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Kindness or hypocrisy: political mindset and corporate social responsibility decoupling in Chinese firms

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ABSTRACT

This study examines the effects of executives' political mindsets on their Corporate Social Responsibility (CSR), which has corporate and societal implications. We focus on the Chinese market, where political connections shape business activities. We find that executives with a promotion or ideology-oriented mindset issue more substantive CSR reports than their peers. However, only executives with ideology-oriented mindsets contribute to society, whereas promotion-oriented executives are associated with lower societal impact. This 'CSR decoupling' also manifests itself in firms' CSR activities. Chairpersons with political connections are more likely to pursue financial performance at the expense of societal contributions than their unconnected peers. In contrast, chairpersons with party membership are less likely to do so than their unaffiliated peers. Lastly, this paper shows that executives' political perception affects the relationship between political mindset and CSR.

1. Introduction

The upper echelons theory, developed by Hambrick and Mason (1984), contends that corporate executives' background, career experience, cognitive values and psycho-social characteristics influence their strategic decision-making, driving corporate performance. Executives' traits and experiences influence corporate policies and risk-taking (Ahmed and Duellman 2013; Attah-Boakye et al. 2021; Bertrand and Mullainathan 2003; Davidson, Dey, and Smith 2019; Farag and Mallin 2018; Islam and Zein 2019; Jia, Lent, and Zeng 2014; Malmendier, Tate, and Yan 2011). In particular, executives' political mindsets shape their behaviors, firms' operational outcomes and policies related to Corporate Social Responsibility (CSR) (Marquis and Qian 2014; Wang, Reimsbach, and Braam 2018). Regarding the relationship between executives' political mindsets and CSR, extant studies have mainly investigated executives' political connections with regulatory authorities (Marquis and Qian 2014; Wang, Reimsbach, and Braam 2018) and executives' political views or ideologies (Di Giuli and Kostovetsky 2014).

In particular, it may be surmised that a socialist ideology is likely to be linked to higher levels of CSR for the benefit of wider society beyond firm value (e.g. Matten, Crane, and Chapple 2003). Overall, the literature provides little insight into the following questions: (1) how do companies manage the relationship with the state through CSR strategically; (2) how do political institutions shape these strategies? Understanding these issues provides insights into how a company applies CSR to interact with the state, particularly in countries where the state is critical to business operations, such as China (Zhao 2012). Prior studies seem to suggest that all CSR activities driven by political institutions undermine firm value (Bing and Li 2019), which contradicts the alleged benefits of CSR (Nollet, Filis, and Mitrokostas 2016; Xiong et al. 2016). This forms the basis of the investigations in this paper.

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We answer these questions by exploring the impact of executives' political mindsets on CSR and CSR's impact on corporate and societal values. We view the political mindset of Chinese executives in the context of having a 'promotion-oriented mindset' or an 'ideology-oriented mindset'. In this paper, a 'promotion-oriented mindset' is proxied by a chairperson's political connection with the regulatory authorities, and an 'ideology-oriented mindset' is measured using the chairperson's CCP (Chinese Communist Party) membership. We argue that different types of executives' political mindsets might lead to varying levels of CSR. More importantly, a promotion-oriented or an ideology-oriented mindset exhibit varying motives to undertake CSR (e.g. due to intrinsic altruism or creating a responsible corporate image for more economic benefits). Such different motives further cause heterogenous economic and societal value implications of CSR. Specifically, executives with an ideology-oriented view undertake CSR to create equality and increase social welfare. However, for those who take a promotion-oriented view, CSR could be a tool for firms to gain legitimacy in the eyes of the government, especially in settings where CSR is encouraged by the government. In both cases, firms' political involvement is positively associated with CSR performance. However, such CSR activities as tools for actors' political agendas and personal goals are not conducive to improving stakeholders' welfare or creating societal value. This is because firms might issue complete CSR reports and even score high in CSR ratings but fail to invest in CSR activities. In other words, in a setting where CSR is state-encouraged, politically involved companies might strategically manage the relationship with the state through CSR.

This 'CSR decoupling' represents the disconnect between how firms communicate their approach to CSR and the decoupling of actual CSR activities and implementation from espoused policies and ideals (Graafland and Smid 2019; Sauerwald and Su 2019; Westphal and Zajac 1998). Such a decoupling may be driven by executives' cognitive biases (Hambrick and Mason 1984) or by opportunistic managers unconcerned with or unconstrained by external monitoring (Lyon and Maxwell 2011), thus relegating CSR reporting to symbolism (Hawn and Ioannou 2016). Furthermore, previous studies have shown that political mindsets and ideology influence executives' CSR approach (Wang, Reimsbach, and Braam 2018). This is because state actors are linked with effective external monitoring systems, thus curbing symbolic reporting (Marquis and Qian 2014). Finally, executives in state-owned enterprises are likely to pursue the state ideology, garner political support, and establish a positive corporate image through CSR activities (Hu et al. 2018).

By investigating how executives' political mindsets affect firms' CSR strategies (represented by CSR performance and consequent value implications), this paper builds on prior studies linking managers' political ideology to firms' CSR strategies through their CSR mindset (e.g. Jiang et al. 2018). Specifically, the paper demonstrates how companies strategically manage the relationship with the Chinese state through CSR and how political institutions shape these strategies. This study focuses on China mainly due to two considerations. First, firms' political connections with the government pervasively exist in China and strongly influence corporate behaviors (Wang et al. 2020; Wang and Yu 2022). Furthermore, as the sole political actor, the government can set wider economic policy direction and initiate society-wide drivers for firms to accelerate CSR policies (Marquis and Qian 2014; Wang, Reimsbach, and Braam 2018). Second, the CCP is the only political force. Hence, it is straightforward to proxy executives' political ideology.

This paper makes several contributions. First, we extend the studies on CSR by differentiating 'hypocrisy CSR', whereby benefits accrue to agents but not shareholders and 'kindness CSR', where policies improve the well-being of society. This concept complements extant CSR literature, which only addresses the issue of the substantiveness of CSR reports (e.g. Wang, Reimsbach, and Braam 2018), by providing a new research angle. Second, the paper contributes to the political economy literature by enriching the implications of executives' political mindsets. Third, by providing novel evidence, our research adds to the long-standing debate on the 'social-financial performance' relation. More importantly, we take a further step and investigate the societal value implications of different types of CSR. Lastly, we build on organizational literature by showing that executives' political mindsets shape corporate behavior and CSR differently.

2. Related literature and theoretical prediction

2.1. Managerial traits and CSR

Managerial personal traits or experience can influence CSR (Manner 2010). For example, traits such as hubris (Arena, Liong, and Vourvachis 2018; Tang et al. 2015, 2018), narcissism (Al-Shammari, Rasheed, and

Al-Shammari 2019; Petrenko et al. 2016; Tang, Mack, and Chen 2018), confidence (McCarthy, Oliver, and Song 2017) and materialism (Davidson, Dey, and Smith 2019) can influence a firm's CSR activities. Meanwhile, executives' beliefs also affect CSR practices (Agle, Mitchell, and Sonnenfeld 1999; Hafenbrädl and Waeger 2017; Jiang, Zalan, and Tse 2013; Mazereeuw-van der Duijn Schouten, Graafland, and Kaptein 2014). Finally, executives' demographic characteristics, such as age (Borghesi, Houston, and Naranjo 2014; Oh et al. 2018), gender (Borghesi, Houston, and Naranjo 2014; Manner 2010) and educational level and expertise (Manner 2010) also shape a firm's CSR profile.

In addition, Ogunfowora, Stackhouse, and Oh (2018) find that CEOs' moral standards influence stakeholders' CSR motive attributions. Jiraporn and Chintrakarn (2013) contend that an increase in CEO power leads to more CSR engagement when the CEO is relatively less powerful. Yuan et al. (2019) find that firms with more competent CEOs are associated with more socially responsible and less socially irresponsible activities. However, as CEOs become more powerful (e.g. extended CEO tenure), they tend to be more entrenched and no longer invest in CSR (Oh et al. 2018).

2.2. Political mindset and CSR

A political mindset influences corporate decision-making, thus affecting CSR (Wang, Reimsbach, and Braam 2018). CSR performances driven by varying political mindsets are different and, therefore, would have other economic and societal implications. In this paper, the political mindset comprises the promotion-oriented and the ideology-oriented mindsets. The former is proxied by executives' political connection, and executives' CCP membership measures the latter.

2.2.1. Political connection and CSR

Legitimacy theory[1] argues that firms involve in CSR activities strategically to get legitimacy in the eyes of the government (Den Hond et al. 2014). This is a crucial driver of CSR across developed and developing countries (Zhao 2012). In such contexts, the form and priority of CSR are shaped mainly by the state, and CSR serves the company's political strategy in various ways (Gu et al. 2013). The CSR-based political legitimacy strategy is important since meeting the state's social–environmental expectations is critical to business operations across political contexts (Zhao 2012). However, there are differing views on this issue. Some scholars argue that politically embedded firms have political legitimacy per se and thus have fewer incentives to adhere to government signals on publishing a CSR report than non-politically embedded firms (Marquis and Qian 2014).

The government has strong incentives to divert wealth to obtain societal welfare (Abolhassani, Wang, and de Haan 2020; Bai, Lu, and Tao 2006; Shi et al. 2008), e.g. infrastructure development and resolution of the region's fiscal and unemployment challenges (Li and Zhang 2010), and to overcome environmental problems caused by climate change and pollution (Xu and Zeng 2016; Zeng et al. 2012). Accordingly, it is in the government's interest that firms pursue non-financial objectives in line with policies (Wei and Varela 2003; Xia and Fang 2005). Therefore, it can be expected that the Chinese government exerts pressure on firms to pursue CSR activities and invest in CSR (Cho and Patten 2007; Darrell and Schwartz 1997; Patten and Trompeter 2003). In a setting where CSR is considered a desired activity by the government, firms with political connections tend to invest more in CSR activities due to the personal goals of politically connected senior managers. As mentioned earlier, compared with their counterparts without political connections, executives with political connections have stronger incentives to protect their reputations and maintain their political legitimacy (Marquis and Qian 2014; Wang et al. 2018; Wang and Yu 2022). In doing so, they ensure their political careers. These assumptions also align with Xu and Zeng (2016), who find that managers with a reputation for conducting high CSR investment increase their chances of promotion and obtaining other political benefits. Thus, politically connected firms are more likely to have more CSR than non-politically connected firms. Due to regulatory pressure from the government, politically embedded firms are more likely to have better CSR performances than their non-politically embedded counterparts (Gu et al. 2013; Huang and Kung 2010; Li and Zhang 2010; Wang, Reimsbach, and Braam 2018, 2020; Zhao 2012).

