so as to achieve the result of enterprises facing the impact and not falling, regeneration and reverse. Specifically, the active leadership of enterprise managers, the heterogeneous characteristics of senior management teams (Hu Dongmei et al., 2021), management innovation, and the use of technological management methods such as digitalization (Shan Yu et al., 2021) all contribute to the improvement of organizational resilience.

To sum up, SCSR can not only promote social interests, but also positively promote the development of enterprises themselves. Corporate social responsibility can help improve organizational performance, especially in social welfare activities such as donations and environmental protection. Therefore, taking on social responsibility is an important strategic approach to enhance organizational resilience of enterprises (Fan Ronghui, 2021). Through SCSR behavior, enterprises strengthen the connection with core stakeholders, which is conducive to obtaining the support of core stakeholders at the action level and the spiritual level, promoting the acquisition and maintenance of tangible and intangible resources, and enhancing the absorption ability of enterprises to external shocks (manifested as organizational resilience). The relevant study shows that enterprises with a higher level of strategic CSR fulfillment can recover from economic crisis more quickly (Sajko et al., 2020).

Based on the above analysis, this paper proposes the following hypotheses:

H: In the case of public crisis, SCSR has a significant positive impact on organizational resilience.

C) Analysis framework: the mechanism of SCSR on organizational resilience from the perspective of stakeholders

Stakeholder theory emphasizes that in order to survive in a complex and changing environment, enterprises need to go beyond the concept and practice of only focusing on the interests of shareholders, and must consider the needs of core stakeholders who can affect or be affected by enterprises.

The core stakeholders of an enterprise include not only the subjects necessary to maintain the survival and daily operation of the organization, such as shareholders, managers, employees, etc., but also the subjects potentially or indirectly related to the enterprise, such as communities, consumers, governments, etc. It can be said that this theory concretizes the target object of corporate social responsibility. According to whether there is a transactional contractual relationship between these subjects and enterprises, they can be divided into contractual type and public type (Charkham, 1992). For enterprises, social responsibility focuses on taking care of public rules and public interests, and is implemented into practice, which is reflected in responsible actions taken by contractual subjects such as internal members and customers, as well as public subjects such as social groups.

Identifying its core stakeholders and strategically taking into account their needs can enhance the positive influence of these stakeholders on the enterprise, which in turn promotes the further realization of the enterprise's goals (Freeman, 1984). When enterprises fulfill their social responsibilities and shift from the pursuit of short-term self-interest to the realization of broader, long-term and all-win interests, they will form a community of interests with related subjects. Once a crisis event occurs, these subjects will give positive feedback emotionally and in action, provide resource support for enterprises in crisis, and provide guarantee for enterprises to enhance organizational resilience, sustainable operation and transcendent development. Details are shown in Figure 3.2.

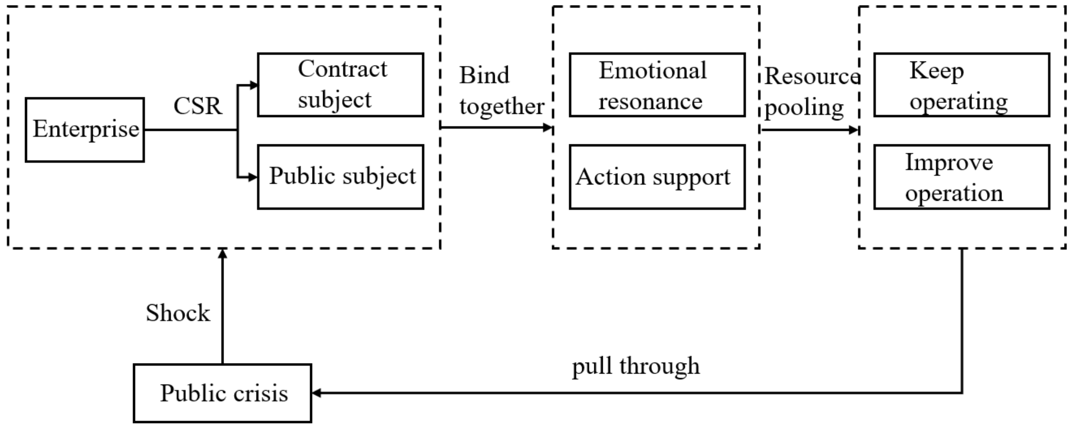

Figure. 3.2 Mechanism of SCSR on organizational resilience in public crisis situations

D) Case study: The practical experience of corporate CSR to enhance organizational resilience in the context of COVID-19 epidemic

Case 1: JD.COM's growth exceeded expectations during the fight against COVID-19

JD.COM (hereinafter referred to as JD) is the leader of self-operated e-commerce enterprises in China. Over the years, it has pursued the values of integrity and responsibility, adhered to fulfilling social responsibilities, and was enthusiastic to contribute to society. For the contract subjects represented by customers and employees, JD adheres to the bottom line of success on the right path, does not put profit goals over ethical principles, and constantly optimizes the transaction experience from the perspective of customers. The pursuit of shareholders' interests is not based on the sacrifice of employees' interests, but focuses on providing employees with a sense of belonging and security. During the concentrated outbreak of the epidemic in Wuhan in December 2019, couriers could not return to work, and JD not only paid salaries and benefits, but also retained their positions until the epidemic was lifted. For the public, JD carries out sustainable and innovative support projects, such as promoting e-commerce targeted poverty alleviation work in 2016 and launching the "Rush Rich Plan" to help rural revitalization; At a critical juncture, JD also actively acted to donate money and efforts for disaster relief. During the most severe period of the epidemic, JD not only donated a large amount of money at the first time, opened an online platform to provide medical and psychological counseling for free, but also led the transformation of physical retail partners to omni-channel integration. Based on these efforts, in Fortune's 2022 list of the World's Most admired Companies, JD.com ranks first among its national peers in terms of corporate social responsibility.

At the beginning of the coronavirus outbreak, JD.com, like most companies, faced a situation of damaged business and tight cash flow. At this time, those partners who are affected by JD's corporate social responsibility also bear risks with JD because they share development goals with it. In the most severe stage of the impact of the epidemic, JD internal unity, old users and sleeping users significantly increased, and partners actively cooperated, even the public who did not have direct business dealings with JD, but also generally with the expectation that JD can develop well. With the concerted efforts of enterprise members, the return support of old users, and the active reinforcement of the public, JD turned losses into profits soon after the business was damaged and the cash flow was negative, which not only resisted the pressure of the epidemic, but also further improved the management system and further improved the operational capacity.

Since the outbreak of the epidemic at the end of 2019, JD has maintained an overall growth trend, and the high requirements for the transportation capacity and speed of outlets during the anti-epidemic period have inspired JD to make improvements in strengthening the construction of grass-roots outlets, increasing the reserve of emergency materials, and improving the mobilization mode. In 2021, in the Fortune Global 500 ranking, JD rose from the 139th place before the epidemic to the 59th place, becoming a model of bucking the trend of enterprises worldwide.

Case 2: Hongxing Erke promotes rebirth through disaster relief

Founded in 2000, Hongxing Erke is the first Chinese sports brand successfully listed overseas. As a native Chinese enterprise, Hongxing Erke has been quietly taking social responsibility for many years, even when the business situation is not good. On the one hand, adhere to the down-to-earth business philosophy, ten years to do high-quality and inexpensive clothing, so that ordinary consumer groups can also enjoy good products; At the same time, we care for employees, pursue the talent strategy of "combining virtue and talent, growing together", provide employees with systematic education and training and promotion channels, and promote their common growth with the enterprise. On the other hand, Hongxing Erke is not stingy in the difficulties of the eight parties to support, 2008 Wenchuan earthquake donated 6 million; In 2018, China donated 60 million yuan in materials to improve the lives of poor people with disabilities despite severe deficits. In 2021, despite a loss of 60 million yuan in the first quarter, it still donated 50 million yuan of materials to help Zhengzhou, which was hit by floods. The company has been actively practicing the social responsibility of its brand, as its president Wu Rongzhao said: "I think the fate of their own enterprise is closely linked to the fate of the country. Because there is a country, there is a home, and only when the country is strong, our enterprises will be strong."

The brand was once popular because of its high quality and low price, but in recent years, the momentum of development has weakened, and it has been a little lonely in the fierce market competition. During the period from 2019 to 2020 when the epidemic occurred, Hongxing Erke continued to lose money, until the "July 20" heavy rain disaster in Zhengzhou in 2021, Hongxing Erke re-entered the public eye with a donation of 50 million yuan. Netizens were moved by Hongxing Erke's simple actions to support society during its own crisis over the years, and soon the number of visits to its brand online broadcast room surged from less than 10,000 people to more than 2 million, online and offline goods were snapped up, and the anchor repeatedly reminded to "rational consumption". When netizens found that Hongxing Erke did not have a Weibo member, they spontaneously filled a membership for Hongxing Erke for about 119 years, valid until April 2140.

The support of netizens across the country has not only reversed the situation of Hongxing Erke's losses for years, in the process, the communication and interaction between enterprises and consumers have been strengthened, providing an opportunity for enterprises to more dynamically and comprehensively understand the market demand and adjust the development plan. In the rush for goods, netizens generally recognized and praised the quality of the brand, and also seriously suggested that Hongxing Erke be more innovative in style to meet the more fashionable vision of young people and the more diversified needs of social groups. After this battle, Hongxing Erke not only did not fall, but also won the support of the market again, and the national degree reached the top of the first line, with the full support and wishes of the people of the country to start again.

Conclusion: under the impact of the new outbreak, JD expanded after a short-term difficulty, and Hongxing Erke turned over from a series of losses, becoming a model of the development of Chinese enterprises in the context of COVID-19 epidemic, and providing a reference for other enterprises to strengthen their resilience and protect against the crisis.

Through the case analysis, we know that the SCSR has a significant positive effect on strengthening organizational resilience, and its core mechanism (see Fig 3.2) is also verified, mainly in the following aspects: First, enterprises that undertake social responsibility are very concerned about the needs of stakeholders such as team members, social and public stakeholders, and become a community of Shared interests between these subjects.

Second, when the public crisis occurs and affects the business and social life of the enterprise, the social responsibility of the troubled stakeholders will be motivated and project to the enterprise, which will be motivated and planned to be motivated by the enterprise, and even the actual support of the enterprise, including the support of hard resources such as human resources and resources, and the support of soft resources such as experience knowledge.

Once again, the resources gathered from the stakeholders provide the necessary material foundation for the coordinated mobilization of enterprises. Some of them are direct relief of the current dilemma, which can help companies solve the current crisis of survival. Some are proposals for future development, providing guidance for corporate strategy adjustment and innovation, and making it possible for companies to rebound in the dilemma.

In the end, companies are coming out of the crisis and saving energy for future crises.

Practical experience:

(i) *Enterprises should pursue more than economic goals and pay more attention to social interests*. Although economic responsibility and social responsibility are related to the relationship, there is a point of consensus that there is no fundamental conflict between corporate social responsibility and economic responsibility.

Economic responsibility is the premise of enterprise survival and the core goal of enterprise development. However, taking social responsibility means giving energy and thinking about the interests of employees, customers, and even the main body of the enterprise that is not directly associated with the enterprise. Intuitively, this is a kind of interference in the pursuit of economic profit for enterprises, but it is a matter of corporate responsibility, which is to communicate with a wide range of stakeholders and accumulate social capital. Through this process, the support of the stakeholders will reduce the uncertainty of the external environment of the enterprise, and enhance the ability of enterprises to resist the sudden crisis.

(ii) *Enterprises are not only concerned with emergency assistance, but also on daily action*. CSR is not only the dedication and dedication of the moment of crisis, but the more abundant connotation. Enterprises in the daily business process of the conscience, the good care of the employee, the preferential treatment of the customer, the reward society, is the embodiment of social responsibility. Emergency hours of aid often have high exposure rates and strong influence, but the responsible action in daily management is more embodied in the core requirements of corporate social responsibility, reflecting its moral attributes that transcend economic and legal standards. Rome wasn't built in a day. It is because of the silent action of the month that the enterprise can truly establish the emotional connection between the public and the public, ability to obtain the resources support in all sides at the critical moment, otherwise, even if the social responsibility action is praised, was held up, and there is a risk that there is no safe landing.

(iii) *Enterprises should improve management's core capabilities and ensure the implementation of corporate social responsibility.* In order to enhance organizational resilience by taking social responsibility, enterprises should not only have to plan at the strategic level, but also have the ability to do social responsibility in practice. In fact, social responsibility is also a higher requirement for the ability of the management of the enterprise to provide potential long-term returns for enterprises. It is fair to say that the management ability of planning, decision-making and innovation is the basis of the enterprise's social responsibility. Therefore, whether it is from the perspective of the enterprise itself, or from better implementation of corporate social responsibility and strengthening organizational resilience, the core capabilities of the management of the enterprise (including innovation, leadership, decision-making, etc.) are the important ways that enterprises should always stick to it.

