

Review Paper

# The Impact of Corporate Social Responsibility on Financial Performance: The Case of Internet-based Enterprises in China

Gholam Reza Zandi<sup>1\*</sup>, Liang Shan<sup>1</sup> and Syeliya Md Zaini<sup>2</sup>

<sup>1</sup>Universiti Kuala Lumpur (UniKL) Business School, Malaysia

<sup>2</sup>Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Selangor Kampus Puncak Alam, Selangor

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

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## ABSTRACT

With the development of the economy and society, enterprises are no longer just profit organizations. They need to meet the demands of people to fulfill their social responsibilities. The development of Corporate Social Responsibility in China has only been more than a decade, and it is still in the initial exploration stage. Most companies initially adopted a wait-and-see attitude towards it. This article will take the perspective of listed internet companies in China and construct a social responsibility evaluation index system to empirically analyze the relationship between social responsibility and financial performance of internet-based companies. It will explore whether the cost of Corporate Social Responsibility will have a negative impact on their economic benefits. Based on this, it will help internet-based companies correctly understand the important position of social responsibility in their management system and enhance their awareness of actively taking social responsibility.

## HIGHLIGHTS

- ① This article will create a social responsibility evaluation index system for listed Chinese internet companies to scientifically analyse the relationship between social responsibility and financial performance.
- ② It will examine whether Corporate Social Responsibility costs will reduce their economic benefits.

**Keywords:** Corporate Social Responsibility, Internet-based Enterprise, Financial Performance

With the rapid development of internet technology and the continuous improvement of people's living standards, the internet industry continues to flourish. However, while internet-based companies provide convenience for people's lives, a series of problems with the lack of social responsibility of internet-based companies have also occurred, such as information leakage, online fraud, rumors and hype. As a new and powerful productive force, the internet, While promoting economic growth, it also brings new challenges to traditional Corporate Social Responsibility ethics (Jiang *et al.* 2021).

While the Internet greatly facilitates people's daily production and life, due to the capital driven nature of enterprises, fierce market competition,

lack of awareness of netizens' rights protection, and lack of public opinion supervision, incidents such as online fraud, privacy leakage, and online violence have emerged, exposing the current lack of social responsibility among Chinese internet-based enterprises. Fulfilling social responsibility must cause enterprises, government and other relevant departments attach great importance to it. Like all other industries, internet-based companies need to bear the responsibility of their owners, suppliers, creditors, employees and other stakeholders (Ali *et*

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al. 2020). However, due to the unique characteristics of their own products, users, and communication methods, which are different from traditional industries such as energy and electricity, their responsibilities in terms of law, charity, ethics, and other aspects are different from those of traditional industries.

Alibaba Group disclosed the first Social Responsibility Report of Chinese internet-based industry in 2007, releasing its responsibilities for customers, partners, e-commerce ecosystem, employees, shareholders, social ecological landscape, online charity assistance, healthy growth of young people, green business, etc. Afterwards, following the footsteps of the times, leveraging its technological and innovative capabilities to increase its support for smart transportation, smart government Investment in the development of smart healthcare and other related work (Javed *et al.* 2020). It can be seen that in addition to safeguarding the rights and interests of various stakeholders, internet companies need to pay more attention to their contribution and responsibility to the industry's ecological environment, youth health guidance, and technology research and development investment combined with traditional industries. However, there are currently many internet companies in the early stages of development in China that have not yet realized the seriousness of fulfilling their social responsibilities, and their practices in reporting disclosure are relatively lacking. If this continues for a long time, it will inevitably lead to various social problems such as malicious competition within the industry and chaotic overall network environment, which will have a negative impact on the industry and society (Kowalczyk & Kucharska, 2020). So, in order to ensure the healthy development of internet enterprises themselves and protect the legitimate rights and interests of online consumers, internet enterprises, like traditional enterprises, should and must also bear corresponding social responsibilities.