Krüger (2015) finds that if positive CSR news is due to agency problems, investors react negatively, while if positive CSR news reflects managerial efforts, stock prices increase on average. This indicates that there are two

types of CSR. One benefits agents but not shareholders, and one improves stakeholders' benefits. This paper defines these two types of CSR as 'hypocrisy CSR' and 'kindness CSR', respectively.

Executives' political connections may serve as a tool for the government to achieve its societal goals. Thus, politically connected firms might passively assume some unwanted CSR burdens from the government. On the other hand, CSR could also be a tool for firms to gain legitimacy in the eyes of the government, especially in settings where CSR is encouraged. In both cases, political connections could be positively associated with CSR performance. However, such CSR activities as tools for political actors' political and personal goals are not conducive to improving stakeholders' well-being. Accordingly, such CSR is 'hypocrisy CSR'.

Based on the above inferences, we formulate our first hypothesis:

H1: Politically connected firms are more likely to have better CSR performances than their unconnected peers, but such CSR is more value-destroying and less substantive.

2.2.2. Political ideology and CSR

Executives' political ideologies manifest in their firms' CSR profiles (Lin, Wang, and Lin 2013). For example, Di Giuli and Kostovetsky (2014) find that firms in the USA score higher on CSR when they have Democratic rather than Republican founders, CEOs, and directors and when they are headquartered in Democratic rather than Republican-leaning states. In addition, managers with a stronger socialist ideology are likely to develop a mindset favoring CSR (Jiang et al. 2018), and liberal CEOs exhibit greater advances in CSR compared with conservative CEOs (Lin, Wang, and Lin 2013; Gupta, Briscoe, and Hambrick 2017).

The academic literature reveals that such managerial perception may be related to the organizational ethical climate and the legal and political framework within a country (Singhapakdi et al. 2001, 2008). Since the Chinese Communist Party (CCP) is the only party in China, executives' political ideology is communism if they are party members. The gist of communism is to create equality and increase social welfare. Being a party member means receiving constant party concept indoctrination. This forges the executives' quality of being caring about and supportive of societal development. Thus, the CSR assumption promoted by the executives who are party members is conducive to stakeholders' welfare and societal benefits. Accordingly, such CSR is 'kindness CSR'.

Based on the above inferences, we formulate our second hypothesis:

H2: Firms with CCP executives are more likely to have better CSR performances than their unconnected peers, and such CSR is more value-enhancing and more substantive.

3. Data and methodology

3.1. Sample selection and data sources

We use one archival sample and one survey sample. The initial archival sample consists of all the non-state-owned firms listed on the Shanghai Stock Exchange (SHSE) and Shenzhen Stock Exchange (SZSE) from 2008 to 2017. We first identify the managers with political connections and managers with political ideologies of Chinese listed firms. Specifically, we searched the China Stock Market and Accounting Research (CSMAR) database and the Chinese Research Data Services Platform (CNRDS) for the managers' resumés and obtained the political mindset data. We then manually confirm the authenticity of the data and supplement missing information using the Internet search engines, such as Baidu.com and Hexun.com. We obtain the data on CSR scores from the Rankins CSR Ratings (RKS).[2] The RKS models their products on the US social investment rating agency Kinder, Lydenberg, Domini and Co., Inc. (KLD). The RKS provides ratings on CSRP based on firms' activities as presented in their CSR reports. Besides, we retrieve the corresponding firm-level variables, such as financial characteristics, from the CSMAR and CNRDS databases. Finally, we exclude firms in the financial industry and B-share (foreign share) and H-share (Hong Kong share) firms, as they are subject to different regulations and market trading mechanisms (Chen et al. 2017). The final archival sample consists of 16,880 firm-year observations.

We also use a survey sample compiled by the Private Enterprises Research Group (PERG) for robustness and further analyses. The PERG is organized by the United Front Work Department of CCP Central Committee, the All-China Federation of Industry and Commerce, the State Administration for Industry and Commerce, and

the China Civil (Private) Economy Research Association. The PERG has conducted the survey biennially since 1993. [3] The respondents of the survey are randomly chosen from non-state-owned firms. The sample used in this paper consists of survey data from 2010, 2012 and 2014.[4] We exclude firms in the financial industry and firms whose respondents are not chairpersons. The final archival sample consists of 9,865 firm-year observations.

3.2. Definition of political mindset

In this paper, the term 'political mindset' is defined as a promotion or ideology-oriented mindset. The former is proxied by a chairperson's political connection with the regulatory authorities, and a chairperson's CCP membership measures the latter. We examine the chairs of the board of directors because the chairperson is the top decision-maker in Chinese firms (Jiang and Kim 2015). Consistent with prior research (Chen et al. 2011; Tu, Lin, and Liu 2013), a firm is defined as politically connected if its chairperson is or was: (1) a representative of National People's Congress (NPC), or (2) a member of Chinese People's Political Consultative Conference (CPPCC). NPC and CPPCC are known as 'lianghui' (äÿďäijŽ, literally means 'two congresses'), which are the supreme authorities of the PRC.

Since being a party member means more opportunities for political education and participation in party activities, we use a chairperson's party membership as the second measure of executives' political mindsets.

The archival sample and survey sample consisted of 4,135 (4,801) and 3,621 (3,738) observations where the chairpersons have political connections (party membership), respectively. Panel A of Table 1 shows the distribution of chairpersons' political mindsets over time in both samples. The percentage of politically involved chairpersons remains steady across the sample period. Panel B of Table 1 lists the distribution of political managers by industry in both samples. The manufacturing industry has the largest number of political managers in terms of political connection and party membership.[5]

3.3. Measurement of CSR

We study firms' CSR at three levels. First, we examine whether a firm issues CSR reports, measured by the dummy *CSR*. Second, we investigate the substantiveness of CSR reports. Consistent with prior research (Marquis and Qian 2014; Wang, Reimsbach, and Braam 2018), we use firms' CSR rating scores (*CSRRATING*) from RKS to measure whether CSR reports are substantive. Third, we explore actual CSR performance and activities.

In contrast to prior studies that rely on CSR report rating scores (e.g. ESG scores) to measure CSR performance, we use the societal contribution value per share (SCVPS) prescribed by the SHSE. The variable *SCVPS* is only available for specific periods. According to the '*Guidelines for Environmental Information Disclosure of Listed Companies on Shanghai Stock Exchange*' promulgated by SHSE in 2008, SCVPS is calculated as follows:

$$scvps = \left(\begin{array}{c} net\ profit + income\ tax\ expenses \\ + business\ taxes\ and\ surcharges \\ + cash\ paid\ to\ and\ for\ employees \\ + net\ employee\ compensation\ payable \\ + financial\ costs + donations - sewage\ charges\ and\ cleaning\ costs \end{array} \right) / average\ total\ shares$$

Moreover, we consider three categories of stakeholders impacted by CSR activities: customers, employees and the environment. *QUALITY*, *SATISFY*, and *AWARDS* are measures of the responsibilities toward customers. *QUALITY* is a dummy taking the value one if a firm has a product quality management system. *SATISFY* is a dummy taking the value one if a firm has conducted a customer satisfaction survey. *AWARDS* is a dummy taking the value one if a firm has obtained certifications and awards related to product quality. *WELFARE*, *SAFEMGT* and *SAFEPT* measure the responsibilities toward employees. *WELFARE* is a dummy taking the value one if a firm has a complete benefit system for the retired. *SAFEMGT* is a dummy taking the value one if a firm has adopted a safety production management system. *SAFEPT* is a dummy taking the value one if a firm conducts training in production safety. *WASTE*, *CIRCULAR* and *ENERGY* quantify the responsibilities toward the environment.

Table 1. Distribution of executives' political mindset.

| | Archival Sample | | | | Survey Sample | | | |
| | CHAIRPC | | CHAIRCCP | | CHAIRPC | | CHAIRCCP | |
	N	%	N	%	N	%	N	%
Panel A Year distribution								
2008	181	28.82%	134	21.58%				
2009	257	25.47%	303	30.21%				
2010	388	27.46%	448	31.82%	547	21.55%	1136	44.69%
2011	468	27.92%	516	30.86%				
2012	518	28.65%	532	29.49%	1494	44.85%	1198	35.99%
2013	542	29.01%	547	29.33%				
2014	547	28.34%	551	28.55%	1580	39.77%	1404	35.34%
2015	417	20.53%	567	27.92%				
2016	397	18.24%	585	26.91%				
2017	420	17.94%	618	26.40%				
Total	4135	24.50%	4801	28.49%	3621	36.79%	3738	37.97%

| | Archival Sample | | | | Survey Sample | | | |
| | CHAIRPC | | CHAIRCCP | | CHAIRPC | | CHAIRCCP | |
	N	%	N	%	N	%	N	%
Panel B Industry distribution								
Agriculture	107	33.97%	139	44.55%	348	47.54%	312	42.68%
Mining	20	6.78%	135	45.76%	99	46.70%	101	47.64%
Manufacturing	3164	27.48%	3097	26.92%	1497	40.75%	1623	44.18%
Utilities	27	7.80%	221	64.24%	47	43.12%	55	50.46%
Construction	90	22.96%	140	35.90%	279	39.24%	309	43.46%
Wholesale and retail	152	19.24%	298	37.96%	414	28.13%	402	27.31%
Transportation	22	7.26%	173	57.28%	94	33.57%	105	37.50%
Accommodation and catering	14	21.54%	25	39.06%	170	44.97%	112	29.63%
Information technology	136	11.99%	104	9.18%	86	23.50%	99	27.05%
Real estate	213	23.85%	266	29.89%	174	48.47%	134	37.43%
Leasing	34	20.24%	41	24.40%	86	32.58%	87	32.95%
Scientific technology	30	25.86%	24	20.69%	13	19.40%	28	41.79%
Environment	47	32.19%	37	25.34%	9	29.03%	11	35.48%
Domestic services	4	19.05%	6	28.57%	31	16.76%	53	28.49%
Education	0	0.00%	3	42.86%	23	34.85%	20	29.41%
Hygiene and medication	4	15.38%	0	0.00%	21	32.31%	22	33.85%
Culture and entertainment	34	26.56%	24	18.75%	30	27.27%	18	16.36%
Public administration	37	16.74%	68	31.48%	62	25.94%	66	27.62%
International organization	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	4135	24.50%	4801	28.49%	3483	37.37%	3557	38.16%

WASTE is a dummy taking the value one if a firm has policies or technologies to reduce emissions and waste (gas, water). *CIRCULAR* is a dummy indicating the use of renewable energy or the adoption of circular economy policies. *ENERGY* is a dummy taking the value one if a firm has policies or technologies to save energy.

