

Social Responsibility, Risk Management and Financial Performance of Military Enterprises

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Abstract

How to make a benign interaction between military enterprises' social responsibility and financial performance is of great significance for military enterprises to actively undertake social responsibility, but the academic research on corporate social responsibility and financial performance has not reached a consistent conclusion, and there is a lack of intermediate variables in the study of the relationship between the two. Taking the listed companies of the A-share military industry in 2011-2019 as the research sample, the relationship between military enterprise social responsibility and financial performance and the role mechanism of risk management were explored. It is found that the social responsibility of listed military enterprises positively affects financial performance; corporate social responsibility will promote corporate risk management, which can significantly improve corporate financial performance, that is, risk management plays an intermediary role between corporate social responsibility and financial performance. The research conclusion provides practical guidance and experience reference for military enterprises to clarify the relationship between social responsibility and financial performance and its functional mechanism.

Keywords: military enterprise, social responsibility, financial performance, risk management

1. Introduction

As an important symbol of a country's economic capacity and industrial strength, military enterprises are closely related to the country's comprehensive strength. The state attaches great importance to military enterprises. The military expenditure has increased year after year, and a series of policies such as military-civilian integration and tax incentives have been introduced to promote the high-quality development of military enterprises. At the same time, the country has also put forward higher requirements for military enterprises. The Ministry of National Defense clearly pointed out that in order to achieve the centenary goal of building the army, military enterprises must give priority to efficiency, and try to match national defense strength with economic strength. Under the background of military-civilian integration and the restructuring of military enterprises, military enterprises go to the market and become market subjects with the independent operation and are responsible for their own profits and losses. Facing the dual pressure of market competition and national expectation, military enterprises must pay close attention to economic benefits, improve their market share and competitive position in various ways, and realize the synchronous improvement of national defense strength and economic strength. However, driven by economic benefits, it still remains to be studied whether military enterprises will fall into the trap of ignoring social responsibility and risk management, just like other enterprises in the market. At the same time, whether military enterprises assume social responsibilities and risk management will have an impact on economic benefits also remains to be explored.

Scholars have conducted a large number of studies on the relation between corporate social responsibility and financial performance, but no unified conclusion has been obtained. At present, there are three mainstream views

in the academic circles about the relationship between corporate social responsibility and financial performance: positive (Griffin J. & Mahon J., 1997; A.J.Hillman, G.D.Keim., 2001)^{Error! Reference source not found.}, negative-going (Milton Friedman, 1962; Chen Wei, 2020)^{Error! Reference source not found.} as well as non-linear (Li Qian, Xiong Jie & Huang Han, 2018; Jahmane A. & Gaies B., 2020)^{Error! Reference source not found.}. The main reasons for the inconsistent conclusions are as follows: first, in terms of indicator measurement, some scholars obtained the subjective data results by constructing an index system to score corporate social responsibility, and only used a single accounting index to measure financial performance, without fully considering market indicators. The deviation in the measurement of indicators may cause inconsistency in conclusions. Second, in terms of sample selection, the differences in samples in countries, regions and industries affected the research results. In addition to the conclusions of the existing studies that still need to be further clarified and unified, the existing studies have shown that in addition to directly affecting financial performance, there are intermediary and regulatory variables between the two. Domestic and foreign scholars from the corporate reputation (Wei Wu, 2012), media supervision (Li Baoxing, Wang Bo & Qing Xiaoquan, 2018), technical innovation (Huang Jun & He Guoliang, 2017), board size, and gender differences (Pekovic S & Vogt S., 2020), marketing competitiveness (He Yin, Li Jian, CAI Mantang & Zhang Xi, 2020), customer satisfaction and employee turnover rate (Li Gaotai & Wang Er Da, 2015) extensive studies were conducted to explore the mechanism of action. However, from the perspective of risk management, few scholars have explored the mechanism research of corporate social responsibility and financial performance.

