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An Investigation on the Relationship between Corporate Social
Responsibility and Financial Performance of
Real Estate Enterprises in China



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ABSTRACT

Corporate Social Responsibility (CSR) has gone through a long course of development since 1920. Although some real estate enterprises that performed their social responsibility have walked in the forefront of the industry, China's real estate fulfillment of CSR is still not optimistic. In this paper, based on the perspective of stakeholders, we examine the relationship between CSR and corporate financial performance (CFP) of real estate enterprises in China in order to provide theoretical support for real estate enterprises taking corporate social responsibilities.

This research uses eight accounting ratios from annual financial reports as measurement of CSR for six groups of stakeholders based on the stakeholder theory and two financial accounting performance indices for CFP. The data were based on the public listed real estate enterprises in the Shanghai Stock Exchange and Shenzhen Stock Exchange during the period from 2008 to 2010. The empirical results show that companies' social responsibility activity can improve their financial performance.

Keywords Stakeholders, Corporate social responsibility, Corporate financial performance, Real estate, China

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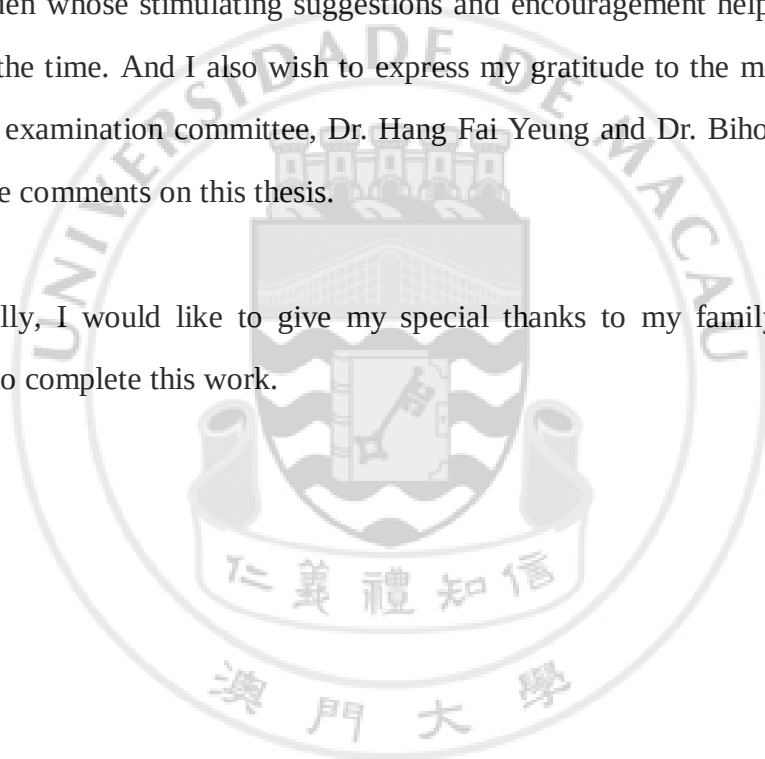
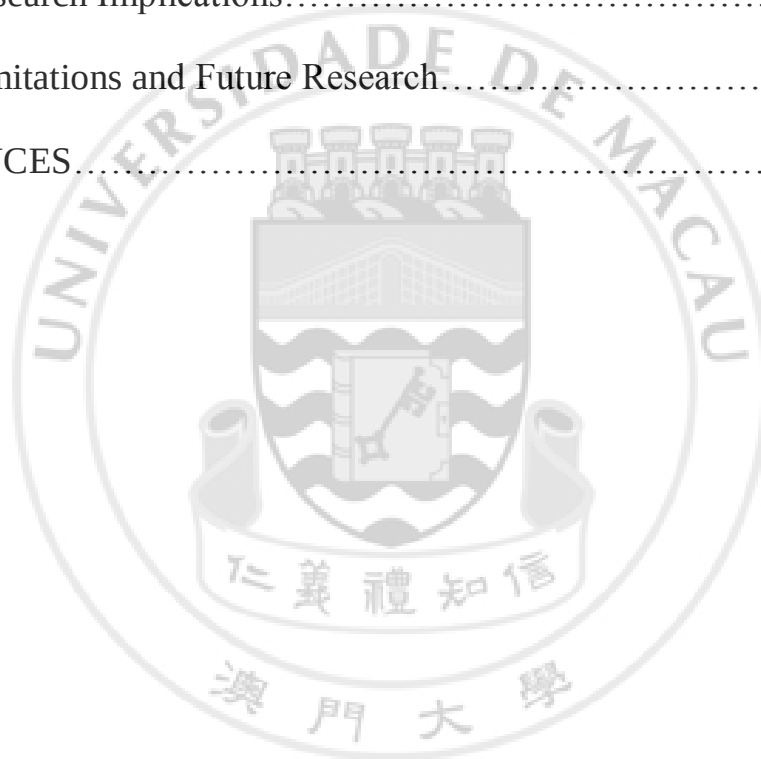


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