3.4. Regression models and other control variables

We estimate linear regressions of the form (1) to examine the CSR of executives, where t refers to years, i is an index for firms, k labels industries, α_t are constants, λ_t are year fixed effects, μ_k are industry fixed effects, and ϵ_{it} is an error term, which is clustered by executives (Davidson, Dey, and Smith 2019; Jia, Lent, and Zeng 2014; Tang, Mack, and Chen 2018).

$$CSR_{it} = \alpha_t + \beta Political_{it} + \gamma\, Firm\, Control_{it} + \delta Manager\, Control_{it} + \lambda_t + \mu_k + \varepsilon_{it} \qquad (1)$$

The dependent variable, CSR_{it}, refers to measures of corporate social responsibility, including *CSR*, *CSRRATING*, *SCVPS* and CSR activities. Section *3.3* outlines the definitions of CSR-related variables. *Political*$_{it}$,

Table 2. Descriptive statistics of main variables among different groups.

	PC	NON-PC	T	CCP	NON-CCP	T
Panel A Archival sample						
CSR	0.191	0.176	−2.216**	0.249	0.152	−14.921***
CSRRATING	3.553	3.559	0.535	3.584	3.540	−4.569***
SCVPS	0.036	0.022	−0.853	1.549	1.375	−4.441***
QUALITY	0.585	0.566	−0.989	0.601	0.554	−2.713***
SATISFY	0.240	0.294	3.109***	0.270	0.285	0.917
AWARDS	0.435	0.453	0.934	0.475	0.433	−2.381***
WELFARE	0.294	0.371	4.175***	0.406	0.316	−5.351***
SAFEMGT	0.484	0.568	4.369***	0.605	0.509	−5.498***
SAFEPT	0.496	0.576	4.192***	0.601	0.527	−4.203***
WASTE	0.593	0.610	0.883	0.705	0.547	−9.232***
CIRCULAR	0.296	0.282	−0.841	0.348	0.249	−6.182***
ENERGY	0.507	0.518	0.602	0.573	0.481	−5.222***
Panel B Survey sample						
CSR	0.065	0.038	−6.195***	0.060	0.040	−4.634***
POLEXP	1.967	1.562	−6.128***	2.269	1.364	−13.986***
ENVMTEXP	1.329	1.283	−0.803	1.728	1.036	−12.315***
DONATION	9.499	5.740	−36.702***	8.074	6.529	−14.371***
INSURANCE	2.876	1.867	−25.715***	2.688	1.962	−18.341***

the key independent variables, are indicators of political mindset, including *CHAIRPC* and *CHAIRCCP*. *CHAIRPC* is a dummy taking the value one if a chairperson is identified as being politically connected. *CHAIRCCP* is a dummy taking the value one if a chairperson is a CCP member.

Following prior literature (Chen et al. 2017; Wang, Reimsbach, and Braam 2018), we control for firm and managerial characteristics in the regressions. *Firm Control$_{it}$* is a vector of firms' characteristics, including *SIZE*, *LEV*, *ROE*, *FIRMAGE*, *GROWTH*, *INDDR* and *HHI*. *SIZE* is firm size, the natural logarithm of the book value of total assets. *LEV* refers to financial leverage, calculated as total liabilities divided by total assets. *ROE* is the return on equity defined as net income divided by total equity. *FIRMAGE* is the duration from the initial public offering (IPO) to the sample year. *GROWTH* is the sales growth rate. *INDDR* is the percentage of independent directors on the board. *HHI* is the Herfindahl-Hirschman Index of the three largest shareholdings. *Manager Control$_{it}$* is a vector of characteristics of managers, including the chairperson's age (*AGE*), gender (*GENDER*) and total salary (*SALARY*). Table 1 presents all definitions of variables. Table A2 summarizes the statistics for the main variables. Correlation matrices are reported in Table A3.

4. Empirical results

4.1. Descriptive statistics

Table 2 reports the summary statistics for the main variables of both samples. All observations are divided into two groups based on political connection or party membership. PC (Non-PC) refers to chairpersons with (without) political connections. CCP (Non-CCP) refers to chairpersons with (without) party membership. Panel A shows the statistics of the sample. For the propensity to issue CSR reports, the mean of firms with political connections (firms with CCP chairpersons) is 0.191 (0.249), and for chairpersons without political connections (chairpersons without party membership) is 0.176 (0.152). The t-statistics are −2.216 and −14.921 for both measures. The differences suggest that firms with both political mindsets are more likely to issue CSR reports.

However, for CSR reports' substantiveness (*CSRRATING*), firms with CCP chairpersons have a significantly higher mean (3.584) than firms without CCP chairpersons (3.540) (t-statistic = −4.569). Yet, the difference between firms with and without political connections is insignificant. Meanwhile, for societal contribution (*SCVPS*), firms with CCP chairpersons have a significantly higher mean (1.549) than firms without CCP chairpersons (1.375) (t-statistic = −4.441). The difference between firms with and without political connections is not significant either. The differences indicate that firms with CCP chairpersons are more likely to issue substantive CSR reports and contribute to societal benefits than those without CCP chairpersons.

Furthermore, the means of firms with CCP chairpersons for CSR activities are significantly higher than those without CCP chairpersons. In comparison, the means of firms with political connections are significantly lower or no higher than those of firms without political connections. This further implies that firms with CCP chairpersons are more likely to conduct CSR activities substantively.

Panel B of Table 2 reports the statistics for the survey sample, which examines the difference in firms' tendencies to issue CSR reports and conduct CSR activities, and indicates very similar conclusions.

4.2. Executives' political mindsets and CSR

We estimate model (1) using OLS regression with industry and year fixed-effects to explore the relation between political mindset and CSR. To rule out the mutual influence of the two dimensions of political mindset, we exclude observations with political connections when analyzing the individual effect of political ideology and vice versa. Table 3 presents the results. In columns (1)-(3), for the propensity to issue CSR reports, the coefficients of both *CHAIRPC* and *CHAIRCCP* are positive and significant at the 1% level, indicating that politically involved firms are more likely to issue CSR reports. In columns (4)-(6), for CSR reporting substantiveness, the coefficient of *CHAIRPC* is either positive and significant at the 10% level, or insignificant, meaning that the influence from political connection on CSR reporting substantiveness is marginal. However, the coefficient of *CHAIRCCP* is positive and significant at the 5% level, suggesting that firms with CCP chairpersons are more likely to issue substantive CSR reports. Columns (7)-(9) show the results for societal contribution. The coefficient of *CHAIRCCP* is positive and significant at the 1% level, implying that firms with CCP chairpersons tend to contribute more to societal benefits than firms without CCP chairpersons. In contrast, the coefficient of *CHAIRPC* is negative and significant at the 1% level, suggesting that compared to firms without political connections, politically connected firms' actual societal contribution is significantly less. However, they are more likely to issue CSR reports.

To verify the results, we further examine the influence of chairpersons' political mindsets on CSR activities. The results are reported in Table 4. *CHAIRPC* is significantly negatively correlated with *SATISFY*, *SAFEMGT* and *SAFEPDT* at 1% level, *WELFARE* at 5% level and *QUALITY* at 10% level, with the rest coefficients of *CHAIRPC* being insignificant. This indicates that politically connected firms are less likely to consider customers' and employees' welfare compared to firms without political connections. In addition, the influence of political connections on environment-related activities is marginal. In contrast, the coefficients of *CHAIRCCP* with all the measures of CSR activities are generally positive and significant (except for *SATISFY* and *SAFEMGT*). This indicates that compared to firms without CCP chairpersons, firms with CCP chairpersons are more likely to consider customers' and employees' welfare and care more about the environment.

4.3. Additional evidence—survey sample

For robustness, we verify the above conclusions using the survey sample compiled by the PERG. Due to the data structure, the specification of model (1) using the survey sample differs from that of the archival sample. The dependent variable, CSR_{it}, is a measure of corporate social responsibility, including CSR reporting propensity (*CSR*) and four CSR activities. *POLEXP* is a firm's expenditure on pollution control. *ENVMTEXP* is a firm's expenditure on environmental protection. *DONATION* is a firm's donation amount for public welfare undertakings such as poverty alleviation, disaster relief, environmental protection and charity. *INSURANCE* is a firm's insurance costs paid for employees. *Firm Control*$_{it}$ vector includes *SIZE*, *LEV*, *ROE*, and *FIRMAGE*. *Manager Control*$_{it}$ vector is *AGE*. The independent variables, *POLITICAL*$_{it}$ and all the control variables are the same as those in the archival sample.

We re-run model (1) with OLS regression with industry and year fixed-effects using the survey sample and present the results in Table 5. In column (1), for the propensity of issuing CSR reports, the coefficients of both *CHAIRPC* and *CHAIRCCP* are positive and significant at the 1% level. However, the significance becomes less when adding firm and manager controls in column (2). In contrast, in columns (3)-(6), for CSR activities, the coefficients of *CHAIRCCP* are all positive and significant at the 1% level, while those of *CHAIRPC* are in general insignificant (except for *DONATION*).

Table 3. CSR level & substantiveness.

	(1) CSR	(2) CSR	(3) CSR	(4) CSRRATING	(5) CSRRATING	(6) CSRRATING	(7) SCVPS	(8) SCVPS	(9) SCVPS
CHAIRPC	0.176***		0.098***	0.043***		0.017*	−0.114***		−0.082***
	(4.974)		(3.312)	(3.801)		(1.840)	(−3.241)		(−2.630)
CHAIRCCP		0.166***	0.104***		0.041***	0.023***		0.086**	0.119***
		(5.161)	(3.721)		(4.241)	(2.668)		(2.524)	(4.085)
SIZE	0.383***	0.392***	0.394***	0.060***	0.063***	0.065***	0.337***	0.349***	0.343***
	(22.950)	(25.624)	(29.338)	(11.243)	(13.088)	(15.406)	(19.863)	(20.838)	(23.950)
LEV	0.138	−0.025	0.051	−0.112***	−0.050*	−0.076***	0.689***	0.556***	0.480***
	(1.455)	(−0.293)	(0.684)	(−3.363)	(−1.723)	(−3.000)	(6.592)	(5.576)	(5.605)
ROE	1.341***	1.264***	1.364***	0.131*	0.022	0.039	7.042***	7.347***	7.199***
	(6.029)	(6.492)	(7.868)	(1.768)	(0.337)	(0.712)	(29.739)	(33.300)	(38.252)
FIRMAGE	0.018***	0.015***	0.016***	−0.004***	−0.000	−0.001	0.001	−0.011**	−0.001
	(5.192)	(4.379)	(5.466)	(−2.911)	(−0.161)	(−0.948)	(0.385)	(−2.562)	(−0.365)
GROWTH	−0.005	−0.003	−0.021	−0.004	−0.000	−0.009	0.035	−0.002	0.027
	(−0.162)	(−0.131)	(−0.880)	(−0.428)	(−0.005)	(−1.080)	(1.106)	(−0.051)	(1.013)
INDDR	0.492	0.474	0.935***	−0.362***	−0.063	−0.203**	−0.138	0.195	0.136
	(1.365)	(1.366)	(3.147)	(−3.044)	(−0.559)	(−2.129)	(−0.368)	(0.498)	(0.422)
HHI	−0.085***	−0.058***	−0.062***	0.007**	0.011***	0.013***	0.042***	0.008	0.029***
	(−8.798)	(−6.298)	(−7.824)	(2.245)	(3.640)	(4.996)	(4.212)	(0.800)	(3.398)
AGE	0.008***	0.007***	0.006***	0.000	0.001	0.000	0.000	0.000	0.000
	(3.893)	(3.649)	(3.699)	(0.140)	(0.873)	(0.880)	(0.158)	(0.078)	(0.254)
GENDER	0.021	0.010	0.044	0.045***	0.026*	0.029**	0.083*	0.043	0.030
	(0.473)	(0.223)	(1.171)	(3.057)	(1.792)	(2.348)	(1.727)	(0.872)	(0.717)
SALARY	−0.004	−0.006**	−0.006**	0.000	−0.001	−0.001	−0.005	−0.001	−0.001
	(−1.203)	(−2.260)	(−2.207)	(0.198)	(−0.864)	(−0.719)	(−1.428)	(−0.222)	(−0.507)
constant	−8.825	−9.332	−9.606	2.817***	2.597***	2.683***	−2.842***	−2.522***	−2.696***
	(−0.090)	(−0.052)	(−0.065)	(33.553)	(33.170)	(40.761)	(−10.235)	(−8.551)	(−11.368)
N	10969	11637	15524	1797	2200	2978	1786	2096	2901
adj. R^2				0.314	0.323	0.312	0.555	0.520	0.522
pseudo R^2	0.140	0.137	0.138						
Wald chi2	1367.019	1549.394	2096.460						

