

Analysis of the Relationship between Corporate Social Responsibility and Enterprise Value

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Abstract: In recent years, with the rapid development of China's economy and the high-quality development of Chinese enterprises, enterprises pay more and more attention to social responsibility. This paper from the connotation of corporate social responsibility and enterprise value, enterprise social responsibility on enterprise value mechanism, Chinese enterprises perform social responsibility status and existing problems, about promoting corporate social responsibility, improve enterprise value advice, the corporate social responsibility and enterprise value for reference, and put forward from corporate social responsibility started to enhance the influence mechanism of enterprise value, for the enterprise to perform corporate social responsibility, realize enterprise value to provide support.

1. Connotation of corporate social responsibility and corporate value

1.1 Connotation of corporate social responsibility

The original concept of corporate social responsibility in the 19th century in the industrial revolution between British enterprises are mentioned, and it is generally believed that the modern corporate social responsibility (CSR) concept was the earliest by British researchers early Shelton in 1923, he put the concept of corporate social responsibility and business owners to meet the needs of internal and external related personnel responsibility, and that corporate social responsibility at the same time. In 1952, a book called "Social Responsibility of Enterprise People" was recognized as the benchmark for the definition of modern corporate social responsibility. The book defined corporate social responsibility as "enterprise people pursue relevant policies, make corresponding decisions, or follow the corresponding standards of action according to the social goals and values generally recognized by the society".

Due to the late development of commercial enterprises in China, compared with foreign scholars on the definition of social responsibility in China, the concept of social responsibility in China is relatively late. The book "corporate social responsibility" was the first to summarize the definition of corporate social responsibility. According to the book, corporate social responsibility refers to the fact that enterprises try their best to meet various social needs and solve problems, that is, the obligations they must undertake in order to safeguard the fundamental interests of the country, society and human beings. In addition, the preliminary report of China's social responsibility agency also gives a relatively clear definition of corporate social responsibility, which refers to the

responsibility of enterprises to their stakeholders, including owners, customers, employees, suppliers, communities, governments and the natural environment, so as to ensure the sustainable development of enterprises and the social economy. And China's Shenzhen stock exchange in 2006 issued by the Shenzhen stock exchange listed company social responsibility guidelines, the social responsibility of listed companies gives a relatively clear definition, is the first time through the official channels of corporate social responsibility, guide that the social responsibility of listed companies refers to the all-round development of the state and society, natural environment and resources, and shareholders, creditors, employees, customers, shareholders, consumers, suppliers, communities and other stakeholders should bear the responsibility. It is generally believed to include three dimensions: market, society and environment.

1.2 Connotation of enterprise value

The higher the value of the enterprise, the higher the ability to give returns to its stakeholders. From the economic point of view, enterprise value refers to the current present value of the expected free cash flow at the weighted average cost of capital as the discount rate. Enterprise value can be defined from multiple dimensions. On the whole, enterprise value is the expected income that the enterprise can bring. From the perspective of management, enterprise value worthy is the ability of an enterprise to obtain satisfactory returns for all stakeholders (including owners, employees, suppliers, customers, society, government, etc.).

There are many factors affecting enterprise value, including enterprise environmental factors, internal factors and profitability. The most direct manifestation of profitability is the amount of operating cash flow and the discount, which determines the value of the enterprise, profitability is the direct and final determinant of the enterprise value; external environmental factors mainly include macro and operational factors. Macroscopic environmental factors include political environmental factors, economic environmental factors, science and technology environmental factors and social environmental factors. Internal factors refer to non-financial factors, which cannot be measured by various financial indicators, mainly referring to corporate culture. Enterprise culture is the real source of enterprise ability and competitive advantage, is the unique resources and capabilities of enterprises, which can not be imitated by other enterprises.

