



The Relation between CSR and Financial Performance under Crisis: The Mediating Effect of Foreign Investment

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ABSTRACT

Prior scholars put a lot of effort into exploring the relationship between CSR and financial performance by utilizing financial statistics. However, it is a lack of empirical study about the whole financial environment and discussing its impact on foreign investment. This study analyzes data before and after the 2008 crisis to determine whether: (1) companies that implemented CSR successfully attracted more foreign investment and maintained superior performance during the financial crisis and (2) the CSR and financial performance of companies were influenced by the mediating effect of foreign investment. The results illustrated: (1) the foreign ownership ratio was positively correlated to the quality of the CSR system, (2) CSR exhibited higher financial performance during the crisis; and (3) mediating effect of foreign investment existed between CSR and financial performance, especially during the crisis.

Keywords: CSR, Financial Performance, Foreign Investment, Mediating Effect, Crisis

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