(2)The Restructuring and Upgrading of CSR Management System Framework in the Context of China's Digital Economic Transformation

A) Background Analysis

At present, Chinese society is shifting from the traditional industrial economy to the digital economy driven by information technology. In < the *Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China*>, the government proposed that "China needs to drive the transformation of production mode, living mode and governance mode through digital transformation; Accelerate the building of digital economy, digital society and digital government." In this context, all aspects of Chinese society are undergoing profound changes, and various industries are accelerating their digital transformation.

With the acceleration of digital transformation and upgrading, the rapid development of a new round of scientific and technological revolution and industrial revolution, coupled with the complex economic situation at home and abroad in the post-epidemic period, the development of Chinese enterprises is facing both opportunities and challenges. *On the one hand,* cloud computing, big data, Internet of Things (IoT) and other technologies have become important resources for the development of enterprises. The in-depth application of these technologies at all levels of enterprises can fully improve the mining and utilization of data resources of enterprises, enhance the core competitiveness of enterprises, and lead enterprises to obtain higher quality development. Therefore, enterprises have obtained new development opportunities. At the same time, the boundary between enterprises is gradually blurred, the connection is increasingly close, the ecological interconnection, mutual benefit and win-win, thus bringing greater value creation. *On the other hand*, the rapid development of digital technology has also brought some social problems. For example, the platform monopoly associated with digital transformation, vicious competition caused by the business competition logic based on "winner-taken-all", the disclosure and resale of users' private information (such as users' personal characteristics, consumption traces, social hobbies, income distribution, etc.) by the platform, cross-platform traffic rent-seeking and credit transactions, as well as the ambiguity and legal disputes of ethical and moral subjects and responsibility caused by intelligent robots and life science and technology breakthroughs (such as the driverless car collision accident in intelligent transportation led by intelligent robots, the injury of intelligent robots to workers and the "killing" caused by operational errors), etc. At the same time, within the sharing platform, due to the lack of sustainable consumption concept of users, the value of the platform is destroyed. It can be seen that the above problems of lack of social responsibility and alienation have a profound impact on the sustainability of enterprise value creation in the context of digital transformation.

Based on the above analysis, it can be seen that carrying out CSR management innovation and reform, improving social recognition, and achieving high-quality development have become the endogenous demands of the sustainable development of current Chinese enterprises.

B) New trends and characteristics of CSR development in the context of digital transformation

The driving factors of CSR fulfillment are endogenous. The traditional practice of social responsibility is often under the pressure of institutional constraints and public opinion to fulfill social responsibility. In the current industrial ecological interconnection, the competition mode of enterprises has changed from a single individual to an ecosystem as the main body, and digital transformation enterprises compete and cooperate with each other. Corporate social responsibility is no longer just a icing on the cake, but a core component of corporate competitiveness and a driving force for sustainable development in digital transformation. Under the background of digital transformation, the motivation of CSR fulfillment has gradually changed from passive to active, from exogenous factors to endogenous factors.

The CSR performance entities are diversified. In the context of digital transformation, a large amount of data has emerged, and data has become an important asset of the company, and no company can master all the data alone. Therefore, enterprises need to strengthen data and resource sharing, strengthen competition and cooperation with each other, and form an ecosystem with itself as the core should be a change for each enterprise. In the context of enterprise ecological interconnection, corporate social responsibility includes not only the responsibility of the enterprise itself, but also the responsibility of the members of its ecosystem, and the main body of corporate social responsibility shows diversified characteristics.

The way CSR practices are digitalized. In the context of digital transformation, digital technology has become a powerful tool for enterprises to fulfill social responsibility, such as developing a platform for social donations, and sending hope to families who face medical care. In particular, the enterprise can accurately detect the demands of stakeholders, be targeted in the social responsibility activities, reduce the blind eye, improve the understanding of the behavior of the enterprise and improve the social benefit. In addition, with digital technology, enterprises can analyze their own social responsibility behaviors, understand their advantages and disadvantages, and make more targeted social responsibility practices and improve the performance efficiency of social responsibility.

The content of CSR performance is diversified. In the context of digital transformation, the performance of corporate social responsibility has been further expanded based on the basic demands of stakeholders. The following are mainly from four aspects such as society, technology, economy and environment.

(i) Social aspects:

a) Narrowing the digital divide. Data is the core resource of the digital transformation enterprise, and for now, a large number of data is still owned by a handful of leading companies, forming a data monopoly. Therefore, enterprises should expand the scope of social responsibility, improve the inclusiveness and sharing of data, and narrow the digital divide caused by data monopolies.

b) Promoting fair employment. Digitization also produces the substitution effect of traditional labor, and it has greatly increased the income gap between digital talent and ordinary employees. Therefore, digital transformation enterprises should be responsible for providing digital knowledge training for jobs and employees.

c) Leading value orientation. The current social life is digital, whether it is learning or traveling, and the public can solve it online, and the line between the line and the offline is blurred. In this case, the consumer concept and value orientation of the enterprise will have an immediate impact on the values of the public. Non-sustainable consumption, such as blind consumption, is inseparable from the unhealthy consumption ideas advocated by some businesses. Therefore, enterprises should undertake the role of leading social value orientation and promote the formation of good social climate.

(ii) Technology aspects:

a) Securing information security. In the context of digital transformation, the data collection of the application as the carrier, the hidden danger of the data information seat belt of the individual, the number of users in recent years is due to the information leak, and the information security has become a problem that the digital transformation enterprises urgently need to solve. Enterprises are using the data of the users and other stakeholders to improve the products and services, and to improve the effectiveness of the business, and to ensure the safety of user information through technical means.

b) Promoting algorithm fair. The design process of the algorithm may produce algorithm discrimination such as gender discrimination, income class discrimination, age discrimination. In addition, the algorithm discrimination can also cause the user to lose the initiative of information selection, causing the "information cocoon" to be difficult for the long-term development of the society. Therefore, enterprises should be responsible for the fairness of the algorithm and promote sustainable development of society.

(iii) Economy aspect: some companies are based on market monopolies, crowding out existing competitors and blocking potential competitors into the market, leading to unsatisfactory demand for consumers. Enterprises should bear the good competition and follow the responsibility of market law.

(iv) Environment aspect: from the perspective of the environment, digital transformation enterprises are consumed by high electricity consumption, and in the course of development, they shall be responsible for energy conservation and emission reduction and green office, and develop and apply energy-saving and environmental protection technologies.

Accordingly, the CSR management model under the background of digital transformation also presents the trend characteristics such as ecological, digital and transparency. In order to better understand the difference between the traditional CSR and the new CSR system in the context of digital transformation, the author specializes in a comprehensive contrast to the two (see table 3.2).

Table 3.2 Comparison between the new CSR system in the context of digital transformation and traditional unilateral CSR

Comparison Item	**New CSR system under digital transformation**	**Traditional unilateral CSR**
Evolutionary background	The way companies compete is gradually shifting from an individual-based to an ecosystem-based approach. ecosystem-based	Taking a single enterprise as the main subject of competition
Core idea	Dynamic interaction with enterprise ecosystem elements for synergistic evolution	Self-talk of corporate social responsibility
Driving factors	Endogenous demand for enterprise development	External institutional constraints
Responsible body	Members of the enterprise ecosystem	Enterprise individual

Ways of practicing	Diversifying CSR practices, utilizing digital technology, interacting with online social responsibility activities, and improving the efficiency of information delivery.	The offline peer-to-peer CSR practice is characterized by low information transfer efficiency and high information asymmetry.
Performance content	First, satisfying the basic demands of stakeholders; Second, bridging the digital divide, promoting fair employment, and leading the value orientation; Third, safeguarding information security and promoting algorithmic fairness; Fourth, healthy competition and adherence to the law of the market; Fifth, environmental protection, development and application of energy-saving and environmental protection technologies.	Satisfying the basic demands of stakeholders

According to the comparison analysis of table 3.2, this new CSR system can be found to properly make up for the defects of traditional unilateral CSR, and also be more consistent with the development trend of CSR in the background of digital transformation, which is conducive to the health and sustainable development of enterprises.

To sum up, the traditional unilateral CSR currently has the driving factor from the external system constraint, the liability subject is single, the practice mode is formalized and the content is missing. In the context of digital transformation, enterprises have the characteristics of streamlined operation management, intelligence, platform operation and industrial ecological interconnection. Therefore, the new CSR system in the background of digital transformation presents the development trends such as driving factor internalization, the diversity of responsibility entities, the digitalized way of CSR practice and the diversified CSR performance content. This new CSR system, which is based on the requirements of enterprise's sustainable development and the demand for innovation of CSR management model, helps to build a healthy enterprise ecosystem and promotes the harmonious and healthy symbiosis of members in the system.

C) Construction and operation mechanism of a new CSR management system framework model under the background of digital transformation

In order to better adapt to the sustainable development needs of enterprises under the background of digital transformation and solve the incompatibility problem of traditional CSR management model, the author of this paper initially constructed a new CSR management system framework based on enterprise ecosystem, with factor interaction as the core and digital technology enablement as the support from the perspective of enterprise social responsiveness and according to the "enterprise ecosystem" theory. At the same time, we have reason to believe that this will soon prove to be the only way for Chinese enterprises to gain core competitive advantages in the context of digital transformation and maintain their leading position in the industry.

The Structure of the New CSR Management System Framework Model

Constituent elements. The new CSR management system is reconstructed based on the "enterprise ecosystem theory", so its elements should be consistent with the elements of the enterprise ecosystem. According to the literature research, the enterprise ecosystem generally includes the main ecological niche of the core enterprise, consumer (user), supplier and partner, employee, shareholder and investor, and the competitors, the creditors (financial institutions), media, social and public, government, third party social organizations, etc., expand the ecological member and the external environment. The specific elements are shown in table 3.3.

Table 3.3 Components of the new CSR management system

Type of element	Concrete element
External environment	Political environment Economic environment Social and cultural environment Technical environment
Principal ecological niches	Core enterprise Shareholders and investors Consumers (users) Employees Suppliers and partners
Extended ecological niche	Creditors (financial institutions) Government departments Social media the public Third party organizations Competitor

Structural model. The enterprise is located in the core position of the CSR system, which usually plays the role of building ecosystems, leading ecosystems to operate and coordinating members. The extent of the social responsibility of other members of the main ecological niche and the social responsibility of the core enterprise determines the openness and dynamism of the ecosystem, and determines whether the CSR system can integrate all the social responsibility resources of the stakeholders and realize the collaborative evolution. The expansion of ecological niche mainly plays a supervisory role, internalizing external monitoring groups into the ecosystem and promoting the development of advanced social responsibility behavior. Because the interaction between enterprise ecosystem and external environment determines the openness and dynamic degree of the system, it is difficult to realize the virtuous circle of the ecosystem if it is not effectively interacting with the external environment.

The concrete structural model is shown in figure 3.3, which is based on the function of each element.

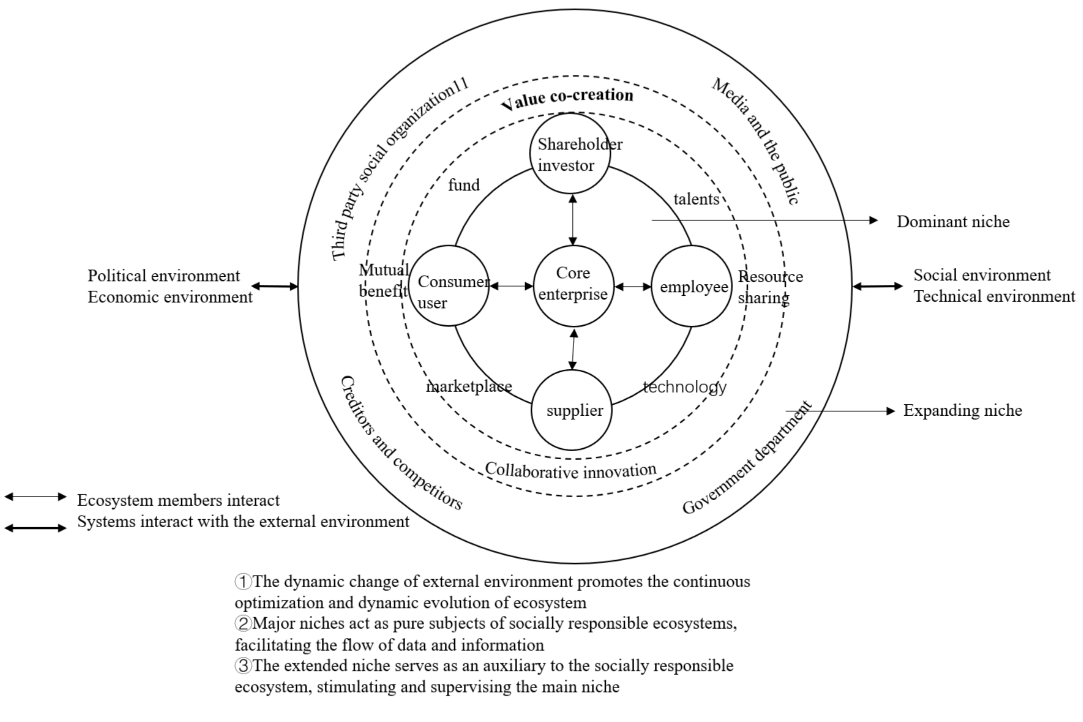

Figure 3.3 New CSR management system framework model in the context of digital transformation

Operation mechanism. The concrete operation mechanism can be analyzed in terms of the interaction mechanism and the operation guarantee mechanism, which is based on the elements and the structural model, which is the core and digital technology, which is the core and digital technology, which is the model of the new CSR system operating mechanism in the background of digital transformation, as shown in figure 3.4.