t statistics in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$; Standard errors are clustered by executive.

4.4. Endogeneity

This study's primary source for endogeneity is unobserved factors, which affect firms' tendency to conduct CSR and recruit managers with political backgrounds. To alleviate the endogeneity issue, we use (1) a Heckman two-step correction and (2) a Propensity Score Matching (PSM) approach to re-examine the hypotheses.

4.4.1. Heckman two-step correction

For Heckman's two-step correction, we adopt two instrumental variables for the two measures of political mindset, respectively. For political connection, we use whether a firm's headquarters office belongs to the provinces with 5 'Special Economic Zones' and 16 'Open Coastal Cities'. Out of all 34 provincial administrative regions in China, we identify 12 such regions.[6] 'Special Economic Zones' are the pioneering cities/regions covered by the Chinese Reform and Open Policy during the 1980s. These cities in the coastal areas of China were the first to open to the outside world and implement certain economic policies, especially with foreign economic activities. 'Open Coastal Cities' were designated to extend the economically reformational function of 'Special Economic Zones'. These regions were characterized by developed economies that attracted numerous private enterprises. The non-SOEs face fierce competition in these regions, and these enterprises tend to hire politically connected executives to enhance policy benefits. Competition could increase the likelihood of a firm hiring politically connected managers in these regions, but competition is less likely to affect a firm's CSR policies directly.

For political ideology, we use whether a chairperson's native place belongs to the provinces with cities with a 'red tradition'. Similarly, out of all 34 provincial administrative regions in China, we identify 13 such regions.[7] The strong presence of red traditions and education could increase the likelihood of managers born and living

Table 4. CSR activities.

	(1) QUALITY	(2) SATISFY	(3) AWARDS	(4) WELFARE	(5) SAFEMGT	(6) SAFEPT	(7) WASTE	(8) CIRCULAR	(9) ENERGY
CHAIRPC	−0.104*	−0.215***	−0.025	−0.110**	−0.168***	−0.158***	−0.075	0.021	−0.054
	(−1.924)	(−3.781)	(−0.457)	(−1.972)	(−3.133)	(−2.946)	(−1.374)	(0.376)	(−1.018)
CHAIRCCP	0.272***	−0.041	0.111**	0.149***	0.059	0.109**	0.340***	0.230***	0.094*
	(5.372)	(−0.783)	(2.198)	(2.951)	(1.188)	(2.176)	(6.574)	(4.428)	(1.889)
SIZE	0.110***	0.124***	0.175***	0.085***	0.128***	0.029	0.110***	0.175***	0.213***
	(4.461)	(4.818)	(7.039)	(3.437)	(5.284)	(1.214)	(4.420)	(6.706)	(8.765)
LEV	−0.967***	−0.176	−0.495***	0.163	0.106	−0.133	0.181	−0.013	0.103
	(−6.496)	(−1.140)	(−3.341)	(1.095)	(0.721)	(−0.910)	(1.194)	(−0.082)	(0.707)
ROE	−0.398	−0.135	0.060	0.226	−0.507	−1.178***	−0.269	−0.672**	−0.133
	(−1.215)	(−0.397)	(0.183)	(0.690)	(−1.545)	(−3.616)	(−0.796)	(−1.983)	(−0.412)
FIRMAGE	−0.014**	−0.011*	0.022***	0.008	0.007	−0.005	0.031***	0.011*	0.027***
	(−2.409)	(−1.861)	(3.737)	(1.402)	(1.187)	(−0.930)	(5.178)	(1.802)	(4.614)
GROWTH	0.020	0.085*	0.068	−0.017	−0.023	−0.027	−0.103**	−0.076	0.007
	(0.431)	(1.795)	(1.464)	(−0.373)	(−0.496)	(−0.585)	(−2.219)	(−1.528)	(0.158)
INDDR	−0.814	−3.012***	−1.584***	−1.022*	−0.098	−2.181***	−0.828	−0.591	0.066
	(−1.464)	(−5.113)	(−2.813)	(−1.803)	(−0.176)	(−3.949)	(−1.462)	(−1.001)	(0.120)
HHI	0.024	0.001	−0.037**	0.002	0.016	−0.016	0.026*	−0.003	0.032**
	(1.628)	(0.061)	(−2.464)	(0.160)	(1.090)	(−1.113)	(1.727)	(−0.195)	(2.183)
AGE	0.003	0.003	0.005	0.002	0.001	0.003	0.006*	0.003	0.007**
	(0.888)	(0.817)	(1.501)	(0.677)	(0.199)	(0.852)	(1.828)	(0.978)	(2.386)
GENDER	−0.039	0.020	0.101	0.083	0.074	0.157**	−0.081	−0.027	−0.033
	(−0.532)	(0.266)	(1.397)	(1.124)	(1.033)	(2.195)	(−1.096)	(−0.348)	(−0.468)
SALARY	0.001	0.002	−0.010**	−0.003	−0.015***	0.000	0.005	0.009*	−0.009**
	(0.234)	(0.352)	(−2.167)	(−0.582)	(−3.284)	(0.110)	(1.098)	(1.943)	(−1.970)
constant	0.003	−0.851**	−1.186***	−2.512***	−2.075***	0.831**	−1.943***	−1.453***	−2.971***
	(0.007)	(−2.077)	(−3.045)	(−5.988)	(−5.304)	(2.163)	(−4.959)	(−3.612)	(−7.699)
N	3304	3267	3304	3293	3293	3293	3304	3304	3304
pseudo R^2	0.088	0.029	0.107	0.069	0.090	0.077	0.122	0.071	0.072
Wald chi2	397.608	112.666	485.809	296.904	407.555	348.233	540.410	280.445	330.046

t statistics in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$; Standard errors are clustered by executive.

Table 5. CSR level & substantiveness—survey sample.

	(1) CSR	(2) CSR	(3) POLEXP	(4) ENVMTEXP	(5) DONATION	(6) INSURANCE
CHAIRPC	0.138***	0.105	−0.024	−0.059	1.906***	0.045
	(2.900)	(1.239)	(−0.236)	(−0.667)	(13.110)	(0.964)
CHAIRCCP	0.243***	0.149*	0.325***	0.269***	0.425***	0.236***
	(5.123)	(1.804)	(3.511)	(3.301)	(3.149)	(5.440)
SIZE		0.096***	0.634***	0.404***	1.248***	0.705***
		(2.875)	(17.270)	(12.492)	(23.292)	(40.821)
LEV		0.055	−0.070	0.087	−0.773***	0.645***
		(0.328)	(−0.388)	(0.548)	(−2.955)	(7.640)
ROE		0.083	0.120	0.010	0.516***	0.014
		(0.982)	(1.172)	(0.112)	(3.481)	(0.284)
FIRMAGE		−0.002	−0.056	0.026	1.121***	0.340***
		(−0.024)	(−0.602)	(0.321)	(8.186)	(7.686)
AGE		0.373	−0.026	0.119	−0.084	0.061
		(1.422)	(−0.093)	(0.479)	(−0.203)	(0.463)
constant	−6.162	−8.513	0.585	0.609	−1.944	−2.070***
	(−0.090)	(−0.066)	(0.545)	(0.642)	(−1.238)	(−4.091)
N	9837	4294	4217	4178	4307	4374
adj. R^2			0.274	0.269	0.304	0.486
pseudo R^2	0.097	0.136				
Wald chi2	367.653	185.212				

t statistics in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$; Standard errors are clustered by executive.

in these regions adopting certain political ideologies, which is unlikely to directly affect a manager's firm's CSR policies.

In the first step of Heckman's test, we run Probit regressions based on model (2) to measure the probability of a manager having a political mindset, where IV_{it} is proxied by either *OPEN* or *RED*. *OPEN* is defined as one if a firm's headquarters office place belonging to the provinces that contain the 5 'Special Economic Zones' and 16 'Open Coastal Cities'.

$$Political_{it} = \alpha_t + \beta IV_{it} + \gamma \, Firm \, Control_{it} + \delta Manager \, Control_{it} + \lambda_t + \mu_k + \varepsilon_{it} \qquad (2)$$

RED is defined as one if a manager's native place belongs to the provinces that contain cities having a 'red tradition'. The dependent variable *Political*$_{it}$ is an indicator of political mindset.

Columns (1) and (5) of Table 6 show the results of the first step of the Heckman approach. The coefficient on *OPEN* is positive and significant, suggesting that operating in economically open districts makes it significantly more likely for firms to hire politically connected managers. Similarly, the positive and significant coefficient of *RED* shows that being born in places with red traditions makes managers significantly more likely to become communist party members.

Based on the first step regressions, we calculate the Inverse Mills Ratio (IMR) and re-estimate model (1) after controlling for IMR (similar to the procedure in Hoi, Wu, and Zhang 2013). The rest columns in Table 6 show the results for the second step of the Heckman test. The main results remain after controlling for selection bias, and the size of the coefficients is similar to those from previous tables.

