

The Influence of Social Responsibility on Financial Performance from Stakeholder Perspective

Lu Anmin

Krirk University, Bangkok, Thailand

Keywords: Stakeholder; Social responsibility; Financial performance

Abstract: With the development of social economy, people have higher and higher requirements for the social responsibility of enterprises. At present, there is a view that enterprises themselves occupy a lot of social resources, so they need to implement altruistic behavior to a certain extent. While enterprises obtain benefits, they need enterprises to assume social responsibilities for employees and consumers. In the current society, corporate social responsibility to a certain extent affects the reputation of enterprises, which is crucial for the development of enterprises. In the last century, there has been an interaction between corporate social responsibility and financial performance. This paper mainly studies the impact of social responsibility on financial performance from the perspective of stakeholders, hoping to provide some reference for relevant practitioners.

1. Introduction

In corporate responsibility, stakeholders mainly play the following roles. First, stakeholders are the recipients of corporate behavior and bear the influence brought by corporate social behavior. Secondly, stakeholders will evaluate the social responsibility behavior of enterprises and have certain expectations for it. Finally, the stakeholders take certain actions according to their own interests, expectations and social responsibilities that the enterprise can bear, and then standardize the behavior of the enterprise. Through this mode, the enterprise can change its profit making mode and make timely improvements, which reflects the humanistic care of the enterprise itself and enhances the ability of sustainable development of the enterprise.

2. Overview of social responsibility on financial performance from stakeholder perspective

The theory of industrial social responsibility includes the duties and obligations that a company should undertake in the process of operation, and the theory of corporate social responsibility should be regarded as a kind of ethical guidance to guide the company's operation and development. In addition, the company's social responsibility is also the basis of the company's legal operation, is the company's foundation. From the company's proposal, it has caused a wide range of debates in the industry, and various scholars have also expressed their own views. It is because of various opinions and arguments that the meaning of "social responsibility" has become richer. So far, the theory of corporate social responsibility has not only included the maximization of profits within the company, but also included the social responsibility to the shareholders and employees of

the company, as well as to the company and customers. This theory is applied to protect their employees on the one hand, and to benefit their customers on the other. From a broad perspective, it can be divided into three or four levels. Its content includes not only basic economic responsibility and legal responsibility, but also charitable donation and social moral responsibility.

The four levels of corporate social responsibility include economic responsibility, moral responsibility, legal responsibility and humane responsibility. The narrow connotation of corporate social responsibility is the compliance and implementation of legal mandate, moral responsibility and social responsibility. So far, there is no consensus on corporate social responsibility. But in these opinions, there is some common ground. First of all, the company's social responsibility plays an important role in the growth of the company, which will directly relate to the growth and development of the company. Second, the company can maintain its brand and enhance its visibility by performing its duties. Second, the company can assume certain social responsibilities and cooperate with other organizations to establish its own reputation, so as to actively establish its own brand, which is of great help to the development of the company and the company. In this way, the company can benefit from multiple angles^[1].

2.1 Social responsibility

Through the analysis of the current enterprises, it can be found that the social responsibility of enterprises is mainly aimed at the following groups:

The first is the shareholders of the enterprise, among all the members of the company, the most important is the relationship between the company and the shareholders of the company. According to traditional economic theory, the first duty of a corporation is to pursue the best interests of its shareholders. With the development of economy and diversification of investment methods, those who invest in securities have become indirect shareholders of enterprises, which leads to the continuous expansion of the number of shareholders, and the relationship between companies and shareholders has gradually assumed social characteristics. The company's obligations to investors are reflected in the following aspects: First, the company's obligations to investors are the company's obligations to investors. These rules are a basic ethical line that every company must follow, and once this line is crossed, it is the company's non-professionalism. Second, the company should bear the primary obligation for the safety and interests of the company's property. All the investment and business carried out by a company, its prerequisite is that it must produce profits and benefits for the company. Third, the company has the obligation to truthfully inform the shareholders and investors of the company's operation and investment. Enterprises can use financial statements and annual meetings to allow shareholders and investors to have a comprehensive understanding of the company's operating performance, cash flow, liabilities and other conditions, and to ensure that these information is true and complete^[2].

