

Review Paper

# Research on the Impacts of Corporate Sustainability Reporting Disclosure of Chinese Food Enterprises on Financial Performance

Gholam Reza Zandi\*, Chen Jiyang and Naziruddin Abdullah

Universiti Kuala Lumpur (UniKL) Business School, Malaysia

\*Corresponding author: zandi@unikl.edu.my (ORCID ID: 0000-0001-9517-8474)

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## ABSTRACT

With the proposal and continuous updating of sustainable development concept in China, actively assuming social responsibility by enterprises has become a direct manifestation of the progress of the times. While operating and developing, food enterprises should not only focus on their own profits, but also fulfill their social responsibilities. The article analyzes the causes of food safety issues that have emerged in the Chinese food industry, and proposes to focus on improving the skills and qualities of enterprise employees, constructing a policy system for food safety supervision and management, in order to provide beneficial insights for promoting sustainable development of enterprises. At the same time, using a combination of theoretical and empirical analysis methods, this study explores the impact of sustainable development responsibilities on financial performance of enterprises, providing strong support for enterprises to actively disclosure their Corporate Sustainability Reporting, and promoting listed companies in the food industry to attach importance to future sustainable development.

## HIGHLIGHTS

- The article analyses the causes of food safety issues in the Chinese food industry and proposes improving enterprise employees' skills and qualities, constructing a policy system for food safety supervision and management, and promoting sustainable enterprise development.

**Keywords:** Sustainability Reporting, Financial Performance, Food Industry

With the continuous development of the economy and the improvement of living conditions, Chinese residents are increasingly concerned about food safety issues in their daily lives. As a food safety enterprise, we also need to improve our product quality. The focus of operation is not only on how much profit we make, but also on whether we can effectively fulfill our sustainable development responsibilities. This statement has reached consensus among various sectors regarding sustainable development responsibility (Bartolacci *et al.* 2020). However, in recent years, food safety issues have occurred frequently, causing great public opinion. The importance of fulfilling sustainable development responsibility obligations in the

sustainable operation of enterprises is self-evident. A company that integrates multiple interests and takes sustainable development as its business strategy to plan for future development can truly improve long-term economic and social benefits and possess long-term development capabilities. Corporate Sustainability Reporting Disclosure is the main driving force for achieving sustainable development. The good social responsibility of food industry enterprises is not only of great

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significance for Chinese food safety, but also plays a very important role in promoting the sustainable development of Chinese future economy and the construction of a harmonious society (Tamayo-Torres *et al.* 2019).

In addition, as a pillar industry in China, the food industry has the characteristics of a wide audience, low entry threshold, and posterior nature. These characteristics make the competition in the industry more intense, with the phenomenon of price wars and shoddy goods being replaced. The existence of these negative trends is due to the poor social responsibility awareness of some enterprises. So this article takes the industry as an example and collects data from the past five years. It is hoped that by studying the impact of Corporate Sustainability Reporting disclosure on Financial Performance, enterprises can form a sense of good sustainable responsibility and maintain a good development format in the industry (Rajesh, 2020).

### **Chinese Food Industry Development Characteristics**

The food industry is a pillar industry in China, with a wide audience, product safety as the bottom line, intense industry competition, and a special workforce, which make it necessary and urgent to fulfill its social responsibility.

#### **(a) Wide audience**

Food is the top priority for the people, and food is a necessity in people's lives. The food industry is a leading industry related to the national economy and people's livelihood, and is closely related to people's lives. According to the industry classification of GUOTAIAN Database, the food and beverage industry includes agricultural and sideline food processing industry, food manufacturing industry, as well as alcohol, beverage, and refined tea manufacturing industry. Once there are problems in the food industry, it will attract high attention from society (Caldeira *et al.* 2020). At the same time, the industry is closely connected to multiple industries, and if a certain link goes wrong, it will generate a domino effect, and both enterprises and society will have to pay a huge price.

#### **(b) Product safety is the bottom line**

Compared with other industries, the uniqueness of

the food industry mainly lies in its close relationship with the lives and health of customers. Ensuring the safety, hygiene, and reliability of the produced food is the bottom line of the industry. Due to the posterior nature of food, consumers can only make judgments based on their physical health after consuming the product. Therefore, food companies have an inherent responsibility to ensure product safety (Cheng *et al.* 2018).