### **The Necessity and Characteristics of Internet-based Enterprises fulfilling their Social Responsibilities**

The current Company Law of our country stipulates from a social and moral perspective that any enterprise engaged in business and production activities has the responsibility to

comply with commercial and social ethics as well as corresponding laws and regulations, to honestly and trustily accept supervision from relevant government departments and social media, and to actively fulfill its social responsibilities. As an inevitable result of social development, the social responsibility that enterprises should fulfill is a part of their obligations. Although they will not be punished by corresponding laws for not fulfilling their obligations, assuming social responsibility is the best response of enterprises to ethics and morality (Kowalczyk & Kucharska, 2020). This enables enterprises to maintain the overall interests of their employees and themselves, and to consciously contribute to the well-being of people's livelihoods and make full use of their surplus energy, truly achieving the goal of benefiting the people and also serving them. Only in this way can enterprises achieve eternal growth and sustainable development. From a legal and moral perspective, Corporate Social Responsibility includes the following social obligations: legal obligations include ensuring product quality meets standards, providing comprehensive after-sales services, safeguarding the legitimate rights and interests of employees, using legal means to compete, not maliciously defaming other competing enterprises, and not polluting the environment (Wu *et al.* 2020). The moral aspect includes actively participating in charitable causes, paying attention to people's livelihood development, promoting community development, and building spiritual culture.

Generally speaking, when talking about Corporate Social Responsibility, it is often limited to traditional energy, chemical and other environmentally polluting enterprises, while ignoring the emerging industry of the Internet. Due to the characteristics of the Internet, such as diversified dissemination methods and information, globalization of dissemination scope and audience groups, fast information production and release, and interactivity of information transmission and feedback, internet companies should fulfill social responsibilities that are different from traditional industries (Xu *et al.* 2019; Oli *et al.* 2023).

#### **1. Moral responsibility**

Internet-based enterprises have the identity of online media. Due to the wide coverage of information

disseminated by internet platforms, the information stays for a long time, and is easily exaggerated within the dissemination, making it difficult to control the topic, often resulting in immeasurable public opinion crises. For example, the spread of fake news about the 2009 earthquake caused panic among the public, causing serious damage to people's mental and physical well-being. The frequent leakage of online privacy, false reports or statements seriously violate the personal privacy of victims and undermine the public order and good customs of society (Xu *et al.* 2019). Therefore, the social responsibility that rapidly developing internet companies should bear in terms of morality should be more arduous than traditional enterprises.

## 2. Legal responsibility

With the rapid development of the internet industry and network technology, the existence of the internet has gradually changed people's production and lifestyle. Online transactions, browsing news online, downloading pictures, and making friends online have become an inseparable part of people's daily lives. According to statistics, on the day of the Double Eleven in 2018 alone, the transaction volume of Tmall and Taobao reached 21.5 billion yuan, which is enough to demonstrate the commercial potential of internet enterprises. However, the emergence of anything is a double-edged sword. While people enjoy the great convenience brought by the Internet, the network platform provided by the Internet also provides opportunities for some criminals to carry out illegal activities (Fourati & Dammak, 2021; Obeid, 2022). Therefore, the information publishers, recipients, and trading parties of online platforms should clearly define their respective legal responsibilities, and ensure that there are laws to abide by, laws to abide by, and violations to be prosecuted. By leveraging the authority and mandatory nature of the law, the internet network environment should be regulated.

## 3. Charitable Responsibility

The growth and development of any enterprise cannot be separated from the support of the public. Therefore, while benefiting from the vigorous development of the entire society, internet enterprises should take the initiative to take on charitable responsibilities, actively participate in

public welfare charity, protect the environment, support community construction, become good corporate citizens, and contribute resources to society. According to relevant surveys, enterprises that actively undertake charitable responsibilities not only have their economic profits not affected, but also enhance their social credibility, which is more conducive to the sustainable development of the enterprise (Kuo *et al.* 2021).