Second is the responsibility of employees within the company. In addition to the most basic economic ties, there are also some legal and ethical ties between enterprises and employees. The economic relationship mainly refers to the labor and employment relationship between the company and the employee, while the legal relationship refers to the legal norms existing in the economic relationship, and the moral relationship refers to the mutual respect and trust between the company and the employee and the mutual promotion of development.

Finally, the external responsibility of enterprises is divided into three parts: environmental responsibility, government responsibility and customer responsibility. Environmental responsibility mainly refers to the impact of enterprises on the environment during production, and enterprises should assume the responsibility of protecting the environment. Government responsibility refers to that as a member of the country, enterprises have the responsibility and obligation to help the

government complete the management and coordination of the society. Customer responsibility means that enterprises respect the rights of customers and protect customers, which is the foundation of enterprises and the key to the development of enterprises^[3].

2.2 Stakeholders

"Stakeholder" theory was first produced in the west, in the 1980s, as time goes by, "stakeholder" theory is more and more extensive, more and more widely used in various fields of corporate governance, and promote the company's business model has undergone great changes. Stakeholder theory is put forward by the managers of enterprises. It is an enterprise management activity based on the interests of different subjects, so that the interests of different subjects can be balanced. Compared with traditional enterprise management, stakeholder theory can effectively govern various subjects, and the participation of various subjects can make the development of the company more just and rational. So, a company is not just for their managers, but for their shareholders, customers, distributors, creditors, and more. In addition, in the process of development, the company cannot harm the interests of the public only because of its own interests. There are also some regulatory bodies and interest groups to supervise the company, such as local media, government and the public, and there are also some objects directly related to the company, such as human education and environment, which will exert constraints on the development of the company. And in this series of subjects, some are conducive to the development of the company, let the company share the risk, and some are limited to prevent the company from developing out of control^[4].

2.3 Relationship between corporate responsibility and financial performance

In the past 30 years, the correlation between corporate responsibility and corporate financial performance has been deeply discussed in the world, and the correlation between corporate responsibility and corporate profit has been discussed. When answering these questions, taking the relationship between corporate social responsibility and financial performance as an empirical study, its basic significance is to provide powerful empirical evidence for corporate social responsibility thought. The research on the relationship between corporate social responsibility and financial performance mainly includes two aspects: First, the direction of the relationship between corporate social responsibility and financial performance, that is, corporate social responsibility and financial performance are positively correlated, negatively correlated, or have no relationship; Second, whether there is a causal relationship between corporate social responsibility and financial performance, that is, whether corporate social responsibility can have an impact on financial performance, and whether corporate financial performance can have an impact on social responsibility, or whether there is no causal relationship between the two^[5].

3. Analysis of social responsibility on financial performance from the perspective of stakeholders

After theoretical analysis of the impact of social responsibility on financial performance of listed companies, the following results are obtained, as shown in table 1.

By investigating a large sample and bringing in the above table, we can find that:

First, by taking the performance of obligations of shareholders, government, employees, creditors and public welfare undertakings as explanatory variables, and taking their total return on assets as explained variables, the relevant analysis is carried out. The empirical study finds that there is a significant positive relationship between the company's social obligations to shareholders,

employees and the government and the company's overall return on capital. This shows that the degree of enterprise's commitment to corporate social obligations at the three levels of government, employees and shareholders will have an important impact on the operation effect of enterprises. Managers are employed by the company and entrusted by the shareholders of the company to effectively manage the funds invested by the company, which inevitably has obligations to the shareholders of the company. This requires that enterprises do not use their "insider" status to control their profits, ensure the safety of their assets, improve their performance, and enjoy the support and protection of the government from their establishment, formation of production and service capabilities, purchase and allocation of production factors, organization of production and service, and sale. Enterprises can create a better business environment for enterprises, which is very beneficial to the profits of enterprises. In other words, the higher the company's obligation to the government, the better the company's business performance. The company provides employees with a healthy and safe working environment, pays employees reasonable wages, provides employees with a training opportunity, all of which are a kind of encouragement to the company, so that the company can better play the enthusiasm, initiative and creativity of the company's employees, improve the labor productivity of employees. And it can reduce the management costs, recruitment costs and training costs caused by the loss of excellent employees, and therefore the company has obtained greater profits.

