A study on the Influence Mechanism of Social Responsibility Performance on Enterprise Value -- Based on the Intermediary Role of Accounting Conservatism

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Abstract: Based on the intermediary role of accounting conservatism, this paper takes A-share listed companies in Shanghai and Shenzhen stock markets as the research object, analyzes theoretically and empirically the mechanism of corporate social responsibility performance on corporate value. The results show that: good social responsibility performance helps to enhance the value of enterprises; corporate social responsibility performance has a positive role in promoting accounting conservatism; accounting conservatism mediates the positive correlation between corporate social responsibility performance and enterprise value. This study provides a new perspective to clarify the relationship between the performance of social responsibility and corporate value, and provides a theoretical basis and decision-making reference for relevant government departments to promote value promotion by guiding enterprises to undertake social responsibility.

1. Introduction

In recent years, behind the rapid development of China's economy, a series of social and environmental problems cannot be ignored. Environmental pollution, excess energy consumption, food safety and other issues have become the focus of stakeholders and the difficulty of government and market supervision. In order to balance the economic benefits brought by the cost of economic development and sustainable development of enterprises, all sectors of society begin to pay attention to the relationship between corporate social responsibility and corporate value. Scholars at home and abroad have investigated the relationship between social responsibility and enterprise value, but no consistent conclusion has been reached[1]. Early scholars believed that there was no significant relationship between corporate social responsibility and corporate value. Later, some scholars found that good corporate social responsibility performance actually reduces the company. Recent research shows that good corporate social responsibility performance can improve corporate value. So in recent years, we began to explore the path between corporate social responsibility ability and corporate value. Wei Ruqing and Tang Yachang studied the influence of social responsibility on social capital and enterprise value. This survey is of epoch-making significance for revealing the mechanism of social responsibility ability that affects the value of enterprises. It can be seen from the literature review that there are many shortcomings in the previous studies on the theory and model setting. For example, the existing research model focuses on the direct relationship between corporate social responsibility and corporate value, but ignores other factors that may affect corporate value. The existence of intermediate variables may lead relevant studies to draw conclusions with opposite diameters, while ignoring the impact of internal financial characteristics, such as corporate reputation or social network, or accounting conservatism of corporate value[2]. At the same time, scholars point out that the asymmetric recognition of profit and loss in financial report can affect the market value of the company, and the accounting conservatism correctly reflects this treatment characteristic. However, most of the domestic and foreign literature directly discusses the influence of social responsibility ability on enterprise value and enterprise value. It is a systematic study of the behavior mechanism that the lack of exploration
between "social responsibility performance accounting conservatism enterprise value". In this paper, the mechanism of corporate social responsibility ability is theoretically analyzed and empirically verified, and the corporate value is discussed from the perspective of accounting conservatism. This paper analyzes the factors that affect accounting conservatism. On the other hand, it helps to deepen the understanding of the relationship among corporate social responsibility, accounting conservatism and corporate value[3]. To undertake social responsibility to provide theoretical support, and to provide decision-making basis for the formation of relevant policies of the functional departments of the government.

2. Theoretical Basis and Research Hypothesis

2.1. Social Responsibility Performance and Enterprise Value

Although the research on social responsibility ability and enterprise value has brought many results, the conclusions are quite different. Margolis and Walsh use meta-analysis method to systemize 109 related research literature, in which independent variable is social responsibility, and enterprise value is dependent variable. 54% of the papers believe that corporate social responsibility ability will have a positive impact on corporate value[4]. Among the papers which have negative impact on corporate value, 42% think that 25.69% of newspapers are irrelevant, and 18.35% find the non-linear relationship between them. Resource-based view and the theoretical basis of corporate stakeholders, this study: the performance of corporate social responsibility plays a positive role in promoting corporate value for the second reason: first, according to the resource-based view. The improvement of corporate social responsibility ability can make the meaningful and intangible resources of enterprises become valuable. Most companies with good social responsibility have a high social reputation, and they help stakeholders obtain moral capital. Higher social evaluation and moral capital are what high-quality employees of enterprises can help attract[5]. They can obtain bank loans with lower cost, reduce activity funds, accelerate the promotion of products, strengthen the competitiveness of enterprises in the same industry, and thus promote the promotion of enterprise value. Second, stakeholder theory and social impact hypothesis, better performance of social responsibility, strengthen the relationship between enterprises and citizens, and establish a good corporate image. It helps to improve product quality, protect the environment or actively participate in charity donation, and enhance trust between enterprises and consumers, suppliers' shareholders and creditors. Relax signature, obtain more convenient financing channels, reduce their own risks and transaction costs, and promote enterprise value.