Based on the above analysis, this paper takes the listed enterprises in the A-share military industry from 2011 to 2019 as the research sample, selects the index disclosed by the social responsibility report of listed companies as the index to measure corporate social responsibility, and selects the return on total assets and earnings per share representing accounting indicators and market indicators respectively as the index to measure financial performance. First, investigate the impact of CSR on financial performance, and then examine the intermediary role of risk management in this impact. The empirical results show that CSR can promote the improvement of financial performance, and risk management plays an intermediary role in influencing the financial performance, which provides a new theoretical path and empirical basis for the further study of CSR's impact on the financial performance.

2. Theoretical Analysis and Research Hypotheses

2.1 Corporate Social Responsibility and Financial Performance

The theory of corporate citizenship gives enterprises the identity of "social citizenship". Enterprises have the right to use the tangible and intangible resources provided by the society for business activities, but enterprises should also fulfill their corresponding obligations to repay the society by assuming various social responsibilities. In the process of assuming social responsibilities as citizens, enterprises have formed good relations with stakeholders such as customers, business partners and employees (Godfrey P C., 2005). This relationship facilitates communication between businesses and other stakeholders beyond ordinary transactions, creates bilateral value (Schnietz K E. & Epstein M J., 2005), and increases the profit potential (Cheng B, Ioannou I, & Serafeim G., 2014). Communication between businesses and stakeholders further promotes the growth of financial performance by creating relational assets and ethical capital for all stakeholders (Wang Q, Dou J & Jia S., 2015). At the same time, corporate social responsibility is conducive to reducing employee loss, improving customer loyalty (Li Gaotai & Wang Er Da, 2015), and improving corporate reputation (Wei Wu, 2012) so as to reduce enterprise transaction costs and improve financial performance. The existing literature was combed and found from the industry (Luo Jiaqi, Kuang Haibo & Shen Siyi., 2019; Zhang Chi, Zhang Zhaoguo & Bao Lili, 2020)^{Error! Reference source not found.}, Internal and external stakeholders (Jiang Tianxu, 2019; Wang Zhengjun & Xie Xiao, 2020)^{Error! Reference source not found.} and regions (Zhao Yun & Huang Jieyu, 2018) and so on multiple perspectives. The perspectives of research have all proved that corporate social responsibility can improve financial performance. Based on the above analysis, we propose hypothesis 1:

H1: Corporate performance of social responsibility can promote the improvement of financial performance.

2.2 Corporate Social Responsibility and Risk Management

The development of enterprises is not only restricted by various stakeholders, but also needs to obtain the support and participation of stakeholders to maintain their survival. The interests of all stakeholders must be considered when making decisions. However, in the operation process of the enterprise, enterprises are faced with various risks, which not only pose a threat to the survival and development of the enterprise, but also seriously affect the interests of the stakeholders. In view of this, enterprises should actively undertake social responsibilities, pay attention to the vital interests of stakeholders, and reduce the risks affecting the interests of stakeholders. Existing research shows that enterprises actively participate in social responsibility activities and are able to consider the interests of all stakeholders, thus supporting corporate risk management processes that include risks associated with all stakeholders (Godfrey P C, Merrill C B & Hansen J M., 2010; Boatright J R.,

2015)^{Error! Reference source not found.}. Companies with better CSR performance are more likely to publicly disclose their CSR activities and thus become more transparent and accountable. Higher transparency can reduce the information asymmetry between businesses and stakeholders (Jo H & Na H., 2012), helping stakeholders get more information about their businesses, thus reducing perceived risk. Through the existing research, it can be found that the enterprises with more social responsibility face fewer risks, and the performance of corporate social responsibility contributes to the implementation of risk management (Cheng B, Ioannou I, & Serafeim G., 2014; Chen RY, Wang JC. & Lee CH., 2018; Lu H, Liu X & Falkenberg L., 2020)^{Error! Reference source not found.}. Based on the above analysis, we propose hypothesis 2:

H2: Enterprise performance of social responsibility can promote risk management.

