澳門科技大學
MACAU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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Research Papers

Titles: Corruption Exposure and Corporate Social Performance: Evidence from Multinational Firms

Author: John Fan Zhang

Abstract:
This paper investigates how multinationals' exposure to foreign corruption cultures influences their social performance. Using a sample of U.S.-listed multinationals from 2004 to 2014. empirical results reveal a significantly negative relation between corruption exposure and social performance. This relation remains robust across 12 econometric methods — including instrumental variable estimation, Heckman selection model, propensity score matching, and difference-in-differences — which address endogeneity issues like unobserved firm traits driving location choices and CSR performance. Further analysis shows the negative effect is only significant in non-financial crisis periods, while the degree of internationalization (measured by the number of foreign countries with subsidiaries) exhibits no consistently significant association with social performance. These findings highlight that underlying national culture such as corruption, rather than internationalization itself, shapes multinationals' social performance, resolving prior debates on the internationalization-CSR link and bridging macro (national corruption) and micro (firm CSR) research on corruption's consequences.

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