Research on the Impact of Corporate Philanthropy on Corporate Financial Performance: based on the Integration Perspective of Strategy and Institution

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Abstract

This paper, from a strategic and institutional integration perspective, explores how corporate philanthropy influences stakeholder decision-making and enhances corporate financial performance. By examining Chinese listed companies in Shanghai and Shenzhen, the study verifies a positive correlation between corporate philanthropy and financial performance. It also delves into the mechanisms that drive this relationship. Firstly, the paper demonstrates that sales revenue serves as a positive intermediary, showing that philanthropy as a strategic approach can help companies gain favor with real and potential consumers, reduce price elasticity, boost sales, and ultimately enhance financial performance. Secondly, media attention acts as another intermediary, with philanthropy helping companies gain social recognition, leading to increased positive media coverage, which further improves financial performance. Thirdly, government subsidies are found to play a key intermediary role, as companies that engage in philanthropy are more likely to receive government support and subsidies, which strengthens their financial standing. These findings underscore the multifaceted role philanthropy plays in bolstering corporate financial performance through strategic and institutional channels.

Keywords: Corporate Philanthropy, Financial Performance, Stakeholder Decision-Making, Strategic Integration, Government Subsidies

1. INTRODUCTION

Philanthropy, such as JDB's 100-million-yuan donation during the 2008 Wenchuan Earthquake in China and Hongxing Erke's generous contribution to the Henan floods in 2021, has enabled these companies to achieve significant sales performance gains. This raises an important question: Does philanthropy enhance the financial performance of individual companies, or does it primarily allow most companies to fulfill their social responsibility while

also improving profitability?

Philanthropy is a key aspect of corporate social responsibility (CSR) and plays an important role in corporate economics. Whether companies can boost their financial performance and achieve a win-win outcome for both themselves and society through philanthropy is a subject worthy of deeper exploration. This topic is especially relevant in discussions of how CSR can align with corporate success and societal benefit.

2. LITERATURE REVIEW

The relationship between philanthropy and corporate financial performance has long been a topic of interest for both academia and industry. Most studies suggest a positive correlation between philanthropy and corporate financial performance (Porter & Kramer, 2002; Orlitzky et al., 2003; Lev et al., 2010; Wang & Qian, 2011). From a strategic perspective, engaging in philanthropy allows companies to enhance their competitiveness, build a favorable corporate image, attract resources (Waddock & Graves, 1997; Fombrun et al., 2000; Porter & Kramer, 2002; Callarisa, 2009), and transform these resources into marketing capabilities (Gautier & Pache, 2015; Chai et al., 2016), helping them capture market share in products and services (Fombrun, 1996).

From an institutional perspective, corporate social responsibility activities, including philanthropy (Andreoni, 1990; Turban et al., 1997; Wang & Qian, 2011; Kao et al., 2018), are often recognized by stakeholders, such as governments, the public, and employees. This recognition can ease institutional pressures, provide more government support (Ma & Parish, 2006; Du et al., 2015), enhance public perception (Du et al., 2007; Park, 2012; Tian et al., 2014), increase employee satisfaction, and reduce turnover rates (Turban et al., 1997; Jones et al., 2014; Zhang et al., 2014).

However, some scholars argue against these benefits. For instance, Friedman (1970), Haley (1991), and Galaskiewicz (1997) found that philanthropy could consume valuable resources, reducing those available for business operations and shareholder value creation. Others have suggested a non-linear or even neutral relationship between philanthropy and financial performance (Seifert et al., 2004; Wang et al., 2008). Therefore, further research is needed to explore these mechanisms, especially using samples from Chinese listed companies.

Analysis of Philanthropy's Impact on Financial Performance: A Strategic and Institutional Integration Perspective

This study investigates the relationship between philanthropy and corporate financial performance through the lens of both strategic and institutional integration. Drawing on strategic philanthropy theory and institutional theory, it examines how philanthropy influences corporate profitability and explores the underlying mechanisms.

