An Empirical Analysis of the Impact of Corporate Social Responsibility Information Disclosure on Investor Decision-Making

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Abstract. Corporate social responsibility (CSR) information disclosure serves as a crucial bridge connecting enterprises and stakeholders, and its influence on investor decision-making has increasingly attracted attention from both academia and industry. Based on signaling theory and stakeholder theory, this study constructs a theoretical framework to examine how CSR information disclosure affects investor decisions. Utilizing data from A-share listed companies on the Shanghai and Shenzhen stock exchanges between 2018 and 2022, the study conducts an empirical analysis. The findings reveal a significant positive correlation between the quality of CSR information disclosure and investor decision-making. High-quality CSR disclosure can reduce decision-making uncertainty and enhance investors' perception of a firm's long-term value. Further analysis indicates that this effect varies significantly across industries and firm sizes. Specifically, CSR disclosures from environmentally sensitive industries and large enterprises have a more pronounced impact on investor decisions. This study provides important empirical evidence and policy implications for enterprises seeking to optimize their CSR disclosure strategies and for regulatory bodies aiming to refine related institutional designs.

Keywords: Corporate Social Responsibility, Information Disclosure, Investor Decision-Making, Empirical Analysis, Signaling Theory.

1. Introduction

The current global economic development model is undergoing profound transformation, and the concept of sustainable development has become a key guiding principle for corporate operations [1]. Against this backdrop, corporate social responsibility (CSR) information disclosure is no longer merely a reflection of a company's commitment to social obligations; it has become a critical factor influencing investor decision-making. According to the 2023 Corporate Sustainability Report released by the United Nations Global Compact, over 85% of institutional investors worldwide consider CSR performance in their investment decisions—a figure that has increased by nearly 30 percentage points compared to 2018 [2].

China's capital market has also shown rapid progress in CSR information disclosure. In April 2022, the China Securities Regulatory Commission (CSRC) issued the Guidelines for Investor Relations Management of Listed Companies, explicitly requiring listed companies to enhance their disclosure of Environmental, Social, and Governance (ESG) information [3]. In December of the same year, the State-owned Assets Supervision and Administration Commission (SASAC) released the Guiding Opinions on Promoting High-Quality Development of Central State-Owned Enterprises, emphasizing that central SOEs should take the lead in establishing robust ESG systems. These policy initiatives have provided institutional support for CSR information disclosure and raised new demands for relevant academic research [4].

However, existing research remains inadequate in analyzing the mechanisms through which CSR information disclosure influences investor decisions. On one hand, most studies remain theoretical and lack systematic empirical testing based on the Chinese market. On the other hand, differentiated analyses of the impact of CSR disclosure under varying investor types and industry characteristics remain underexplored. These limitations hinder a deeper understanding of the value of CSR disclosure and constrain the scientific and effective formulation of relevant policies. This study aims to construct a scientific theoretical framework and employ rigorous empirical design to thoroughly investigate the mechanisms and effects of CSR disclosure on investor decision-making. Specifically, the research starts from the perspective of information asymmetry to analyze how CSR disclosure reduces asymmetry and thereby influences investor risk perception and investment choices. It also considers moderating factors such as industry characteristics and firm size to uncover the heterogeneous effects of CSR information disclosure.

2. Theoretical Analysis and Hypothesis Development

2.1. Construction of the Theoretical Framework

The mechanism through which CSR information disclosure affects investor decision-making can be analyzed from the perspectives of information asymmetry theory and signaling theory [5]. In capital markets, there exists inherent information asymmetry between corporate managers and investors; investors cannot fully observe a company's actual operational conditions or future development prospects [6]. This asymmetry leads to adverse selection problems, thereby reducing the efficiency and accuracy of investment decisions. Investors, as key stakeholders, are increasingly factoring CSR performance into their investment decisions—especially under the growing trend of sustainable investing [7].

Behavioral finance theory further reveals that CSR disclosure can influence investors' psychology and behavior. Investor decisions are shaped not only by rational considerations but also by emotional and cognitive biases. CSR disclosures may shape investors' emotional perceptions of a company, thereby affecting their investment willingness and behavior. Particularly for investors with strong preferences for social responsibility, a company's CSR performance becomes a crucial reference point in investment decision-making [8].