4.4.2. Propensity score matching approach

We also use a Propensity Score Matching approach (PSM) to identify firms without political managers but with similar characteristics to firms with connected managers. We estimate the propensity score of employing either a manager with political connection or with CCP membership for each firm, using a logit regression model with all the control variables employed in model (1). Then we match one control firm to each target firm based on propensity scores. Using a sample consisting of firms with politically involved managers and matched firms, we re-estimate models (1) and present the results in Table 7. Our findings are in line with our previous results.[8]

Table 6. Heckman two-stage approach.

	(1) 1st step	(2) CSR	(3) CSRRATING	(4) SCVPS	(5) 1st step	(6) CSR	(7) CSRRATING	(8) SCVPS
OPEN	0.056**							
	(2.460)							
RED					0.169***			
					(3.523)			
CHAIRPC		0.094***	0.014	−0.091***				
		(3.164)	(1.507)	(−2.956)				
CHAIRCCP						0.101***	0.021**	0.128***
						(3.625)	(2.472)	(4.377)
IMR		−0.404	−0.645***	1.870***		0.003	−0.089	0.829**
		(−0.684)	(−3.395)	(2.927)		(0.007)	(−0.749)	(2.085)
SIZE	0.099***	0.369***	0.017	0.487***	0.165***	0.397***	0.055***	0.438***
	(9.457)	(8.044)	(1.152)	(9.751)	(16.492)	(8.112)	(3.797)	(8.952)
LEV	−0.379***	0.189	0.118*	−0.041	0.868***	0.040	−0.132*	0.997***
	(−6.649)	(1.014)	(1.922)	(−0.200)	(15.883)	(0.153)	(−1.706)	(3.830)
ROE	0.805***	1.094***	−0.350***	8.299***	−0.912***	1.374***	0.094	6.706***
	(5.542)	(2.752)	(−2.775)	(19.483)	(−6.727)	(4.624)	(1.066)	(22.557)
FIRMAGE	−0.030***	0.026*	0.014***	−0.043***	0.019***	0.016**	−0.002	0.010
	(−14.228)	(1.890)	(3.098)	(−2.899)	(8.835)	(2.554)	(−1.205)	(1.643)
AGE	0.003*	0.005***	−0.001	0.004**	0.011***	0.006*	−0.000	0.007*
	(1.887)	(2.816)	(−1.162)	(2.070)	(8.104)	(1.723)	(−0.215)	(1.945)
GENDER	−0.067**	0.067	0.063***	−0.066	0.073**	0.041	0.023*	0.078
	(−2.143)	(1.401)	(4.024)	(−1.254)	(2.297)	(0.940)	(1.670)	(1.642)
GROWTH		−0.022	−0.009	0.025		−0.022	−0.009	0.032
		(−0.932)	(−1.170)	(0.941)		(−0.928)	(−1.193)	(1.208)
INDDR		0.893***	−0.189**	0.099		0.936***	−0.201**	0.144
		(3.014)	(−1.991)	(0.307)		(3.151)	(−2.109)	(0.445)
HHI		−0.064***	0.012***	0.029***		−0.060***	0.013***	0.027***
		(−8.144)	(4.902)	(3.423)		(−7.616)	(5.124)	(3.089)
SALARY		−0.006**	−0.001	−0.002		−0.005**	−0.000	−0.002
		(−2.547)	(−1.085)	(−0.886)		(−1.967)	(−0.577)	(−0.672)
constant	−0.974***	−8.982	3.652***	−5.493***	−3.005***	−9.587	2.944***	−5.148***
	(−9.744)	(−0.061)	(12.537)	(−5.626)	(−29.803)	(−0.065)	(8.338)	(−4.323)
N	16666	15554	2984	2907	16635	15524	2978	2901
adj. R2			0.313	0.521			0.311	0.522
pseudo R2	0.023	0.137			0.057	0.137		
Wald chi2	425.882	2089.105			1136.840	2085.547		

t statistics in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$; Standard errors are clustered by executive.

5. Extensions

5.1. Cost pressure

Executives who conduct 'hypocritical CSR' pursue self-interest in assessing the net benefits of CSR. Given that CSR is an unprofitable activity, executives must cut CSR spending substantially when the pressure to increase financial performance outweighs the potential benefits of CSR. In contrast, executives who conduct 'kindness CSR' might cut CSR spending to a much lesser extent when facing financial pressure.

We proxy financial performance pressure with the failure to meet financial performance targets. Specifically, we employ three dummy variables that indicate whether firms do not meet analysts' expectations in the previous year in terms of earnings per share (*PRESSURE1)*, net profits (*PRESSURE2)*, and operating profit (*PRESSURE3)*. Using the three financial performance pressure proxies, we re-run model (1) with *SCVPS* as the dependent variable in subsamples based on whether targets were met. Table 8 reports the results. Odd-numbered columns are subsamples of firms without financial performance pressure. In these subsamples, the coefficients of both measures of political mindset are positive and significant, indicating that politically involved firms contribute more to societal benefits than their non-politically affiliated counterparts.

In contrast, even-numbered columns refer to firms under financial pressure. In these subsamples, although the coefficients of *CHAIRCCP* are smaller, they are still positive and significant. This indicates that CCP

Table 7. PSM archival sample.

	(1) CSR	(2) CSR	(3) CSRRATING	(4) CSRRATING	(5) SCVPS	(6) SCVPS
CHAIRPC	0.093**		0.024*		−0.110***	
	(2.297)		(1.951)		(−2.716)	
CHAIRCCP		0.086**		0.031***		0.149***
		(2.241)		(2.714)		(3.704)
SIZE	0.408***	0.453***	0.067***	0.054***	0.338***	0.355***
	(18.002)	(21.863)	(10.109)	(8.550)	(14.882)	(16.319)
LEV	0.221*	0.020	−0.080*	−0.011	0.400***	0.403***
	(1.729)	(0.172)	(−1.940)	(−0.287)	(2.936)	(3.155)
ROE	1.428***	1.351***	−0.027	0.089	6.989***	7.632***
	(4.857)	(5.281)	(−0.300)	(1.074)	(23.075)	(27.632)
FIRMAGE	0.021***	0.019***	−0.003*	−0.001	0.003	0.001
	(4.387)	(4.148)	(−1.871)	(−0.690)	(0.668)	(0.152)
GROWTH	−0.073*	−0.019	−0.019	−0.021*	0.018	0.021
	(−1.749)	(−0.528)	(−1.426)	(−1.729)	(0.430)	(0.510)
INDDR	1.006**	0.973**	−0.257*	−0.336**	0.631	−0.126
	(2.095)	(2.082)	(−1.757)	(−2.365)	(1.299)	(−0.251)
HHI	−0.055***	−0.069***	0.010**	0.009**	0.046***	0.035***
	(−4.303)	(−5.534)	(2.508)	(2.408)	(3.558)	(2.673)
AGE	0.008***	0.000	−0.000	0.000	0.000	−0.002
	(3.235)	(0.115)	(−0.340)	(0.303)	(0.144)	(−0.656)
GENDER	0.151**	0.070	0.026	0.023	−0.016	−0.012
	(2.456)	(1.199)	(1.418)	(1.245)	(−0.256)	(−0.194)
SALARY	−0.005	−0.004	0.001	0.000	−0.004	0.001
	(−1.214)	(−1.102)	(0.861)	(0.126)	(−0.864)	(0.182)
constant	−10.124	−9.369	2.794***	2.835***	−3.064***	−2.706***
	(−0.079)	(−0.070)	(27.322)	(29.165)	(−8.896)	(−7.070)
N	5881	6180	1164	1323	1175	1298
adj. R^2			0.315	0.314	0.528	0.554
pseudo R^2	0.149	0.143				
Wald chi2	871.098	950.416				

t statistics in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$; Standard errors are clustered by executive.

chairpersons cut CSR when facing financial pressure, but the CSR level is still higher than for non-CCP chairpersons. However, the coefficients of *CHAIRPC* are negative and mostly insignificant. This suggests that politically connected chairpersons substantially cut CSR spending when financially challenged.

5.2. Financial performance

This section explores whether the CSR linked to firms' different political mindsets has varying implications for shareholder value. To this end, we used composite measures to assess the relations between corporate financial performance and societal contribution. The dummy variable $CFP_{Low}CSC_{High}$ indicates whether the societal contribution of firm i in year t is above the industry-year median and the financial performance is below the industry-year median. This represents firms with high societal contribution (CSC_{High}) but low financial performance (CFP_{Low}). Similarly, $CFP_{High}CSC_{Low}$ is a dummy representing firms with high financial performance and low societal contribution. Societal contribution is measured by the variable SCVPS. Financial performance is proxied by either Tobin's Q value (TQ) or the return on equity (ROE).

Next, we estimate the following logit regression with fixed effects, where t refers to years, i stands for firms, k indicates industries, α_t are constants, λ_t are year fixed effects, μ_k are industry fixed effects, and ϵ_{it} is an error term. The dependent variable in model (3), $CSC\text{-}CFP_{it}$, is a set of indicators of either $CFP_{High}CSC_{Low}$ or $CFP_{Low}CSC_{High}$. The independent and control variables in model (3) are the same as those in model (1).

$$CSC\_CFP_{it} = \alpha_t + \beta Political_{it} + \gamma\, Firm\ Control_{it} + \delta Manager\ Control_{it} + \lambda_t + \mu_k + \varepsilon_{it} \qquad (3)$$

Table 8. Cost pressure.

	(1)	(2)	(3)	(4)	(5)	(6)
	PRESSURE1		PRESSURE2		PRESSURE3	
	low	high	low	high	low	high
CHAIRPC	1.430*	−0.079*	0.865*	−0.058	8.469***	−0.052
	(1.861)	(−1.754)	(1.823)	(−1.257)	(3.190)	(−1.185)
CHAIRCCP	1.206*	0.135***	0.882**	0.097**	5.984***	0.129***
	(1.720)	(3.076)	(2.030)	(2.176)	(2.717)	(3.022)
SIZE	−0.033	0.394***	0.183	0.377***	−1.354	0.390***
	(−0.099)	(18.287)	(0.914)	(16.857)	(−1.051)	(18.655)
LEV	0.012	0.282**	0.381	0.167	0.531	0.392***
	(0.006)	(2.192)	(0.308)	(1.278)	(0.092)	(3.143)
ROE	4.363	6.154***	3.634	5.254***	10.162	6.741***
	(0.977)	(21.174)	(1.194)	(17.209)	(0.680)	(24.396)
FIRMAGE	−0.175*	0.005	−0.083	0.002	−1.671***	0.006
	(−1.938)	(0.944)	(−1.646)	(0.448)	(−5.188)	(1.275)
GROWTH	−0.651	0.045	−0.327	0.077*	0.143	0.034
	(−1.044)	(1.138)	(−0.873)	(1.890)	(0.083)	(0.874)
INDDR	9.908	−0.367	4.284	0.074	58.214**	−0.269
	(1.159)	(−0.775)	(0.854)	(0.153)	(2.317)	(−0.572)
HHI	0.270	0.054***	0.093	0.072***	1.347*	0.057***
	(1.299)	(4.202)	(0.725)	(5.472)	(1.897)	(4.528)
AGE	0.043	0.001	0.036	0.001	0.091	0.002
	(0.993)	(0.221)	(1.375)	(0.445)	(0.641)	(0.656)
GENDER	0.179	0.043	0.177	0.041	−2.153	0.044
	(0.168)	(0.692)	(0.275)	(0.655)	(−0.671)	(0.720)
SALARY	0.026	0.001	0.005	0.002	0.058	0.001
	(0.417)	(0.209)	(0.122)	(0.517)	(0.282)	(0.269)
constant	−6.252	−3.439***	−5.460	−3.565***	−6.081	−3.483***
	(−1.063)	(−9.569)	(−1.501)	(−9.743)	(−0.345)	(−9.857)
N	435	2347	714	2068	137	2645
R^2	0.063	0.377	0.048	0.353	0.335	0.384

t statistics in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$; Standard errors are clustered by executive.