From a strategic perspective, philanthropy is a competitive tool (Gautier & Claire, 2015) that enhances a company's image, reduces transaction costs, and creates competitive advantages in the marketplace. From an institutional perspective, philanthropy serves as a commitment (Gautier & Claire, 2015) or compliance (Zhang, 2013) mechanism that aligns companies with institutional expectations, leading to greater stakeholder support.

Thus, this study proposes the following hypotheses:

H1: Philanthropy is positively correlated with corporate financial performance.
H2: Sales revenue plays a positive intermediary role in the relationship between philanthropy and corporate financial performance.

H3: Media attention plays a positive intermediary role in the relationship between philanthropy and corporate financial performance.

H4: Government subsidies play a positive intermediary role in the relationship between philanthropy and corporate financial performance.

By focusing on these dimensions—competition, commitment, and obedience—the study aims to uncover the pathways through which philanthropy affects corporate financial performance.

3. RESEARCH METHODOLOGY

This paper employs quantitative research methods, using a regression model and STATA statistical software for empirical testing. To mitigate potential endogenous issues such as reverse causality, the study lags the control and outcome variables by one period. Additionally, it tests the robustness of the regression results by replacing variables.

1. Sample Characteristics and Data Collection

The study uses all listed companies on the Shenzhen-Shanghai A-share market as the primary sample, collecting donation and financial data from 2010 to 2019. Data sources include the CSMAR financial database, WIND database, annual reports, and corporate websites. Following research practices, financial companies were excluded, along with companies labeled ST or ST* and those with significant missing financial data. The variables were minorized at the 1% to 99% level. After screening, a total of 11,574 samples covering multiple industries were obtained.

2. Measurements

The study selects variable indicators based on existing research while making appropriate modifications to meet the study's specific needs.

1. Philanthropy Level (Donate): Measured using the natural logarithm of (donation amount + 1) to eliminate the potential impact of scale.
2. Corporate Financial Performance (ROA): Measured using Return on Assets (ROA).
3. Sales Revenue (Growth): Measured by the natural logarithm of (sales revenue + 1) to assess the impact of philanthropy on consumer response.
4. Government Subsidies (Subsidy): Measured by the natural logarithm of the subsidy amount received by enterprises, avoiding possible non-normal distribution.
5. Media Attention (Media): Measured by the natural logarithm of the number of positive reports in online news media, using data from the Chinese Research Data Services Platform (CNRDS).

Other organizational characteristics may influence financial performance, so several control variables are included: enterprise age, shareholding concentration, free cash flow, enterprise size, board size, proportion of independent directors, and duality of COB and CEO roles (Brian, 1995; Elsayed, 2011; Alqatan et al., 2019; Ibrahim & Hamid, 2019; Pop et al., 2020). Time and industry effects are controlled using annual and industry dummy variables (Table 1).

Table 1: Definition of control variables

Variable	Abbreviation	Definition

Enterprise age	Age	Measurement of the difference between this year and the establishment time of the enterprise.
Ownership concentration	TOP1	Shareholding ratio of the first shareholder.
Free cash flow of enterprises	FCF	(Net cash flow from operating activities +1) Logarithm.
Enterprise scale	Size	Logarithm of total assets.
Board size	Board	Number of Board of Directors.
Proportion of independent directors	Indratio	Measurement of number of independent directors/board of directors.
Duality of COB and CEO	Dual	Whether the chairman and general manager are held by the same person is 1 or 0.
Year	/	Year dummy variable data falls in that year, take 1 or no, take 0.
Industry	/	The industry dummy variable data falls in this industry, take 1 or no, take 0.

3. Analytical Method

This study employs a mediating effects model to explore the relationship between philanthropy and corporate financial performance. To verify causality during regression analysis, a one-period lag is applied to the explanatory variables, following the logic that cause precedes effect. This approach helps to mitigate potential endogeneity problems, such as reverse causality. By applying this method, the control and outcome variables are also lagged by one period to ensure robust results.