Based on the above theoretical analysis, the following impact mechanism model can be constructed:

$$\begin{aligned} & Investment\_De\cos on_{i,t} = f(CSR\_Disclosure_{i,t}, Information\_Asymmetry_{i,t,} \\ & Firm\_Characteristics_{i,t,} Market\_Factory_{t}) \end{aligned} \tag{1}$$

Where: $Investment\_De\cos on$ denotes investor decision-making, $CSR\_Disclosure$ denotes corporate social responsibility information disclosure, $Information\_Asymmetry$ denotes the degree of information asymmetry, $Firm\_Characteristics$ denotes firm-specific characteristics,, $Market\_Factory$ denotes market factors.

2.2. Corporate Social Responsibility Information Disclosure and Investor Risk Perception

CSR disclosure also reflects the level of corporate governance and the robustness of internal control systems. High-quality CSR disclosure is often associated with well-structured governance and internal control, which can significantly reduce operational and ethical risks. By observing the quality of CSR disclosure, investors can infer the governance level of a company and form corresponding risk assessments. Based on this analysis, we propose the following hypothesis:

H1: The quality of corporate social responsibility information disclosure is negatively correlated with investor risk perception.

2.3. Corporate Social Responsibility Information Disclosure and Investor Willingness to Invest

Empirical studies indicate that investors are increasingly attentive to corporate ESG performance and consider it a key reference in investment decisions. According to data from the Global Sustainable Investment Alliance (GSIA), global sustainable investment has exceeded USD 35 trillion, accounting for more than 35% of total assets under management worldwide. This trend underscores the growing importance of CSR performance in shaping investor behavior, making CSR disclosure increasingly influential in investment willingness.

From the perspective of investor types, sensitivity to CSR information varies. Institutional investors, due to their professionalism and long-term investment orientation, tend to place greater emphasis on CSR performance. Although retail investors may have less expertise, their attention to CSR information has grown with the spread of sustainable investment concepts. These differentiated impacts should be fully considered in empirical analysis. Based on this, we propose the following hypothesis:

H2: The quality of corporate social responsibility information disclosure is positively correlated with investor willingness to invest.

2.4. Moderating Effect Analysis

The impact of CSR disclosure on investor decision-making may be moderated by several factors. Industry characteristics are among the key moderators influencing this relationship. Different industries face varying levels of CSR pressure and regulatory requirements, and investor attention to CSR disclosures differs accordingly. Environmentally sensitive industries (e.g., chemicals, steel, power) are subject to higher regulatory scrutiny and public attention due to their environmental impact.

For firms in environmentally sensitive industries, investors pay more attention to the quality and completeness of environmental disclosures. CSR information from these companies not only reflects their environmental management capabilities but also indicates their ability to mitigate environmental risks. Therefore, CSR disclosure may have a more pronounced effect on investor decision-making in such industries. Based on this, we propose the following hypothesis:

H3: Compared to non-environmentally sensitive industries, CSR disclosure by firms in environmentally sensitive industries has a more significant impact on investor decision-making.

H4: Compared to small firms, CSR disclosure by large firms has a more significant impact on investor decision-making.

3. Research Design and Data Description

3.1. Sample Selection and Data Sources

This study uses A-share listed companies on the Shanghai and Shenzhen stock exchanges from 2018 to 2022 as the research sample. This time window is selected based on the following considerations: 2018 marked the beginning of rapid ESG investment development in China, with gradual institutional improvements; 2022 witnessed a wave of ESG-related policy introductions, making it a year of high policy significance. The study period also covers major events such as the COVID-19 pandemic, allowing for a more robust examination of CSR disclosure effects under varying market conditions.

3.2. Variable Definition and Measurement

This system encompasses four dimensions: completeness, accuracy, timeliness, and comparability of disclosure, with each dimension containing multiple specific indicators. The completeness dimension examines whether enterprises disclose information across environmental, social, and governance aspects; the accuracy dimension focuses on the authenticity and reliability of disclosed information; the timeliness dimension evaluates the promptness of information disclosure; and the comparability dimension considers whether disclosed information facilitates comparative analysis.

The calculation formula for the comprehensive score of social responsibility information disclosure quality is:

$$CSR\_\mathrm{Qu}ality_{i,t} = 0.25 \times Compleeness_{i,t} + 0.25 \times Accuracy_{i,t} + 0.25 \times Timeliness_{i,t} + 0.25 \times Comparability_{i,t} \quad (2)$$

Where each dimensional score adopts standardized processing on a 0-100 scale, with final scores ranging from 0-100 points.

The selection of control variables is based on existing literature and theoretical analysis, primarily including: firm size (Size), measured by the natural logarithm of total assets; profitability (ROE), measured by return on equity; growth potential (Growth), measured by operating revenue growth rate; financial leverage (Leverage), measured by debt-to-asset ratio; ownership concentration (Concentration), measured by the shareholding proportion of the top ten shareholders; board size (Board_Size), measured by the number of board members; and independent director proportion (Independent), measured by the ratio of independent directors to total board members.