Table 1: Enterprise social responsibility evaluation indicators

Index class	Index name	Calculation formula
stockholder	Rate of appreciation per unit of capital	$x_1 = (\text{Ending shareholders' equity} / \text{ending net share capital}) / (\text{Beginning shareholders' equity} / \text{Beginning net shareholders})$
	Cash paid to distribute dividends or profits	$x_2 = \text{The cash paid to distribute dividends or profits}$
government	The amount of various taxes and fees paid	$x_3 = \text{Taxes paid} - \text{Refund of taxes received}$
	Tax ratio	$x_4 = \text{All taxes} / \text{total assets}$
employee	Annual income per employee	$x_5 = \text{Payments and total cash} / \text{employees paid for employees}$
	Wage benefit rate	$x_6 = \text{Employee's salary and benefits} / \text{net profit}$
creditor	Interest cover	$x_7 = \text{Ebit benefit} / \text{interest expense}$
	Asset-liability ratio	$x_8 = \text{Total assets} / \text{total liabilities}$
Public welfare undertakings	Donations and sponsorship	$x_9 = \text{Donations and sponsorship}$
	Endowment income ratio	$x_{10} = \text{Donations and sponsorships} / \text{business income}$

Second, the research finds that there is a significant positive correlation between the degree of corporate debt commitment and corporate performance. This shows that the more an enterprise can pay interest on time and repay maturing debts, the higher its reputation will be, and the better it can solve the problem of capital shortage, which is undoubtedly beneficial to the improvement of enterprise performance.

Thirdly, from the perspective of experience, the contribution of charity organizations to charity organizations shows a strong positive relationship with the corporate performance of their companies. This shows that the contribution of enterprises to public welfare is actually a long-term investment. In the long run, it is good for enhancing the image of the enterprise, and it is also good for the long-term business performance of the enterprise.

Fourth, in the regression analyses in Chapter 5, firm size (the logarithm of the firm's total assets reflecting the size of the firm) is used as the control variable, the firm's performance to shareholders,

employees, government, creditors, and public goods is used as the explanatory variable, and the firm's financial performance is used as the explanatory variable for the analyses. The empirical analysis shows that with the development of the company, the company's commitment to its social obligations also increases.

The theory of corporate social responsibility includes the duties and obligations that a company should undertake in the process of operation, and the theory of corporate social responsibility should be regarded as a kind of ethical guidance to guide the operation of the company and the development of the company. In addition, the company's social responsibility is also the basis of the company's legal operation, the company's social responsibility, is also the basis of the company, since the company put forward, it has caused a wide range of debates in the industry, and various scholars have expressed their own views, that is, due to a variety of views and debates, the meaning of "social responsibility" has become richer. So far, the theory of corporate social responsibility has not only included the maximization of profits within the company, but also included the social responsibility to the shareholders and employees of the company, as well as to the company and customers. From a broad perspective, it can be divided into three or four levels. Its content includes not only basic economic responsibility and legal responsibility, but also charitable donation and social moral responsibility. It mainly takes into account the values of society, the basic duties of society, the awareness of society and the environment of society. The four levels of corporate social responsibility include economic responsibility, moral responsibility, legal responsibility and humane responsibility. The narrow connotation of corporate social responsibility is the compliance and implementation of legal mandate, moral responsibility and social responsibility. So far, there is no consensus on corporate social responsibility. But in these opinions, there is some common ground. First, the company's social responsibility plays an important role in the company's growth, which will directly relate to the company's growth and development. Second, the company can maintain its brand and improve its visibility by performing its duties. Third, the company can assume certain social responsibilities and cooperate with other organizations to establish its own reputation, so as to actively establish its own brand, which is of great help to the development of the company and the company. In this way, the company can benefit from multiple perspectives.