2.3 Corporate Social Responsibility, Risk Management and Financial Performance

Enterprises can actively carry out risk management and timely response to potential or existing risks, which can reduce the uncertainty and economic losses caused by various risks to the development of enterprises, and ultimately improve the value and performance of the enterprise (Olayinka, E., Emoarehi, E., Jonah, A., & Ame, 2017; Liu Xueyuan, Shen Muzhen & Zhao Xiande, 2019). The previous discussion believes that corporate social responsibility promotes enterprises to actively carry out risk management, and that corporate social responsibility can effectively promote the improvement of corporate financial performance. Further analysis, the enterprise social responsibility must effectively identify the needs of stakeholders and risks related to stakeholders, and carry out enterprise risk management, so as to reduce the risk of uncertainty and improve the enterprise financial performance. So this paper speculated that risk management is a channel through which corporate social responsibility affects financial performance. The existing empirical studies have proved the intermediary role of corporate risk-taking in the impact of corporate social responsibility on corporate performance (Harjoto M & Laksmana I., 2016). However, most of the previous risk management is to separate risk management or only study the behavior of risk-taking, rather than overall risk management. Therefore, this paper focuses on comprehensive risk management (ERM) including internal and external risks, and explores the mechanism to affect the financial performance of enterprises. Therefore, we propose hypothesis 3:

H3: Enterprise risk management plays an intermediary role in the relationship between corporate social responsibility and financial performance.

3. Research Design

3.1 Sample Selection and Data Source

This paper selects the listed enterprises in China's A-share military industry from 2011 to 2019 as the research sample, among which the corporate social responsibility data comes from Hexun network, and the other data are all from guotai'an (CSMAR) financial database. This paper processes the data as follows: (1) exclude ST, and*ST Company; (2) delete the samples with missing data values; (3) reduce 1% of the continuous variables; (4) standardize the continuous variables; and (5) remove the samples with corporate social responsibility less than 0. After data processing, 353 military enterprises with 2, 427 annual data were obtained.

3.2 Variable Interpretation

Corporate Social Responsibility (CSR). And news network is the professional evaluation of listed company social responsibility of the third party institutions, the preparation of the social responsibility report, covering shareholder responsibility, employee responsibility, suppliers, customers and consumer rights responsibility, environmental responsibility and social responsibility of five parts, and according to the scientific weight to score, has a certain comprehensive and scientific. Therefore, this paper will take the disclosure index of the social responsibility report of listed companies as an index to measure the social responsibility of military-listed enterprises.

Financial Performance (FP). Financial performance is the economic achievement obtained by an enterprise in its production and operation activities in a certain accounting period. The measurement of financial performance indicators has the characteristics of diversification. The indicators to measure financial performance are usually divided into accounting indicators and market indicators, and the choice tendency of scholars at home and abroad is different. In order to avoid the impact of a single index on the research results and reflect the financial performance more comprehensively and accurately of enterprises, the return on total assets (ROA) was selected as the accounting index and the return per share (EPS) was selected as the market index.

Risk Management (ERM). At present, the academic community has not yet established a unified enterprise risk management index, and most scholars will take whether to set up a risk management committee as the evaluation index. However, the annual report of China's listed enterprises is flexible, and it is difficult to judge whether the enterprise carries out risk management from the text. Therefore, this paper adopts the idea of Gordon (Gordon L A, Loeb M P & Tseng C Y., 2009). The risk management of the enterprise is divided into strategy (Strategy),

operation (Operation), financial reporting (Reporting) and compliance (Compliance), and it is studied in a quantitative way, as shown in formula (1).

$$ERMI = \sum_{k=1}^2 Strategy_k + \sum_{k=1}^2 Operation_k + \sum_{k=1}^2 Reporting_k + \sum_{k=1}^2 Compliance_k \quad (1)$$

The following risk management indicators are briefly introduced:

1) Strategy. It refers to the ability of a company to face its competitors in the market, and it aims to outperform its competitors in the same industry, when a company implements its strategy. Increasing company i's sales, relative to the industry average sales, means that the company i outperforms its average competitor.

$$Strategy_1 = \frac{Sales_{it} - \mu_{salest}}{\sigma_{salest}} \quad (2)$$

It indicates the sales of company i in t, the industry average sales in t, and the standard deviation of the sales of all companies in the same industry in t. Considering that not all enterprises rely on selling products to make profits, the enterprise sales volume presented in this study is all measured by the operating income in the company's annual report.