#### **(c) Intense industry competition**

The low entry threshold for the food industry has led to a rapid increase in the number of enterprises, and competition has also become more intense. In order to gain a foothold in the market, enterprises often try their best to reduce production costs and engage in price wars. Some companies even cut corners, fabricate recklessly, substitute substandard products, and indiscriminately use additives. Therefore, the food industry has become a safety accident prone industry (Lu *et al.* 2018).

#### **(d) Special labor force**

The food industry is a labor-intensive industry, with a labor force of 7.1724 million as of 2017. Although it has helped alleviate employment pressure in China to some extent, the cultural level and comprehensive quality of employees are generally not high. In the production process, in order to reduce workload, opportunistic measures may be taken to reduce production procedures, causing problems such as non-standard production, and ultimately leading to food safety accidents (Tzouvanas *et al.* 2020).

### **Theoretical Analysis of the Impacts of Corporate Sustainability reporting disclosure on Financial Performance**

The theory of sustainable development refers to the coordination and unity between enterprises and environmental, social stakeholders, and various economic factors. Its essence is to achieve a balanced development state of economy, society, and ecology, emphasizing the realization of long-term goals. Enterprises can achieve sustainable use of natural resources through rational development and utilization during production and operation. By saving investment in product resources, costs can be reduced. By improving product quality, we can win the trust of more consumers. Through "green"

production, good and coexisting public relations can be established with the public. In today's market economy environment, social responsibility is an intangible driving force that plays a certain role in promoting the sustainable development of enterprises (Govindan *et al.* 2020). On the contrary, if companies ignore social responsibility, it will be difficult to continuously obtain high-quality resources and a favorable external environment from various stakeholders, increasing business risks. This article believes that fulfilling the responsibility of sustainable development for enterprises and disclosing Corporate sustainability reporting can help improve financial performance:

#### **(a) Enterprises fulfill their responsibilities to the Government**

Enterprises actively fulfilling their responsibilities to the government will have a beneficial impact on their own development. From the perspective of consumers, when factors such as demand, quality, and cost-effectiveness of goods are similar, consumers are more willing to consume in enterprises that comply with national laws and regulations and pay taxes on time. From the perspective of the company's own development, if it fails to fulfill its tax obligations, it will not only receive warnings from the tax authorities, but also face the risk of closure and rectification in severe cases (Gupta & Gupta, 2020). Therefore, actively fulfilling their responsibilities to the government not only helps enterprises attract more consumers, but also forms a good credit record in the government.

#### **(b) Enterprises fulfill their responsibilities to Shareholders**

When a company is generous with its profits and allocates dividends to shareholders in a certain proportion of its total profits, effectively fulfilling its responsibilities to shareholders, shareholders will have confidence in the company's prospects and increase investment efforts. This can greatly improve the company's financing convenience, reduce financial volatility, and correspondingly increase the amount of funds raised by the company (Cervelló-Royo *et al.* 2020). Having sufficient funds is the foundation for the continuous development and expansion of enterprises, which will bring long-term benefits to the enterprise.

#### **(c) Enterprises fulfill their responsibilities to Creditors**

Creditors usually focus on whether their principal and interest can be recovered, and whether the project risk is too high, so they are more concerned about the company's liquidity performance rather than its development performance. If a company can repay on time, it can enhance its own credibility, effectively reduce transaction costs, and improve the efficiency of achieving cooperation intentions. In addition, as debt financing is a major means of raising funds for enterprises, enterprises can use the leverage effect of debt financing to select and maintain the optimal capital structure, which helps to enhance the long-term value of the enterprise (S. Wang *et al.* 2020).

#### **(d) Enterprises fulfill their responsibilities to Employees**

The enterprise will not default on the wages of employees, pay corresponding insurance for employees, give certain performance rewards according to the work conditions, tap the personal potential of employees, and let employees enhance their sense of cultural identity and collective belonging to the enterprise while improving their personal skills and matching people with posts. This approach can enhance employees' work enthusiasm, align their efforts with the direction of the company's development, and form a cohesive force for the company when employees work together (Ren, 2018).

