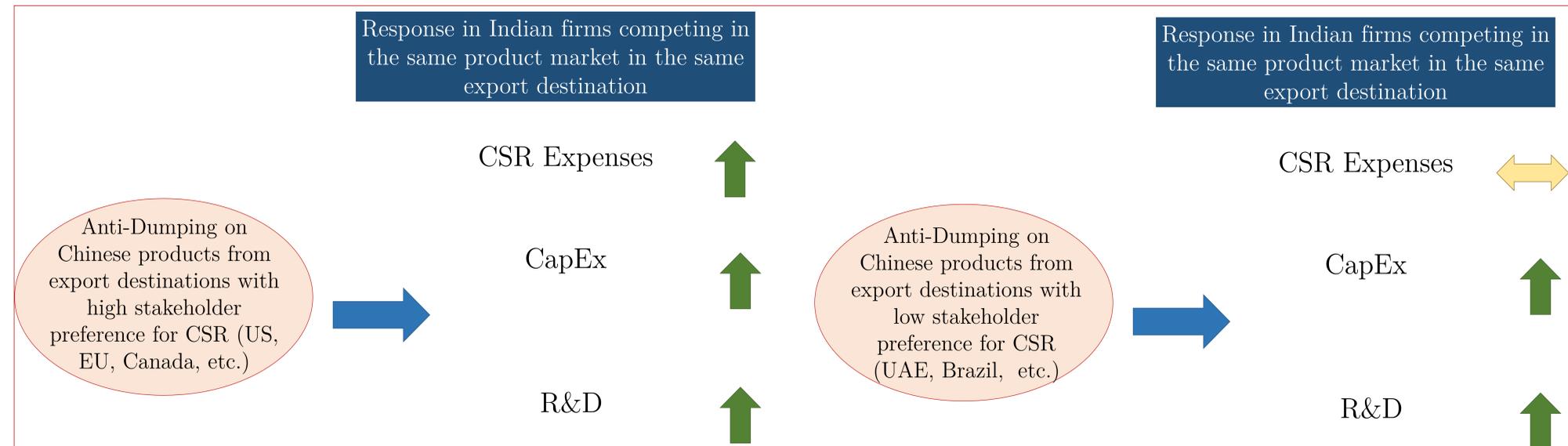




Abstract: This paper investigates the role of stakeholder preference on corporate social responsibility (CSR) strategies. Using a staggered difference-in-difference approach, we show that Indian firms increase CSR expenses when trade restrictions (Antidumping) are initiated against competing Chinese exports from countries with a high stakeholder preference for CSR. However, when these shocks emanate from countries with a lower stakeholder preference, CSR expenses remain unchanged. Capital expenditure and R&D of Indian firms increase following AD shocks, irrespective of their country of origin. Finally, CSR increases firm value only when the demand shocks originate from countries with a higher CSR preference. Collectively, we provide evidence for consumer-driven CSR strategies.

One of the best opportunities to investigate managerial motives for CSR is to examine firms' response to exogenous changes in stakeholder preference for CSR. we examine Indian firms' CSR expenses following exogenous shocks to competition in the export markets, which differ in their level of stakeholder preference for CSR. Strategic CSR: positive demand shocks from export markets with a higher stakeholder preference for CSR will increase affected firms' CSR expenses, but export shocks from countries with a lower stakeholder preference should not affect the CSR expenses



AD is a commonly used countervailing measure, frequently adopted by developed countries and emerging economies alike .