Another measure of the strategy is the change in the risk assessment coefficient.

$$Strategy_2 = \frac{\Delta\beta_{it} - \mu_{\Delta\beta t}}{\sigma_{\Delta\beta t}} \quad (3)$$

Where $\Delta\beta_{it}$ = (value of company i in year t - value of company i in year t-1) represents the industry average in year t and the standard deviation of all companies in year t.

2) Business. It refers to the input-output relationship in the operation of an enterprise. The higher the operating efficiency, the lower the overall risk of failure of the enterprise. Operating efficiency can be measured by dividing the sales volume by the total assets, as shown in formula (4), which represents the total assets of Company i in year t.

$$Operation_1 = \frac{Sales_{it}}{Total\ Assets_{it}} \quad (4)$$

Another measure of operational efficiency is sales divided by the number of employees, as shown in formula (5), representing the number of employees in year t of company i.

$$Operation_2 = \frac{Sales_{it}}{Number\ of\ Employees_{it}} \quad (5)$$

3) Report. The financial report is the most intuitive reflection of the financial situation of an enterprise. Low-quality financial report is more likely to lead to the failure of the operation, management, investment and other aspects, thus improving the overall risk degree of the enterprise. Measuring the reliability of the report is the financial report audit opinion and financial report restatement. If the audit opinion of the financial report of company i in year t) is "standard unqualified opinion", it is 0, otherwise, it is -1. If the annual report of company i in year t has restatements, the financial report's restatement variable is -1, otherwise it is 0. Therefore, the first indicator of financial report ranges from -2 to 0. Details are shown in formula (6), which indicates the audit opinion of company i in year t) and the restatement of Company i in year t.

$$Reporting_1 = (Auditor\ Opinion_{it}) + (Restatement_{it}) \quad (6)$$

Another measure of the quality of financial report is to divide the absolute value of normal accrual items by the sum of the absolute values of normal accruals and abnormal accruals. The accrual item estimation model is used to measure abnormal accrual items, which its calculation is shown in formula (7):

$$\frac{TA_{it}}{A_{it-1}} = \alpha_{it} \left[\frac{1}{A_{it-1}} \right] + \beta_{1it} \left[\frac{\Delta REV_{it}}{A_{it-1}} \right] + \beta_{2it} \left[\frac{PPE_{it}}{A_{it-1}} \right] + e_{it} \quad (7)$$

Among, TA_{it} represents the total accrued profit of the Company i at time t as the difference between net profit and net cash flow generated from operating activities; A_{it-1} Represents the total assets of the Company i at time $t-1$; REV_{it} Represents the change in sales revenue of company i from time $t-1$ to t ; PPE_{it} represents the fixed assets of company i at time t ; e_{it} is the error term, obtained by the OLS regression model.

The abnormal accrual item (Abnormal Accruals) is the error term of the regression model shown in Equation (2), and the normal accrual item (Normal Accruals) is the total accrual profit minus the abnormal accrual item. The reported measures, as shown in formula (8), indicate the normal accrual of Company i in t and the abnormal accrual of Company i in t .

$$Reporting_2 = \frac{|Normal\ Accruals_{it}|}{|Normal\ Accruals_{it}| + |Abnormal\ Accruals_{it}|} \quad (8)$$

4) Compliance. It represents a company's ability to follow the rules and regulations that can reduce its risk and improve its performance. The first indicator of compliance is the proportion of audit expenses to total assets, as shown in formula (9), which represents the audit expenses of Company i in year t .

