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The Influence of Corporate Social Responsibility on Business Performance: Evidence from Agricultural Enterprises in China

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Abstract

The aim of this research is to examine the structural linkages between social responsibility, social capital, competitive advantages, and agricultural enterprise performance in China. This research focused on the role of social capital and competitive advantages in mediating the relationship between CSR and corporate performance. 492 employees from agricultural firms in Xinjiang, China, took part in the study. Confirmatory factor analysis and exploratory factor analysis were used to assess the measurement scales' reliability and validity. The associations between these four variables were investigated using structural equation modeling, and the mediating impact was tested using the Bootstrap method. Corporate social responsibility, social capital, and competitive advantage are all positively related to business performance, according to the findings. According to the results of the mediating effect test social capital and competitive advantage partially mediated the relationship between corporate social responsibility and business success. Unlike earlier research, this study focused on the impact of social responsibility on agricultural enterprise performance in impoverished rural areas. The findings of this study, in particular, benefit agricultural company management by revealing the role of social capital and competitive advantage in mediating the relationship between corporate social responsibility and business performance.

Keywords: Social Responsibility, Business Performance, Social Capital, Competitive Advantage, Agricultural Enterprises

JEL Classification Code: M14, M16, E22, Q13

1. Introduction

Most of the previous studies found that corporate social responsibility (CSR) has a positive association with business performance (Lee, 2020). CSR has become a business strategy to demonstrate an organization's commitment to sustainable development, social welfare, and environmental protection through their business practices, environmental

policies, and allocation of resources (Du et al., 2011). Business organizations, as members of society, should consider not only the profit of their shareholders but also the well-being of their stakeholders. Since 2006, listed firms in China have been encouraged to publicly disclose their social responsibility policies. Assuming certain social responsibilities while pursuing economic profits has become a standard practice and a problem for commercial enterprises. Although fulfilling social responsibility requires a significant amount of financial resources, it also benefits a company's image and reputation, which can help it extend its client base and business networks.

The sustainable development of agricultural enterprises is of great significance to the rural economy of China. Under the social background of rural revitalization and modernization, agricultural enterprises contribute a lot to national security (food supply), social stability (poverty elimination), and labor employment in rural areas. The agricultural business mainly involves agricultural production, processing, and circulation. Their economic performance is closely related to farmers' income; they should abide by the related law to ensure food safety; they show care to the community and thus enhance

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rural social governance and avoid environmental pollution. Social responsibilities help companies establish a relatively stable cooperative relationship with their customers (Luo & Bhattacharya, 2006), and enhance the reputation of the company (Melo & Garrido-Morgado, 2012).

Business performance is a key indicator of the comprehensive development of an organization's business operations during a period of time. However, the factors affecting business performance are complex, and scholars have not reached a consensus on the determinants of business performance. Human capital, government support, social capital, social responsibility, competitive advantage, technology innovation capability (Rajapathirana & Hui, 2018), corporate culture, corporate reputation (Carmeli & Tishler, 2005), have an impact on an enterprise's financial or non-financial performance (Yang & Gao, 2022). Previous studies on corporate social responsibility, social capital, competitive advantage, and business performance were mainly concentrated in non-agricultural enterprises in developed regions and countries. It is necessary to explore the relationships among CSR, social capital, competitive advantage, and business performance of agricultural enterprises in underdeveloped rural areas. The investigation of this study was conducted in the western part of China, where the agricultural industry is at a relatively low level. Farmers' earnings are not as great as those of employees in other commercial enterprises. Although absolute poverty has been eradicated in many locations, the quality of life in these communities still needs to be enhanced. In addition, public infrastructure is being built. These two locations, however, contain particular agricultural products such as fruit and vegetables due to their unique geographical environment.

CSR is considered to be an influencing factor in determining corporate performance and maintaining its competitive advantage. However, few studies have examined whether social capital and competitive advantage might mediate the relationship between corporate social responsibility and business performance, especially among agricultural enterprises in China. Therefore, this study aims to examine whether social capital and competitive advantage have a mediating effect on the relationship between corporate social responsibility and business performance in agricultural enterprises in China.

This paper has the following contributions to agricultural business management. First, it explored the influence of social responsibility, social capital, and competitive advantage on business performance; second, it explored the mediating effect of social capital and competitive advantage on the relationship between CSR and business performance; third, it proposed useful implications and suggestions for sustainable development of agricultural businesses in underdeveloped areas.