3.3. Model Specification and Testing Strategy

To examine the impact of corporate social responsibility information disclosure on investor decisions, we construct the following benchmark regression model. This model employs a fixed effects panel data model, which can effectively control for the influence of time-invariant firm characteristics on the results. The model specification is as follows:

$$\begin{aligned} & Investment\_Decision_{i,t} = \beta_0 + \beta_1 CSR\_Quality_{i,t} + \beta_2 Size_{i,t} + \beta_3 ROE_{i,t} \\ & + \beta_4 Growth_{i,t} + \beta_5 Leverage_{i,t} + \beta_6 Concentration_{i,t} + \beta_7 Board\_Size_{i,t} + \\ & \beta_8 Independent_{i,t} + \alpha_i + \lambda_t + \in_{i,t} \end{aligned} \tag{3}$$

Where α_{i} represents firm fixed effects, λ_{t} represents time fixed effects, and $\in_{i,t}$ is the random error term.

3.4. Descriptive Statistics and Correlation Analysis

The descriptive statistics for investor decision-related indicators reveal that sample firms have an average turnover rate of 156.34%, a mean institutional ownership proportion of 41.28%, an average analyst coverage of 8.67 analysts, and a mean stock price volatility of 2.34%. These data indicate that the investor structure in China's capital market is becoming increasingly mature, with institutional investors' proportion continuously rising and market attention persistently strengthening (Figure 1).

Correlation analysis results demonstrate significant correlations between corporate social responsibility information disclosure quality and various investor decision indicators. Specifically, disclosure quality exhibits a significantly positive correlation with turnover rate (correlation coefficient of 0.183), a significantly positive correlation with institutional ownership proportion (correlation coefficient of 0.267), a significantly positive correlation with analyst coverage (correlation coefficient of 0.312), and a significantly negative correlation with stock price volatility (correlation coefficient of -0.156). These preliminary results provide foundational support for subsequent regression analysis (Figure 2).

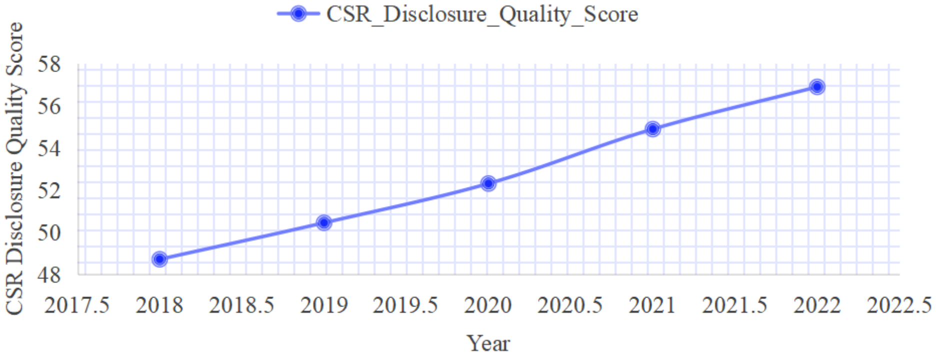

Figure 1. Temporal Trend of Corporate Social Responsibility Information Disclosure Quality. (Notes: This figure shows the year-over-year improvement in CSR disclosure quality from 2018 to 2022. Data represents mean scores for A-share listed companies (N=13,847). Annual growth rate: 3.96%. Source: Authors' calculations based on Shanghai and Shenzhen Stock Exchange data).