$$Compliance_1 = \frac{Auditor\ Fees_{it}}{Total\ Assets_{it}} \quad (9)$$

The second measure of compliance is the ratio of settlement net income (loss) to total assets. Due to the availability of data, this paper replaces the settlement net income (loss) with estimated liabilities, as shown in formula (10), which represents the settlement net income (loss) of Company i in year t .

$$Compliance_2 = \frac{Settlement\ Net\ Gain(Loss)}{Total\ Assets} \quad (10)$$

Controlled variable. In this study, asset-liability ratio, enterprise size, enterprise age, growth, whether it is a state-owned enterprise and year are used to control the variables. The specific interpretation and measurement methods of the above mentioned variables are shown in Table 1.

Table 1. Variable definitions

type of variable	variable name	variable symbol	variable-definition
dependent variable	financial performance	<i>ROA</i>	Net profit / total average assets
		<i>EPS</i>	Net profit / year-end number of ordinary shares
argument	Corporate Social Responsibility	<i>CSR</i>	The index reported by HwangThe value of + 1
metavariable	risk management	<i>ERM</i>	As shown in formula _ (1)
	asset-liability ratio	<i>Lev</i>	Total liabilities / Total assets
controlled variable	Growth	<i>Growth</i>	Growth of operating income / total operating income of the previous year
	enterprise age	<i>Age</i>	The time from enterprise establishment to data statistics+1Take logarithmic
	scale	<i>Size</i>	The value of total assets + 1 at the end of the year
	nature of stock rights	<i>State</i>	The value of state-owned enterprises is 1, and that of non-state-owned enterprises is 0
	year	<i>Year</i>	Control for year fixed effect, taking 1 when variable data belongs to annual t , or 0 otherwise

3.3 Model Design

In order to verify the impact of social responsibility of military listed enterprises on financial performance, establish model 1:

$$FP_{it} = \alpha_0 + \alpha_1 CSR_{it} + \alpha_2 Lev_{it} + \alpha_3 Growth_{it} + \alpha_4 Age_{it} + \alpha_5 Size_{it} + \alpha_6 State_{it} + YEAR + \varepsilon_{it} \quad (11)$$

In order to verify the impact of social responsibility of military listed military enterprises on risk management, model 2:

$$ERM_{it} = \beta_0 + \beta_1 CSR_{it} + \beta_2 Lev_{it} + \beta_3 Growth_{it} + \beta_4 Age_{it} + \beta_5 Size_{it} + \beta_6 State_{it} + YEAR + \varepsilon_{it} \quad (12)$$

In order to verify the intermediary role of risk management of military listed enterprises in social responsibility and financial performance, model 3 is established:

$$FP_{it} = \gamma_0 + \gamma_1 CSR_{it} + \gamma_2 ERM_{it} + \gamma_3 Lev_{it} + \gamma_4 Growth_{it} + \gamma_5 Age_{it} + \gamma_6 Size_{it} + \gamma_7 State_{it} + YEAR + \varepsilon_{it} \quad (13)$$

In the above model, *i* represents the enterprise individual, *t* represents the time α 、 β 、 γ 、 δ respectively, represent the constant term and ε represents the random perturbation term. Meanwhile, all models used a cluster robust standard error. FP refers to the financial performance mentioned above, which is measured by the accounting index ROA and the market indicator EPS, respectively. If the symbol of α_1 in model 1 is positive and significant, then the paper assumes H1; if the symbol of β_1 in model 2 is positive and significant, then the article assumes H2; if the virus of model one α_1 , Model 2 β_1 and model three γ_1 、 γ_2 is significant, then verify the present hypothesis H3. The theoretical model of this paper is shown in Figure 1.