2.2. Social Responsibility Performance and Accounting Conservatism

Survival, development and profit are the basic objectives of modern enterprise management. In order to achieve this goal, enterprises need to pay attention to and fully protect the legitimate demands and rights of all stakeholders[6]. Prudent accounting policies represent the requirements of most stakeholders. This paper holds that the performance of corporate social responsibility plays a positive role in promoting the accounting conservatism of enterprises.

3. The Intermediary Effect of Accounting Conservatism on the Relationship Between Social Responsibility Performance and Enterprise Value

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<td>Based on the cause of loan risk</td>
<td>Credit risks</td>
<td>Use of bank deposit by debtor in default</td>
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<td></td>
<td>market risk</td>
<td>Economic loss caused by market price fluctuation</td>
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<td>Operational risk</td>
<td>Lack of bank liquidity</td>
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<td>Liquidity risk</td>
<td>The bank failed to fully understand the legal provisions</td>
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<td>Legal risk</td>
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Operation and management hypothesis, accounting conservatism equilibrium reflects the information and claims related to the enterprise, and this equilibrium, accounting conservatism internal and external investors' asymmetric reduction of information and increase the reflection of enterprise value. In order to correctly understand the influence of corporate social responsibility on corporate value, the existence of intermediate variables plays an important role[7]. The change of enterprise value will be directly or indirectly affected by the ability of corporate social responsibility, and the enterprise will benefit[8]. As an important part of corporate governance mechanism, accounting conservatism can reduce information asymmetry, reduce inefficient investment, and increase enterprise value. 3. Social responsibility performance and the influence of enterprise value

3.1. Analysis

When the enterprise value is high, the enterprise may carry out more social responsibility activities, that is, there may be reverse causality and endogeneity between corporate social responsibility performance and corporate value. In order to solve these problems, this paper takes the annual average social responsibility performance of the industry as a tool variable, uses 2SLS to further verify the relationship between social responsibility performance and enterprise value, and the results show that. The regression results show that the social responsibility performance of the independent variable is positively correlated with the enterprise value of the dependent variable, which further verifies the hypothesis[9]. In addition, considering the existence of heteroscedasticity, GMM estimation is better than 2SLS, and two-step optimal GMM estimation is also carried out for the relationship between CSR performance and enterprise value. The coefficient estimation is basically consistent with 2SLS, which proves that the research results of this paper are very stable.

3.2. The Intermediary Effect of Accounting Conservatism

Refer to Wen Zhonglin's method to verify the intermediary effect, and test the intermediary effect of accounting conservatism. The results are as follows. Regression results show that social responsibility performance has a positive and significant impact on corporate value, passing the first step of the intermediary effect test. It tests the influence of corporate social responsibility on accounting conservatism[10]. The regression coefficient of corporate social responsibility is significantly positively correlated with the 10% confidence level, which indicates that corporate social responsibility performance will promote the improvement of accounting conservatism level, which is consistent with the views of Cheng and kung[22], hypothesis 2 is verified, and the second step of intermediary effect test is passed. The third step, after controlling the influence of accounting conservatism, further tests the relationship between social responsibility performance and enterprise value. The regression results of model 5 in Table 3 show that the regression coefficient R2 of Cscore is 2.409, P < 0.01, i.e. the two are significantly positively correlated at the 1% confidence level, indicating that sound accounting policies help to promote the improvement of enterprise value. This is consistent with watts's view that accounting conservatism has governance function, which is beneficial to both creditors and shareholders, so it can enhance the value of the enterprise. In addition, the regression coefficient γ 1 of CSR in model 5 is 0.579, which is smaller than the corresponding regression coefficient 0.637 in model 1. The goodness of fit of model 1 and model 5 are 0.251 and 0.287, respectively, which shows that the explanatory power of model 5 is better than that of model 1, and the third step of intermediary effect test is passed. In addition, the value of accounting conservatism intermediary effect is 0.0578, the total effect value is 0.637, and the proportion of intermediary effect is 9.07%. It shows that the performance of corporate social responsibility can greatly promote the level of accounting conservatism, and then enhance the enterprise value, that is to say, accounting conservatism plays a part of intermediary effect in the mechanism of corporate social responsibility on enterprise value. Therefore, H3 is assumed to be validated.

4. Conclusion
Have the sense of social responsibility, and actively participate in the enterprise practice, have a strong sensitivity to the needs of information and the interests of stakeholders, be able to fully understand all information and respond to its needs, provide useful accounting information for decision-making, reduce information asymmetry due to low efficiency of resource allocation, and improve the stability of enterprise accounting policies. For the requirement of cost, the principle of cost accounting conservatism must be confirmed in time, such as forbidding the recognition of prophase income or damaging management accounting. Therefore, accounting conservatism is an important mechanism to reduce the information asymmetry between internal and external investors, reduce the risk and uncertainty of enterprise system, management and investment, reduce the capital and agency cost of enterprises, and improve the value of enterprises.

References