## Relationship between Corporate Social Responsibility and Financial Performance

Most research views on the role of Corporate Social Responsibility on Corporate Financial Performance are mainly divided into the following two aspects. On the one hand, scholars believe that Corporate Social Responsibility can enhance corporate reputation, increase the trust of all stakeholders in the company, and promote the company Financial Performance improved (Zhang *et al.* 2020). On the contrary, on the other hand, researchers believe that undertaking Corporate Social Responsibility will increase corporate costs and expenses, thereby reducing benefits and affecting corporate Financial Performance. However, this article believes that everyone's research cannot reach a unified conclusion and point of view, mainly because on the one hand, scholars choose different research indicators or evaluation systems in the research process of Corporate Social Responsibility, so the analysis process and the conclusions reached cannot Compare the pros and cons or right and wrong. On the other hand, everyone uses different parameter indicators when researching corporate Financial Performance. Some scholars use Tobin Q to represent corporate Financial Performance, while some scholars use corporate Financial Performance indicators (Fourati & Dammak, 2021; Ajeigbe and Ganda, 2023).

As an emerging enterprise, Internet-based enterprises, like other enterprises, shoulder the social responsibility of giving back to the society and in social welfare, public welfare communication and environmental protection while constantly developing themselves. In recent years, many scholars at home and abroad have taken the relationship between Corporate Social Responsibility and its financial performance as the focus of their research, but as an emerging Internet-based

enterprise, it involves less. For this reason, this paper focuses on the research and analysis of the impact of Chinese Internet-based enterprises' active social responsibility on financial performance, which fully considers the differences between Internet-based enterprises and traditional enterprises, analyzes the current situation of Internet-based enterprises' social responsibility, and uses relevant research to build empirical models for in-depth discussion (Kuo *et al.* 2021).

### **Empirical Study on the Relationship between Corporate Social Responsibility and Financial Performance of Internet-based Companies**

Corporate Financial Performance is a dynamic value, in this process, the dynamic impact of Corporate Social Responsibility on corporate Financial Performance is the main content of this chapter. Based on the clear causal relationship between Corporate Social Responsibility and Corporate Financial performance. Generally, the growth curve model can be used to study such problems, but due to the large difference in financial performance of listed companies, it cannot meet the assumption of homogeneity of samples from the traditional growth curve model (Manokaran *et al.* 2018). Therefore, this paper considers using the growth mixed model to carry out the analysis.

To examine the relationship between CSR and corporate Financial Performance of listed enterprises, and the mediating effect of cultural growth on the relationship between listed CSR and corporate Financial Performance, this article chooses A-share state-owned listed enterprises from 2016 to 2020 as the study sample. And pursuant to the following standards to screen and process relevant study samples:

1. Eliminate exceptional samples like \*ST and ST.
2. Eliminate related data samples with lacking values.
3. Take relative indicators for CSR taxes, shareholder dividends, and sociable donations, and carry the natural logarithm of them.
4. Winsorize wholly continuous variables in the sample at 1% and 99% degrees to decrease outliers' influence on related samples.

Finally, this article chooses 100 listed enterprises from 2016 to 2020 as samples for empirical study by TONGHUASHUN database.

From a theoretical point of view, financial performance generally refers to the business performance of an enterprise in a period. There are three ways to measure the financial performance of enterprises: the first is the performance of market value, mainly based on the stock market value or Tobin Q value. The second is accounting financial performance (Rupp *et al.* 2018). The commonly used accounting financial performance indicators generally include the return on total assets and the return on net assets. The third is the subjective perception measurement based on the questionnaire, which evaluates the financial performance by comparing the scale, profit, market share and other relevant parameters with competitors in the same industry. On the one hand, it is difficult to achieve uniform standards to measure the financial performance of enterprises based on the subjective perception of the questionnaire. On the other hand, the current imperfection of Chinese market economy leads to the untrue data indicators of the market value of listed companies (N.B. Nguyen, n.d.). Therefore, in order to make the research results true and accurate, the article selects accounting financial performance as the research index. In addition, the Internet-based industry is an asset-light industry, and the overall debt ratio is low, so we choose the return on net assets as an indicator to measure the financial performance of enterprises, which more truly reflects the profitability of enterprises.