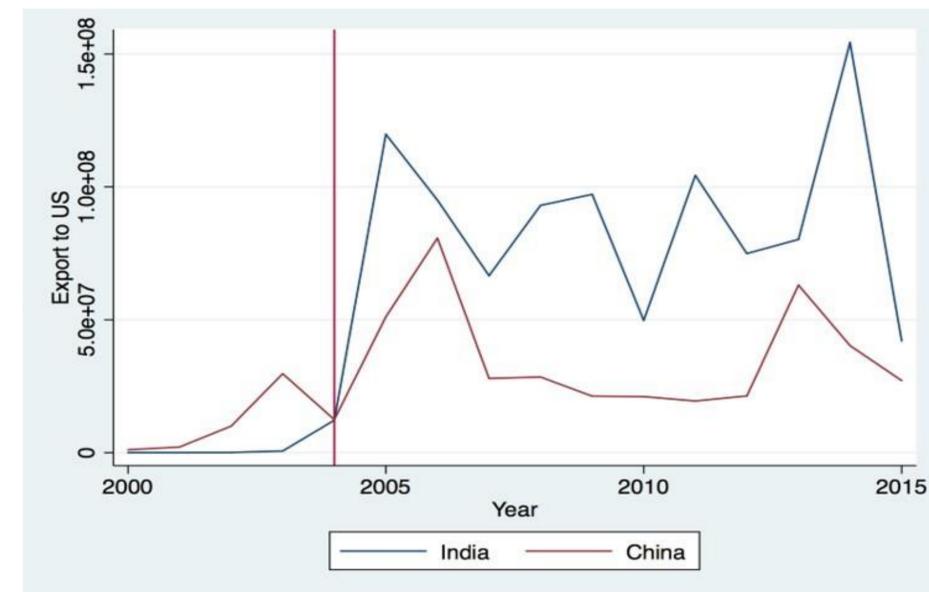
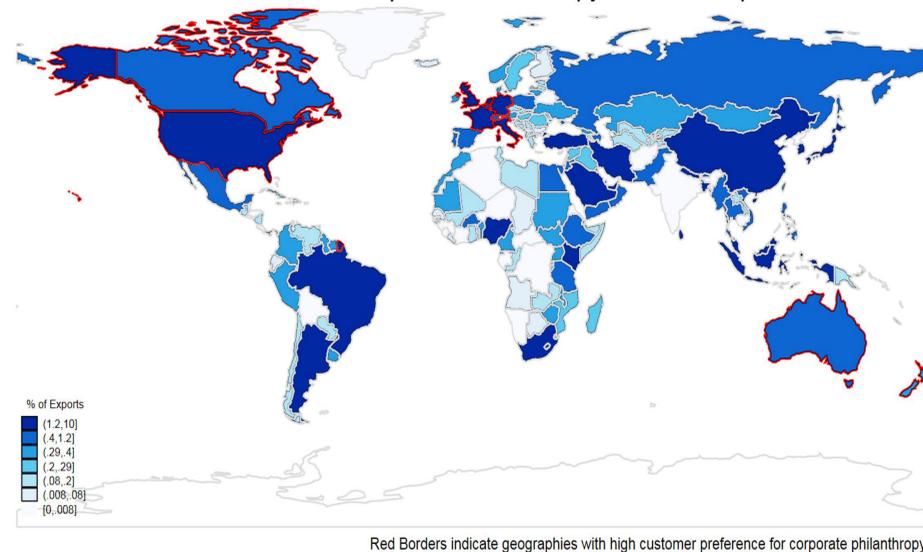
AD petitions are filed by domestic producers, not by other exporters. Therefore, when AD is initiated against one exporter, it causes an exogenous shock to other exporters of the same product and market. In the last two decades, the largest number of AD were against Chinese exports. It has improved export-market access and profitability of Indian firms

Data on AD is obtained from the World Bank's Global Anti-Dumping database (GAD)

73 AD initiations from the US and the EU on Chinese products that affect Indian exporters of the same product to the US and the EU-722 firm-year observations

41 AD investigations by Low -Preference countries on Chinese products. 281 firm-year observations

Customer Preference for Corporate Philanthropy in India's Export Markets



The paper contributes to the debate on agency vs investments of CSR. Overall, results are consistent with the investment motive of CSR and highlight that socially responsible practices are transmitted through international trade.

Latest version of the paper is available at [SSRN](https://ssrn.com/abstract=3544444).