At present, there are many kinds of ways to evaluate enterprise value, each of which has its own foothold. Traditional methods include: ① cost method, mainly by summing up the assets of the enterprise and then minus the valuation of the enterprise debt to measure the enterprise value. Although this method is easy to operate, but ignores the time factor; ② market method. It is to find enterprises similar to the evaluated companies in the established industry, and evaluate the enterprise value of the surveyed companies on the basis of specifically calculating their financial indicators and stock prices. The disadvantage of this method is not objective enough; ③ income method. It refers to the present value of the future earnings estimated and discounted or capitalized as enterprise value. But the added prediction is timely, there are defects. At present, there are three commonly used enterprise value evaluation methods: ① Financial index method. This method refers to the use of some more representative financial indicators to measure corporate value. Such as corporate ROA, ROE, earnings per share, price-to-book ratio, net interest rate on sales, and so on. ② Tobin q-value, namely the ratio of the market value of an enterprise to the ratio of the replacement cost, measures the sustainable development ability of an enterprise, and is often used by investors to judge the investment prospects of an enterprise. ③ EVA. EVA is the economic added value of an enterprise, which is equal to the net operating profit after tax - the cost of capital after tax. It is used to reflect the surplus income of the enterprise and evaluate the value-added ability of the enterprise. If this index is greater than 0, it indicates that the enterprise has created value during

the inspection period, which tends to the goal of maximizing shareholders' wealth, and vice versa.

2. The influence mechanism of enterprise fulfilling social responsibility on enterprise value

The fulfillment of corporate social responsibility is mainly transmitted through the market, society and environmental dimensions, and ultimately affects the value of enterprises. The market dimension mainly includes social responsibility to shareholders, customers and suppliers, while the social dimension mainly includes fulfilling social responsibility to the community, the government and employees, while the environmental protection dimension mainly includes fulfilling social responsibility by fulfilling environmental protection.

2.1 The influence mechanism of fulfilling the market dimension social responsibility on the enterprise value

From the market dimension, the objects of corporate social responsibility fulfillment mainly include shareholders, customers and suppliers, and its influence mechanism on enterprise value is mainly as follows:

Shareholders provide capital for the enterprise to support the operation of the enterprise, which is very important for the development of the enterprise. When an enterprise is responsible to shareholders, it should stand in the perspective of shareholders, provide shareholders with stable dividends, pay dividends, and continuously increase the economic income of the enterprise. Only in this way can shareholders be encouraged to invest in the enterprise. With the support and trust of shareholders, the enterprise can raise more funds, create better conditions for production and operation, and expand productivity. We need to increase enterprise investment activities and create enterprise value.

Customer is the final buyer of enterprise products and services, the enterprise series of social responsibility activities will directly or indirectly influence customer choice or preference, customer support to promote the development of the enterprise, the customer will give positive feedback to the enterprise, handle the relationship between customers, increase investment in technology, innovative products and services, and strictly control quality, improve the after-sales service system, in order to improve customer satisfaction to the enterprise products and services and loyalty, which can bring a steady stream of customer resources. If the enterprise has more customers, what will bring the enterprise is the continuous growth of operating income and net profit increase, the enterprise can quickly recover funds, so as to increase the investment in research and development, continue to research and develop new products, enhance the competitiveness of the enterprise, occupy more markets, so as to create enterprise value^[1].

Suppliers provide enterprises with raw materials and materials necessary for production, which are closely related to the daily operation of the enterprise. At the present stage, basically all enterprises need to choose reliable suppliers for cooperation, and very few enterprises can independently complete the upstream and downstream integration from suppliers. It can be said that the relationship between enterprises and suppliers is a relationship of mutual selection and win-win cooperation. Therefore, it is particularly important to fulfill their social responsibilities to suppliers^[2]. First, to know what the supplier's needs are. For suppliers, they most want an honest, reliable partner. Therefore, in fulfill their responsibilities for suppliers, enterprises must be able to sign contracts according to law, clarify the responsibilities of both parties, complete the agreed matters in accordance with the contract, and make timely payment. By fulfilling social responsibilities to suppliers and increasing their goodwill to the enterprise, the quality of raw materials can be greatly improved and the arrival time can be shortened, so as to reduce the operating cost of the enterprise, increase profits, and finally bring the improvement of enterprise

value^[3].