#### **(e) Enterprises fulfill their responsibilities to Consumers**

Enterprises should take responsibility for consumers, which requires them to provide high-quality and affordable products as much as possible based on the pursuit of operating profits, continuously improve consumer satisfaction with their products, provide high-quality products, protect consumer rights, and ultimately affect consumer purchasing behavior and orientation (Ren, 2018). Obtaining consumer support creates a better foundation for the profitability of enterprises and provides guarantees for the improvement of their financial performance.

## **(f) Enterprises fulfill their responsibilities for Resources, Environment, and Public Welfare**

In fact, these enterprises that actively engage in environmental protection and public welfare undertakings have a brighter brand image in the eyes of society and the public, and are more loved and supported by consumers. Transforming this support into the core competitiveness of the enterprise can attract more consumers and bring potential benefits to the enterprise (Ates, 2020).

## **Empirical Study on the Impacts of Corporate Sustainability reporting disclosure on Financial Performance of Food Enterprises**

### **(a) Sample Selection**

Due to the current situation of the sustainability report disclosure of food companies, 100 companies will be selected. Those 100 companies disclose corporate sustainability reports which are being listed in the food industry from 2016 to 2020. By using signal transmission theory, according to a study by Rafat Mohd Soudki Albatayneh, sustainable development theory and stakeholder theory as sampling theoretical basis, the establishment of an evaluation system for the disclosure content of Chinese food companies' sustainability reports. Through textual research on the disclosure announcements of food companies, it is found that there is a lack of key food safety disclosures and quantitative accounting for information disclosure. Issues such as low readability of information and information disclosure (Caldeira *et al.* 2020).

The problems lie in three levels of government, enterprise, and society in China which they are mainly manifested in lack of unified social responsibility accounting information disclosure standards. There were no relevant regulatory authorities to supervise, insufficient social responsibility awareness of the public, and lack of third parties auditing of certification bodies (Govindan *et al.* 2020). In-depth research on the sustainability disclosed reports will be conducted from 2016 until 2020.

This study will use both qualitative and quantitative archival sources to obtain information, which are sustainability and financial reports. As this study will focus on publicly traded Chinese

companies. The sustainability reports obtained will be downloaded directly from each company's website. For analysis, data collection will be strictly obtained from documents or pages with the titles "Corporate Sustainability", "Corporate Social Responsibility", "Social Responsibility", "Sustainability", "Citizenship" or "Global Citizenship" (Gupta & Gupta, 2020).

The Sustainability reports are used to collect quantitative and qualitative data in order to establish the number of companies with sustainability reports, sustainability reporting trends, and the extent to which sustainability is integrated within the business model. GRI guidelines are employed to assist organizations in disclosing their sustainability performance. This reporting framework is used by organizations of all sizes and sectors to formalize sustainability reports. Both GRI and Non-GRI reporting companies will be considered (Janoušková *et al.* 2019; Esan *et al.* 2022).

To analyze the financial performance of the sample, the study will use the operation margin ratio of the company, taking into consideration that gains or losses are based only on the normal methods of providing a good or a service. Financial data will be downloaded from the Reuters' website. Reuters is an international news agency that provides financial market data (Chang *et al.* 2018).

This study is guided by research questions wherein the first portion employed both qualitative and quantitative analyses of corporate sustainability reports to explore the themes, initiatives, and issues being addressed by organizations. The sustainability reporting and behavior are independent variables that include whether or not companies publish sustainability reports, the initiatives, the strategic components, number of years the companies have been publishing sustainability reports, and the GRI versus Non-GRI status of the sustainability report (Chang *et al.* 2018; Handoyo *et al.* 2022). Important to the study was the extent to which companies integrated sustainability within their business agenda.

The "Operating Profit Margin 5 Year Average Ratio" will require interval data. Each company's "Operating Profit Margin 5 Year Average Ratio" will be measured against its Industry's "Operating Profit Margin 5 Year Average Ratio" to measure the financial performance of each group.