2. Theoretical Background and Research Hypotheses

2.1. Corporate Social Responsibility of Agricultural Enterprises

Early studies on CSR focused on whether business organizations should undertake social responsibilities (Lu, 2002) and how to perform social responsibilities (Carroll, 1999; Porter & Kramer, 2012). According to the stakeholder theory, a business organization should make profits for its shareholders but should also maximize the interest of other non-shareholders such as employees, consumers, local communities, and disadvantaged groups. If companies realize the dynamic balance of corporate economic responsibility, social responsibility, and environmental responsibility, it will enhance their competitiveness and social responsibility of enterprises. The implementation of social responsibilities provides a good reputation and image for companies and improves the company's brand image to benefit all stakeholders. A good impression of the company can increase investors' confidence, attract and retain outstanding employees. Therefore, an organization should take responsibility for their employees, customers, business partners, suppliers, shareholders, creditors, the natural environment, government, business partners, and communities (Jones & Wicks, 1999).

Some international institutions try to provide unified and clear standards to guide social responsibility implementation in different countries. For example, International Organization for Standardization developed international standards to help organizations evaluate their social responsibilities. According to ISO 26000 standards, the core subjects of social responsibility are community involvement and development, human rights, consumer issues, fair operating practices, the environment, and labor practices (Moratis & Cochiu, 2017). In the face of fierce international market competition, Chinese agricultural enterprises have realized the importance of assuming social responsibilities. They consciously and actively participate in various social responsibility practices. As far as agricultural enterprises are concerned, various social responsibility standards can encourage enterprises to save energy and reduce operating costs; social responsibilities can also make enterprises enhance their employees' environmental awareness and strengthen environmental management (Aslaksen & Synnestvedt, 2003); enterprises are expected to consciously abide by environmental laws and regulations (Ma, 2021); taking social responsibility can also help agricultural enterprises establish the corporate image and help them stand out in the fierce market competition (Jiang, 2009).

The social responsibilities of agricultural business organizations are different from those of other commercial organizations. First, agricultural enterprises provide various types of agricultural products to the market and contribute to the economic benefits of the rural areas. Second, agricultural enterprises should consciously assume more responsibilities for the relatively disadvantaged peasant employees, and take the initiative to provide employees with various welfare guarantees. Third, agricultural products are directly related to consumers' health, and enterprises need to ensure food safety. Fourth, the operation of agricultural enterprises is dependent on the natural environment. In addition to energy-saving and emission reduction, they are also responsible for guiding farmers to rationally use pesticides and fertilizers to reduce the environmental damage caused by the production. Finally, agricultural enterprises could devote themselves to charity to improve their image.

We believe that agricultural firms' social responsibility should show their care for people's value while also taking environmental and social factors into account. Based on Carroll's pyramid model of CSR, this study classifies agricultural firms' social responsibilities into economic duty, legal responsibility, ethical responsibility, and charitable responsibility (Lin, 2001). The agricultural enterprise is a business with the primary purpose of making money. As a result, agricultural firms' social duty begins with preserving the interests of their investors, pursuing economic gains, and improving their competitiveness. Agricultural firms must adhere to laws and regulations, as well as fulfill the duties imposed by those laws and regulations. Agricultural firms should obey ethical norms that have been acknowledged by society but have not yet been codified into laws, according to ethical responsibility. Philanthropic responsibility refers to active participation in community public activities that are distinct from production and operation.

2.2. Corporate Social Capital and Competitive Advantage

Corporate social capital is a form of social network resource owned by a business organization. It exists at the corporate or organizational level and is significantly different from individual-level social capital. Corporate social capital is defined as the relational resources embedded in the corporate social network and mobilizing its resources (Lin, 2001). Social capital is a set of shared values that allows individuals to work together in a group to effectively achieve a common purpose. In business, social capital can contribute to a company's success by building a sense of shared values and mutual respect. When enterprises face the dilemma of resource scarcity, agricultural enterprises can obtain additional tangible or intangible resources through the

use of corporate social capital, thereby achieving the purpose of improving corporate performance. Based on Nahapiet and Ghoshal's (1998) study, this study divides social capital into three dimensions: structural dimension, relational dimension, and cognitive dimension to analyze the social capital of agricultural enterprises. Structural social capital refers to the overall connections between enterprises. The structural dimension is mainly concerned with the network ties, as well as the strength of the network connection and the network structure; relational social capital refers to trust and trustworthiness, norms and sanctions, obligations and expectations, identity and identification, which reflects the nature and quality of relationships; cognitive social capital refers to shared understandings in a network including expression, explanation, and interpretation (Nahapiet & Ghoshal, 1998). Overall, the inter-connected three dimensions are widely accepted and used by scholars to measure corporate social capital as a whole. There are three types of social capital – bonding, bridging, and linking. Social capital can make or break businesses. By having a wide range of connections, some can thrive as they are able to get work done more effectively and efficiently.