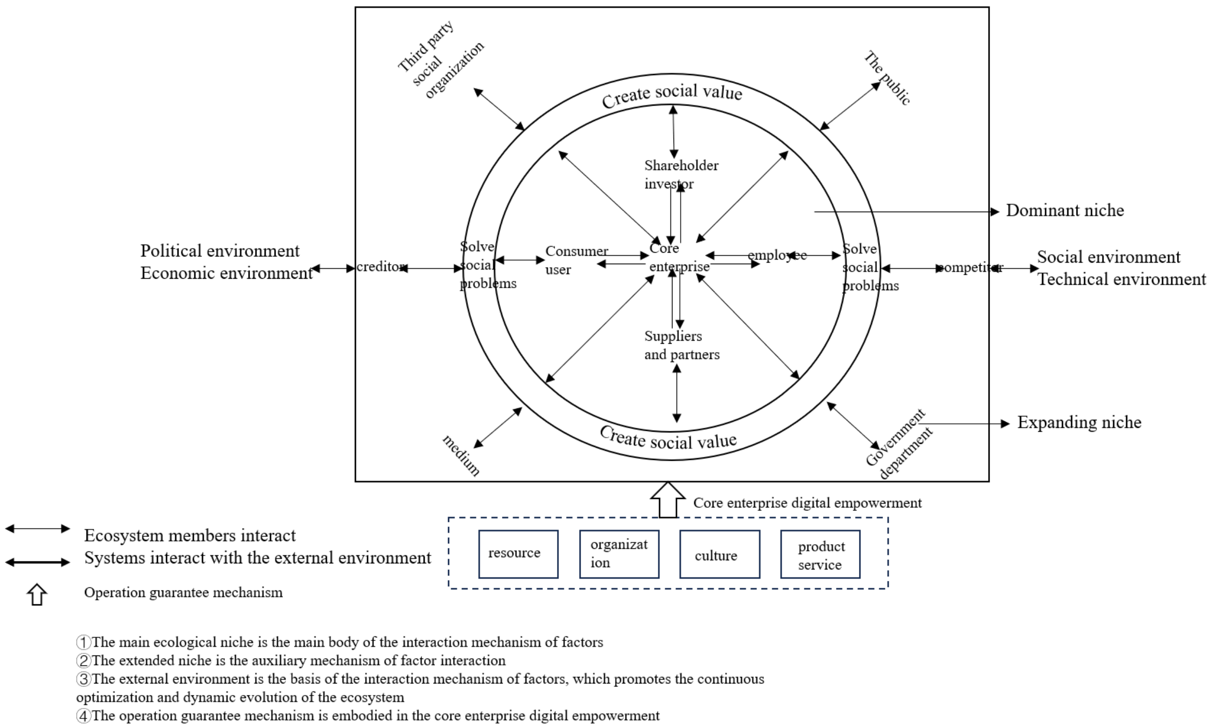

Figure 3.4 Operation mechanism model of the new CSR management system under the background of digital transformation

D) Typical Case: Analysis of CSR Management System of Tiktok Group

Company profile

As the information and service business segment of ByteDance (the parent company of TikTok) in China, TikTok Group adheres to the mission of "inspiring creativity and enriching lives", and is committed to providing users with better quality content and services. The company owns *Tiktok (formerly known as Musical.ly, is a popular video-sharing app that has taken the world by storm), Today's Headlines, Watermelon Video (an intermediate video platform with the slogan "Light up curiosity* *about life"), Tomato Novels (a free reading novel app), Know Your Car (an automotive information content platform)* and other products.

Corporate CSR management system framework

Tiktok group will adopt "integrity & uprightness, technological innovation, creating value, taking responsibility and win-win cooperation" as its social responsibility concept. In 2022, the group has made further optimization of the development direction and connotation of the future CSR system on the basis of the original CSR strategy, and formed in the four directions of “promoting digital inclusion”, “enriching cultural life”, “increasing social well-being” and “coping with climate change” as the key elements of the new CSR management system of benign interaction (see figure 3.5).

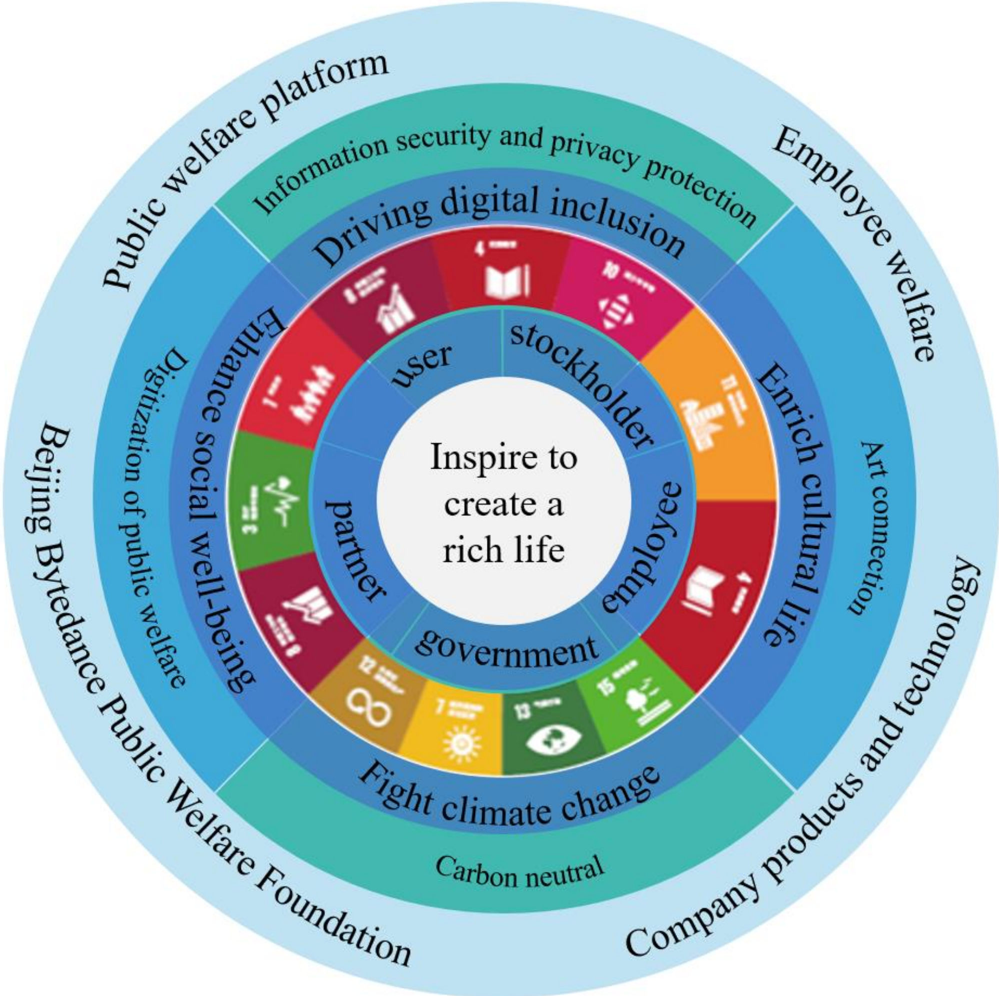

Figure 3.5 New CSR management system framework of Tiktok Group

Specifically, the four actions of CSR are respectively:

a) Promoting digital inclusion -- bridging the digital divide between different groups, especially those with disabilities, teenagers, and older people, so that everyone can enjoy technology.

b) Enriching cultural life -- let more valuable content be seen, help culture and scientific literacy improve.

c) Increase social well-being -- focus on the development of balanced issues and support the development of underdeveloped regions and small and medium-sized enterprises.

d) Coping with climate change - take action to address climate change and its impact, minimize environmental impact and promote biodiversity protection and promote social and green development.

The following sections will make specific statements about the performance of the new CSR management system of Tiktok group.

Focus on communicating with stakeholders

Tiktok group believes that openly communicating with stakeholders and listening to their suggestions and opinions can better help the Company to promote sustainable development and actively take on social responsibility. In 2022, the company continues to expand channels to listen to suggestions from relevant parties, as well as communicating and exchanging information in various forms, such as seminars, questionnaires and surveys, in order to provide guidance for the CSR strategy as well as for the adjustment and optimization of its work. Specific process details are shown in Table 3.4.

Table 3.4 Tiktok Group Communication with Key Stakeholders

Key Stakeholders	**Topics of Concern**	**Communication Channels**	**Related Responses**

Employees	- Employee Care - Technology & Innovation - Corporate Governance	- Bytetalk and other sharing - CEO Face-to-Face - Employee Surveys - On call Help Desk - Employee Community Email employee.csr@bytedance.com - Company Newsletter - Byte Learning Platform - Setting up a platform for reporting violations and publicizing the reporting email address clean@bytedance.com, ethics@bytedance.com	- Wellness Center, Gym, and Other Initiatives to Focus on Employee Health - Employee Public Welfare - Assisting employee development - Provide employees with a diversified and fair working environment - Enhancement of innovation and R&D capabilities - Strengthening corporate governance for compliance and steady development
Subscribers	- Cultural Life - Information Security and Privacy Protection - User Services - Content Governance	- User Interviews and Surveys - Customer Satisfaction Survey - Service Experience Center - APP such as Today's Headline, Jitterbug, Watermelon Video User hotline service, User Communication Service	- Providing quality content - Protecting users' personal information and privacy - Continuously improving the user experience - Platform governance and a healthy online environment
Creator Partners	- Intellectual Property and Protection of originality - Cultural Life - User Services - Information Security and Privacy Protection	- Platform Creator Community - Training and services for platform creators - Platform Creator Research, Satisfaction Survey, Creative Content Audit and Governance - Supplier Bidding Conference - Supplier research - Academic exchanges, industry conferences	- Protect original content and safeguard intellectual property rights - Provide authoring tools and support - Iterative, creator-friendly product features - Diverse creator incentive programs
Governments	- Corporate Governance - Employment promotion and economic development - Information security and privacy protection	- Information Disclosure - Feedback on Policy Consultation - Talks and Meetings	- Strengthening corporate governance for compliance and sound development - Contribute to economic growth and promote employment - Continuously strengthen information security and privacy protection

Community and social organizations	- Emergency and public welfare - Rural Development - Content Governance - Climate Change and Environmental Protection	- ByteDance Public Welfare Platform - Beijing ByteDance Public Welfare Foundation - Community Programs - Employee Programs - Environmental Campaigns and Programs	- Pragmatic Public Service Programs and Volunteer Activities - Tiktok Rural Program helps rural industry and talent cultivation - Utilizing new media to spread the concept of public welfare - Actively respond to climate change and realize green and low-carbon operation
Investors	- Information Security and Privacy - Science, Technology and Innovation - Employment promotion and Economic Development - Corporate Governance	- Press Conference - Media Open Day - Media Interviews - Organizational meetings or events	- Continuously optimize internal management and improve technical level; Protect users' personal information and privacy - Enhance the transparency of information disclosure - Promote scientific and technological research and development, and cultivate scientific and technological talents - Contribute to economic growth and industrial development - Popularize Internet development - Enhance corporate governance, compliance and sound development

Improve corporate governance (compliance management)

The perfect corporate governance lays the foundation for the group to achieve long-term development. Tiktok group continues to strengthen internal compliance management, implement the responsibility supply chain, and strive to create a business environment that is responsible for compliance. The sustainable development of the group cannot be separated from the cultural atmosphere of compliance and integrity. In 2022, Tiktok group has implemented a more comprehensive compliance management by improving institutional construction, strengthening employee training, enriching the internal communication and adding communication channels, and other areas of focus on corruption, anti-money laundering, anti-monopoly and knowledge of production protection.