4. Relevant suggestions of social responsibility on financial performance from the perspective of stakeholders

Through the above research, it can be found that the company's social responsibility performance is positively correlated with the company's financial performance, and high social responsibility performance will bring better financial performance. This finding also helps to dispel various doubts about whether the company should bear social responsibility^[6]. However, in the actual economic life, our social responsibility is still very lacking, and the management of corporate social responsibility is also very irregular. Although many foreign companies have begun to issue a hundreds of pages of corporate environmental and social responsibility report to the society every year, in order to establish the company's environmental image and improve the company's relationship with the public and the government. However, many of our companies are avoiding their social responsibilities. They resist corporate social responsibility and regard corporate social responsibility as a burden, which will have an adverse impact on the company's business performance. Therefore, how to make the company better assume social responsibility and achieve the growth of its financial performance is a problem that all enterprises need to think about at present. To solve this problem, the following ways can be adopted to improve it:

4.1 Establish a corporate governance model with checks and balances among stakeholders

Only by integrating corporate social responsibility into the company's development strategy, can the company effectively fulfill its social responsibility. From the perspective of their own life and

long-term development, they should have a sufficient understanding of the close connection between themselves and the society, strengthen the consciousness of their social responsibilities, and establish their own corporate reputation in the society. In order to strengthen corporate social responsibility, it is necessary to build a corporate governance model in which all stakeholders restrict each other. In the traditional corporate governance model, managers tend to only care about the owners of the company, that is, the shareholders of the company. However, on this basis, managers tend to pursue the maximization of interests at the expense of the interests of other stakeholders. And the corporate governance that each stakeholder restricts each other is to ensure the interests of each stakeholder in the company to the greatest extent. This means that in the process of operation, enterprises should not only take into account the interests of shareholders, but also check and balance the interests of stakeholders such as employees, communities and suppliers, which are well used in Western countries. In corporate governance, they introduce outside directors and labor representatives, and in operation and management, they can also ensure the balance of corporate interests among various stakeholders through collective bargaining, employee stock ownership and operator shares. This paper holds that the model has important practical significance for strengthening corporate social responsibility in China. First of all, by establishing the supervision mechanism of employees, suppliers and consumers, give them the right to know and express the major decisions of the enterprise. Second, effective incentives for various stakeholders. For example, incentives for employees can be provided through employee stock ownership plans, and incentives for creditors can be provided through debt-for-equity swaps. Third, enterprises can establish corporate social responsibility management institutions. The enterprise has set up a committee in its board of directors specifically responsible for corporate social responsibility, which can effectively solve the contradiction between the enterprise and the community, consumers and other stakeholders, so as to ensure that the enterprise can better fulfill its social responsibility.

4.2 Improve the restraint and supervision mechanism of corporate social responsibility

The formation of corporate social responsibility comes from the participation of various stakeholders. In the West, the development of democratic politics has been stimulated by a variety of citizen-centered social activities. In our present situation, however, we lack a social movement to stimulate us. Therefore, to strengthen the supervision and promotion of the company, we must strengthen the supervision and promotion of the company. In fact, at present in China, the implementation of corporate social responsibility is mostly carried out within the supplier, while the country's implementation of corporate social responsibility is basically in a passive state. Therefore, we should play a better role in this process to promote the company's social responsibility.

In essence, the market economy is also the law economy. If we want to solve these problems, we need to solve them from legislation and regulations. Therefore, it is necessary to establish a sound rule of law so that all those involved can legally enjoy their due benefits. To strengthen the company's social responsibility, first, to strengthen the company's operation according to law, so that the company in strict compliance with various laws and regulations of the state, and constantly create profits. It is necessary to strengthen the legislation on corporate social responsibility, but also to strengthen the implementation of the company law, contract law, labor law, trade union law, environmental law, tax law, consumer rights and interests protection law and other laws. At the social level, it is necessary to make full use of the influence of public opinion media, consumer associations, trade unions and other social mass organizations, strengthen the social supervision of enterprises to fulfill their social responsibilities, and build a multi-level and multi-channel supervision system, so as to create a social atmosphere conducive to enterprises to fulfill their social responsibilities.