There is no uniform definition of competitive advantage. Generally speaking, the competitive advantage of a business organization refers to the organization's advantage over its competitors in a certain aspect. It is defined as a certain trait of a company that enables more benefits than its competitors in the market. For example, a company with stronger innovation ability than competitors can develop new products more quickly and meet the market demand; a brand with unique attractiveness, can open up the market or expand sales easily. Some scholars see the competitive advantage as equivalent to business performance. Competitive advantage is an organization's unique market positioning obtained through resource allocation (Hofer & Schendel, 1978). It comes from the value enterprises create for customers by reducing cost and promoting quality through special management skills and advanced knowledge (Du, 2012). This study divided the competitive advantage of agricultural enterprises into two dimensions: low-cost and differentiation advantage. Low-cost advantage means that companies develop and launch their products or services at a lower cost than their competitors and help companies gain a competitive advantage quickly in the market. The differentiation advantage lies in a company's unique position in the industry, producing products or services which are of higher quality and more diversified than their competitors. Low-cost competitive advantages affect business performance by creating a scale economy effect, improving operational efficiency, and accelerating technology application. Differentiation advantage can improve brand image, enhance customer loyalty, and reduce the negative effect of imitation (Saeed & Arshad, 2012).

Low-cost and differentiation advantages are not only the enterprise's capabilities but also part of corporate strategies.

2.3. Hypotheses

Most scholars agree that CSR is positively associated with business performance. CSR has a positive influence on a company's financial performance because the cost of fulfilling social responsibility will increase corporate benefits or reduce other costs. Improving the working condition of employees not only reduces the operating costs of the enterprise but also improves the operating efficiency of the enterprise. By assuming social responsibilities, companies are more likely to occupy a larger market share, improve corporate reputation and improve relations with government, banks, and other stakeholders than companies that do not assume social responsibilities (Waddock & Graves, 1997). The financial performance of companies that emphasized the clear core value of a long-term vision far exceeded the overall performance of other companies in the stock market (Wheeler & Sillanpa, 1998). Enterprises take the initiative to incorporate social responsibility into their strategy, and fulfilling social responsibility can become a source of opportunity, innovation, and competitive advantage (Herrera, 2015). There are various corporate responsibility practices for employees, including flexible working hours and job sharing, fair pay, training opportunities, clean and safe working environments, and child care facilities (Albinger & Freeman, 2000). Consumers are sensitive to the feedback and support of whether a company fulfills its social responsibility. When a company ignores social responsibility, consumers may have feelings such as disgust or even resistance to the company's products or services (McWilliams & Siegel, 2001). Thus, the present study proposed the following hypothesis:

H1: *CSR has a significant positive effect on business performance.*

An active disclosure of social responsibility can create trust between business partners and improve their partnership (Kärnä et al., 2003). Through social responsibility certification, an enterprise can effectively improve its corporate reputation, enabling it to develop new competitive advantages. Improved business reputation helps to boost consumer purchase intent and loyalty (Bertels & Pelozo, 2008), as well as gain a competitive position in the capital market (Miles & Covin, 2000). CSR is a distinct activity from corporate profit activities, and it has an impact on company growth.

It can be understood as fulfilling CSR activities, strengthening corporate competitiveness, and achieving sustainable corporate growth (Jang, 2021). CSR activities

can improve the reputation and trust of the company. Fulfilling social responsibilities can increase the overall social welfare, and those enterprises taking more social responsibilities than their competitors can relatively improve their competitive advantages (Bauman et al., 2018). Social capital can therefore reduce business transaction costs, thereby improving business performance.