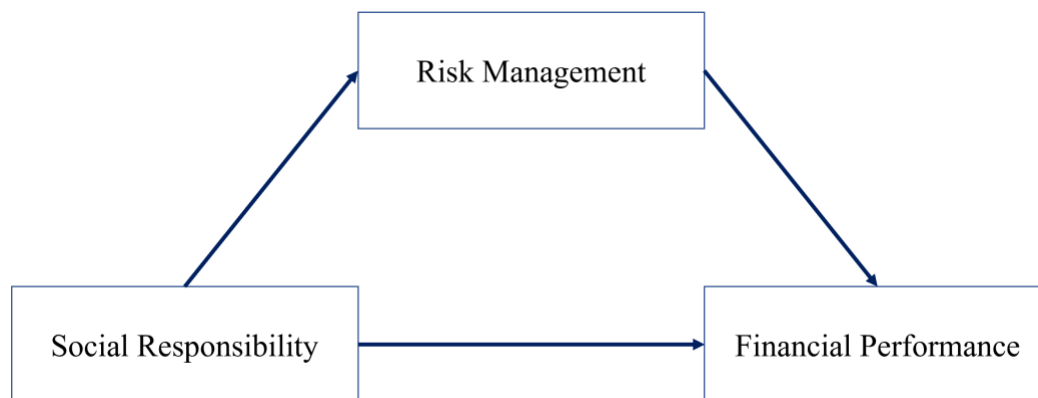


Figure1. Theoretical model

4. Empirical Results and Analysis

4.1 Descriptive Statistics

Table 2 presents the descriptive statistical results for the main variables. The maximum value of corporate social responsibility CSR is 4.294, and the minimum value is 0.948, indicating that China's military industry listed enterprises are different in the performance of social responsibility. The maximum value of the ERM is 7.221, the minimum value is -0.185, and the average and median are 1.386 and 1.172, respectively, indicating that more than half of the military enterprises' risk management level is below the average level, the implementation degree of risk management is different, and even some military enterprises have not yet carried out risk management. The two indicators ROA of FP and EPS show different characteristics in terms of mean, standard deviation, etc. The mean of ROA is 0.0361, the standard deviation is 0.0344, the mean of EPS is 0.299, the standard deviation is 0.325, and the deviation of ROA is less than that of EPS.

Table 2. Descriptive statistics

variable	N	mean	sd	min	max	p25	median	P75
CSR	2,427	3.039	0.576	0.948	4.294	2.808	3.0526	3.270
ERM	2,427	1.387	1.127	-0.185	7.221	0.907	1.172	1.566

<i>ROA</i>	2,427	0.0361	0.0344	-0.0762	0.141	04.014	0.0329	0.0551
<i>EPS</i>	2,427	0.299	0.325	-0.576	1.578	0.104	0.238	0.427
<i>Lev</i>	2,427	0.398	0.187	0.0645	0.836	08.24	09.38	0.544
<i>Growth</i>	2,427	0.196	0.440	-0.393	3.005	-04.0069	05.11	06.27
<i>Age</i>	2,427	2.711	0.392	1.386	3.401	2.485	2.773	2.996
<i>Size</i>	2,427	22.02	1.117	20.06	25.06	21.213	21.895	22.657
<i>State</i>	2,427	0.390	0.488	0	1	0	0	1

4.2 Analysis of the Regression Results

To verify that the variables selected in this paper do not have multicollinearity, progressive regression will be added in this section. Columns (1) and (2) of Table 4 reflect a significant impact on financial performance without adding control variables and time-fixed effects. In columns (3) and (4), after controlling the impact of the enterprise asset-liability ratio and growth rate, the CSR was still significant at 1%. In columns (5) and (6), the three variables of enterprise age, enterprise size and equity nature were further controlled, and the coefficient of CSR was 0.458 and 0.364, respectively, which was still significant at the level of 1%. The R of the model after adding five control variables: asset-liability ratio, enterprise growth, enterprise age, enterprise size, and equity nature, the R^2 of the model gradually improve, and the coefficient symbol and significance of corporate social responsibility have not changed. Therefore, model one is valid. It shows that enterprises that are more concerned about the overall interests of stakeholders and actively fulfill their social responsibilities are more likely to obtain the support and market resources of various stakeholders, so as to promote the improvement of economic benefits of enterprises. Among the control variables, enterprises with high asset-liability ratios will significantly reduce their financial performance, while enterprises with faster growth will have better development momentum and better economic benefits.