In Data Collection, the following principles should be considered:

1. **Scientific principle:** When analyzing and studying the social responsibility of Internet-based enterprises, in order to make the research results more authentic and practical, the selection and determination of indicators and data collection must be scientific(Fourati & Dammak, 2021; Lidiawan *et al.* 2023).
2. **Representativeness principle:** Due to the limited time, method and ability, the article has no way or possibility to study all the data of the entire Internet-based industry. Therefore, when selecting the research sample data, it is necessary to conform to the characteristics of the Internet-based industry,

make the selected research sample representative, and reduce the deviation of the text analysis results (Zhang *et al.* 2020).

**3. Independence Principle:** Independence refers to the fact that when the article conducts empirical research, the indicators selected in the article are relatively independent in order to avoid the duplication of indicator research, resulting in inaccurate research results and the inability to track the corresponding indicators based on the results (Huang *et al.* 2020).

**4. Acquisitiveness Principle:** In order to ensure that the empirical research is practical, when selecting the relevant indicators of Internet-based listed companies, measure the acquisition cost and benefit of each indicator, and then decide whether to select the indicator, to build the social responsibility evaluation indicator system and model design (Rupp *et al.* 2018).

## 1. Descriptive Analysis On Overall Data

Table 1 shows descriptive statistics of relevant variables. As can be seen from the figure, Net Assets Growth Ratio, as a typical financial performance indicator, has a minimum value of 0 and a maximum value of 1.86, showing a large difference in financial performance, indicating that different enterprises in the same industry have a large Growth gap. Due to the strong subjectivity of Corporate Social

Responsibility report, this paper chooses three fixed financial indicators to measure. From the actual results, there is a wide gap between any one of the indicators. For Corporate Social Donation, the minimum value is 0, and the maximum annual average value is 158583562.90 RMB, which indicates that the current stage of Chinese enterprises to fulfill Social responsibilities, the overall level is medium.

## 2. Correlation Analysis

Pearson correlation analysis was conducted for each variable, and the analysis results are shown in Table 2. Financial performance is significantly negatively correlated with Corporate Social Responsibility at the 5% level. Excessive pursuit of Corporate Financial Performance will lead to the decline of Corporate Social Responsibility index. In terms of control variables, Corporate social donation is significantly positively correlated with financial performance Debt to asset ratio at the level of 5%. In a sound financial environment, enterprises are more willing to focus on social donation. It can be seen from the data that there is no direct positive correlation between Chinese cultural development statistics and Corporate Financial Performance data and Corporate Social Responsibility data. Such results lay the data foundation for the following data regression analysis.

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

Descriptive Statistics							
	N	Minimum	Maximum	Mean	Std. Error	Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Return on Total Assets Ratio	100.00	-0.02	0.33	0.12	0.01	0.05	30.06
Receivables turnover ratio	100.00	0.01	1.52	0.10	0.02	0.22	505.06
Net Assets Growth Ratio	100.00	0.00	1.86	0.53	0.04	0.41	1658.72
Debt to asset ratio	100.00	0.07	0.69	0.33	0.01	0.15	211.82
Annual Tax Payment	100.00	2913329.91	481557717.90	45582254.42	6946656.80	69466567.99	4825604068000000.00
Cash Dividends	100.00	0.00	158583562.90	4722672.57	1717809.75	17178097.48	295087033200000.00
Corporate Social Donation	100.00	3860.26	81322043.23	2778640.43	959051.25	9590512.47	91977929370000.00
Chinese Culture Development Rate	100.00	1.00	10.00	8.32	0.19	1.86	3.46
Valid N (list-wise)	100.00						