Table 9 reports the results. In columns (1) and (3), for high financial performance and low societal contribution, the coefficients of *CHAIRPC* are positive and significant, and those of *CHAIRCCP* are negative and significant. In columns (2) and (4), the coefficients of both *CHAIRPC* and *CHAIRCCP* are insignificant for low financial performance and high societal contribution. The results indicate that all firms do not pursue societal contributions at the cost of corporate financial performance. However, chairpersons with political connections are more likely to sacrifice societal contributions for better performances than their less-connected peers. In contrast, chairpersons with party membership are less likely to do so than their peers without party membership.

5.3. Political perception

How does a political actor's political perception modulate the relation between political mindset and CSR? We examine chairpersons' trust in the political system and their self-perceived political status in the political system. The survey sample provides data for the two variables. We compile chairpersons' political trust based on the answers to the question, 'How would you rate the credibility of national official mainstream media, such as CCTV, People's Daily, Xinhuanet, etc.?' The dummy variable *POLTRUST* is coded as one if the answer is 'very credible' and zero if the response contains distrust, such as 'somewhat credible', 'unlikely trustworthy', or 'not trustworthy'. We divide the survey sample into two subsamples based on *POLTRUST*, and re-run model (1). Panel A of Table 10 reports the results. Odd-numbered columns present the results of the subsample of firms having higher trust in the political system and even-numbered lower trust. The coefficients of *CHAIRPC* for CSR activities (*CSR*, *POLEXP* and *DONATION*) are positive and significant in the low-trust group and larger than those in the high-trust group. In contrast, the coefficients of *CHAIRCCP* for CSR activities (*POLEXP*, *ENVMT-EXP* and *INSURANCE*) are positive and significant in the high-trust group and larger than those in the low-trust

Table 9. Firm value consequences.

	(1)	(2)	(3)	(4)
	TQ		ROE	
	$CFP_{High}CSC_{Low}$	$CFP_{Low}CSC_{High}$	$CFP_{High}CSC_{Low}$	$CFP_{Low}CSC_{High}$
CHAIRPC	0.136*	−0.097	0.173**	−0.015
	(1.853)	(−1.554)	(2.527)	(−0.202)
CHAIRCCP	−0.223***	0.066	−0.155**	0.050
	(−3.111)	(1.155)	(−2.279)	(0.746)
SIZE	−0.551***	0.444***	−0.305***	0.186***
	(−15.602)	(15.455)	(−9.708)	(5.478)
LEV	−2.336***	1.555***	−1.983***	2.926***
	(−11.680)	(9.390)	(−10.277)	(13.757)
FIRMAGE	0.011(1	0.011(1	0.015**(2	0.014(1
INDDR	−0.436	0.846	−1.668**	1.123
	(−0.578)	(1.307)	(−2.302)	(1.456)
HHI	−0.006	0.042**	0.037**	−0.011
	(−0.280)	(2.499)	(1.994)	(−0.550)
AGE	−0.004	0.009***	−0.005	0.003
	(−0.998)	(2.642)	(−1.392)	(0.665)
GENDER	−0.072	−0.110	−0.069	0.071
	(−0.780)	(−1.331)	(−0.780)	(0.681)
SALARY	−0.004	0.002	0.005	0.003
	(−0.587)	(0.356)	(0.798)	(0.500)
constant	4.376***	−6.645***	2.309***	−4.852***
	(7.741)	(−13.220)	(4.354)	(−8.205)
N	2881	2894	2894	2873
pseudo R^2	0.266	0.173	0.158	0.165
Wald chi2	754.861	632.773	434.710	401.671

t statistics in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$; Standard errors are clustered by executive.

group. These results indicate that the higher the CCP chairpersons' political trust is, the more likely they are to devote to CSR. However, politically connected chairpersons have the opposite tendency.

We then examine chairpersons' self-perceived political status. We compile this variable based on the answers to the question, 'Compared with other members of society around, how would you rate your current political status, from one to ten, one being the highest?' The dummy variable *POLSTATUS* is coded as one if the answer falls into the first three categories (higher political status), and zero if the reply falls into the last three categories (lower political status). We divide the survey sample into two subsamples based on *POLSTATUS*, and re-run model (1). Panel B of Table 10 reports the results. Odd-numbered columns present the results of the subsample of firms having higher self-perceived political status in the political system and even-numbered lower status. The coefficients of *CHAIRPC* for CSR activities (*CSR* and *DONATION*) are positive and significant in low-status group, and larger than those in high-status group. Similarly, the coefficients of *CHAIRCCP* for CSR activities (*POLEXP*, *ENVMTEXP*, *DONATION* and *INSURANCE*) are positive and significant in the low-status group and more prominent than those in high-status group (except for *INSURANCE*). These results indicate that the lower the political executives' self-perceived political status is, the more likely they are to devote themselves to CSR.

6. Conclusion

This study examines the effects of executives' different political mindsets on CSR. We find that firms led by executives with a promotion-oriented mindset and those with an ideology-oriented mindset issue more (substantive) CSR reports than their peers without politically involved executives. However, only firms with an ideology-oriented mindset contribute more to society than their peers without such a mindset. By contrast, firms with a promotion-oriented mindset contribute less to society than their peers without such a mindset. This CSR

Table 10. Political perception.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	CSR		POLEXP		ENVMTEXP		DONATION		INSURANCE	
	high	low	high	low	high	low	high	low	high	low
Panel A Political trust										
CHAIRPC	−0.032	0.453***	0.005	0.315**	−0.168	0.106	0.794*	2.100***	−0.253*	0.062
	(−0.138)	(2.752)	(0.023)	(2.338)	(−0.982)	(1.095)	(1.672)	(6.197)	(−1.731)	(0.607)
CHAIRCCP	0.208	−0.053	0.688***	0.072	0.398**	0.133	0.759	0.586*	0.279*	0.248**
	(0.937)	(−0.327)	(3.081)	(0.530)	(2.337)	(1.372)	(1.610)	(1.725)	(1.923)	(2.422)
SIZE	0.178*	0.116*	0.710***	0.606***	0.510***	0.328***	1.227***	1.285***	0.910***	0.698***
	(1.857)	(1.666)	(7.618)	(10.883)	(7.215)	(8.144)	(6.213)	(9.139)	(15.068)	(16.645)
LEV	0.495	0.045	−0.122	−0.397	−0.238	−0.394*	−1.577	−1.879**	−0.285	0.327
	(0.962)	(0.122)	(−0.258)	(−1.370)	(−0.669)	(−1.877)	(−1.587)	(−2.560)	(−0.926)	(1.473)
ROE	0.094	−0.155	−0.414*	0.101	−0.236	0.021	−0.405	0.080	−0.046	−0.310***
	(0.416)	(−0.859)	(−1.665)	(0.709)	(−1.221)	(0.206)	(−0.783)	(0.225)	(−0.293)	(−2.918)
FIRMAGE	0.122	0.071	−0.041	−0.052	−0.176	0.099	1.700***	−0.016	0.432**	0.461***
	(0.414)	(0.409)	(−0.156)	(−0.379)	(−0.880)	(0.986)	(3.047)	(−0.046)	(2.515)	(4.394)
AGE	0.508	−0.085	−0.567	−0.376	−0.802	−0.327	−0.244	2.636**	0.291	−0.327
	(0.694)	(−0.156)	(−0.783)	(−0.849)	(−1.452)	(−1.020)	(−0.158)	(2.355)	(0.618)	(−0.966)
constant	−9.002	−2.227	0.952	0.445	2.524	0.465	−2.561	−9.776**	−3.641**	0.441
	(−0.040)	(−1.093)	(0.355)	(0.272)	(1.233)	(0.393)	(−0.447)	(−2.360)	(−2.084)	(0.351)
N	304	666	337	718	327	712	341	738	349	760
adj. R^2			0.325	0.283	0.296	0.196	0.247	0.255	0.505	0.440
pseudo R^2	0.113	0.067								
Wald chi2	21.155	22.939								

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	CSR		POLEXP		ENVMTEXP		DONATION		INSURANCE	
	high	low	high	low	high	low	high	low	high	low
				Panel B Political status						
CHAIRPC	0.112	0.635**	−0.339	0.052	−0.087	0.091	1.440***	1.526***	−0.105	−0.110
	(0.446)	(2.400)	(−1.168)	(0.194)	(−0.348)	(0.369)	(4.140)	(3.529)	(−0.820)	(−0.902)
CHAIRCCP	−0.117	0.322	0.353	0.367*	0.274	0.465**	−0.034	0.963***	0.265**	0.223**
	(−0.578)	(1.238)	(1.362)	(1.784)	(1.231)	(2.460)	(−0.108)	(2.889)	(2.308)	(2.371)
SIZE	0.063	0.095	0.767***	0.514***	0.466***	0.444***	1.078***	1.289***	0.738***	0.685***
	(0.731)	(0.998)	(7.332)	(6.637)	(5.181)	(6.266)	(8.544)	(10.321)	(15.908)	(19.384)
LEV	−0.568	0.544	−0.202	−0.412	0.255	−0.146	−0.439	−0.290	0.705***	0.596***
	(−1.311)	(1.224)	(−0.384)	(−1.168)	(0.565)	(−0.452)	(−0.692)	(−0.510)	(3.013)	(3.667)
ROE	−0.093	0.531**	0.152	0.064	−0.069	0.105	0.411	0.491	−0.027	0.157*
	(−0.458)	(2.501)	(0.557)	(0.309)	(−0.293)	(0.554)	(1.258)	(1.477)	(−0.229)	(1.668)
FIRMAGE	0.064	−0.608***	0.100	0.145	−0.061	−0.094	1.267***	0.789***	0.329**	0.334***
	(0.253)	(−2.620)	(0.336)	(0.809)	(−0.241)	(−0.576)	(3.507)	(2.731)	(2.474)	(4.080)
AGE	0.734	2.713***	0.523	−0.156	0.452	−0.842*	1.991*	−0.606	0.683*	−0.157
	(0.983)	(3.877)	(0.580)	(−0.300)	(0.580)	(−1.771)	(1.817)	(−0.719)	(1.698)	(−0.656)
constant	−9.288	−16.852	−1.681	0.415	0.156	3.547**	−10.329**	−0.065	−4.455***	−1.095
	(−0.032)	(−0.054)	(−0.483)	(0.211)	(0.052)	(1.978)	(−2.453)	(−0.021)	(−2.878)	(−1.212)
N	640	823	651	959	643	955	671	976	679	991
adj. R^2			0.267	0.236	0.276	0.244	0.228	0.242	0.405	0.490
pseudo R^2	0.156	0.335								
Wald chi2	38.797	81.968								

t statistics in parentheses; * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$; Standard errors are clustered by executive.

decoupling also exists in firms' CSR activities. The results are robust through the Heckman two-step approach and PSM approach. These findings support the notion that heterogenous political mindsets shape different types of CSR.