Responsible procurement (supplier management)

Tiktok group is controlling the access risk of cooperative suppliers. Through “the positive excitation and the reverse elimination of the management method”, the supplier performs the performance evaluation in the cooperative period. The group implements the closed-loop, which covers the supply chain management of the whole life cycle, and reaches over 10,000 suppliers in the warehouse. In 2022, Tiktok group revised “the supplier management system”, "the supplier blacklist management office method", implemented the newly promulgated ”supplier performance evaluation management method (China mainland)”, "supplier exits and reenable management specifications” and improved the supplier management system (see figure 3.6).

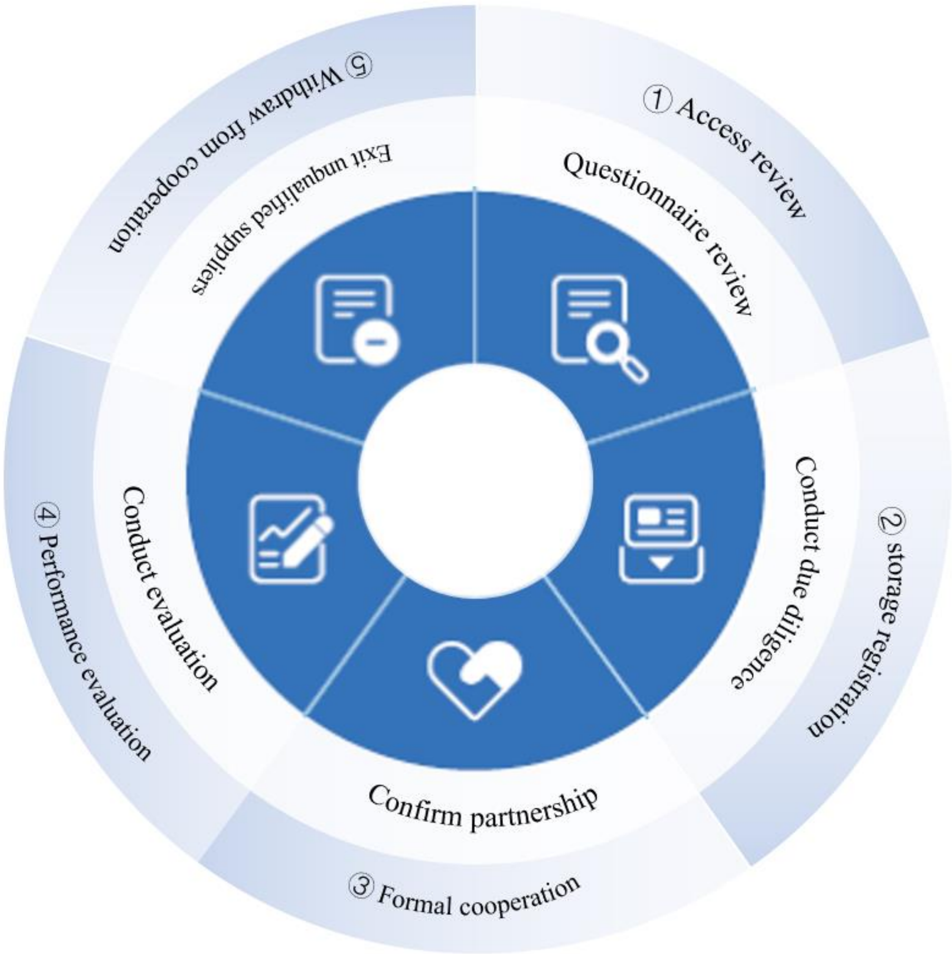

Figure 3.6 Supplier management system of Tiktok Group

Tiktok group continuously optimizes the "supplier portal integrity cooperation reminder" feature in the supplier portal website, and hopes to implement high standards with supplier partners in compliance, environment and labor, and realize the risk control of supply chain. In the end of the reporting period, 78 per cent of the active suppliers in the region have signed the partnership guidelines.

Enhanced digital trust (information security and user privacy protection)

The group is committed to strengthening the digital governance measures by strengthening information security and privacy protection, strengthening the digital trust system and providing more safe and high-quality digital services for users.

On the management structure, Tiktok group set up the information security committee and the privacy protection working group, unified the information security and privacy protection work of the company, and ensured the implementation of the information security management requirements.

In the management mechanism, Tiktok group has a series of safety services such as SDLC (Software Development Life Cycle) and safety evaluation, and the control process of the relevant advance and incident, ensure the effective operation of the information security management system, and timely discover and handle the information security risk in the operation process.

In 2022, the group focused on improving the impact of personal information protection impact assessment, data security related management specifications, and safety vulnerability management processes, and further implementing the responsibility of the company to inform and inform the company in the information protection, security vulnerability information and user disclosure. By the end of 2022, all the platforms and products of the shaking group have been approved for compliance certification.

Focus on key users (youth, older people, and* disordered group*)

Tiktok group is always committed to "make every person equal and equal to enjoy the digital life." In 2022, the group continued to focus on the youth, the elderly and the handicapped people, and to help them to enjoy digital life more safe, healthy and convenient through product optimization and higher quality content supply.

In the protection of youth, through the inspiration of the creator, the development of the theme activities and the establishment of the relevant authority, we will continue to strengthen the construction of the quality content of the youth, and provide the knowledge of science, culture, art and safety for the youth. The Tiktok youth model also makes structured representations of these quality content in combination, discovery pages, and other forms, and helps users to systematically learn knowledge. In 2022, the proportion of the consumption of ubiquitous knowledge by youth increased 42% compared with the same period last year.

In order to help elderly users across the digital divide, Tiktok group combines safety protection, late-night live rest alert and other functions, and sets up a reception training course on the service, and sets up an elderly group friendly platform for the elderly, and helps the elderly to use the Internet to help the elderly, and to integrate and enjoy the digital life. In order to protect the elderly users from the Internet, they have been over addicted to the Internet, and they have been online, and they have been able to guide users to navigate the sound more smoothly and allocate the time of use. In 2022, the sound of the noise upgraded video alerts, voice alerts, time management tools and other functions, and focused on the health of the elderly group.

In order to make the special group of the visually impaired and listening barrier enjoy the more free digital life, the Tiktok group continues to improve the product's accessibility, and in different products, the line of the eye pattern, the color weak mode, the reading of the news, the listening novel and so on. In 2022, the platform of the Tiktok group has been online to read the function of the "color filter" mode, and the problem of reading the problem of the visually impaired is to be used to make the color eye obstacle group better to watch the experience.

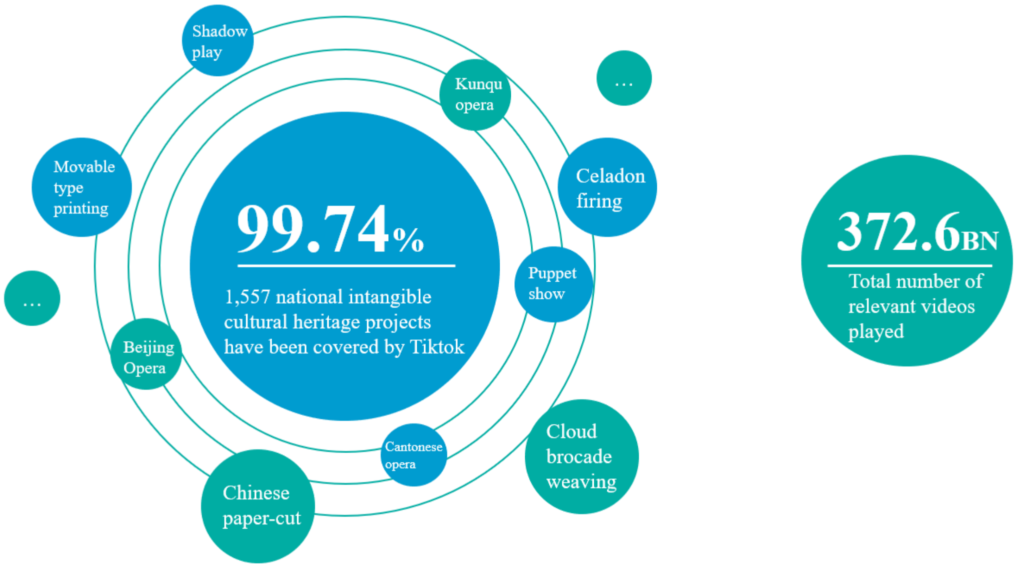

Figure 3.7 Statistical data of intangible cultural transmission on Tiktok Platform in 2022

Passing on non-heritage culture

Tiktok has become an important platform for the dissemination of NRLs. According to the 2022 Tiktok Non-Legacy Data Report, of the 1,557 national-level non-legacy projects, Tiktok has covered 99.74%, with a total of 372.6 billion related video plays (as shown in Figure 3.7).In 2022, Tiktok continued to make more outstanding traditional culture visible by supporting craftsmen and launching support programmes for traditional operas and national music, among other things.

Through the comprehensive analysis of the above typical cases, we can intuitively see that in the context of China's digital economy transformation, the Tiktok Group, based on its own business characteristics, builds and operates an ecosystem framework for social responsibility through the innovation of CSR concepts, continuously optimises and iterates its social responsibility management strategy, and devotes itself to the practice of truthfulness and pragmatism, in order to promote the sustainable development of the enterprise.

(3) The Green Innovation of CSR Management System in the context of China's Dual-Carbon (Carbon Peaking and Carbon Neutrality) Goals

The "dual carbon" target strategy background and the existing problem analysis

Promoting low-carbon economic development and mitigating climate change is the international obligation and responsibility of China. Achieving the "dual carbon" goal is both China's commitment to the international community and the mobilization order for the domestic "dual carbon" action, which is about the sustainable development of the Chinese nation and the building of the community of human destiny. The green and low-carbon transformation of China's green and low-carbon targets will undoubtedly have a profound impact on all aspects of society and the economy, and realize that the "carbon peak, carbon and carbon" is responsible for all, and the enterprise as the main responsibility of carbon emissions is more critical.

In the past, Chinese enterprises have discussed the social responsibility of the economy, society and the environment, and discussed the integration and balance of the three countries in the context of China's push for "carbon peaking and carbon neutrality". In fact, the growth of corporate profits is not in contradiction with the realization of carbon targets, and the historical experience of the developed countries can be seen that when the social economy develops to a certain extent, the sustained growth of the economy will be unconnected with carbon emissions, and eventually the carbon peak, carbon and the carbon will be realized.

However, some Chinese companies have yet to deeply understand the strategic implications of the "dual carbon" target, and there are some problems in the process of achieving social responsibility, as shown in the following:

First, there is a lack of professional guidance in carbon and practice. Due to the concept of "carbon peaking" and "carbon neutrality", the development of "carbon neutrality" is not mature in China. The relevant specific plans and verification requirements are general and broad, and the regulatory standards for specific industries are not clear. Most companies are unable to relate to their own production and business activities even if they understand the national "dual carbon" target strategy. Low carbon transformation of enterprises is a complex system project, and most enterprises lack technical support in carbon trading and carbon assets because of the lack of carbon management, and they can't be able to implement low-carbon transformation. In addition, Chinese enterprises are also less likely to cooperate with institutions of higher learning and scientific institutions, and external technical guidance is weak.

Second, the lack of financial support for low-carbon transition. In China, state-owned enterprises and large companies tend to get money easily from the government to support their restructuring. However, many small and medium-sized enterprises as the main force of the national economic and social development and the important subject of carbon emission, but more need sufficient liquidity. The small and medium-sized enterprises themselves have insufficient funds, the risk of operation is large, and the financing channels are not good. Especially when the covid-19 epidemic spread and the economic situation fell, the small and medium-sized enterprises in the country were generally faced with the risk of financial crisis and even bankruptcy, facing their own liquidity difficulties, and it was difficult to get out the extra money to help the industrial chain upgrade, the equipment renovation maintenance, the technological innovation investment, etc.

Third, the carbon emission information disclosure system of many enterprise is still pending. The enterprise carbon emission information disclosure is first motivated by legality, which is consistent with the government's requirements; The second is the transmission of signals, which is to hope that investors will know. Some scholars point out that the enterprise's carbon performance and carbon emission information disclosure tend to be a “U” shaped relationship: when the carbon performance is poor, the enterprise is disclosed by the motive of legality. When carbon performance is good, companies are disclosing information about the positive image, while companies in the middle are more passive in disclosing carbon information. At present, Chinese listed companies or companies with external investors will be more concerned about the disclosure of carbon emissions, mainly through corporate annual reports, social responsibility reports, sustainable development reports, or participating in the disclosure of social responsibility of the carbon emission disclosure project (CDP). According to public data, by the June 30, 2022， about 30.18 percent of Chines A-share listed companies disclosed the ESG (environmental, social and corporate governance) report, up 2.31% from the previous year, but the percentage of high-carbon emissions industries was less than 35cent. At the same time, the disclosure of carbon emission information in China is mainly based on qualitative disclosure, which is generally missing for negative information disclosure. Its social responsibility report also lacks a relatively unified standard, which in effect affects the use and credibility of different enterprises. In 2021, 2180 enterprises returned to the CDP environmental information questionnaire, which accounted for 16.52%of the total amount of the CDP project, and the voluntary disclosure level of the enterprises was uneven, and the information disclosure of climate change was pending for improvement.