4. Regression Model Construction

To test the relationship between philanthropy and corporate financial performance and to verify the mediating roles of sales revenue, media attention, and government subsidies, the following regression models were constructed:

$$ROA = \beta + \gamma 1 \log(Donate + 1) + \gamma 2 Age + \gamma 3 TOP1 + \gamma 4\ FCF + \gamma 5 Size$$
$$+ \gamma 6 Board + \gamma 7 Indratio + \gamma 8 Dual + YearDummy + IndustryDummy + \varepsilon \quad (1)$$

$$Growth = \beta + \gamma 1 \log(Donate + 1) + \gamma 2 Age + \gamma 3 TOP1 + \gamma 4\ FCF + \gamma 5 Size$$
$$+ \gamma 6 Board + \gamma 7 Indratio + \gamma 8 Dual + YearDummy + IndustryDummy + \varepsilon \quad (2)$$

$$ROA = \beta + \gamma 1 \log(Donate + 1) + \gamma Growth + \gamma 2 Age + \gamma 3 TOP1 + \gamma 4\ FCF + \gamma 5 Size$$
$$+ \gamma 6 Board + \gamma 7 Indratio + \gamma 8 Dual + YearDummy + IndustryDummy + \varepsilon \quad (3)$$

$$Media = \beta + \gamma 1 \log(Donate + 1) + \gamma 2 Age + \gamma 3 TOP1 + \gamma 4\ FCF + \gamma 5 Size$$
$$+ \gamma 6 Board + \gamma 7 Indratio + \gamma 8 Dual + YearDummy + IndustryDummy + \varepsilon \quad (4)$$

$$ROA = \beta + \gamma 1 \log(Donate + 1) + \gamma Media + \gamma 2 Age + \gamma 3 TOP1 + \gamma 4\ FCF + \gamma 5 Size$$
$$+ \gamma 6 Board + \gamma 7 Indratio + \gamma 8 Dual + YearDummy + IndustryDummy + \varepsilon \quad (5)$$

$$Subsidy = \beta + \gamma 1 \log(Donate + 1) + \gamma 2 Age + \gamma 3 TOP1 + \gamma 4\ FCF + \gamma 5 Size$$
$$+ \gamma 6 Board + \gamma 7 Indratio + \gamma 8 Dual + YearDummy + IndustryDummy + \varepsilon \quad (6)$$

$$ROA = \beta + \gamma 1 \log(Donate + 1) + Subsidy + \gamma 2 Age + \gamma 3 TOP1 + \gamma 4\ FCF + \gamma 5 Size$$
$$+ \gamma 6 Board + \gamma 7 Indratio + \gamma 8 Dual + YearDummy + IndustryDummy + \varepsilon \quad (7)$$

4. RESULTS

1. Descriptive Statistics

The mean, maximum, minimum, and standard deviation of the independent, dependent, and intermediary variables are shown in Table 5.1. The average value of the absolute donation level of enterprises is 11.39, with a maximum value of 17.77 and a minimum value of 0. This indicates a large disparity in the philanthropic contributions of listed companies. The average ROA for the total sample is 7.19, with a maximum of 26.82 and a minimum of -15.14, demonstrating that the overall financial performance of listed companies varies significantly. This large variation in values also indirectly suggests considerable differences in the development levels of the enterprises.

The average value of sales revenue is 21.39, which indicates that the sample enterprises are experiencing relatively high growth, but the maximum value of 25.14 and the minimum value of 18.88 show significant differences in the profitability of these enterprises. Compared to the scale of corporate donations, the average government subsidy received by enterprises is 16.18. This reveals that government subsidies to enterprises are much larger than their donation levels, with maximum and minimum values of 19.89 and 11.86, respectively, indicating considerable variation among the different samples.

