



The Moderating Effect of R&D on Corporate Social Responsibility and Equity Financing Cost

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ABSTRACT

This paper explores the relation between corporate social responsibility and ex-ante cost of equity capital and undertakes to reveal the moderating effect of R&D intensity. The findings indicate that firms with higher CSR score will have higher cost of equity capital, and further infer that the differences in political and financial condition, historical background, and culture reflect on the CSR in various countries. R&D intensity is negatively related to cost of equity capital; moreover, the moderating effect of R&D on the relation between CSR and cost of equity is not significant. Based on the results, it will increase the uncertainty and dampens the moderating effect due to the heavy spending when firms simultaneously execute CSR and R&D. Correspondingly, through the empirical analysis from global perspective, the CSR and R&D intensity significantly influence the cost of equity respectively, while R&D intensity does not affect the relation between CSR and equity financing cost.

Keywords: CSR, Equity Financing Cost, R&D intensity, Moderating Effect

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