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

Variables	Correlations							
	Return on Total Assets Ratio	Receivables turnover ratio	Net Assets Growth Ratio	Debt to asset ratio	Annual Tax Payment	Cash Dividends	Corporate Social Donation	Chinese Culture Development Rate
Return on Total Assets Ratio	1	0.131	.282**	-.180**	-.265**	-.192**	-.187**	-0.021
Receivables turnover ratio	0.131	1	0.084	0.058	0	0.053	0.128	0.057
Net Assets Growth Ratio	.282**	0.084	1	-0.116	-.246**	-.181*	-.249**	0.052
Debt to asset ratio	-.180**	0.058	-0.116	1	.260**	.199**	.190**	0.048
CSR (Annual Tax Payment)	-.265**	0	-.246**	.260**	1	.335**	.454**	0.113
CSR (Cash Dividends)	-.192**	0.053	-.181*	.199**	.335**	1	.288**	0.067
CSR (Corporate Social Donation)	-.187**	0.128	-.249**	.190**	.454**	.288**	1	0.138
Chinese Culture Development Rate	-0.021	0.057	0.052	0.048	0.113	0.067	0.138	1

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

**Table 3:** Regression of Corporate Social Responsibility and Corporate Financial Performance

	Regression Test			
	Return on Total Assets Ratio	Receivables Turnover Ratio	Net Assets Growth Ratio	Debt to Asset Ratio
Beta	-0.207	-0.007	0.065	0.151
t-stat	-1.899	-0.07	0.617	1.461
p-value	0.061	0.945	0.539	0.147
Constant	1.788			
	0.077			
Observations	100			
Durbin Watson	2.28			
Adj-R-square	0.076			
F-Value	1.946			

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

### 3. Regression Analysis

Regression analysis is used to study the influence degree of multiple forecast factors on the forecast, and then establish the equation of their statistical relationship, and make the forecast estimate of the forecast at the future moment. It is the most used statistical analysis and forecast method in all kinds of business and research at present. Stepwise regression can pick out several factors with good correlation from many factors that affect the forecast, which is widely used in data analysis. Regression analysis is widely used in data analysis business and research, but this process is basically realized by programming at present, and

there are still many misunderstandings in practical analysis. In this paper, SPSS software was used for multi-dimensional analysis of Corporate Financial performance and Corporate responsibility.

Table 3 is the regression analysis summary of Legal Level of Corporate Social Responsibility (CSR) and Corporate Financial Performance. For the four indicators of financial performance: Return on Total Assets Ratio, Receivables Turnover Ratio, Net Assets Growth Ratio and Debt to Asset Ratio, You can see that they all show different trends, and you can see in the results, The p-value of Legal Level of Corporate Social Responsibility (CSR) for Return on Total Assets Ratio is 0.061. Therefore, it

can be preliminarily concluded that Legal Level of Corporate Social Responsibility (CSR) factors have a positive impact on Corporate total asset return to some extent. At the same time, this paper mainly selects Tax Liability as the representative indicator of Corporate Social Responsibility at the legal level.

Table 4 is the regression analysis summary of Interest Level of Corporate Social Responsibility (CSR) and Corporate Financial Performance. Also, for the four indicators of financial performance, Return on Total Assets Ratio, Receivables Turnover Ratio, Net Assets Growth Ratio and Debt to Asset Ratio, You can see that they all show different trends, and you can see in the results, The p-value of Interest Level of Corporate Social Responsibility (CSR) for Net Assets Growth Ratio is 0.005. Therefore, it can be preliminarily concluded that Legal Level of Corporate Social Responsibility (CSR) factors have

a positive impact on Corporate total asset return to some extent. At the same time, this paper mainly selects Dividends as the representative indicator of Corporate Social Responsibility Interest Level.

Table 5 is the regression analysis summary of Moral Level of Corporate Social Responsibility (CSR) and Corporate Financial Performance. Also, for the four indicators of financial performance, Return on Total Assets Ratio, Receivables Turnover Ratio, Net Assets Growth Ratio and Debt to Asset Ratio, As can be seen from the results, all Moral Level of Corporate Social Responsibility (CSR) data have no positive impact on Corporate financial performance. It can be preliminarily concluded that Moral Level of Corporate Social Responsibility (CSR) does not directly affect the policy operation of enterprises. Meanwhile, this paper mainly selects Corporate Social Donation as the representative index of