2.2 The influence mechanism of fulfilling social responsibility from the social dimension on enterprise value

From the social dimension, the target of corporate social responsibility mainly includes employees, government and community, and its influence mechanism on enterprise value is mainly:

The contribution of employees is an important weapon to enhance the value of the enterprise^[4]. Under the current situation, the enterprise has the talent competitiveness, which can inject fresh blood into the enterprise from the core. By retaining capable old employees and absorbing more excellent talents to join the enterprise team, enterprises can greatly improve the production and operation efficiency of the enterprise, enhance the innovation ability of the enterprise, and escort the sustainable and stable development of the enterprise. Enterprises to fulfill social responsibilities for employees, they should first ensure the welfare treatment of employees, including signing labor contracts with employees in accordance with the "Labor Law" standards and paying the corresponding wages and subsidies in accordance with the agreement, to protect the most basic rights and interests of employees. At the same time, it is also necessary to pay attention to talent training, and conduct professional and technical training for employees, so that employees are in the process of continuous learning, and continuously improve their personal working skills and working ability. If the working ability of employees is improved, it will drive the improvement of work efficiency and reduce the operating cost of the enterprise. In addition, it is also necessary to give employees a sense of belonging and security, ensure their safe production, buy corresponding insurance for employees, and improve their production motivation. These good measures for employees, on the one hand, can improve the work efficiency of employees, save the enterprise cost, increase the enterprise income, on the other hand, but also help to publicize the good image of the enterprise "cherish talent", bring talent advantage to the enterprise^[5].

The government provides a good political and operating environment for the operation of the company, and formulates relevant policies from the macro level to escort the development of the enterprise. In this respect, we have the obligation to assume social responsibilities to the government. The responsibility of the government is mainly reflected in paying taxes according to law, which requires enterprises to follow the relevant laws and regulations, operate and pay taxes according to law. In this way, you can improve the credibility of the enterprise, win the government and other stakeholders, the government may increase the policy of the enterprise, other stakeholders will give positive feedback, it will bring the enterprise resources and potential benefits, the good for the sustainable development of the enterprise positive impact, help to increase enterprise value.

Communities provide social resources for enterprises, which should give back to the society while pursuing development and fulfill their responsibilities to the community. Further social responsibility to the community can start from multiple aspects. An investment in a public good, such as a charitable donation from a business. For example, in case of natural disasters and emergencies, enterprises provide material and economic support to the affected areas and people to help them tide over difficulties. This is one manifestation of giving back to society. In addition, the enterprise to carry out the precise poverty alleviation policy, help poor areas and poor poverty alleviation work and in the process of the pursuit of development, promote population employment, help individuals to get rich, help to reduce the burden of the government, help establish the image of the "conscience" of the enterprise, bring more potential customers for the enterprise, bring economic benefits, promote the enterprise value.

2.3 Enterprises shall fulfill their environmental protection responsibilities to increase their enterprise value

In the dimension of environmental protection, the main object of corporate social responsibility performance is mainly to strengthen the investment in environmental protection, and its influence mechanism on enterprise value is mainly as follows:

In the process of production and operation of the enterprise, environmental protection is one of the important factors to judge the quality of the products and services of the enterprise. If the enterprise attaches importance to green management and green production, it can greatly gain the goodwill of the customer base and increase the sales volume. In the second, if the ecological environment is seriously damaged, if a company performs well in terms of social responsibility, it is highly likely to receive financial support from the government. Third, enterprises attach importance to green environmental protection is also an important prerequisite for the sustainable development of enterprises. Therefore, enterprises increase environmental protection investment, increase environmental protection research and development, minimize energy saving and emission reduction, reduce resource consumption, pay attention to waste disposal and maintain good ecological environment, promote the positive image, enhance public expectation, increase stock returns, and thus attract investment, increase potential customers and promote the value of the enterprise.

3. Current status and existing problems of Chinese enterprises in fulfilling their social responsibilities

Since the reform and opening up, the concept, practice and awareness of corporate social responsibility in China have been gradually improved. But due to the concept of corporate social responsibility is developed from western countries, the study on corporate social responsibility compared with western countries still exist obvious gap, mainly reflected in the concept of corporate social responsibility cognition and subjective initiative, the disclosure of corporate social responsibility ratio is not high content, the overall level of corporate social responsibility management is not high.