Table 2: Descriptive Statistics of Mediation Variables

Variable	N	Mean	Max	Min	SD
ROA	11574	7.19	26.82	-15.14	6.15
Donate	11574	11.39	17.77	0	4.97
Growth	11574	21.39	25.14	18.88	1.33
Subsidy	11574	16.18	19.89	11.86	1.45
Media	11574	4.27	6.76	1.95	0.98
Age	11574	17.81	35	7	5.63
TOP1	11574	33.87	72.22	9	14.26
FCF	11574	19.02	22.95	15.06	1.53
Size	11574	22.02	25.65	19.99	1.19
Board	11574	8.52	14	5	1.59
Indratio	11574	0.38	0.57	0.33	0.05
Dual	11574	0.32	1	0	0.47

2. Correlation Analysis

The positive correlation coefficient between philanthropy and corporate financial performance is 0.076 ($P < 0.01$), indicating a significant positive relationship. Additionally, most of the control variables in the regression equation exhibit a significant relationship with corporate performance, suggesting that the selected control variables are suitable for analyzing the impact of philanthropy on corporate performance.

However, the size and significance of the correlation coefficients are influenced by several factors, such as sample size, extreme values, and sampling errors. Therefore, the correlation between two variables does not necessarily indicate causality or other functional relationships. It only reflects a preliminary relationship, and a more comprehensive analysis through systematic hypothesis testing is necessary to fully understand the influence between the variables.

Table 3 Correlation of mediation variables

Variable	Model1	Model2			Model3			Model4		
	(1)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
	ROA	ROA	Growth	ROA	ROA	Media	ROA	ROA	Subsidy	ROA
Donate	0.061*** (4.149)	0.061*** (4.149)	0.006*** (4.504)	0.052*** (3.571)	0.061*** (4.149)	0.005*** (2.600)	0.052*** (3.644)	0.061*** (4.149)	0.013*** (4.673)	0.058*** (3.902)
Growth				1.459*** (11.626)						
Media							1.667*** (20.408)			
Subsidy										0.280*** (4.517)
Age	-0.034*** (-2.586)	-0.034*** (-2.586)	0.003** (2.474)	-0.038*** (-2.944)	-0.034*** (-2.586)	-0.011*** (-6.165)	-0.015 (-1.187)	-0.034*** (-2.586)	-0.010*** (-4.205)	-0.031** (-2.365)
TOP1	0.040*** (8.551)	0.040*** (8.551)	0.004*** (8.361)	0.035*** (7.459)	0.040*** (8.551)	-0.002** (-2.449)	0.043*** (9.369)	0.040*** (8.551)	-0.001 (-1.264)	0.041*** (8.628)
FCF	2.556*** (35.852)	2.556*** (35.852)	0.115*** (17.472)	2.388*** (33.127)	2.556*** (35.852)	0.082*** (8.243)	2.419*** (34.729)	2.556*** (35.852)	0.028** (2.059)	2.548*** (35.781)
Size	-2.319*** (-24.345)	-2.319*** (-24.345)	0.906*** (103.255)	-3.642*** (-24.636)	-2.319*** (-24.345)	0.332*** (25.036)	-2.872*** (-29.743)	-2.319*** (-24.345)	0.806*** (45.002)	-2.545*** (-23.683)
Board	-0.097* (-1.923)	-0.097* (-1.923)	0.003 (0.627)	-0.101** (-2.025)	-0.097* (-1.923)	0.015** (2.116)	-0.122** (-2.480)	-0.097* (-1.923)	0.016* (1.688)	-0.101** (-2.014)
Indratio	-2.951** (-2.053)	-2.951** (-2.053)	-0.523*** (-3.950)	-2.188 (-1.534)	-2.951** (-2.053)	1.022*** (5.115)	-4.654*** (-3.323)	-2.951** (-2.053)	0.079 (0.293)	-2.973** (-2.071)
Dual	0.333** (2.350)	0.333** (2.350)	-0.047*** (-3.587)	0.401*** (2.856)	0.333** (2.350)	0.071*** (3.591)	0.215 (1.560)	0.333** (2.350)	0.084*** (3.141)	0.310** (2.187)
_cons	11.474*** (7.179)	11.474*** (7.179)	-0.805*** (-5.467)	12.649*** (7.970)	11.474*** (7.179)	-4.250*** (-19.130)	18.558*** (11.648)	11.474*** (7.179)	-2.188*** (-7.278)	12.087*** (7.545)
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	7382	7382	7382	7382	7382	7382	7382	7382	7382	7382
R2	0.200	0.200	0.850	0.215	0.200	0.402	0.243	0.200	0.475	0.202
F	51.092	51.092	1155.318	54.272	51.092	137.222	63.780	51.092	184.885	50.394

3.Regression results and analysis

From Table 4 Model 1, it is clear that the effect of philanthropy on corporate financial performance is 0.061 and is significant at the 1% level, supporting H1.