### (b) Corporate Sustainability Responsibility performance evaluation indicators screening ideas

According to the construction principles and basis of the indicator system, and based on the research results of relevant scholars, the sustainable development performance evaluation indicators of food enterprises may have problems such as high correlation between indicators and weak identification ability of indicators due to the excessive number of indicators. Therefore, it is very important to carry out correlation analysis and coefficient of variation analysis on indicators, eliminate indicators that do not meet the requirements, and further screen and reasonably simplify the indicator system (Y. Wang *et al.* 2018).

### (c) Corporate Sustainability Responsibility performance evaluation indicators correlation analysis

Some indicators in the indicator system may have high similarity and strong correlation, which may lead to repeated weighting in the evaluation process, thus reducing the weight of other indicators, affecting the scientificity and rationality of the evaluation system, and leading to deviation in the final evaluation results. Correlation analysis can screen out indicators with strong correlation and solve this problem through reasonable indicator elimination (Jeong *et al.* 2020; Ajeigbe and Ganda, 2023).

### Corporate Sustainability Responsibility performance evaluation indicators coefficient of variation analysis

After correlation analysis and screening, the problem of information duplication in the indicator system has been solved, but there may still be some indicators with low resolution, resulting in redundancy and insufficient simplification of the indicator system. The coefficient of variation analysis can eliminate the indicators with low resolution on the basis of keeping the overall integrity of the indicator system, which not only concentrates the indicator system, but also retains the indicators with high resolution, ensuring that the indicator system is both representative and concise. Resolution can be measured by coefficient of variation. First, variance analysis is carried out for

each index in the index system to obtain the mean and standard deviation of each index, and then the coefficient of variation is calculated. The coefficient of variation is the ratio of standard deviation to mean (Sun *et al.* 2020; Ogundajo *et al.* 2023).

The specific formula is:

$$v_j = s_j / x_j * 100\%$$

$$x_j = \frac{1}{n} \sum_{i=1}^n x_{ij}$$

$$s_j = \sqrt{\frac{1}{n-1} \sum_{i=1}^n (x_{ij} - x_j)^2}$$

Where  $V_j$  is the coefficient of variation of the index,  $S_j$  is the standard deviation of the index, and  $X_j$  is the mean value of the index.

### (a) Descriptive Analysis On Overall Data

Table 1 is a summary of all data for this study. All results were from SPSS analysis. These results come from the 100 typical enterprises in the food industry selected above, and the final data integration is carried out from the relevant statements publicly disclosed by the enterprises and the results of relevant questionnaires. From the results in Table 1, there are great differences in different information data. From the basic information of the figure, there is no correlation between the financial data and the subjective data in the survey results. Compared with different quantitative data, the stability of different data categories and their data occurrence is different, and the relative difference is large. For the requirements of this study, these data are typical factors.

### (b) Correlation Analysis

In this paper, SPSS software is used to analyze all the data. From the analysis results, we can clearly see the causal relationship between the data. According to the test results in Table 2, it is not difficult to find that there is a typical relationship between the data. The correlation between similar data is strong, while there are great differences among different categories of data. The information in Table 2 is summarized as follows:

Firstly, the relevant data of Corporate sustainability reporting comes from the questionnaire of enterprise senior managers and the public. In order to

**Table 1:** Descriptive Analysis on Overall Data

	Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Strategy	100.00	5.20	9.00	6.79	0.07	0.73	0.54
Stakeholder engagement	100.00	4.80	7.60	5.94	0.05	0.51	0.26
Governance	100.00	8.20	9.80	9.06	0.04	0.36	0.13
Ethics and integrity	100.00	6.00	9.00	7.21	0.05	0.53	0.28
Organizational Profile	100.00	5.40	9.00	7.46	0.06	0.55	0.31
Financial Performance	100.00	-0.19	0.36	0.10	0.01	0.08	59.62
Return on equity (ROE)	100.00	-5.25	0.62	0.10	0.06	0.55	3052.73
Earning per share (EPS)	100.00	-0.42	26.57	1.14	0.27	2.72	7.38
Net profit margin (NPM)	100.00	-0.19	0.36	0.10	0.01	0.08	59.62
Sustainability reporting	100.00	6.57	8.43	7.49	0.04	0.38	0.15
Valid N (list-wise)	100.00						