3.1 Lack of cognition of social responsibility concept, and lack of subjective initiative of social responsibility

At the initial stage of the introduction of corporate social responsibility, our enterprise gradually realized the basic economic responsibility and legal responsibility. However, the concept of corporate social responsibility should be further strengthened.

3.2 The disclosure ratio of social responsibility performance is not high, and the performance of social responsibility needs to be improved

In recent years, the government has strengthened policy guidance for the performance of corporate social responsibilities and called on enterprises to actively fulfill their social responsibilities. In response to the call, China's listed enterprises have begun to disclose their social responsibility reports to convey the performance of corporate social responsibility to the public. Therefore, from the number of social responsibility reports can be disclosed to a certain extent to understand the importance of Chinese enterprises to social responsibility. Secondly, there are many third-party social responsibility rating agencies have emerged in China, such as Runling and Hexun. They evaluate corporate social responsibility based on the social responsibility information

disclosed by enterprises, which can also reflect the performance of corporate social responsibility. The number of social responsibility reports disclosed by listed companies in China continues to rise, from 681 in 2014 to 851 in 2018, and then to 1,191 in 2021, with an increase of 1.75 times. However, it is worth noting that the number of A-share listed companies increased by 1.81 times, and the two did not show the same rate of growth. This shows that the disclosure level of social responsibility reports of listed companies has not been significantly improved and still needs to be improved.

3.3 The performance level of corporate social responsibility is still not high, and the management ability needs to be strengthened

At present, both state-owned enterprises and private enterprises are important subjects in the development of social responsibility. However, at the present stage, the level of corporate social responsibility management is still uneven, and the overall awareness of social responsibility is large. According to the China enterprise management research institute social responsibility professional committee and Beijing RongZhi corporate social responsibility institute jointly issued the Chinese listed companies social responsibility ability maturity report (2017-2018), according to China's capital market social responsibility development maturity composite index score 40.18 points, in the weak level, and China's listed companies social responsibility ability maturity score is low, only 1.8% of listed companies are at the same level, most of them generally do not carry out social responsibility knowledge management, and the number of special social responsibility training and full-time personnel is seriously insufficient. Overall, further strengthening and guidance are needed.

3.4 There are many deficiencies in social responsibility information disclosure, which still need to be further cultivated

First, there is a lack of normative disclosure requirements, inconsistent standards and formats, and no laws, regulations or policy documents to guide the disclosure of pure social responsibility information; second, the disclosure is non-mandatory, the relevant requirements are only guidance, and it is voluntary, not mandatory, which loses the significance of social responsibility. Third, the disclosure content is not comparable. There are more qualitative descriptions of information disclosure and fewer quantitative indicators. Even for similar enterprises, it is difficult to compare their levels or differences in social responsibility. Fourth, the rating and evaluation methods are not transparent. Credit rating agencies include the evaluation of ESG and ESG in the credit rating. Their specific scores and weights are not open and transparent. Fifth, the lack of data collection channels. Because there is no standard and standard, the data collection can only capture some public information, which is not unified.

3.5 The dilemma of social responsibility practice urgently needs to be broken through, and the alienation of behavior urgently needs to be managed

With the development of our country enterprise, social industry has a traditional labor-intensive to the platform, professional division of development, but also with the change of social values and environmental protection concept, gradually corporate social responsibility with a new dimension, media propaganda, media platform has become a social responsibility show platform, part of the enterprise even in the media social responsibility PR cost more than the actual into the cost of the construction of social responsibility. China's corporate social responsibility after years of evolution, there are a variety of errors, such as "issues", "laundry list", "dedication" theory "and" standard ", etc., led to the corporate social responsibility, main performance are:" duplicity, ", false enterprise

dark," surface a dark a " face project.