The connotation of CSR in the context of China's "dual carbon" target

The CSR performing of Chinese enterprises and the implementation of the "dual carbon" goals is in the inner unity of height. The business goals of the enterprise are usually maximization of wealth growth, profit maximization, or shareholder value, which is not incompatible with China's goal of "dual carbon". From the experience of the developed world, when the economic society develops to a certain extent, the economy continues to grow, and the carbon emissions remain in balance or an inflection point, which in turn realizes "carbon peaking", and "carbon neutrality."

Therefore, based on the experience of enterprises' carbon neutrality and CSR practices in some foreign countries, combining with China's carbon emission situation and enterprise development status, this paper summarizes the five aspects of "carbon neutrality" social responsibilities that Chinese enterprises need to practice, as follows:

(i) Enterprises themselves should realize the responsibility of carbon neutralization;

(iii) Enterprises are responsible for the realization of the whole industry carbon neutrality by innovating the low-carbon new technology;

(iii) Enterprises are responsible for the publicity and information disclosure, thereby affecting the area, industry and public responsibility;

(iv) Enterprises are responsible for international speaking and actively participate in international standards;

(v) Enterprises are responsible for providing backup guarantee to ensure the "dual carbon" goal is accomplished.

The specific interpretation of its basic connotation is shown in figure 3.8.

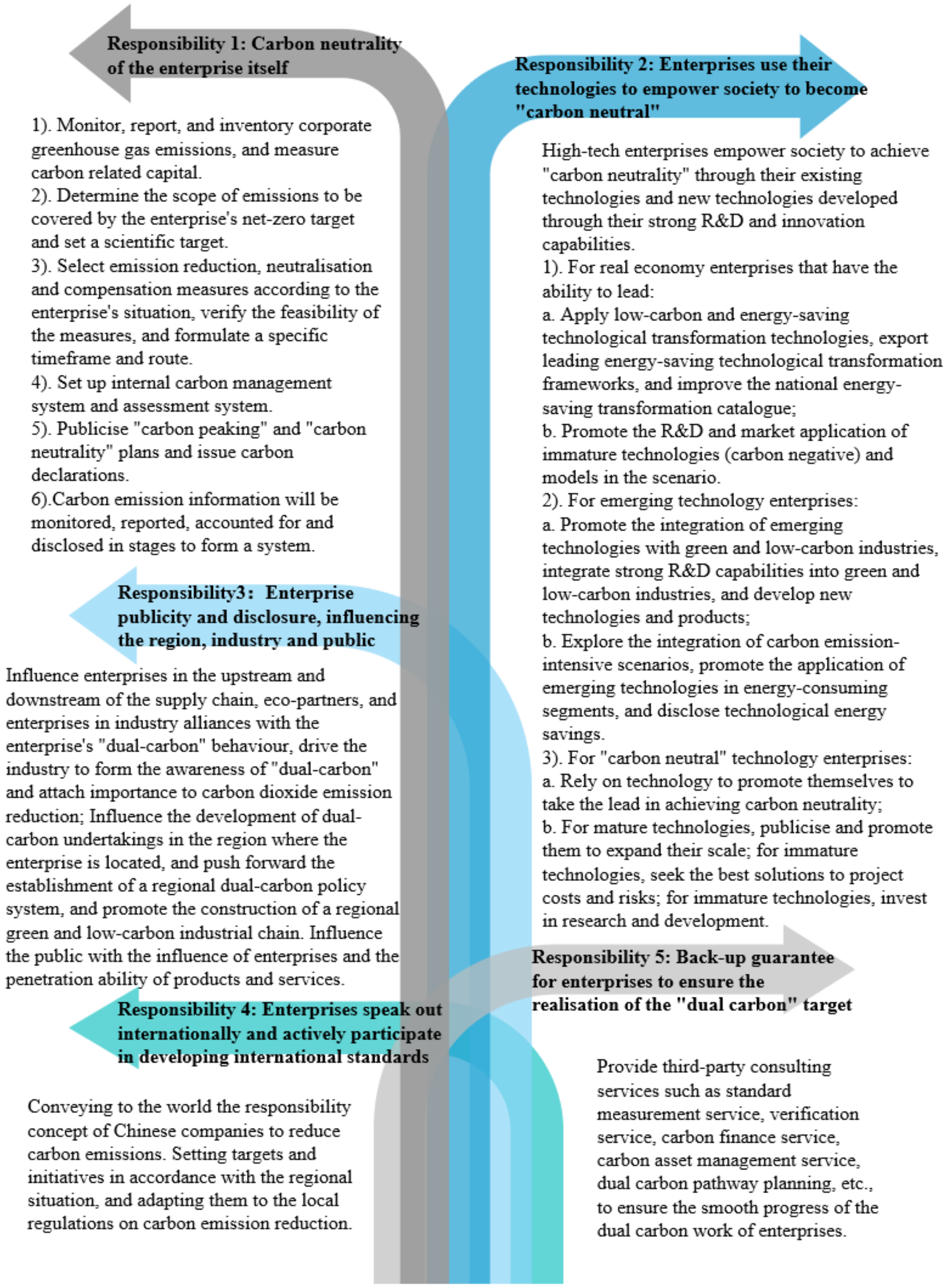

Figure 3.8 Connotation of "carbon neutrality" social responsibility of Chinese enterprises

The discussion of the pathway of CSR practice of Chinese enterprises in green innovation for low carbon development led by the goal of "dual carbon"

In the new era, the Chinese enterprises face the big background and the environment of the "dual carbon" target, which should be dealt with in the form of green innovation and the green strategy, and adapt their social responsibility practice to the "dual carbon" target. However, due to the lack of awareness of social responsibility in the context of the "dual carbon" target of the "dual carbon" target, the lack of theoretical and practical guidance on how to systematically practice the social responsibility of green and low-carbon transition enterprises has become the drag and bottleneck of Chinese enterprises' "dual carbon" action. Therefore, in the following sections, the author will focus on exploring the path of Chinese enterprises in green innovation for low-carbon development and social responsibility practices under the "dual carbon" goal.

(i)Enterprise should have a comprehensive understanding of the carbon sector and actively engage in "carbon neutrality" practices

First, enterprises should learn more about carbon knowledge and understand the concept of carbon. In the context of the "dual carbon" target, the senior management of the enterprise should strengthen the leadership degree of the work, introduce the professional talents of carbon management, and use the new low carbon consciousness and low carbon concept to integrate the whole situation, and implement it into the various parts of the production and operation of the enterprise. The enterprises should encourage employees to learn more about carbon knowledge, learn about the international and national standards of carbon emissions, master the concepts of carbon asset management, carbon neutralization, and the ability to promote the green industry in the form of knowledge competition and speech debate, so that employees realize the urgency of the "dual carbon" goal. The enterprises should actively cooperate with research institutes to open up the integration process of " Industry-University-Research" and accelerate the incubation of low-carbon technology innovation and scientific and technological achievements. In addition, enterprises will also carry out relevant research and improve the ability of carbon accounting.

Second, enterprise should accelerate their own "carbon neutrality" practices. After certain understanding of the carbon field, enterprises should first establish special funds, plan specific time routes, and select corresponding "carbon neutrality" schemes by checking, accounting, monitoring their carbon emissions. Through the establishment of the internal carbon management system, the corresponding examination system is formulated to allow all staff and production processes to serve the "carbon neutrality" target. In technology investment, the enterprises should accelerate the use of technologies, such as decarburization, carbon sequestration, decarbonization, carbon capture, utilization and storage (CCUS), to achieve "zero-carbon" or "negative carbon" goals. <u>In the selection of equipment</u>, enterprises should gradually eliminate old equipment and reduce the use of high energy consumption equipment such as air conditioning and internal combustion engine. <u>In the monitoring system</u>, the integrated environmental protection information system should be introduced instead of manual accounting and improved monitoring efficiency. <u>In the selection of raw materials</u>, enterprises should steadily improve the energy use structure, improve the proportion of renewable energy, and reduce the use of limestone. <u>In the way of energy use</u>, new energy, such as green electricity, green hydrogen and geothermal energy, will gradually replace coal, oil and gas. <u>In the adjustment of the industrial chain</u>, enterprises should gradually turn the traditional industrial chain lines of petrochemical, cement and building materials gradually to the refined industrial chain of new materials, new energy and digital information, and gradually eliminate the backward production capacity. <u>In the marketing model</u>, enterprises should change consumer habits from the conscious level, such as providing environmentally friendly shopping bags, and implement the idea of a healthy low-carbon cycle from the enterprise to the consumer and then back to the enterprise

Third, enterprises should promote the "carbon neutrality" process of the whole industry through green innovation technology. Manufacturing entity enterprises should, on the basis of realizing their "carbon neutrality", output the leading energy saving technology reform framework and improve the country's energy conservation and renovation list; The state should strengthen strategic cooperation between large, medium and small enterprises to realize the sharing of resource elements and form a synergy. Enterprises should implement the source governance and drive the overall low carbon green development of the supply chain. The enterprise should establish a information platform based on Big Data technologies, and promote the verification and evaluation of carbon information of the whole industry enterprises. At the same time, the enterprise should also promote the market and scale application of new technologies, and promote the "carbon neutrality" process of the whole industry.

(ii) Enterprises should strive to obtain green funding support and make every effort to promote low-carbon transformation

First, enterprises should strive for green credit from financial institutions. The enterprise should in-depth study the characteristics and trends of low-carbon economic development, grasp the new development opportunities of low carbon industry, adapt their production and business chain to low carbon emerging industrial chain, and strive to obtain the approval of loans such as low-carbon environmental protection special loans, green credit for small micro-enterprises, issued by banks and/or other financial institutions.

In addition， enterprises should also be proactive in the development of climate risk stress tests, and promote the construction of ecological agriculture, ecological protection and ecological restoration, and strive for greater credit line and more relaxed repayment requirements.

Second, enterprises can get government tax breaks through low carbon emissions. Since the implementation of the national environmental protection tax on January 1, 2018, the green effect of the preferential policy of national tax is gradually appearing. More and more policy makers and researchers are starting to focus on and improve the problem of low-carbon taxation, which is how to encourage companies to reduce carbon emissions and stimulate low-carbon development through more reasonable policy and tax leverage. Enterprises should seize the policy dividend of the process of tax reform and achieve low carbon transformation in many ways, reduce the tax burden and benefit.

(iii) ***Enterprises should improve the disclosure system of carbon information and deepen exchanges and cooperation in the global carbon sector.***

First, enterprises should improve their own carbon reduction liability disclosure system. Enterprises should constantly learn about the carbon industry, continue to improve the evaluation of carbon emission system, the construction of monitoring system, and improve the quality and level of carbon information disclosure. Enterprises need to actively carry out carbon accounting, verification, data collection and analysis with third-party institutions. Enterprises should cooperate with universities, scientific research institutions and think tank to improve the system of carbon accounting and assessment. Enterprises need to build data platforms and docking with the country's carbon emission information infrastructure, which provides important support for the goal of "double carbon". Enterprises should make carbon reduction responsibility as an important part of the enterprise's CSR system, and the system is used to study and analyze the risk of environmental pollution and atmospheric governance within the enterprise, and continuously enhance their environmental competitiveness and brand premium.

Second, enterprises should actively participate in national and global carbon emissions standards and policy formulation. The enterprise should study the specific requirements of the country for the "dual carbon" target, and increase the money investment to help "carbon neutrality" relevant issues and technical research and development, leading the whole low-carbon transformation and sustainable development of the commercial ecology. At the same time, the enterprise should also strengthen communication with the supervision department and industry professional institutions, participate in the formulation of the standard policy, management system, accounting method, strategic planning and so on in different countries and regions, and seek consultation service to third party organizations when necessary.