**Table 4:** Regression of Corporate Social Responsibility and Corporate Financial Performance

	Regression Test			
	Return on Total Assets Ratio	Receivables Turnover Ratio	Net Assets Growth Ratio	Debt to Asset Ratio
Beta	-0.141	0.01	0.299	0.084
t-stat	-1.306	0.104	2.873	0.821
p-value	0.195	0.918	0.005	0.414
Constant	0.029			
	0.977			
Observations	100			
Durbin Watson	2.261			
Adj-R-square	0.05			
F-Value	2.293			

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

**Table 5:** Regression of Corporate Social Responsibility and Corporate Financial Performance

	Regression Test			
	Return on Total Assets Ratio	Receivables Turnover Ratio	Net Assets Growth Ratio	Debt to Asset Ratio
Beta	-0.007	-0.001	-0.104	0.131
t-stat	-0.065	-0.006	-0.968	1.245
p-value	0.949	0.995	0.336	0.216
Constant	0.356			
	0.723			
Observations	100			
Durbin Watson	2.031			
Adj-R-square	-0.008			
F-Value	0.811			

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

Corporate Social Responsibility Interest Level. Corporate Social Donation, as a typical behavior of non-business expenditures, reflects an enterprise's contribution to Social welfare, and does not have a direct data impact on the operation of the enterprise.

In the process of analysis, this paper also found that for the Internet-based in this new industry, the traditional industries of the default of commercial law, is not suitable for this is because the Internet-based industry more free competition in the market, and enterprises are using the Internet-based advanced technology such as large data, makes the form of the Internet-based industry compared to traditional industry enterprises. However, due to the frequent updating of Internet-based technology, the emergence, growth, merger or sufficiency of enterprises in market competition are more frequent and the overall periodicity is shorter (Luo & Liu, 2020; Han and Yu, 2023). At the same time, the Internet-based industry has significant characteristics of first-mover advantage. If an enterprise succeeds in pioneering operation based on its own characteristics in the industry, the development of the enterprise may soon show geometric growth. The social responsibility of Internet-based enterprises to stakeholders will have different effects on corporate value. According to the test results, it can also be seen that the social responsibility of Internet-based listed companies to shareholders, creditors and users will have a positive impact on corporate value. However, assuming the Social responsibility of Social contribution and donation will reduce the value of the enterprise, which is more in line with the actual situation of Internet-based enterprises. Through the correlation analysis of variables, it can be seen that there is a relatively obvious correlation between the Social responsibilities performed by enterprises to shareholders, creditors and users (Gong *et al.* 2018).

## **SUGGESTIONS FOR CORPORATE SOCIAL RESPONSIBILITY OF INTERNET-BASED COMPANIES**

In empirical research, this article compares the social responsibility of internet companies towards netizens, shareholders, government, employees, business partners, and stakeholders in their communities. It is found that the social responsibility of internet companies towards their

stakeholders is positively correlated with their financial performance (Malik & Kanwal, 2018). Based on the development characteristics of internet companies and the empirical results of this article, the following policy recommendations are proposed for fulfilling the social responsibility of internet companies:

### **1. Relying on the internal power of internet enterprises to promote**

The operators of Internet enterprises should actively strengthen their sense of social responsibility, shoulder their leadership responsibilities, have a farsighted vision of the overall situation and a wise decision to assess the situation, abandon the business model that only focuses on short-term interests, take the lead in establishing healthy and correct values for enterprise employees, strengthen their own and enterprise employees' sense of moral responsibility, and then promote the whole enterprise to form a good atmosphere of actively performing social responsibilities (Ramzan *et al.* 2021).

Employees of internet companies should have a clearer understanding of their social responsibilities due to the different industries they work in. While being strict with themselves, they should consciously abide by professional ethics and ensure that the information they publish is verified, true, and objective. In addition, employees of internet companies should be able to promote a positive and healthy social atmosphere, integrating the Eight Honors and Eight Shames, always promoting social justice and the traditional virtues of the Chinese nation, and truly being responsible to netizens and society (Tunio *et al.* 2021).