4.3 Construct the relevant social responsibility system

The corporate Social Responsibility investment fund selects and selects companies participating in corporate social responsibility projects according to the guiding principles of corporate social responsibility investment. When making CSR investment, it is necessary to consider both social and environmental factors of enterprises. Social, environmental, financial and other considerations are equally important when making an investment decision. Corporate social responsibility investment focuses on social, economic development and environmental health. The establishment of CSR investment funds is a way to make companies realize that socially responsible behavior can be an important part of their own competitiveness, so as to push companies to re-formulate a set of solutions in terms of corporate governance, use shareholder dialogue and implement reforms to strengthen the implementation of CSR, so as to promote sustainable development of enterprises.

With the progress of The Times, our country is paying more and more attention to corporate social responsibility. However, most managers of companies are still seeking the maximum profit. They have not fully understood the corporate social responsibility, and their recognition of it is also very low. After the research of this paper, it can be proved that in a sense, taking social responsibility can promote the improvement of financial performance, and the two ways are not in conflict. Therefore, enterprises can make corresponding adjustments under their own conditions, so as to balance the interests of all aspects, so as to achieve the purpose of comprehensive development. At the same time, in the current country, there is no social responsibility certification system, which does not have any mandatory provisions on corporate social responsibility disclosure, so it is difficult to evaluate its performance. Therefore, it is necessary to define it as early as possible, take the initiative to guide it, strengthen its supervision, improve its reward, which is also a major responsibility of the government. Finally, with the advent of the Internet era, the influence of social media public opinion can be better brought into full play, so as to better regulate its social responsibility and better protect the interests of all parties.

5. Conclusion

To sum up, in the current society, it has become a trend for enterprises to fulfill social responsibility. Only by attaching importance to social responsibility can enterprises stand out in the increasingly fierce market competition. As Chinese enterprises have a shorter start compared with Western countries, their own accumulation is insufficient, in order to better catch up with Western enterprises, China can learn from the relevant experience of Western enterprises, the long-term implementation of the relevant system to ensure the development of Chinese enterprises, and to achieve the bend of the Chinese enterprises to overtake the car.

References

- [1] Feng Peilin. *Research on Financial Performance Evaluation of J Paper Company from the perspective of stakeholders [D]*. Hubei Minzu University, 2023. DOI: 10.27764 /, dc nki. GHBMZ. 2023.000344.
- [2] Yan Ruyu. *Stakeholder perspective of Q company financial performance research [D]*. Shenyang university, 2022. The DOI: 10.27692 /, dc nki. Gsydx. 2022.000190.
- [3] Wei Xiangqing. *Research on the impact of pharmaceutical corporate social responsibility on financial performance from the perspective of stakeholders [D]*. Harbin industrial university, 2022. DOI: 10.27061 /, dc nki. Ghgdu. 2022.000943.
- [4] Feng Mengru. *Research on Financial Performance Evaluation of Huadi Corporation from the perspective of stakeholders [D]*. Shaanxi university of technology, 2022. DOI: 10.27733 /, dc nki. GSXLG. 2022.000188.
- [5] Yu Wenhui. *Research on the impact of Anta Sports' Fulfillment of Social Responsibility on financial Performance [D]*. Heilongjiang August first land reclamation university, 2022. DOI: 10.27122 /, dc nki. Ghlnu. 2022.000107.
- [6] Shen Yi. *Financial Performance evaluation of Asha Co., LTD from the perspective of Stakeholders [D]*. Liaoning engineering technology university, 2022. DOI: 10.27210 /, dc nki. Glnju. 2022.000681.