Third, enterprises should participate in jointly building China's carbon emissions trading market. Chinese enterprises need to gradually establish a nationwide carbon account that can be monitored and verified, and steadily incorporate carbon footprint information such as carbon dioxide emissions and greenhouse gases (GHGs) emissions, and carbon assets information such as carbon quotas, green certificates and carbon deposits, use digital methods to advance the actions of carbon control. At the same time, companies should also actively participate in the trade of carbon emissions, expand and improve the national carbon trading market, and promote the Chinese carbon market to go abroad and enhance

China's influence in the international carbon market

Through the above analysis and discussion, the author summarizes the path of the green innovation and implementing social responsibility of Chinese enterprises for low-carbon development under the background of “dual carbon” target, as shown in figure 3.9

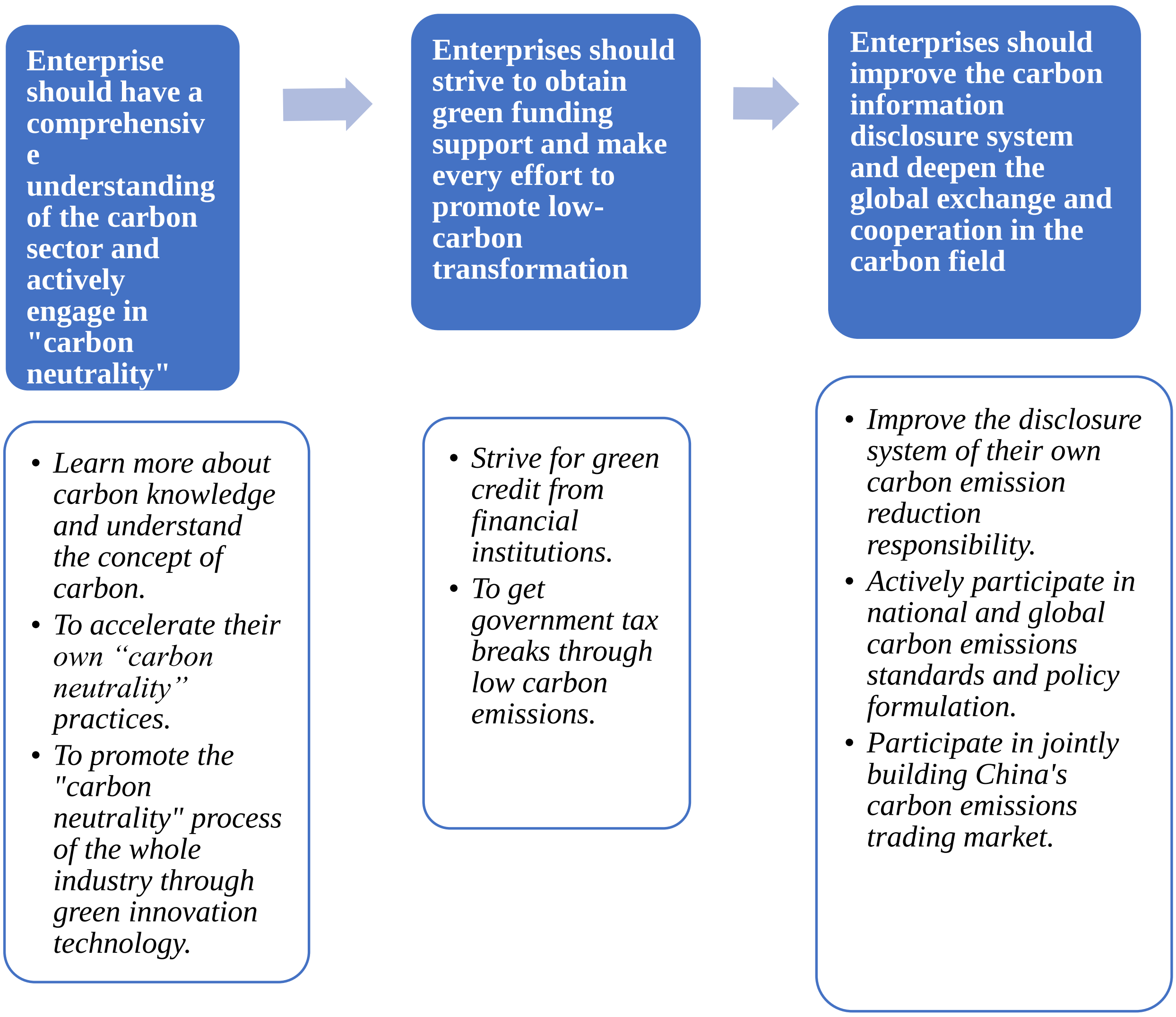

Fig 3.9 The path of the green innovation and implementing social responsibility of Chinese enterprises for low-carbon development under the background of “dual carbon” target

3.3 The Evolution Path from CSR to ESG: Based on China's Sustainable Development Information Disclosure Practice

The historical evolution of CSR to ESG

In recent years, the problem of global climate change has become increasingly serious, and the concept of sustainable development has gradually become popular around the world, which requires that corporate behavior must be coordinated and adapted to environmental changes and social development. The focus of the capital market on CSR information disclosure is gradually shifting from CSR (corporate social responsibility) to ESG (environmental, social and governance). The ESG evaluation system brings a new perspective and standard for the society to examine and evaluate the sustainable development behavior, performance and potential of enterprises.

Unlike CSR, which has a century-old history, ESG can also be said to be a new thing, which has been officially proposed for less than 20 years. In December 2004, the UN Global Compact issued a report "Who Cares Wins", which first put forward the concept of ESG. Since its birth, ESG has inherited some of the genes of CSR.

The concept of ESG can be regarded as the advance of CSR, which is gradually formed due to the changes of external factors in the development of CSR at a certain stage. These external factors that promote CSR to evolve into ESG mainly come from the following three aspects:

First, the UN's active promotion of environmental protection and sustainable development; Concerned about the inadequacy and incoherence of economic, social and environmental development, the United Nations has been promoting economic and social development and the solution of environmental problems since the 1970s.

Since then, the unremitting efforts of the United Nations have made countries and the public around the world increasingly realize that ESG reporting is an important basis and institutional arrangement for ensuring sustainable development, and promoted the evolution of CSR with strong ethical and charitable colors to ESG focusing on economic, social and environmental sustainable development.

Second, the capital market has a strong demand for ESG information. Since the signing of the Paris Agreement in 2015, the economic and social transition to low-carbon and green development has become a consensus. In this context, the capital market has formed a strong demand for sustainable development, especially ESG information, and CSR reports with the nature of voluntary disclosure can no longer meet the needs of the capital market, objectively leading to the decline of CSR and the rise of ESG.

Third, international organizations actively participate in the development of ESG standards and make unremitting attempts. The Global Reporting Initiative (GRI, based in Amsterdam, Netherlands), the Carbon Disclosure Project (CDP), the Climate Disclosure Standards Board (CDSB, based in London, United Kingdom) , the International Integrated Reporting Council (IIRC) , the Sustainable Development Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB), have issued their own ESG reporting standards, disclosure frameworks or guidelines (see Table 3.5). It has become an important technical force to promote the development of ESG reporting, accelerating the evolution of CSR to ESG, and promoting the implementation of ESG from concept and concept to ESG reporting or sustainability reporting (SR).

Table 3.5--Key ESG reporting standards, disclosure frameworks or guidelines for international

institutions

Name	Publishing organization/ time	Brief introduction
GRI Standard	International Reporting Initiative (GRI)/2000	Defines disclosure principles for the content and quality of sustainability reports and provides modular implementation and disclosure guidance on general standard disclosures, management approaches and economic, environmental and social issues.
Carbon Disclosure Project (CDP)	Carbon Disclosure Project Organization (CDP)/2000	Create a global environmental disclosure system for investors and city stakeholders to measure and manage the situation and associated risks of cities, regions and businesses in relation to climate change, water security and deforestation.
CDSB framework	Climate Disclosure Standards Board (CDSB)/2010	A methodology and framework for the disclosure of environmental information in mainstream reporting has been developed, including information on natural capital dependence, environmental hard impacts, environmental risks and opportunities, environmental policy strategies and objectives, and performance against environmental objectives.
Integrated Reporting (IR)	International Integrated Reporting Committee (IIRC)/2010	Establish a comprehensive reporting framework that integrates financial and ESG information, and promote the development of an "integrated mindset" for sustainable value creation by analyzing the various types of capital used by the company and the value chain in which the company, its capital, and the external environment interact.
SASB Guidelines	Sustainability Accounting Standards Board (SASB) / 2011	Guidance for companies to provide investors and business decision makers with financially material information on sustainable development and long-term value, a list of 77 industry standards and

		issues, and corresponding procedural rules and implementation guides.
TCFD framework	Task Force on Climate-related Financial Disclosures (TCFD)/2017	Construct climate-relevant financial disclosure recommendations to help the market make informed capital allocations, using the four themes of governance, strategy, risk management, and metrics and targets as core areas.

Source: Author's development

Due to the different issuing bodies of the above standards, different goals and different guiding ideas, it not only increases the cost of compiling and reporting for enterprises and financial institutions, but also brings difficulties in communication, coordination and use to ESG information users and evaluators, which limits the popularization, promotion and application level of these standards and frameworks to a certain extent. In September 2020, the sponsoring organizations of several ESG standards and frameworks, including GRI, IIRC, SASB, CDP, CDSB, and TCFD, announced that they will work together to build a more comprehensive reporting system that reflects corporate financial accounting and sustainability. In November 2021, the International Financial Reporting Standards Foundation (IFRS) announced the establishment of the International Sustainable Development Standards Board (ISSB) at the 26th United Nations Climate Change Conference in Glasgow, UK, to integrate the existing standards and frameworks for sustainable information disclosure (see Figure 3.10). To develop a globally consistent and high-quality ESG disclosure standard in the public interest, the International Sustainable Disclosure Standard for Financial Reporting (ISDS) came into being. In 2022, the ISSB published the "General Requirements for Disclosure of Information related to Sustainable Development" and the "Climate-related Disclosure" exposure draft, and the US Securities and Exchange Commission (SEC) also issued new climate disclosure rules. At this point, it also marks the official arrival of the era of CSR upgrading to ESG.

Figure 3.10-- ISSB integrates existing standards and frameworks for sustainable disclosure

Source: Author's development

The week of June 26-30, 2023 marks another milestone for sustainable disclosure standards around the world. The International Sustainability Standards Board (ISSB) has officially published the global ESG Reporting Standards (shown in Figure 3.11), the first sustainable disclosure guidelines, which are *IFRS 1 - General Requirements for the Disclosure of Sustainability-related Financial Information (IFRS S1)* and *IFRS 2 - Climate-Related Disclosure* (IFRS S2).

Figure 3.11-- Front covers of IFRS S1 and IFRS S2

Source: IFRS Foundation website

The new standard provides more details on companies' disclosure of social, environmental and governance risks and will take effect after January 1, 2024. It is worth mentioning that the ISSB has also developed industry implementation guidelines, which provide implementation guidelines to 11 main industries and 68 sub-industries on the basis of the SASB standard's industry classification. ISSB believes that these two guidelines usher in a new era of sustainability-related disclosure in global capital markets and will help promote trust and confidence in corporate sustainable disclosure. Therefore, to a certain extent, the disclosure guidelines issued by the ISSB accelerate the process of harmonization of global sustainability information disclosure.

Analysis of similarities and differences between CSR and ESG

From the above analysis, it can be seen that the core connotation of CSR and ESG is the same, that is, while creating value and earning profits for shareholders, assume responsibilities for employees, consumers, the environment, the community and other stakeholders. Both CSR and ESG are based on stakeholder theory to varying degrees, guiding enterprises to pay attention to environmental and social performance in addition to economic interests.

ESG was developed on the basis of CSR, but the differences between the two have become increasingly apparent over time. In terms of core concepts, although the concept of CSR continues to evolve, it still carries a clear ethical and philanthropic imprint, and Doing Good is the core essence of CSR. ESG, on the other hand, focuses more on Doing Well and Doing Good, which not only focuses on doing a good job for the enterprise, creating value for shareholders or stakeholders, and ensuring the sustainable development of the enterprise, but also pays attention to the impact of the enterprise on the environment and society, as well as the impact of the environment and society on the enterprise. In the IFRS Sustainability Disclosure Guidelines, the impact of the enterprise on the environment and society is called Impact Materiality, and the impact of the environment and society on the enterprise is called Financial Materiality. Currently, the International Sustainability Standards Board (ISSB) and the U.S. Securities and Exchange Commission (SEC) uphold a single materiality principle that focuses on the financial impacts of the environment and society on the business, while the European Financial Reporting Advisory Group (EFRAG) upholds a dual materiality principle that focuses on both Impact Materiality and Financial Materiality, with businesses disclosing both their impacts on the environment and society, and the impacts of the environment and society on the business. and social impacts on the enterprise.

Table 3.6 compares CSR reports and ESG or sustainability reports (SR) in 12 aspects, such as core concepts, user orientation, objective criteria and nature of disclosure, from which the differences between the two can be seen.