Table 3. The impact of social responsibility on financial performance

	(1)	(2)	(3)	(4)	(5)	(6)
variable	<i>ROA</i>	<i>EPS</i>	<i>ROA</i>	<i>EPS</i>	<i>ROA</i>	<i>EPS</i>
<i>CSR</i>	0.465*** (14.62)	0.385*** (12.49)	0.448*** (15.32)	0.377*** (12.44)	0.458*** (15.66)	0.364*** (11.80)
<i>Lev</i>			-0.258*** (-6.60)	-0.081 (-1.64)	-0.208*** (-5.13)	-0.114*** (-2.78)
<i>Growth</i>			0.477*** (7.10)	0.606*** (8.45)	0.507*** (7.44)	0.558*** (7.50)
<i>Age</i>					-0.065 (-0.64)	-0.218** (-2.12)
<i>Size</i>					-0.186*** (-2.92)	0.217*** (2.77)
<i>State</i>					-0.098 (-0.71)	-0.071 (-0.48)
<i>Constant</i>	0.001*** (7.49)	0.002*** (10.88)	0.115*** (2.61)	0.174*** (3.08)	0.006 (0.05)	0.138 (1.06)
<i>YEAR</i>	NO	NO	YES	YES	YES	YES
<i>Obs</i>	2,427	2,427	2,427	2,427	2,427	2,427
R^2	0.303	0.195	0.371	0.261	0.377	0.271

Note: The value in parentheses is the t-value; * * * indicates 1% significance level, * * indicates 5% significance level, and * indicates 10% significance level. YEAR represents the annual dummy variable. Similary hereinafter.

Column (1) of Table 5 reports the regression results of model 2, and at the significance level of 1%, the social

responsibility CSR of listed military enterprises positively affects the risk management, proving that the assumption of H2 is valid. The more an enterprise pays attention to the interests of stakeholders such as employees and shareholders, the more it can keenly identify the risks that affect the interests of stakeholders in terms of strategy and operation, so as to carry out timely and effective risk management. In terms of control variables, the asset-liability ratio and enterprise scale are significantly and positively correlated with risk management, indicating that the higher the enterprises debt ratio, the more they worry about the impact of risks on their own development, and the more they tend to carry out risk management. At the same time, the larger the enterprise scale, the more attention is paid to various risk avoidance and actively taking risk management measures.

Columns (2) and (3) of Table 5 report the relationship between enterprise risk management and financial performance. The coefficients of enterprise risk management are 0.295 and 0.280, respectively, which are significantly and positively correlated with the financial performance indicators ROA and EPS. In columns (4) and (5), after the addition of the variable risk management ERM, the impact of CSR on financial performance is still significant, and the coefficient of risk management is also significantly positive, which verifies the regression model 3. It shows that the intermediary role of risk management in social responsibility and financial performance in listed military enterprises is established.

Table 4. Mediation effect test of risk management

variable	(1) <i>ERM</i>	(2) <i>ROA</i>	(3) <i>EPS</i>	(4) <i>ROA</i>	(5) <i>EPS</i>
<i>CSR</i>	0.049** (2.27)			0.447*** (15.81)	0.353*** (11.75)
<i>ERM</i>		0.295*** (4.30)	0.280*** (3.64)	0.224*** (3.93)	0.224*** (3.43)
<i>Lev</i>	0.067 (1.50)	-0.341*** (-7.09)	-0.222*** (-4.91)	-0.223*** (-5.55)	-0.129*** (-3.24)
<i>Growth</i>	0.081* (1.71)	0.592*** (8.00)	0.621*** (7.67)	0.489*** (7.39)	0.540*** (7.42)
<i>Age</i>	-0.200** (-2.38)	-0.026 (-0.22)	-0.177 (-1.60)	-0.021 (-0.20)	-0.173* (-1.67)
<i>Size</i>	0.234*** (2.71)	-0.081 (-1.21)	0.289*** (4.04)	-0.239*** (-3.82)	0.165** (2.21)
<i>State</i>	-0.007 (-0.09)	-0.179 (-0.92)	-0.135 (-0.85)	-0.097 (-0.70)	-0.070 (-0.49)
<i>Constant</i>	-0.032 (-0.38)	0.255* (1.84)	0.336** (2.44)	0.013 (0.11)	0.145 (1.11)
<i>YEAR</i>	YES	YES	YES	YES	YES
<i>Obs</i>	2,427	2,427	2,427	2,427	2,427
<i>R</i> ²	0.126	0.154	0.148	0.396	0.289