In order to test the research H2, we take the enterprise performance ROA as the dependent variable, and first add control variables and independent variables for testing. From the regression results of model 2 (1) in Table 4, we can see that the total effect of philanthropy on enterprise performance is 0.061, and in Significant at the 0.01 level; then, according to the test results of the first step, we can enter the second step of the intermediary program test. From Table 4 Model 2(2), we can see that the regression coefficient of philanthropy on sales revenue is 0.005, and it is significant at the 0.01 level; Finally, the third step of the intermediary program test is carried out. From Table 4 Model 2(3), it can be seen that the regression coefficient of the intermediary variable sales revenue on corporate performance is 1.667, which is significant at the 0.01 level, and the regression coefficient of philanthropy on corporate performance is 0.052, which is significant at the 0.01 level and supports H2.

In order to test the research H3, we assume that we take the ROA of enterprise performance as the dependent variable, and first add control variables and independent variables to test. From the regression results of Model 3 (1) in Table 4, we can see that the total effect of philanthropy on enterprise performance is 0.061 and significant at 0.01 level; Then, according to the test results of the first step, we can enter the second step of the intermediary program. From Table 4, Model 3 (2), we can see that the regression coefficient of philanthropy to media attention is 0.005 and significant at 0.01 level; Finally, the third step of intermediary program test is carried out. From the model 3 (3) of Table 4, we can see that the regression coefficient of media attention to enterprise performance is 1.667 and significant at 0.01 level, and the regression coefficient of philanthropy amount to enterprise performance is 0.052 and significant at 0.01 level, which supports H3 significantly

In order to test the research H4, we assume that we take the ROA as the dependent variable, and first add control variables and independent variables to test. From the regression results of Model 4 (1) in Table 4, we can see that the total effect of philanthropy on enterprise performance is 0.061 and significant at 0.01 level; Then, according to the results of the first step, we can enter the second step of the intermediary procedure. From the model 4 (2) in Table 4, we can see that the regression coefficient of philanthropy to government subsidy is 0.013 and significant at 0.01 level; From Table 4, Model 4 (3), we can see that the regression coefficient of government subsidy to enterprise performance is 0.280 and significant at 0.05 level, and the regression coefficient of philanthropy amount to enterprise performance is 0.058 and significant at 0.01 level, which supports H4 significantly.