Table 3.6 Comparison of CSR Reporting with ESG or Sustainability Reporting (SR)

Comparison Terms	**CSR Reporting**	**ESG or Sustainability Reporting(SR)**	
		Singular importance	**Dual importance**
Core concept	Doing good	Doing well and doing good	Doing well and doing good
User orientation	Stakeholder-oriented	Investor-oriented	Investor and other stakeholder oriented
Reporting objectives	Social responsibility fulfillment	Subject to external influences	Influence by and on the external
Reporting standards	Lack of harmonized norms	From reporting frameworks to disclosure guidelines	From reporting frameworks to disclosure guidelines
Type of disclosure	Voluntary disclosure	From voluntary to mandatory disclosure	From voluntary to mandatory disclosure
Information Characteristics	Non-financial information	Components of financial reporting	Components of corporate reporting
Disclosure time	Self-selected date	Synchronization of disclosure with financial reporting	Synchronized disclosure with corporate reporting
Relevance to governance	Loosely associated	Embedded in governance mechanisms and processes	Embedded in governance mechanisms and processes
Relevance to strategy and	Related but not closely	Assessing the impact of sustainable development-	Assessing the impact of sustainable

business		related risks and opportunities on corporate strategies and business models	development-related risks and opportunities on corporate strategies and business models, and vice versa
Relevance to risk management	Often not integrated into the Enterprise Risk Management (ERM) process	Risks related to sustainable development are assessed and managed and integrated into the ERM process	Risks related to sustainable development are assessed and managed and integrated into the ERM process
Indicators and goals	Not specified	It sets out the industry generic and industry-specific indicators that must be disclosed	It sets out the industry generic and industry-specific indicators that must be disclosed
Authentication requirements	No authentication requirements	From voluntary to mandatory authentication	From voluntary to mandatory authentication

Source: Author's development

In summary, the conceptual scopes of ESG, sustainable development and CSR each have their own focus and overlap in different contexts: ESG emphasizes the elements of corporate governance more than the others, while taking into account the environment and society; sustainable development highlights the concepts of long-term social and environmental development and intergenerational fairness; and CSR is a broader term encompassing the economy, the environment, and the rights of workers and consumers, among other things. CSR is a broader term, encompassing economic, environmental, labor and consumer rights, and other human rights issues. However, in the context of China's "dual-carbon" goal and climate change research themes and discussions, the core content of all three is essentially the same.

China's ESG System Construction and ESG Disclosure Practice

Target 12.6 of the United Nations Sustainable Development Goals SDGs states that businesses, especially large and multinational enterprises, are to be encouraged to take sustainable actions and integrate their sustainable development information into the reporting cycle. More and more companies have recognized the importance of disclosing ESG information and fulfilling their social responsibilities for their sustainable development, and see ESG reporting or CSR reporting as one of the effective means to communicate their achievements and gain legitimacy. As a result, Western countries and a number of international institutions and industry organizations have issued standard specifications, frameworks or guidelines on corporate ESG and sustainability disclosure (as mentioned above), etc., and in this way have guided corporations in their ESG disclosure reporting practices and application exploration.

Compared with some Western countries, due to the late start, China's theoretical research and institutional construction of ESG information disclosure is relatively backward, the quantity of disclosure needs to be improved, and the quality of disclosure is uneven. In the sample surveyed by KPMG, the disclosure rate of sustainability information of Chinese enterprises reached 78%, which is higher than the global average, but still at a lower level among the world's major economies. The quality of disclosure content also has shortcomings, with less than 50% of the companies in the sample disclosing ESG information in line with the United Nations Sustainable Development Goals (SDGs), while leading listed companies in the world have widely used the SDGs or other standardized frameworks to provide stakeholders with their ESG information to highlight their business models for creating long-term value.

Construction of China's Domestic ESG Disclosure System

At present, under the guidance of the "dual-carbon" goal, China is accelerating the construction of the ESG system based on the practical experience of ESG information disclosure in foreign countries, and has gradually established a set of corporate ESG information disclosure system with Chinese characteristics. State ministries and commissions, such as the Ministry of Ecology and Environment and the China Securities Regulatory Commission, and competent authorities, such as the Shanghai Stock Exchange (SSE), the Shenzhen Stock Exchange(SZSE) and the Beijing Stock Exchange (BSE), have issued a number of policies and guidance for implementation, as shown in Table 3.6 and Table 3.7.

Table 3.6 Major regulations on corporate ESG disclosure by Chinese state ministries and commissions

Document name	**Publishing Organization/ Time**	**Related contents**
"Guiding Opinions on the Fulfillment of Social Responsibility by Chinese Central State-owned Enterprises"	State Assets Supervision and Administration Commission (SASAC)/January 2008	Central State-owned Enterprises are required to establish a social responsibility reporting system, of which those in a position to do so are required to issue social responsibility reports or sustainable development reports on a regular basis.

"Guidance on Strengthening Supervision and Management of Environmental Protection in Listed Companies"	State Environmental Protection Administration ／ February 2008	Require the establishment of a corporate environmental information disclosure mechanism in the form of both mandatory and voluntary disclosure, and strengthen the disclosure of environmental information in some heavily polluting industries.
"Guiding Opinions on Building a Green Financial System"	People's Bank of China (PBOC), Ministry of Finance (MOF), National Development and Reform Commission (NDRC), Ministry of Environmental Protection (MEP), China Banking Regulatory Commission (CBRC), China Securities Regulatory Commission (CSRC), China Insurance Regulatory Commission (CIRC) / August 2016	Require the gradual establishment and improvement of a mandatory environmental information disclosure system for listed companies and debt-issuing enterprises. For listed companies that are key emission units, study the formulation and strict implementation of specific information disclosure requirements for the discharge of major pollutants in compliance with standards, the construction and operation of corporate environmental protection facilities and major environmental events.

"Guidance on promoting investment and financing to address climate change"	Ministry of Ecology and Environment, National Development and Reform Commission (NDRC), People's Bank of China (PBOC), China Banking and Insurance Regulatory Commission (CBIRC), China Securities Regulatory Commission (CSRC), / October 2020	Accelerating the formulation of information disclosure standards for climate investment and financing projects, subjects and funds, and promoting the establishment of a climate information disclosure system in which enterprises make public commitments, information is publicized in accordance with the law, and is widely monitored by society.
"Reform program for the system of legal disclosure of environmental information"	Ministry of Ecology and Environment/May 2021	It is necessary to further clarify the subject and content of the mandatory disclosure of environmental information and improve the form of disclosure; establish a coordinated management mechanism for the mandatory disclosure of environmental information, and strengthen the list management of disclosing enterprises, industry management and information-sharing mechanisms; and to soundly develop the supervision mechanism and legalization of mandatory disclosure of environmental information.

Source: Author's development

Table 3.7 Main Implementation Measures of CSRC and Stock Exchanges on Corporate ESG Information Disclosure

Document name	Publishing Organization/ Time	Related contents
"Guidelines on Social Responsibility of listed companies"	SZSE/September 2006	Require listed companies to actively fulfill their social responsibilities and voluntarily disclose their CSR reports.
"Guidelines on Environmental Information Disclosure for Listed Companies on the Shanghai Stock Exchange (SSE)"	SSE / May 2008	Encourage listed companies to disclose or separately disclose environmental information in their annual corporate social responsibility reports according to their own needs; some industries and seriously polluting enterprises should disclose specific environmental information.
"Guideline No. 2 on the Application of Self-Regulatory Rules for Listed Companies on the Technology and Innovation Board of the Shanghai Stock Exchange - Voluntary Information Disclosure"	SSE / September 2020	Based on voluntary disclosure of general information on environmental protection, fulfillment of social responsibility and corporate governance, enterprises should further disclose personalized information on the environment, social responsibility and corporate governance in accordance with the industry, business characteristics and governance structure of the enterprise.

"Measures for the Examination of Information Disclosure Work of Listed Companies (Revised)"	SZSE / September 2020	Listed companies can add points to their disclosure assessment by publishing informative and complete CSR reports and ESG reports.
"Guideline No. 53 on the Content and Format of Information Disclosure by Companies Offering Public Securities"	China Securities Regulatory Commission (CSRC), Beijing Stock Exchange (BSE)/October 2021	The company shall disclose its work in assuming social responsibility, including its social responsibility in protecting the legitimate rights and interests of creditors, employees, consumers, suppliers, communities and other stakeholders; companies or their significant subsidiaries that are key emission units announced by the environmental protection department shall disclose the main environmental information.
"No. 2 (Revised) Guidelines on the Content and Format of Corporate Disclosure of Publicly Offered Securities"	CSRC/June 2021	For the first time, the Environment (E) and Social Responsibility (S) chapters were set up to encourage companies to take the initiative to disclose their active fulfillment of social responsibility in light of the characteristics of their industries; companies or their major subsidiaries that are key emission units announced by the environmental protection department should disclose their major environmental information; and companies should disclose the basic status of Corporate Governance (G).

Source: Author's development

It can be seen that China has initially formed an institutional mechanism for corporate ESG information disclosure that is jointly managed by multiple departments, with different focuses, especially since the "dual-carbon" goal was proposed, reflecting more positive and comprehensive changes. The subject of disclosure is gradually expanding, from listed companies and debt issuers to central government owned enterprises, heavy polluting enterprises and ecologically illegal enterprises, and the scope of enterprises subject to mandatory disclosure of ESG information is becoming wider and wider. The content of disclosure has gradually diversified, from non-financial information to CSR, then to ESG information reflecting sustainable development, with richer indicators and stricter requirements. The form of disclosure has been gradually standardized, with a shift from voluntary disclosure to a combination of mandatory disclosure in key areas and encouragement of disclosure by other enterprises, and from disclosure of social responsibility information to the regular release of ESG or CSR reports. 2030 "carbon peaking" target is approaching, and with the introduction of the "Reform Plan for the Legal Disclosure System of Environmental Information" and other systems, there will be a clear timetable and roadmap for the construction of China's corporate ESG information disclosure system.

China's Domestic ESG Disclosure Practices and Exploration

In practice, corporate ESG information is disclosed in different ways, including in stand-alone sustainability/corporate social responsibility (CSR) reports, in "financial + non-financial" integrated reports, in annual financial statements/additional statements as separate ESG information, and in some cases in multiple vehicles at the same time. At present, stand-alone sustainability reports have gradually become the mainstream disclosure of corporate ESG information, which is inextricably linked to the introduction of a number of international voluntary ESG disclosure initiatives and frameworks (as mentioned above).

With the introduction of relevant international guidelines and indicators, the number of stock exchanges around the world providing ESG disclosure guidelines, standards and requirements to listed companies has continued to increase, and the forms of disclosure of ESG information and the content of the guidelines have become more and more diverse. In terms of quantity, at least 63 stock exchanges in various countries have formulated ESG reporting guidelines for listed companies under their jurisdiction so far, and this number is growing year by year.

On the other hand, China's domestic stock exchanges, such as SSE, SZSE and BSE, have yet to promulgate reporting guidelines for ESG disclosure, and have not yet introduced ESG disclosure tools that can be linked to mainstream sustainability reporting guidelines such as GRI, which is a gap with other major stock exchanges in the world.

Some specialized research institutes have conducted preliminary exploration of ESG information disclosure standards. *The China CSR Reporting Guide 4.0* (hereinafter referred to as Guide 4.0) is a widely used framework and guide for local corporate ESG information ／Corporate Social Responsibility (CSR) reporting by Chinese companies. In 2008, the Research Center for Corporate Social Responsibility (CSR) of the Chinese Academy of Social Sciences (CASS) released China's first China CSR Reporting Guide 1.0, which was revised to version 4.0 in 2017. Drawing on the strengths of similar international guidelines on social responsibility disclosure, Guide 4.0 is structured to build three levels: a basic framework, a sub-industry guide, and a sub-issue guide, and the specific indicators under each level are adjusted to meet China's specific national conditions, which enhances the systematic, practical, and operable nature of Guide 4.0. In view of its progressive significance, GRI and other international ESG disclosure guideline providers have compiled a comparative correlation document between Guide 4.0 and GRI's standards, which to a certain extent reduces the difficulty and cost of compilation for the enterprises concerned. However, due to the voluntary nature of Guide 4.0, the lack of authoritative departments to initiate or incorporate it into their policies, and the difficulties in connecting it with mainstream international standards, the promotion and application of Guide 4.0 faces greater difficulties in practice.

At the same time, some industry organizations have also formulated guidelines for corporate ESG information/social responsibility disclosure based on industry characteristics and international and domestic norms, such as the "*Outline of China's Textile and Clothing Corporate Social Responsibility Report*" issued by the China Textile Industry Association (CTIA) in 2008, which provides reference, guidance and norms on social responsibility disclosure for enterprises in the industry. In the field of ESG disclosure, considering that different industries face different risks, stakeholder groups, and sustainability capabilities, industry organizations should identify and develop their own ESG disclosure norms and standards, which is also the future direction of exploration for Chinese industry organizations.