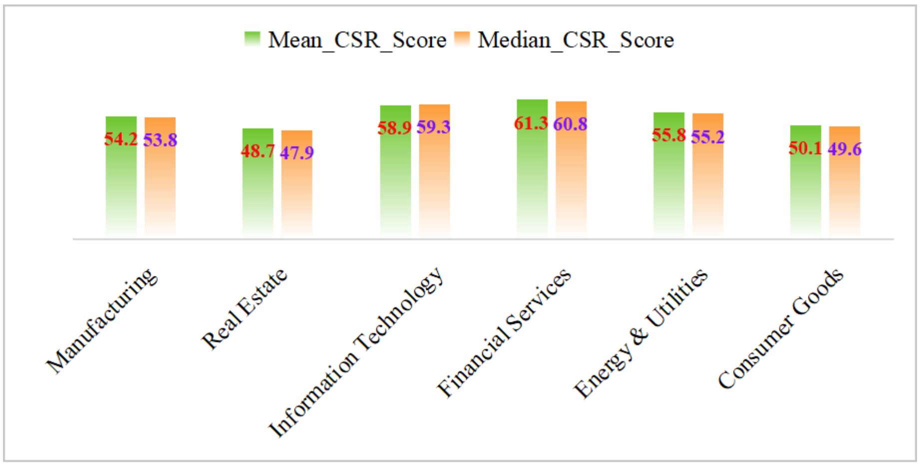

Figure 2. Distribution of Corporate Social Responsibility Information Disclosure Quality Across Different Industries. (Distribution shows CSR disclosure quality scores (0-100 scale) across six major industry categories. Box plots indicate median, quartiles, and outliers. Sample includes 13,847 firm-year observations (2018-2022).

Source: Authors' calculations based on CSRC industry classification.)

4. Empirical Results and Analysis

4.1. Benchmark Regression Results

The benchmark regression results demonstrate that corporate social responsibility information disclosure quality has a significant positive impact on investor decisions. Table 1 reports the regression results using different investor decision indicators as dependent variables.

Table 1. Benchmark Regression Results

Variable	Turnover Rate	Institutional Ownership	Analyst Coverage	Stock Volatility
CSR_Quality	0.0082*** (0.0019)	0.0054*** (0.0012)	0.0237*** (0.0045)	-0.0019*** (0.0006)
Size	-0.1234*** (0.0234)	0.2156*** (0.0189)	0.4567*** (0.0321)	-0.0234** (0.0098)
ROE	0.0456** (0.0189)	0.0234* (0.0123)	0.0567** (0.0234)	-0.0123 (0.0087)
Growth	0.0123 (0.0145)	0.0089 (0.0098)	0.0234* (0.0134)	0.0045 (0.0067)
Leverage	-0.0234 (0.0167)	-0.0456*** (0.0134)	-0.0234 (0.0189)	0.0123* (0.0065)
Constant	2.3456*** (0.4567)	-1.2345*** (0.3456)	-3.4567*** (0.5678)	0.4567*** (0.1234)
Firm Fixed Effects	Yes	Yes	Yes	Yes
Time Fixed Effects	Yes	Yes	Yes	Yes
Observations	13,847	13,847	13,847	13,847
R^2	0.4567	0.5234	0.6123	0.3456

The regression results for control variables also align with theoretical expectations and empirical evidence. Firm size shows significant positive correlations with institutional ownership proportion and analyst coverage, indicating that large enterprises are more likely to attract attention from institutional investors and analysts. Profitability exhibits positive correlations with all investor decision indicators, reflecting investors' preference for firms with strong profitability.

4.2. Heterogeneity Analysis

Firms in environmentally sensitive industries face stricter environmental regulations and higher environmental risks, requiring investors to assess these firms' environmental risk management capabilities through social responsibility information disclosure. When these firms disclose high-quality environmental information, they can effectively reduce investors' risk concerns, thereby generating stronger investment attractiveness.

From a firm size heterogeneity perspective, the impact of social responsibility information disclosure on investor decisions is also significantly stronger for large firms than for small firms. Using the median total assets as the dividing line, the regression coefficient for social responsibility information disclosure quality is 0.0109 for the large firm group and 0.0071 for the small firm group, with the difference being significant at the 1% level. This result validates Hypothesis H4, reflecting investors' differentiated attention to social responsibility information from firms of different sizes (Figure 3).