4. Suggestions on improving the fulfillment of corporate social responsibility and enhancing corporate value

4.1 Improve the subjective initiative of enterprises to fulfill their social responsibilities

The fulfillment of social responsibility, more to the subjective initiative of the enterprise, improve the subjective initiative of the enterprise, the effect of social performance of duties is more obvious. From the point of view of the enterprise itself, the enterprise management class need comprehensive, fully realize the performance of social responsibility to the enterprise value promotion, the adequacy and necessity, need clear cognitive social responsibility to perform the influence of the enterprise value path, can fully understand the positive effect, to establish the social responsibility management system, from the system to strengthen the performance of the corporate social responsibility. Since social responsibility is not the absolute business decision of an enterprise, the responsibility of some dimensions cannot quickly bring benefits to the enterprise by the performance. Therefore, in order to avoid being ignored, it is best to integrate the system into the values of the enterprise, make the passive active, and subtly influence the implementation of corporate social responsibility practice through the top-level design. From the perspective of the government, the government needs to strengthen policy guidance, give full play to its publicity and incentive effect on enterprises, and guide enterprises to fulfill their social responsibilities.

4.2 Build a positive feedback mechanism for corporate social responsibility performance

Society should be more measures and establish a report of the corporate social responsibility to perform the positive feedback mechanism, through the media, the official corporate club responsibility, with the help of social forces improve enterprise positive image of social responsibility, for social responsibility of enterprise improve enterprise image building display platform, to increase the reputation of the enterprise, drive enterprise value growth, further enhance the enthusiasm of the enterprise to perform social responsibility, bring positive social responsibility, positive feedback loop mechanism.

4.3 Establish a corporate social responsibility evaluation index system

Corporate social responsibility is specific, whether it is production, operation or internal management, product function positioning and its social impact, pure social responsibility can be indexed, and even quantitative evaluation, rating. The key is to choose the good evaluation indicators, and can maintain the continuity, scientificity and application of data collection and evaluation. Under the big data technology, all trace behaviors and actions can be digitized, and indicators and quantity can be used to measure the performance of social responsibility. As long as a standardized system is established, the social responsibility assessment can be quantified, digital, standardized and comparable.

4.4 We will increase support for non-state-owned enterprises

The non-state-owned enterprises to fulfill the state-owned enterprises have a certain gap, this stems from in the current situation, the government mainly put pressure on state-owned enterprises social responsibility, support policy and funds also tend to state-owned enterprises, the social responsibility of non-state-owned enterprises regulation does not reach the designated position, the

system is not perfect, leading to some of the enterprises lack of social responsibility to perform consciousness. Therefore, the government should strengthen the supervision of the social responsibility performance of non-state-owned enterprises. First of all, non-state-owned enterprises should be given a good operating environment and policy guidance, first helping them to increase their profits, so that the enterprises can continue to operate, and then guide them to consider from a long-term perspective and actively fulfill their responsibilities to all stakeholders and the environment.

4.5 Standardization of corporate social responsibility information disclosure

The competent departments of the industry shall strengthen the regulation of CSR information disclosure; listed companies shall be regulated by the Securities Association, non-listed companies shall be regulated by the State Administration for Industry and Commerce, or two departments to unify the standards, indicators and formats. With norms and disclosure, the social responsibility assessment has a credible source of collection, and the assessment has a standard, basis and comparability. The Regulations on the Administration of Corporate Social Responsibility Information Disclosure should stipulate that third-party institutions are allowed to review the quality of information disclosure, and promote the separate evaluation and rating of social responsibility.

4.6 Strengthen the legislative and system construction of corporate social responsibility performance

In addition, from the negative dimension, the negative events of corporate social responsibility including product quality and safety, not to perform corporate social responsibility, may affect the employees, community, government and other aspects of the vital interests, thus bring negative impact to enterprise value, even the fatal blow, such as sanlu milk powder incident, enterprise irresponsible behavior, not only bring huge influence to the society, eventually also perish. Therefore, the state also needs to strengthen the legislative work of corporate social responsibility, guide enterprises from the institutional degree, and avoid the devastating impact on enterprise development due to the failure of corporate social responsibility.

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