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GOVERNMENT-BUSINESS RELATIONSHIP AND CORPORATE SOCIAL RESPONSIBILITY IN CHINA: A CORNERSTONE OR AN OBSTACLE?

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Abstract

This study aims to examine the influence of government-business relationship (GBR) on corporate social responsibility (CSR) in the context of the Chinese market. The results indicate that improvements in GBR, characterized by a “close” and “clean” relationship, positively influence CSR performance. Furthermore, the heterogeneous analysis reveals that the positive effect of a healthy GBR on CSR performance is greater for non-state-owned enterprises (non-SOEs) than for state-owned enterprises (SOEs), with the effect being strongest in non-SOEs without political connections. The influence mechanism test shows that a healthy GBR promotes CSR performance by alleviating financing constraints and reducing rent-seeking motives. Additionally, it finds that greater efficiency in government services to business, government integrity and transparency further strengthen the governance role of GBR in CSR. These findings can develop and enrich theories on the relationship between government management and CSR, offering important implications for optimizing the business environment and promoting the development of CSR.

Key words: business environment, corporate social responsibility, government-business relationship, political connections, rent-seeking motives

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