The development of every industry requires self-discipline, and internet companies are no exception. Therefore, internet companies should establish industry code of conduct that conforms to their own characteristics to manage and regulate their own behavior. For the sunrise industry, which is in its early stages of development, it is urgent to establish and improve industry behavior norms as soon as possible. Only in this way can internet companies consciously assume social responsibility and develop and grow more healthily (Ramzan *et al.* 2021).

## 2. Driven by external forces of internet enterprises

The audience group that has the closest relationship with internet companies is netizens. Netizens should improve their own quality, promote their awareness of public moral education, actively assume the responsibility of supervising and managing the network environment, improve their ability to identify information published in the network environment, strive not to be disseminators of rumors, and promptly nip bad information in the bud, For some false information and fraudulent behavior in the network, it is necessary to report it in a timely manner (Malik & Kanwal, 2018).

Government guidance is crucial for the healthy development of internet enterprises. At present, the regulations for internet enterprises in relevant laws are not yet perfect, and effective external supervision has not yet been formed. Therefore, the government needs to increase its management efforts and play its leading role. In addition to continuously urging enterprises to improve their awareness of social responsibility, it should also change its own supervision mode to strengthen effective supervision of the Internet. For example, the government can use the tax system to provide certain tax incentives to online media companies that restrict minors from browsing harmful information, in order to encourage the entire industry to control public opinion dissemination (Tunio *et al.* 2021).

The media should play a supervisory role. The reason why internet companies evade social responsibility is not only due to their own negligence in social responsibility, but also due to the lack of third-party supervision platforms such as external media. Therefore, various media supervision platforms should enhance their sense of responsibility and recognize the importance of strengthening external supervision over internet enterprises from a conceptual perspective (T.H. Nguyen *et al.* 2021).

Strengthen awareness of social responsibility towards business partners and communities. Internet companies should take win-win cooperation as their business principle, maintain good relationships with business partners, and take the initiative to take responsibility for community construction and development (Manokaran *et al.* 2018).

## CONCLUSION

Throughout recent years, research on the relationship between Corporate Social Responsibility and financial performance has been a hot topic of concern for scholars both domestically and internationally. However, a complete research system has not yet been formed on issues such as evaluation standards for Corporate Social Responsibility and financial performance, especially for internet enterprises. Starting from theories such as the foundation of social responsibility formation and the characteristics of internet companies fulfilling social responsibility, this article attempts to establish a comprehensive evaluation system of social responsibility indicators for internet companies, adding some highlights to the research, and drawing relevant conclusions on this basis (Javed *et al.* 2020).

However, during the research process, the impact of various subjective and objective factors was limited, which also led to some shortcomings and limitations. Firstly, when measuring the social responsibility of internet companies, due to limitations in the acquisition, effectiveness, and completeness of various indicator data, this article chose indicators that can reflect the characteristics of internet Corporate Social Responsibility as much as possible, such as to ensure privacy, security, and system smoothness To prevent teenagers from becoming addicted to user experiences such as the internet, companies inevitably need to increase investment in technology research and development (Kowalczyk & Kucharska, 2020).

Therefore, the R&D expenditure ratio is selected to measure product quality. However, many other responsibility indicators of internet companies cannot be quantified yet, and can only be abandoned, making it impossible to comprehensively evaluate the social responsibility information of internet companies. Secondly, during the sample selection process, it was found that there were issues with incomplete, unavailable, and unrepresentative sample data. Therefore, it was ultimately determined to conduct empirical research on the sample data of 51 internet listed companies under the China Securities Regulatory Commission and ICB industry classification over the past three years. Overall, the sample size is relatively limited, and the final

research results are not comprehensive. The third issue is that due to objective reasons, there may be incomplete evaluations of internet Corporate Social Responsibility and insufficient research on the relationship between the two (Kowalczyk & Kucharska, 2020). Therefore, in future research on the relationship between social responsibility and financial performance of internet companies, it is expected to evaluate variables from multiple perspectives, scientifically, and accurately, and conduct in-depth research on the relationship between the two, enriching relevant theories, and further improving the performance of social responsibility by internet companies in China.

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