4.3 Robustness Test

In order to enhance the robustness of the conclusion, this paper is tested from the following three aspects: (1) replacement indicators. In order to reduce the impact of the index selection on the research results and improve the reliability of the results, this paper selects the ORR ROE to measure the financial performance variables. After the use of ROE instead of ROA and EPS, the symbol coefficient and the significance of the regression results did not change, and the main study conclusions still hold. (2) Reduce the sample. Considering the effect of the sample size on the study results, 20% of the samples were randomly removed and the empirical analysis was performed again. The impact of military corporate social responsibility on risk management and financial performance is still significantly positive, and the intermediary effect of risk management still exists, indicating that the results of this study are robust. (3) Endogenous testing. In this paper, the mean value (MeanCSR) of the

corporate social responsibility score in the same year was selected as the tool variable to replace the CSR in the model, while controlling the fixed effect of the year. The results of the endogenous test are basically consistent with the above article. The test results will not be reported in this section because of the limited space of the article.

5. Conclusion

This paper takes 353 A-share listed military enterprises from 2011 to 2019 as the research sample, and takes risk management as the intermediary variable to explore the relationship between military corporate social responsibility and financial performance. The research results show that: (1) social responsibility is positively correlated with financial performance. It shows that carrying out all kinds of social responsibility activities can enhance corporate reputation, accumulate intangible capital, form long-term competitiveness, and improve financial performance. (2) Social responsibility is positively related to risk management. It shows that enterprises pay more attention to the interests of stakeholders and the risks damaging the interests of stakeholders, so as to carry out risk management. (3) Risk management and financial performance have a positive relationship. It shows that the enterprise carries out risk management, which reduces the uncertain impact of the risk on the enterprise development, ensures the stable and orderly development of the enterprise, and then improves the financial performance. (4) Corporate social responsibility can not only directly improve the financial performance of enterprises, but also further improve the financial performance through risk management.

Based on the above research conclusions, the countermeasures of this study include: (1) military enterprises should earnestly strengthen the performance of social responsibilities. We should clarify the first responsibility for strengthening a strong military, consciously and actively shoulder the banner of “social responsibility” at the ideological and institutional levels, establish a good social image, and form an exemplary and leading role in all sectors of society. (2) Military enterprises should actively carry out risk management. Military enterprises should identify various kinds of risks affecting the interests of stakeholders, actively take countermeasures to conduct risk management, reduce the impact of risks, and maintain the normal order of enterprises, so as to improve their financial performance. (3) Accelerate the process of developing a social responsibility system. We will improve judicial procedures and strengthen the supervision and urging of regulatory authorities on the performance of social responsibilities of military enterprises. At the same time, give full play to the government’s guiding role in social responsibility, establish and improve the social responsibility incentive system, create a good institutional environment for enterprise development, implement good enterprise for social responsibility tax preferential, government support incentives, in the whole social level to make more enterprises involved in the social responsibility to perform the team, so as to realize the overall coordinated development.

This paper still has some questions for further study. First of all, in terms of risk management indicators, the official has not yet issued a unified measurement standard, and the more scientific and effective risk management measures need to be studied in depth. Secondly, in terms of the selection of research samples, this paper only studies the listed military enterprises, and the non-listed enterprises can be included in the research category in the future.

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