**Table 2:** Correlation analysis for overall variables

Variables	Correlations									
	S	S E	G	E & I	OP	FP	ROE	EPS	NPM	S R
Strategy	1	.583**	.211*	.584**	.397**	0.012	0.033	0.063	0.012	.743**
Stakeholder engagement	.583**	1	.462**	.683**	.515**	-0.073	-0.056	-0.049	-0.073	.850**
Governance	.211*	.462**	1	.329**	.291**	0.026	0.034	-0.001	0.026	.612**
Ethics and integrity	.584**	.683**	.329**	1	.538**	-0.103	-0.045	-0.106	-0.103	.768**
Organizational Profile	.397**	.515**	.291**	.538**	1	0.023	0.058	0.028	0.023	.697**
Financial Performance	0.012	-0.073	0.026	-0.103	0.023	1	.537**	.349**	1.000**	-0.028
Return on equity (ROE)	0.033	-0.056	0.034	-0.045	0.058	.537**	1	0.108	.537**	0.006
Earning per share (EPS)	0.063	-0.049	-0.001	-0.106	0.028	.349**	0.108	1	.349**	0.007
Net profit margin (NPM)	0.012	-0.073	0.026	-0.103	0.023	1.000**	.537**	.349**	1	-0.028
Sustainability reporting	.743**	.850**	.612**	.768**	.697**	-0.028	0.006	0.007	-0.028	1

*Notes:* Significance at the 10 per cent, 5 per cent and 1 per cent level of confidence as indicated by \*, \*\*and \*\*\* respectively.

ensure the validity of the data, a basic survey was conducted on all the preparers. Due to the wide coverage of Corporate sustainability reporting, this paper mainly selects five core indicators: strategy, stakeholder engagement, governance, ethics and integrity and organizational profile. As can be seen from the analysis results, the positive correlation of these data is strong. This result also shows that the five selected indicators promote and influence each other. Of course, this result also shows that the selected data is effective and true.

Secondly, there are different results in the research of Financial performance related data. The financial data in this paper are selected from the financial statements published by each company every year. From the results of correlation analysis, it can be seen that there is a positive correlation between different financial data, while there is a weak positive correlation between financial data and data related to Corporate sustainability reporting.

In addition, there is a negative correlation between financial data and Stakeholder engagement, Ethics and integrity. Therefore, there are still many analysis points in the release of Corporate sustainability reporting and Enterprise operation, which is exactly what this paper needs to study and consider.

### (c) Regression Analysis

This paper proposes to analyze financial performance as a dependent variable. Five typical independent variables are selected from the perspective of stakeholders in the Corporate sustainability reporting. Table3 is a summary of the final regression analysis. Here, the paper selects Strategy, Stakeholder engagement, Governance, Ethics and integrity and Organizational Profile as five typical independent variables. From the P-value indicator of each independent variable, it can be seen that the final result is not directly related. The five typical indicators selected from the Corporate

sustainability reporting in this paper have no direct impact on Corporate Financial performance.

**Table 3:** Regression of Stakeholder Factors and Financial Performance

Regression Test					
	Ethics and integrity	Governance	Stakeholder engagement	Organizational Profile	Strategy
Beta	1.328	-1.706	1.745	-2.673	1.48
t-stat	0.952	-0.716	0.706	-1.204	0.852
p-value	0.344	0.476	0.482	0.232	0.396
Constant	4.021***				
	21.1*				
Observations	100				
Durbin Watson	1.478***				
Adj-R-square	0.033				
F-Value	0.647				

*Notes:* Significance at the 10 per cent, 5 per cent and 1 per cent level of confidence as indicated by \*, \*\*and \*\*\* respectively.

As mentioned earlier, there are many two-way influences on all assumptions. Therefore, this paper further analyzes whether financial performance factors have an impact on Corporate sustainability reporting. In this analysis, the average value of evaluation of Corporate sustainability reporting is taken as a dependent variable, and Return on Equity (ROE), Earning per share (EPS) and Net profit Margin (NPM) are selected as financial performance indicators. Compared with the evaluation of Corporate sustainability reporting, these three financial performance indicators are three typical independent variables. As can be seen from the results of regression analysis in Table 4, p-value of the three financial performance indicators of the enterprise sustainability report are 0.788, 0.836 and 0.677 respectively. From such analysis results, it can be seen that the three typical financial performance indicators are not directly related to the Corporate sustainability reporting.