On the one hand, as CSR is a government-encouraged concept in China, executives with a promotion-oriented political mindset tend to enhance their political capital and gain legitimacy from the government through CSR (Marquis and Qian 2014; Wang et al. 2022; Wang and Yu 2022). Thus, executives' promotion-oriented political mindset is more likely to result in a 'hypocrisy CSR'. On the other hand, executives' ideology-oriented political mindset is shaped by communism principles, which forge executives' values, beliefs and actions in caring for and supporting societal development. As such, executives' ideology-oriented political mindset is more likely to equate to a 'kindness CSR'.

Furthermore, we find that not all firms pursue societal contributions at the cost of corporate financial performance. Specifically, chairpersons with political connections are more likely to pursue financial performances at the sacrifice of societal contribution than their peers without political connections. In contrast, chairpersons with CCP membership are less likely to focus primarily on financial performances than their peers without party membership. These findings substantiate the relationship between executives' political mindsets and 'CSR decoupling' (Marquis and Qian 2014). Lastly, executives' political perception affects the relationship between political mindset and CSR. Specifically, the higher the CCP chairperson's political trust, the more likely they are to devote themselves to CSR. However, politically connected chairpersons demonstrate the opposite tendency. The lower the political executives' self-perceived political status is, the more likely they are to engage in CSR.

This paper also has several policy implications. Our findings suggest that the impact of managers' profiles on CSR practices is mainly exerted through their perception of the consequences of ethical and social commitment. Hence, a way to improve ethical standards in business practices could be to nurture top managers' perceptions of ethics and social responsibility as a determinant of business success (Godos-Díez, Fernández-Gago, and Martínez-Campillo 2011). Moreover, the current measurement of CSR performance in practice, based on firms' CSR information disclosure but not substantive CSR activities, could easily generate

'hypocrisy CSR'. Hence, regulators should exert more external supervision, such as a deeper investigation into firms' real CSR investments to enhance firms' economic and societal value.

Notes

1. Legitimacy is often referred to as the necessary 'social license to operate' that a firm requires from society, or more precisely from its stakeholders, to enter and remain in business and, ultimately, to survive as a company (Ehrnström-Fuentes 2016; Zhao 2012).
2. We refer to Marquis and Qian (2014) and Wang, Reimsbach, and Braam (2018) for further details.
3. The survey did not occur in 1999, restarted from 2000, and continued biennially ever since. However, the data are only available until 2014.
4. The initial sample period started from 2008 to match with the period of the archival sample. However, it is unclear whether the respondents in 2008 are chairpersons. As it is required that the respondents be the chairpersons, we exclude the data of 2008.
5. The reason that the proportions of CHAIRPC and CHAIRCCP are different in both samples is that the archival sample contains only (all the) listed non-state-owned firms, while the survey sample is randomly chosen from contains both (a part of) listed and (a part of) private non-state-owned firms.
6. They are Guangdong, Fujian, Hainan, Liaoning, Hebei, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, and Guangxi.
7. They are Jiangxi, Shaanxi, Guizhou, Hunan, Guangxi, Sichuan, Ningxia, Hubei, Gansu, Shandong, Hebei, Jiangsu, and Anhui.
8. We also match two control firms to each target firms based on the propensity scores, and the results still hold, but are not reported for parsimony.

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Appendices

Table 1. Variable definitions

Variable	Variable Definition
Dependent Variables:	
CSR	Indicator of whether a firm issues CSR reports, taking the value one if a firm issues a CSR report, and zero otherwise.
CSRRATING	The substantiveness of CSR reports, measured by CSR rating scores from RKS. This variable is only applicable to the archival sample.
SCVPS	Societal contribution value per share prescribed by Shanghai Stock Exchange. This variable is only applicable to the archival sample. SCVPS is calculated as follows: *(net profit + income tax expenses + business taxes and surcharges + cash paid to and for employees + net employee compensation payable + financial costs + donations – sewage charges and cleaning costs) / average total shares*
QUALITY	Dummy taking the value one if a firm has a product quality management system, zero otherwise. This variable is only applicable to the archival sample.
SATISFY	Dummy taking the value one if a firm has conducted a customer satisfaction survey, zero otherwise. This variable is only applicable to the archival sample.
AWARDS	Dummy taking the value one if a firm has obtained certifications and honors in terms of product quality, zero otherwise. This variable is only applicable to the archival sample.
WELFARE	Dummy taking the value one if a firm has a complete benefit system for the retired, zero otherwise. This variable is only applicable to the archival sample.
SAFEMGT	Dummy taking the value one if a firm has adopted a safety production management system, zero otherwise. This variable is only applicable to the archival sample.
SAFEPT	Dummy taking the value one if a firm conducts training in production safety, zero otherwise. This variable is only applicable to the archival sample.
WASTE	Dummy taking the value one if a firm has policies or technologies to reduce emissions of waste gas, wastewater, waste residue and greenhouse gases, zero otherwise. This variable is only applicable to the archival sample.
CIRCULAR	Dummy taking the value one if a firm uses renewable energy or adopts circular economy policies, zero otherwise. This variable is only applicable to the archival sample.
ENERGY	Dummy taking the value one if a firm has policies or technologies to save energy, zero otherwise. This variable is only applicable to the archival sample.
POLEXP	A firm's expenditure on pollution control. This variable is only applicable to the survey sample.
ENVMTEXP	A firm's expenditure on environmental protection. This variable is only applicable to the survey sample.
DONATION	A firm's donation amount for public welfare undertakings such as poverty alleviation, disaster relief, environmental protection, and charity. This variable is only applicable to the survey sample.
INSURANCE	A firm's insurance costs paid for employees. This variable is only applicable to the survey sample.
Independent and Control Variables:	
CHAIRPC	A dummy taking the value one if a chairperson is identified as being politically connected, and zero otherwise. A firm is defined as politically connected if its chairperson is or was: (1) a representative of National People's Congress (NPC), or (2) a member of Chinese People's Political Consultative Conference (CPPCC).
CHAIRCCP	A dummy taking the value one if a chairperson is a communist party member, and zero otherwise.
SIZE	Natural logarithm of the book value of total assets in the current year.
LEV	Leverage ratio in the current year, calculated as total liabilities divided by total assets.
ROE	Return on equity in the current year, calculated as net income divided by total equity.
FIRMAGE	The duration from the initial public offering (IPO) to the sample year.
GROWTH	Sales growth rate in the current year. This variable is only applicable to the archival sample.
INDDR	The proportion of independent directors in the current year, calculated as the number of independent directors divided by the number of directors on the board. This variable is only applicable to the archival sample.
HHI	The Herfindahl-Hirschman Index of the three largest shareholdings. This variable is only applicable to the archival sample.
AGE	The chairperson's age.
GENDER	Indicator of manager's gender that equals to one if the manager is male, and zero otherwise. This variable is only applicable to the archival sample.
SALARY	Natural logarithm of the total salary of a manager in the current year. This variable is only applicable to the archival sample.
PRESSURE1	A dummy taking the value one if a firm's earnings per share (EPS) of last year fails to meet analysts' forecast, and zero otherwise.

(*continued*).

Table 1. Continued.

Variable	Variable Definition
PRESSURE2	A dummy taking the value one if a firm's net profit of last year fails to meet analysts' forecast, and zero otherwise.
PRESSURE3	A dummy taking the value one if a firm's operating profit of last year fails to meet analysts' forecast, and zero otherwise.
TQ	Tobin's Q value, calculated as the sum of total equity and total liabilities divided by total assets.
$CFP_{Low}CSC_{High}$	A dummy coded one (zero otherwise) if the societal contribution of firm i in year t is above the industry-year median and the financial performance is below the industry-year median, thus representing firms that have a high societal contribution (CSC_{High}) but a low financial performance (CFP_{Low}). Financial performance is proxied by either Tobin's Q value (TQ) or return on equity (ROE).
$CFP_{High}CSC_{Low}$	A dummy coded one (zero otherwise) if the societal contribution of firm i in year t is below the industry-year median and the financial performance is above the industry-year median, thus representing firms that have a low societal contribution (CSC_{Low}) but a high financial performance (CFP_{High}). Financial performance is proxied by either Tobin's Q value (TQ) or return on equity (ROE).
POLTRUST	Indicator of political trust, coded as one if a manager holds a 'very credible' opinion to the credibility of national official mainstream media, zero if a manager has some kind of distrust.
POLSTATUS	Indicator of political status, coded as one if a manager rates his/her political status high, zero if low.
Instrumental Variables:	
OPEN	Instrumental variable for CHAIRPC, coded as one if a firm's headquarter office place belongs to the provinces that contain the 5 'Special Economic Zones' and 16 'Open Coastal Cities', and zero otherwise.
RED	Instrumental variable for CHAIRCCP, coded as one if a manager's native place belongs to the provinces that contain cities having a 'red tradition', and zero otherwise.