Table 4 Analysis of regression results

Variable	Model1	Model2			Model3			Model4		
	(1)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
	ROA	ROA	Growth	ROA	ROA	Media	ROA	ROA	Subsidy	ROA
Donate	0.061***	0.061***	0.006***	0.052***	0.061***	0.005***	0.052***	0.061***	0.013***	0.058***
	(4.149)	(4.149)	(4.504)	(3.571)	(4.149)	(2.600)	(3.644)	(4.149)	(4.673)	(3.902)
Growth				1.459***						
				(11.626)						
Media							1.667***			
							(20.408)			
Subsidy										0.280***
										(4.517)
Age	-0.034***	-0.034***	0.003**	-0.038***	-0.034***	-0.011***	-0.015	-0.034***	-0.010***	-0.031**
	(-2.586)	(-2.586)	(2.474)	(-2.944)	(-2.586)	(-6.165)	(-1.187)	(-2.586)	(-4.205)	(-2.365)
TOP1	0.040***	0.040***	0.004***	0.035***	0.040***	-0.002**	0.043***	0.040***	-0.001	0.041***
	(8.551)	(8.551)	(8.361)	(7.459)	(8.551)	(-2.449)	(9.369)	(8.551)	(-1.264)	(8.628)
FCF	2.556***	2.556***	0.115***	2.388***	2.556***	0.082***	2.419***	2.556***	0.028**	2.548***
	(35.852)	(35.852)	(17.472)	(33.127)	(35.852)	(8.243)	(34.729)	(35.852)	(2.059)	(35.781)
Size	-2.319***	-2.319***	0.906***	-3.642***	-2.319***	0.332***	-2.872***	-2.319***	0.806***	-2.545***
	(-24.345)	(-24.345)	(103.255)	(-24.636)	(-24.345)	(25.036)	(-29.743)	(-24.345)	(45.002)	(-23.683)
Board	-0.097*	-0.097*	0.003	-0.101**	-0.097*	0.015**	-0.122**	-0.097*	0.016*	-0.101**
	(-1.923)	(-1.923)	(0.627)	(-2.025)	(-1.923)	(2.116)	(-2.480)	(-1.923)	(1.688)	(-2.014)
Indratio	-2.951**	-2.951**	-0.523***	-2.188	-2.951**	1.022***	-4.654***	-2.951**	0.079	-2.973**
	(-2.053)	(-2.053)	(-3.950)	(-1.534)	(-2.053)	(5.115)	(-3.323)	(-2.053)	(0.293)	(-2.071)
Dual	0.333**	0.333**	-0.047***	0.401***	0.333**	0.071***	0.215	0.333**	0.084***	0.310**
	(2.350)	(2.350)	(-3.587)	(2.856)	(2.350)	(3.591)	(1.560)	(2.350)	(3.141)	(2.187)
_cons	11.474***	11.474***	-0.805***	12.649***	11.474***	-4.250***	18.558***	11.474***	-2.188***	12.087***
	(7.179)	(7.179)	(-5.467)	(7.970)	(7.179)	(-19.130)	(11.648)	(7.179)	(-7.278)	(7.545)
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	7382	7382	7382	7382	7382	7382	7382	7382	7382	7382
R2	0.200	0.200	0.850	0.215	0.200	0.402	0.243	0.200	0.475	0.202
F	51.092	51.092	1155.318	54.272	51.092	137.222	63.780	51.092	184.885	50.394

4. Robustness test

In order to ensure the robustness of data samples, this paper uses variable substitution and related variables lag one period to test the robustness. In order to alleviate the endogenous problems caused by reverse causal bias, ROE is used to replace the original variable measurement index, so the financial performance of enterprises is delayed by one period and regressed to repeat the above test process. The results of models 5-8 in Table 5 show that the regression coefficients of the lag term of the explained variables after replacement are still significantly positive. It can be seen that the benchmark regression results are reliable and robust.