Although the previous regression analysis results did not well validate the hypothesis of this article, this article continues to introduce moderation variables for further regression analysis. Considering that the research direction is the relationship between Financial performance and Corporate sustainability

reporting in Chinese Food market, this paper finally chooses Chinese domestic fiscal policy as the moderation factor for the study.

**Table 4:** Regression of Financial Performance and Sustainability Reporting

Regression Test			
	Return on equity (ROE)	Earning per share (EPS)	Net-profit margin (NPM)
Beta	0	0.003	-0.003
t-stat	0.269	0.207	-0.418
p-value	0.788	0.836	0.677
Constant	7.514**		
	106.23*		
Observations	100		
Durbin Watson	1.181***		
Adj-R-square	0.002		
F-Value	0.061		

*Notes:* Significance at the 10 per cent, 5 per cent and 1 per cent level of confidence as indicated by \*, \*\*and \*\*\* respectively.

The content and scope of Chinese fiscal policies are extensive. This paper selects the most typical Tax Rate policy as the research object. Table 5 is a further regression analysis of Corporate Financial performance and Corporate Sustainability reporting under the premise that Chinese Fiscal policy is taken as the adjustment factor.

**Table 5:** Regression of Moderator's effect on Sustainability Reporting

Moderator's effect on Sustainability Reporting			
Independent Construct	Block 1	Block 2	
	Unstandardized coefficient	Unstandardized coefficient	
Constant	-3016.294	36766.887	
	-0.192	0.2	
Financial Performance	2771	2763.518	
	2.291	2.273	
Chinese Fiscal Policy	—	-5299.374	
	—	-0.217	
R2	0.051	0	(R2 change)
F-value	5.25	0.047	(F change)
p-value	0.024	0.025	

*Notes:* Significance at the 10 per cent, 5 per cent and 1 per cent level of confidence as indicated by \*, \*\*and \*\*\* respectively.

It can be found from the summary results of the analysis that the P-value values are 0.024 and 0.025 respectively. It can be seen from the results that the change of Chinese Fiscal policy has a certain moderating effect on the Financial performance and Corporate Sustainability reporting. Therefore, Corporate managers must consider current Fiscal policies while considering corporate earnings and Corporate sustainable development. Only by combining current Fiscal policies can be better coordinate the relationship between Corporate financial performance and Corporate sustainable development.

## DISCUSSION AND SUGGESTIONS

This article conducts theoretical and empirical analysis on the impacts of listed companies in the food industry fulfilling their sustainable development responsibilities on financial performance. Represent Corporate Sustainability reporting at six levels, and introduce two control variables: company size and number of years of establishment, using ROE, EPS, and NPM to reflect the financial performance of the company. After introducing the moderating variable of Chinese fiscal policy, the results confirmed that fulfilling sustainable development responsibilities by listed companies in the food industry has a positive impact on improving financial performance (Gupta & Gupta, 2020; Li *et al.* 2023).

This article confirms that protecting the environment and participating in public welfare activities are beneficial for improving financial performance of enterprises. With the continuous development of technology, the continuous progress of management concepts, and the continuous improvement of people's quality, the impact of fulfilling corporate social responsibility on establishing a good image of enterprises is becoming increasingly significant. Under the trend of global environmental degradation and economic integration, enterprises are committed to environmental and ecological construction, actively developing innovative low-energy high-tech equipment, which is not only conducive to the sustainable development of enterprises, but also helps to establish their brand image. Today, with the continuous improvement of the social public opinion supervision system, enterprises participating in public welfare undertakings can establish a good reputation for enterprises in a

more timely manner and bring brand effects (Sun *et al.* 2020). These brand images will be transformed into "soft power" in competition, increasing sales revenue, expanding market share, saving costs, and making the enterprise stand out.