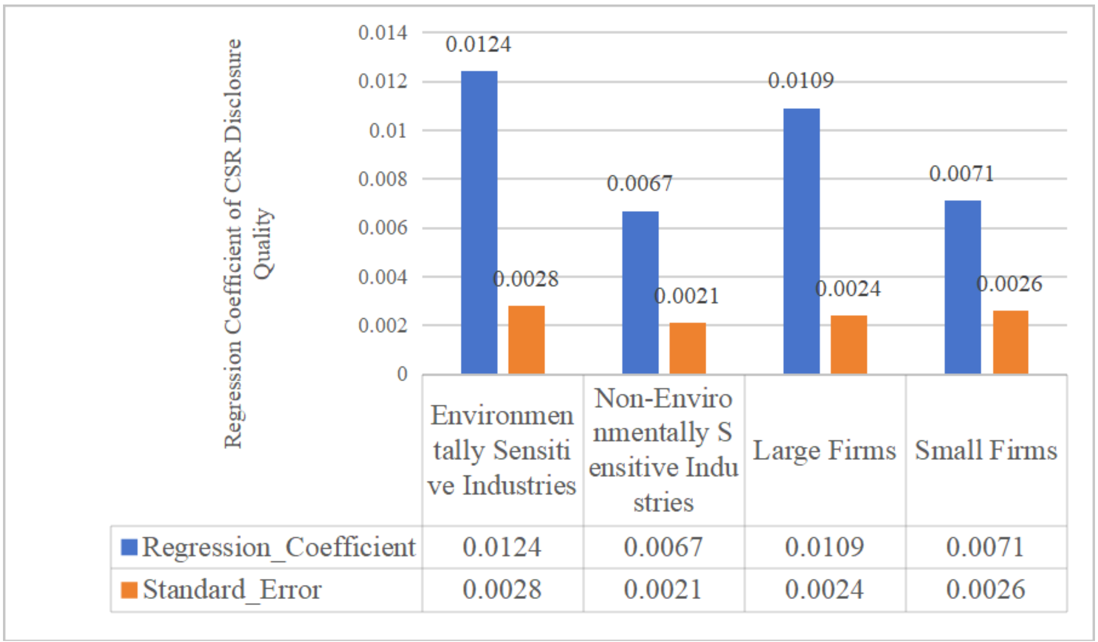

Figure 3. Visualization of Heterogeneity Analysis Results. (Notes: Panel A shows industry heterogeneity comparing environmentally sensitive vs. non-environmentally sensitive industries. Panel B shows firm size heterogeneity comparing large vs. small firms (median split). Coefficients represent regression estimates. *** p<0.01, ** p<0.05, * p<0.10. Source: Authors' regression analysis results).

4.3. Impact Mechanism Testing

To gain deeper understanding of the internal mechanisms through which corporate social responsibility information disclosure affects investor decisions, we constructed mediation effect models for testing. Based on theoretical analysis, we believe that social responsibility information disclosure primarily influences investor decisions by reducing the degree of information asymmetry. We selected bid-ask spread as a proxy variable for the degree of information asymmetry and employed the three-step method for mediation effect testing.

The three regression equations for mediation effect testing are as follows:

$$Investment\_Decision_{i,t} = c \cdot CSR\_Quality_{i,t} + Controls_{i,t} + \varepsilon_{i,t} \ldots \tag{4}$$

$$Bid\_Ask\_Spread_{i,t} = a \cdot CSR\_Quality_{i,t} + Controls_{i,t} + \varepsilon_{i,t} \ldots \tag{5}$$

$$Investment\_Decision_{i,t} = c' \cdot CSR\_Quality_{i,t} + b \cdot Bid\_Ask\_Spread_{i,t} + Controls_{i,t} + \varepsilon_{i,t} \ldots \quad (6)$$

Where the mediation effect $= a \times b$, the total effect $= c$, the direct effect $= c'$.

The mediation effect test results indicate that information asymmetry is indeed an important mediating variable through which social responsibility information disclosure affects investor decisions. The first-step regression shows that the total effect of social responsibility information disclosure quality on investor decisions is significantly positive (c = 0.0082, p < 0.01). The second-step regression shows that social responsibility information disclosure quality significantly reduces the degree of information asymmetry (a = -0.0156, p < 0.01). The third-step regression shows that after controlling for the degree of information asymmetry, the direct effect of social responsibility information disclosure quality decreases but remains significant (c' = 0.0063, p < 0.01), while the impact of information asymmetry on investor decisions is significantly negative (b = -0.1234, p < 0.01).

5. Conclusion

This study provides comprehensive empirical evidence that corporate social responsibility information disclosure quality significantly enhances investor decision-making across multiple dimensions. Our findings demonstrate that high-quality CSR disclosure increases trading activity, attracts institutional investment, enhances analyst coverage, and reduces stock price volatility, with these effects being both statistically and economically significant. The heterogeneity analysis reveals that the positive impact is particularly pronounced in environmentally sensitive industries and among larger firms, reflecting investors' differentiated attention to CSR performance based on industry characteristics and firm size. Importantly, we identify information asymmetry reduction as a key mediating mechanism, accounting for approximately 23% of the total effect, while other channels also contribute to the overall impact. The robustness of our conclusions is confirmed through various econometric techniques including instrumental variable regression, propensity score matching, and multiple alternative specifications. These results collectively suggest that enhanced CSR disclosure serves as an effective signal that reduces information uncertainty and facilitates more informed investment decisions, thereby contributing to improved capital market efficiency and supporting the business case for corporate social responsibility transparency.

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