Summary of Section 3

This section begins with a systematic and in-depth discussion of some of the main conclusions drawn from the empirical study in Section 2, aiming to provide scientific application guidance and rationalized policy recommendations for Chinese enterprises engaging in CSR practices and government agencies regulating them, respectively.

Then, in subsection 3.2 of this section, the author focuses on the new trends of CSR development in China in the context of China's economic recovery in the post epidemic period, the transformation of the digital economy, and the "3060" dual-carbon target, and provides in-depth analysis and discussion on the improvement and refinement of the CSR management system, as well as on the application strategies and expected implementation effects of the research results obtained in this dissertation.

Subsection 3.3 summarizes the history of the evolutionary progression path from CSR to ESG, and compares CSR reports and ESG or sustainability reports in 12 aspects, including the core concept, user orientation, target standards and nature of disclosure, from which the differences between the two can be seen. Finally, the construction of China's ESG institutional system and the latest progress of ESG disclosure practice are introduced.

CONCLUSIONS

With the rapid evolution of China's economy over the past two decades, Chinese enterprises have been instrumental in wealth creation but concurrently engendered various social predicaments, including environmental pollution, food and drug safety concerns, substandard product quality, production accidents, employee rights violations, labor disputes, and financial reporting fraud. Despite gradual emphasis on Corporate Social Responsibility (CSR) by Chinese enterprises since 2006, aligned with regulatory policies, their commitment and awareness exhibit significant variations due to factors like politics, economic status, cultural milieu, laws, and policies. The current research landscape on CSR in China still grapples with disparities and misconceptions, with limited theoretical and practical insights. Against this backdrop, this paper scrutinizes the CSR practices of Chinese listed companies. The empirical analysis of the performance and disclosure quality of these companies elucidates their CSR fulfillment status, characteristics, influencing factors, and mechanisms. This research contributes by enriching the field's understanding and proposing viable enhancements. The paper unfolds in five sections:

The introduction delineates the research background, purpose, and significance.

The second section delves into CSR concepts, theoretical foundations, and literature review, introducing relevant terms and theories, scrutinizing global and Chinese CSR research, and briefly exploring the impact of corporate routines on CSR.

The third part entails a comprehensive analysis of the CSR fulfillment of Chinese listed companies. It presents an objective depiction of their current status and reasons for low fulfillment. It employs various indicators to measure the impact and mechanism across dimensions, formulates research hypotheses, delineates sample selection, data sources, and defines CSR disclosure indices. Employing authoritative rating agencies, regression models are constructed for empirical tests.

The conclusions and practical recommendations section summarizes empirical findings, provides suggestions for enhancing CSR management mechanisms, analyzes CSR's future trajectory and countermeasures in China's new era, and anticipates the evolution from CSR to Environmental, Social, and Governance (ESG).

The final section consolidates research conclusions, offering rationalized countermeasures and suggestions to advance CSR practices in China.

The main findings of this research are summarized below:

1) This study introduces an innovative and comprehensive model, termed the "Dual Standpoint and Multidimensional Analysis," representing a pioneering departure from the traditional one-sided focus on business performance found in prior research. The novelty lies in adopting a dual research stance, simultaneously considering the perspectives of both Chinese enterprises and governmental organizations. This dual approach provides a more holistic understanding of CSR performance by exploring influencing factors at both the micro level of enterprise routines and the macro-strategic environment. In contrast to previous studies, which often concentrated solely on managerial or enterprise levels, this research bridges the gap by systematically integrating these dual perspectives, creating a unified and comprehensive analytical framework. The proposed model offers a nuanced exploration of CSR performance, considering both micro features of routine behaviors within enterprises and the overarching macro-strategic landscape, thereby enriching the theoretical scope of CSR research. The subsequent analysis delves into the multifaceted dimensions of CSR performance, offering a more intricate examination compared to the conventional one-dimensional approach. By

scrutinizing the interplay between Chinese enterprises and governmental organizations, this study uncovers valuable insights into the intrinsic mechanisms shaping CSR performance. This multidimensional perspective enables a more nuanced understanding of the influencing factors and their interconnectedness, contributing to the evolution of CSR research beyond conventional boundaries. Furthermore, the research transcends theoretical exploration to propose practical strategies aimed at enhancing China's CSR management system. This strategic exploration is grounded in the empirical findings derived from the dual standpoint and multidimensional analysis, providing actionable insights for both governmental and corporate stakeholders. In doing so, the study not only advances the theoretical underpinnings of CSR research but also offers tangible applications for improving CSR practices in the Chinese context. In conclusion, this paper propounds a comprehensive and groundbreaking approach to CSR performance research through the introduction of the Dual Standpoint and Multidimensional Analysis model. By integrating dual perspectives and conducting a thorough examination at both micro and macro levels, this study enriches the existing theoretical scope and contributes to the broader understanding of CSR performance. The practical strategies presented for enhancing CSR management in China further underscore the significance of this research in guiding concrete initiatives for sustainable and responsible business practices.

2) Robust Framework and Methodology for CSR Practice Research. This paper presents a meticulously crafted research idea and methodology, offering a systematic and comprehensive framework for CSR practice research. Beginning with a thorough theoretical analysis and an understanding of China's national conditions, the paper consolidates the content framework of CSR practice research in China. It establishes

a theoretical analysis framework, "influencing factors-behavioral performance-influencing results," for CSR performance in Chinese enterprises. In contrast to previous studies that often focused on isolated issues, this paper introduces a more inclusive theoretical model encompassing the intricate relationships and effects within CSR. This model not only incorporates factors influencing CSR realization but also captures the internal and external components constituting CSR effects and their intricate interactions. The analysis of influencing factors and dimension indicators in the comprehensive evaluation of CSR effects is notably extensive.

This dissertation rigorously examines the empirical landscape of corporate accounting, financial practices, and organizational management routines over the past two decades within China's listed companies. The study reveals compelling findings, showcasing that:

3) Regarding financial routine and CSR:

External Assurance and Ownership Impact: External assurance positively influences CSR report quality, but concentrated ownership exceeding 50% hampers CSR reporting quality due to an "entrenchment effect."

CSR and Tax Avoidance: Chinese enterprises, regardless of regulatory systems, exhibit a significant negative correlation between social responsibility performance and corporate tax avoidance. The pollution index minimally affects CSR and tax avoidance.

Financial Audit's Role: High-quality financial audits, even in a weak institutional environment, positively impact CSR report quality through the quality transfer effect. The Big Four's audits significantly affect CSR disclosure quality for non-state-owned enterprises, especially in regions under greater government pressure.

Accounting Conservatism and CSP: Accounting conservatism shows a negative correlation with Corporate Social Performance (CSP), suggesting an inverse relationship between social performance improvement and financial reporting conservatism, in line with agency theory.

4) Regarding business routine and CSR:

Corporate Governance and Sustainable Reporting: Positive correlations exist between board size and independence with sustainability reporting behavior in Chinese companies. However, female directors and CEO duality show no significant impact.

CSR, Internal Control, and Sustainable Development: CSR positively contributes to sustainable development, with high-quality internal control enhancing CSR fulfillment. CSR acts as an intermediary between internal control and sustainable growth.

Internal Control, Audit, and CSR Performance: Positive correlations exist between internal control audit and CSR performance. The audit committee's size correlates positively, while the number of meetings correlates negatively with CSR performance. The proportion of independent directors shows no significant correlation.

Management Ability, CSR, and Corporate Value: Positive correlations exist between management ability and CSR fulfillment. This impact is more pronounced in non-state-owned enterprises. Additionally, management ability correlates positively with corporate value.

CSR and Organizational Resilience: Undertaking social responsibility enhances organizational resilience. Strategic Corporate Social Responsibility (SCSR) behaviors strengthen ties with stakeholders, aiding in resource acquisition and building absorptive capacity during crises.

5. CSR in the Digital Economy Transformation: In the dynamic landscape of China's digital economy transformation, the imperative of Corporate Social Responsibility (CSR) management innovation becomes increasingly pronounced for sustainable development. This research introduces a groundbreaking perspective by redefining CSR through the lens of "Strategic Corporate Social Responsibility (SCSR)." This innovative conceptualization aims to illuminate the intricate relationship between CSR practices and organizational resilience, particularly in the face of public crises, thereby expanding the theoretical framework of CSR research. The crux of this exploration lies in understanding the transformative impact of SCSR on organizational dynamics, with a specific focus on enhancing resilience during critical public crises. Drawing upon signaling theory, the author meticulously unravels the intricate mechanisms through which the implementation of SCSR becomes a linchpin for organizational adaptability and fortitude. This mechanism is aptly bifurcated into the signaling process, characterized by emotional resonance, and the behavioral feedback process, which encompasses the tangible support for decisive actions. By deconstructing these processes, this thesis delves into a granular analysis of how companies, through the strategic fulfillment of SCSR, contribute substantially to the augmentation of organizational resilience. This contribution, rooted in the strategic alignment of CSR practices, is revealed to play a pivotal role in not only navigating through public crises but also in proactively steering organizations towards a path of sustained adaptability and responsiveness. The significance of this research extends beyond theoretical refinement, offering practical insights into the symbiotic relationship between SCSR and organizational resilience. As organizations grapple with the ever-evolving challenges of the digital economy era, embracing SCSR emerges as a strategic imperative for not only fulfilling societal expectations but also

fortifying the organizational fabric against unforeseen disruptions. In conclusion, this work propels CSR research into new dimensions by unveiling the transformative potential of SCSR in the context of China's digital economy transformation. By elucidating the intricacies of the signaling and feedback processes, this research establishes a robust foundation for understanding the profound interplay between strategic CSR initiatives and organizational resilience, thereby providing a nuanced perspective for scholars, practitioners, and policymakers alike.

6. CSR and "Dual-Carbon" Goals: CSR aligns with China's strategy of "peak carbon and carbon neutrality," contributing to low-carbon development and supporting the realization of "dual-carbon" goals without compromising corporate profits. Corporate Social Responsibility (CSR) strategically aligns with China's ambitious initiative of "peak carbon and carbon neutrality." This alignment signifies a pivotal role for CSR in fostering low-carbon development, ensuring that businesses actively contribute to the achievement of the "dual-carbon" goals. Importantly, CSR serves as a catalyst for sustainable practices that not only mitigate environmental impact but also advance social and economic objectives. The symbiotic relationship between CSR and the "peak carbon and carbon neutrality" strategy is rooted in the acknowledgment that responsible business practices can drive positive environmental outcomes without jeopardizing corporate profitability. Through the adoption of eco-friendly technologies, resource-efficient processes, and responsible supply chain management, companies can actively reduce their carbon footprint, aligning with the broader national agenda. Moreover, CSR initiatives play a crucial role in promoting awareness and engagement, both internally and externally. Internally, fostering a corporate culture committed to sustainability encourages employees to contribute actively to green initiatives. Externally, businesses engaging in CSR practices

enhance their reputation, attracting environmentally conscious consumers and investors. This, in turn, contributes to the overarching goals of sustainable development and environmental stewardship. As China intensifies efforts to construct a comprehensive Environmental, Social, and Governance (ESG) system in line with global standards, CSR acts as a precursor to ESG practices. The transition from CSR to ESG signifies a broader commitment to holistic sustainability, encompassing environmental considerations, social responsibility, and effective governance. This evolution reflects a maturation of corporate consciousness and a proactive response to global challenges, reinforcing China's commitment to responsible and sustainable business practices. In summary, the synergy between CSR and China's "peak carbon and carbon neutrality" strategy is instrumental in achieving the "dual-carbon" goals. By integrating responsible practices into corporate strategies, businesses not only contribute to environmental conservation but also fortify their competitive position in an increasingly sustainability-conscious global landscape. This strategic alignment reinforces the idea that responsible corporate conduct is not a hindrance to profitability but rather a catalyst for enduring success in the era of sustainable development.

7. Transition to ESG: In response to global climate change, ESG (Environmental, Social, Governance) gains prominence in corporate disclosure. Guided by the "dual-carbon" goal, China is building a distinctive ESG system for corporate disclosure, aligning with the principles of sustainable development. This research investigates the transformation of Corporate Social Responsibility (CSR) into Environmental, Social, and Governance (ESG), positioning ESG as an extension within the financial investment domain. Rooted in the perspective of green sustainable development, the study explores the contemporary focus of CSR evolution, conducting a

comprehensive examination of its historical progression and the internal and external factors driving the shift to ESG. The analysis delves into the nuanced similarities and distinctions between ESG and CSR, elucidating ESG reporting standards, disclosure frameworks, and guidelines. Drawing insights from ESG disclosure practices abroad, the author provides a forward-looking evaluation of the current trajectory of sustainability disclosure in China, particularly in alignment with the objectives set forth in the "dual-carbon" goal.

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