The current situation of listed companies in Chinese food industry fulfilling their responsibilities is worrying, and there is still a problem of weak social responsibility awareness. Based on the research findings of this article, the following suggestions are proposed:

### (a) Enterprise class

Enterprises should uphold the concept of being accountable to stakeholders and adhere to environmental protection throughout the entire production and operation process (Chang *et al.* 2018). Firstly, the production and operation activities of enterprises should comply with government laws and regulations, pay taxes as required by law on time, and avoid tax evasion or evasion. At the same time, enterprises should obey the unified leadership and management of the government, complete various tasks arranged by the government, fulfill the responsibilities of social citizens, and accept government supervision. Secondly, it is necessary to respect and protect the legitimate rights and interests of shareholders, provide truthful business and investment information to shareholders in a timely manner, and ensure the profitability of shareholder funds. Thirdly, timely payment of employee salaries and benefits, performance rewards based on work conditions, and regular employee training are necessary to help employees better understand corporate culture. Fourthly, the responsibility of enterprises to consumers actually means ensuring that their produced food meets national food safety regulations, purchasing fresh ingredients, ensuring production environment hygiene, strengthening the cultivation and supervision of hygiene habits among production employees, and not selling expired products (Danso *et al.* 2020).

### (b) Government class

The government should improve legislation as a solid support for protecting the legitimate rights and interests of consumers. Establish minimum standards for food enterprises to produce products, regulate and constrain production enterprises,

and increase punishment for illegal and non hygienic food production enterprises, so that these enterprises dare not touch the bottom line of the law. In addition, the country should also adopt certain policy preferences and provide some policy incentives to enterprises that actively fulfill their social responsibilities to promote their stable development (Zhan *et al.* 2018). Of course, the government should also improve the disclosure system of corporate social responsibility, reduce information asymmetry, so that investors, creditors, consumers and the public can better understand the enterprise, and rationally choose whether to invest in the enterprise and whether to buy products.

### (c) Social class

Society should extensively promote social responsibility awareness and the positive impact of fulfilling social responsibility on corporate financial performance. Improve consumer identification performance, regulate legitimate consumption behavior, and help them use legal weapons to protect their own rights and interests. At the same time, we attach importance to the role of media in promoting. For enterprises with food safety and hygiene issues, they should vigorously disclose and warn consumers and other stakeholders. For enterprises that adhere to the bottom line of food safety, they should also vigorously promote and encourage consumption (Ren, 2018). Encourage all enterprises to hold onto the bottom line and jointly maintain food safety.

## CONCLUSION

The food industry plays an irreplaceable and crucial role in Chinese national economy, reflecting the development of the national economy and the upgrading trend of mass consumption, as well as the improvement of residents' quality of life. The high-quality development of food industry enterprises is of great significance for ensuring stable economic growth, promoting sustainable environmental development, and ensuring social equity (Guo *et al.* 2020).

With the strong promotion of national policies and the further release of consumer demand, the Chinese food industry has continued to maintain a growth trend in recent years. The food industry

has gradually strengthened its close integration with upstream and downstream resources, and the food industry chain has been continuously improved. Through continuous optimization and upgrading of product and service quality, it has gradually developed towards high quality and high quality, presenting new trends such as increasing variety and diversified consumption. According to the operational data of the food industry released by the Ministry of Industry and Information Technology, from January to December 2020, enterprises above designated size in the national food industry achieved a total profit of 618.71 billion yuan, a year-on-year increase of 5.5% (Ates, 2020).

Compared with other industries, the uniqueness of the food industry mainly lies in its wide audience, intense industry competition, unique labor force, and closely related to the life and health of customers. Due to the posterior nature of food, consumers can only make judgments based on their physical health after consuming the product. Therefore, food companies have an inherent responsibility to ensure product safety (Zhan *et al.* 2018). However, in recent years, food safety issues in China have emerged one after another. Although food safety issues are increasingly being paid attention to by various sectors of society, the scope of food safety incidents is becoming wider, the degree of harm is becoming greater, and the methods of making inferior products are becoming more diverse. At present, some food industry enterprises in China still lack a sense of social responsibility and neglect the rights and interests of stakeholders. The overall quality of the industry is relatively low, causing significant risks to food safety, but also damaging their own corporate image and affecting the sustainable development of the entire industry. Therefore, the sustainable responsibility level of Chinese food industry enterprises urgently needs to be improved.

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