Table 2. Descriptive statistics of main variables.

variable	obs	mean	sd	min	max
Panel A Archival sample					
CSR	16880	0.179	0.384	0	1
CSRRATING	3027	3.557	0.257	3.137	4.206
SCVPS	2944	1.441	1.032	0.220	4.119
QUALITY	3384	0.572	0.495	0	1
SATISFY	3384	0.279	0.449	0	1
AWARDS	3384	0.449	0.497	0	1
WELFARE	3384	0.350	0.477	0	1
SAFEMGT	3384	0.545	0.498	0	1
SAFEPT	3384	0.554	0.497	0	1
WASTE	3384	0.605	0.489	0	1
CIRCULAR	3384	0.286	0.452	0	1
ENERGY	3384	0.515	0.500	0	1
CHAIRPC	16880	0.245	0.430	0	1
CHAIRCCP	16849	0.285	0.451	0	1
SIZE	16859	7.362	1.116	5.303	9.836
LEV	16879	0.418	0.212	0.113	0.838
ROE	16694	0.0700	0.078	−0.150	0.213
FIRMAGE	16876	14.82	5.214	4	24
GROWTH	16023	0.333	0.602	−0.388	2.072
INDDR	16833	0.369	0.043	0.333	0.444
HHI	16877	10.46	1.734	7.460	13.420
AGE	16876	50.13	8.005	36	66
GENDER	16880	0.865	0.342	0	1
SALARY	16694	9.348	4.843	0	13.602
PRESSURE1	16880	0.755	0.430	0	1
PRESSURE2	16880	0.721	0.448	0	1
PRESSURE3	16880	0.870	0.336	0	1
TQ	15972	2.382	1.650	0.348	6.037

Table 3. Correlation matrix.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Panel A Archival sample																									
1 CSRRATING	1.00	0.14	0.10	0.24	0.19	0.17	0.22	0.14	0.15	0.14	0.19	−0.01	0.08	0.30	0.02	−0.01	0.14	−0.06	−0.03	0.12	0.07	0.03	0.00	0.03	−0.03
2 SCVPS	0.14	1.00	0.02	0.02	0.08	0.07	0.01	−0.07	0.05	0.05	0.11	0.04	0.08	0.48	0.16	0.62	0.00	0.02	−0.01	0.21	0.04	0.01	0.03	−0.08	−0.12
3 QUALITY	0.10	0.01	1.00	0.11	0.31	0.05	0.08	0.15	0.09	0.12	0.11	0.00	0.05	0.08	−0.14	0.00	−0.13	−0.04	−0.03	0.05	0.01	0.00	−0.01	0.05	0.08
4 SATISFY	0.26	0.02	0.11	1.00	0.12	0.02	0.08	0.04	0.03	0.11	0.10	−0.05	−0.02	0.07	0.04	0.00	−0.02	0.00	−0.10	0.01	0.02	0.02	0.01	0.00	−0.02
5 AWARDS	0.19	0.07	0.31	0.12	1.00	0.12	0.07	0.15	0.05	0.14	0.11	−0.02	0.05	0.14	0.00	0.01	0.12	0.04	−0.07	−0.02	0.03	0.01	−0.04	0.03	−0.04
6 WELFARE	0.16	0.06	0.05	0.02	0.12	1.00	0.05	0.09	0.10	0.05	0.12	−0.08	0.08	0.10	0.07	0.01	0.07	−0.01	−0.04	−0.01	0.04	0.02	0.01	−0.01	−0.09
7 SAFEMGT	0.22	0.02	0.08	0.08	0.07	0.05	1.00	0.27	0.18	0.12	0.14	−0.09	0.09	0.13	−0.01	−0.06	0.05	−0.09	−0.04	0.00	0.03	0.03	−0.07	−0.04	−0.02
8 SAFEPT	0.15	−0.05	0.15	0.04	0.15	0.09	0.27	1.00	0.11	0.13	0.08	−0.08	0.06	0.03	−0.04	−0.10	0.00	−0.09	−0.07	−0.03	0.01	0.04	−0.03	0.01	−0.03
9 WASTE	0.16	0.06	0.09	0.03	0.05	0.10	0.18	0.11	1.00	0.24	0.27	−0.03	0.15	0.15	0.02	−0.06	0.05	−0.17	−0.05	0.02	0.07	0.02	−0.02	−0.03	−0.09
10 CIRCULAR	0.15	0.06	0.12	0.11	0.14	0.05	0.12	0.13	0.24	1.00	0.19	0.00	0.10	0.16	0.03	−0.03	0.03	−0.10	−0.03	−0.02	0.02	0.00	0.03	−0.02	−0.08
11 ENERGY	0.21	0.11	0.11	0.10	0.11	0.12	0.14	0.08	0.27	0.19	1.00	−0.03	0.08	0.18	0.08	0.02	0.07	−0.09	−0.03	0.06	0.04	0.02	−0.04	−0.01	−0.10
12 CHAIRPC	−0.01	0.03	0.00	−0.05	−0.02	−0.08	−0.09	−0.08	−0.03	0.00	−0.03	1.00	−0.15	0.02	−0.03	0.09	−0.12	−0.02	0.01	0.10	−0.02	0.00	0.09	0.04	0.01
13 CHAIRCCP	0.08	0.08	0.05	−0.02	0.05	0.08	0.09	0.06	0.15	0.10	0.08	−0.15	1.00	0.14	0.12	−0.07	0.07	−0.10	−0.01	−0.04	0.06	0.03	−0.12	−0.04	−0.10
14 SIZE	0.31	0.46	0.08	0.07	0.14	0.10	0.13	0.04	0.15	0.15	0.18	0.03	0.13	1.00	0.26	0.11	0.02	−0.18	−0.07	0.06	0.06	0.05	0.00	0.01	−0.18
15 LEV	0.03	0.16	−0.14	0.04	0.00	0.07	0.00	−0.04	0.02	0.03	0.08	−0.03	0.12	0.26	1.00	−0.08	0.17	0.08	−0.05	−0.05	0.02	0.07	−0.02	−0.04	−0.23
16 ROE	−0.01	0.57	−0.01	0.01	0.02	0.01	−0.07	−0.10	−0.05	−0.01	0.03	0.08	−0.08	0.08	−0.13	1.00	−0.04	0.08	0.00	0.23	−0.01	−0.04	0.06	−0.15	0.18
17 FIRMAGE	0.12	0.03	−0.13	−0.01	0.12	0.07	0.06	0.00	0.06	0.03	0.07	−0.12	0.07	0.01	0.17	−0.02	1.00	0.06	−0.05	−0.17	0.08	−0.02	0.00	−0.12	−0.06
18 GROWTH	−0.07	0.00	−0.07	0.04	0.00	−0.03	−0.11	−0.11	−0.14	−0.07	−0.05	−0.04	−0.09	−0.21	0.16	0.09	0.10	1.00	0.05	−0.01	−0.02	−0.02	0.01	0.03	0.05
19 INDDR	−0.04	−0.01	−0.03	−0.10	−0.07	−0.04	−0.04	−0.08	−0.06	−0.04	−0.05	0.02	−0.04	−0.09	−0.06	0.00	−0.06	0.06	1.00	0.08	0.06	−0.01	0.03	0.02	0.05
20 HHI	0.14	0.18	0.05	0.01	−0.02	−0.01	0.01	−0.03	0.03	−0.02	0.06	0.10	−0.05	0.07	−0.05	0.20	−0.19	0.02	0.09	1.00	0.02	−0.03	0.00	0.05	−0.01
21 AGE	0.07	0.04	0.02	0.02	0.03	0.04	0.02	0.00	0.07	0.02	0.04	−0.02	0.05	0.05	0.02	0.00	0.07	−0.01	0.06	0.02	1.00	0.10	−0.06	0.00	−0.05
22 GENDER	0.03	0.03	0.00	0.02	0.01	0.02	0.03	0.04	0.02	0.00	0.02	0.00	0.03	0.05	0.07	−0.04	−0.03	−0.03	−0.01	−0.02	0.10	1.00	0.03	0.00	−0.06
23 SALARY	−0.05	−0.02	0.00	0.00	−0.06	−0.03	−0.09	−0.02	−0.03	0.01	−0.06	0.10	−0.14	−0.07	−0.06	0.04	−0.05	0.01	0.05	−0.01	−0.01	−0.01	1.00	0.04	0.02
24 PRESSURE1	0.02	−0.12	0.05	0.00	0.03	−0.01	−0.04	0.01	−0.03	−0.02	−0.01	0.04	−0.04	0.01	−0.04	−0.14	−0.12	0.01	0.03	0.05	0.00	0.00	0.04	1.00	−0.07
25 TQ	−0.04	−0.08	0.07	−0.01	−0.03	−0.08	−0.02	−0.03	−0.10	−0.07	−0.08	−0.01	−0.06	−0.16	−0.20	0.14	−0.05	0.02	0.07	−0.01	−0.04	−0.07	0.01	−0.09	1.00

Lower triangle presents Pearson Correlation and Higher triangle presents Spearman Correlation.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Panel B Survey sample														
1 CSR	1.00	0.06	0.08	0.11	0.12	0.18	0.08	0.02	0.12	0.09	0.04	−0.02	0.07	0.12
2 POLEXP	0.04	1.00	0.75	0.34	0.47	0.25	0.26	0.13	0.25	0.56	−0.02	0.11	0.20	0.09
3 ENVMTEXP	0.02	0.66	1.00	0.33	0.42	0.24	0.21	0.06	0.21	0.53	0.00	0.08	0.19	0.13
4 DONATION	0.13	0.29	0.25	1.00	0.46	0.38	0.29	0.09	0.38	0.50	−0.02	0.18	0.33	0.23
5 INSURANCE	0.12	0.46	0.37	0.38	1.00	0.26	0.27	0.12	0.31	0.76	0.12	0.16	0.41	0.24
6 CHAIRPC	0.18	0.22	0.15	0.35	0.25	1.00	0.19	0.08	0.51	0.39	−0.01	0.12	0.21	0.17
7 CHAIRCCP	0.08	0.27	0.23	0.31	0.27	0.19	1.00	−0.03	0.23	0.30	0.05	0.06	0.12	0.20
8 POLTRUST	0.02	0.14	0.06	0.09	0.10	0.08	−0.03	1.00	0.15	0.11	0.17	0.03	0.03	0.03
9 POLSTATUS	0.12	0.27	0.19	0.35	0.31	0.51	0.23	0.15	1.00	0.37	−0.05	0.14	0.28	0.29
10 SIZE	0.09	0.55	0.48	0.43	0.75	0.39	0.30	0.10	0.38	1.00	0.07	0.25	0.32	0.20
11 LEV	0.04	0.02	0.03	−0.01	0.10	−0.01	0.06	0.17	−0.05	0.06	1.00	−0.19	−0.03	0.06
12 ROE	−0.05	0.05	0.00	0.04	0.04	0.07	0.03	−0.01	0.12	0.14	−0.16	1.00	0.08	−0.01
13 FIRMAGE	0.08	0.23	0.15	0.30	0.43	0.24	0.13	0.03	0.29	0.36	−0.03	0.04	1.00	0.43
14 AGE	0.11	0.11	0.07	0.23	0.25	0.18	0.20	0.04	0.30	0.22	0.06	−0.02	0.44	1.00

Lower triangle presents Pearson Correlation and Higher triangle presents Spearman Correlation.