Table 5 Robustness test

Variable	Model5	Model6			Model7			Model8		
	(1)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
	ROE	ROE	Growth	ROE	ROE	Media	ROE	ROE	Subsidy	ROE
Donate	0.070***	0.070***	0.006***	0.053**	0.070***	0.005***	0.057**	0.070***	0.013***	0.064***
	(2.863)	(2.863)	(4.504)	(2.184)	(2.863)	(2.600)	(2.371)	(2.863)	(4.673)	(2.590)
Growth				2.816***						
				(13.535)						
Media							2.497***			
							(18.296)			
Subsidy										0.517***
										(5.018)
Age	-0.042*	-0.042*	0.003**	-0.050**	-0.042*	-0.011***	-0.014	-0.042*	-0.010***	-0.037*
	(-1.917)	(-1.917)	(2.474)	(-2.330)	(-1.917)	(-6.165)	(-0.642)	(-1.917)	(-4.205)	(-1.672)
TOP1	0.073***	0.073***	0.004***	0.062***	0.073***	-0.002**	0.077***	0.073***	-0.001	0.073***
	(9.239)	(9.239)	(8.361)	(7.995)	(9.239)	(-2.449)	(9.965)	(9.239)	(-1.264)	(9.327)
FCF	3.321***	3.321***	0.115***	2.998***	3.321***	0.082***	3.117***	3.321***	0.028**	3.307***
	(28.025)	(28.025)	(17.472)	(25.095)	(28.025)	(8.243)	(26.771)	(28.025)	(2.059)	(27.942)
Size	-2.251***	-2.251***	0.906***	-4.802***	-2.251***	0.332***	-3.079***	-2.251***	0.806***	-2.667***
	(-14.210)	(-14.210)	(103.255)	(-19.602)	(-14.210)	(25.036)	(-19.077)	(-14.210)	(45.002)	(-14.934)
Board	-0.126	-0.126	0.003	-0.134	-0.126	0.015**	-0.163**	-0.126	0.016*	-0.134
	(-1.498)	(-1.498)	(0.627)	(-1.615)	(-1.498)	(2.116)	(-1.982)	(-1.498)	(1.688)	(-1.599)
Indratio	-4.464*	-4.464*	-0.523***	-2.992	-4.464*	1.022***	-7.016***	-4.464*	0.079	-4.505*
	(-1.868)	(-1.868)	(-3.950)	(-1.266)	(-1.868)	(5.115)	(-2.997)	(-1.868)	(0.293)	(-1.888)
Dual	0.683***	0.683***	-0.047***	0.815***	0.683***	0.071***	0.507***	0.683***	0.084***	0.640***
	(2.901)	(2.901)	(-3.587)	(3.500)	(2.901)	(3.591)	(2.197)	(2.901)	(3.141)	(2.720)
_cons	-1.406	-1.406	-0.805***	0.860	-1.406	-4.250***	9.208***	-1.406	-2.188***	-0.276
	(-0.529)	(-0.529)	(-5.467)	(0.327)	(-0.529)	(-19.130)	(3.458)	(-0.529)	(-7.278)	(-0.104)
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
N	7382	7382	7382	7382	7382	7382	7382	7382	7382	7382
R2	0.144	0.144	0.850	0.165	0.144	0.402	0.181	0.144	0.475	0.147
F	34.304	34.304	1155.318	39.156	34.304	137.222	43.941	34.304	184.885	34.167

5. CONCLUSION

On the basis of theoretical analysis, this paper constructs a model to test the disclosure data of listed companies, and finds that philanthropy have a positive impact on corporate

financial performance. On the basis of the above research, this paper further discusses the conduction mechanism between philanthropy and corporate financial performance. The research finds that: firstly, sales revenue plays a positive intermediary role between philanthropy and corporate financial performance; Secondly, media attention plays a positive intermediary role between philanthropy and corporate financial performance; Thirdly, government subsidies play a positive intermediary role between philanthropy and corporate financial performance.

6. DISCUSSION

The main contribution of this study is to find that philanthropy have a positive impact on corporate financial performance through the sample test of Chinese listed companies, which shows that enterprises can effectively promote their own profitability through philanthropy, and provide more empirical evidence to clarify the relationship between them. In addition, compared with most existing studies from a single perspective, this study further explores the internal relationship between philanthropy and corporate financial performance from the strategic and institutional integration perspective, and constructs a conduction mechanism with sales revenue, media attention and government subsidies as intermediaries from three dimensions of competitive, commitment and obedience, and verifies the relevant conclusions with actual data. The first is that the firm taking philanthropy as a strategic measure will win the favor of real and potential consumers, reduce the price elasticity of demand and promote sales growth, so as to improve financial performance. Second, through philanthropy, enterprises will gain social recognition more easily and increase the number of positive media reports, which promote corporate financial performance. Third, through philanthropy, enterprises will promoting the positive recognition and support of the government, get more government subsidies, which improve corporate financial performance.

7. SUGGESTIONS

Generally speaking, philanthropy is helpful to promote the financial performance of enterprises, whether it is a strategic investment in the market or an initiative to realize legitimacy. Enterprises should incorporate philanthropy into their own development strategy system, and formulate corresponding philanthropy strategies according to different development stages, the nature of property rights and the market environment in which they are located, so as to improve their profitability while fulfilling their social responsibilities and further promote the development of enterprises.

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