Corporate social responsibility is commonly acknowledged as an important component of a successful business strategy (Porter, 2008). Improvements in social responsibility can help businesses advance technologically and alleviate financial restrictions. Corporate social responsibility has a significant impact on strategic implementation during the business process (Han & Park, 2017). It is a tool for gaining a competitive edge for the company and establishing a roadmap for long-term growth (Hsu & Chen, 2019). Fulfilling social responsibilities can boost overall societal welfare, and businesses that take on more social responsibilities than their competitors can strengthen their competitive advantages relative to their competitors (Doni & Ricchiuti, 2013). Therefore, the following hypotheses are proposed:

H2: *CSR has a significant positive effect on social capital.*

H3: *CSR has a significant positive effect on competitive advantage.*

The enterprise absorbs the potential and actual resources needed for its development and benefits from them during the process of contacting, cooperating with other entities, and carrying out resource interaction. Knowledge, financial, and cultural resources, all of which are crucial for good business performance, can be easily gained through social capital (Bourdieu, 1985). Sales growth is often related to the strength of corporate network relationships and the size of the internal network (number of contacts) (Collins & Clark, 2003). Small and medium-sized business managers' social capital is built through relationships with other businesses and government officials, and it is positively and significantly linked to sales growth (Acquaah, 2007). Corporate social capital is conducive to improving the company's market awareness and response capabilities. It has an impact on the improvement of corporate marketing performance and the acquisition of competitive advantage (Joo, 2020). External social capital and internal social capital are two types of social capital (Adler & Kwon, 2002). External social capital refers to the intangible resources inherent in these ties, such as trust, loyalty, and suggestion, as well as the social links with loyal customers, suppliers, research institutes, government, and other external institutions. Internal social capital refers to intangible resources inherent in these ties, such as trust, support, and strategic counsel, as well as social

connections with friends, colleagues, business partners, and employees. To a large extent, social capital is critical to businesses. It results in effective corporate performance and long-term competitive advantage. Hence, we can propose the following hypothesis:

H4: *Social capital has a significant positive effect on business performance.*

Companies with a competitive edge might offer lower-cost products, better logistics, and faster response times than their market competitors. They are able to respond to different customer needs while still meeting delivery deadlines and quantities. Low-cost advantages allow businesses to increase profit margins and reduce prices. Companies have greater risk-bearing capacity when product prices fall or raw material prices rise. Companies with cost advantages can produce more and charge cheaper prices, resulting in bigger profits (Maury, 2018). Differentiation advantages increase customer loyalty, resulting in more profits and lower costs. The corporation can increase profitability, customer loyalty, and cooperation trust with these two advantages. Competitive advantages can eventually be translated into improved business performance. Based on the above discussion, the following hypothesis is proposed.

H5: *Competitive advantage has a significant positive effect on business performance.*

The buildup of corporate social capital and the formation of competitive advantages can be aided by fulfilling corporate social responsibility to stakeholders. Corporate social capital refers to a company's ability to use the social network's relational resources. It's a "structural resource" that makes things easier for the company. This "structural resource" can help to improve and increase CSR and company performance. The trust relationship between the corporation and relevant stakeholders is at the heart of corporate social capital. The fulfillment of social duties by businesses aids in the creation of corporate social capital by allowing businesses to build trust with key stakeholders. Rural enterprises' social capital helps deliver essential information (product, customer relationship, and funding) resources to them, facilitates knowledge exchange and sharing between enterprises and other enterprises, improves enterprise performance, and builds trust. A positive business image and reputation can be built, and corporate performance can be improved as a result. Therefore, this study proposes the following hypotheses:

H6: *Social capital has a significant mediating effect on the relationship between CSR and business performance.*

The impact of CSR on corporate performance is frequently constrained by enterprise resource and asset allocation, and a competitiveness strategy is a key tool for manufacturing companies to optimize their present resource allocation. The two most essential competitive advantages are low cost and differentiation. The cost structure and performance of the company vary depending on the strategic guidance (Yuen et al., 2017). Enterprises will control and cut social responsibility costs in the improvement of production equipment, energy savings, and emission reduction, and configure more resources to the core competitive business to ensure the stability of the business environment and avoid market risks, thus weakening the effect of CSR on financial performance (Zhao et al., 2019). Fulfilling social responsibilities can establish a competitive advantage, and in the process of implementing a competitive advantage strategy, all angles are conducive to promoting the healthy and sustainable development of the enterprise. Based on these findings, the following hypothesis is developed:

H7: *Competitive advantage has a significant mediating effect on the relationship between CSR and business performance.*

3. Research Methods

3.1. Sample and Procedure

The respondents were randomly selected employees of agricultural enterprises in Xinjiang and they were provided a self-administered questionnaire via email. To ensure the representativeness of the samples, we first checked the list of agricultural enterprises on the government websites. Second, we contacted the human resources directors or leaders of agricultural enterprises and explained our research purpose. After obtaining their support, we acquired 610 employees' email addresses. We sent emails to them that included links to online questionnaires of CSR, social capital, competitive advantage, and business performance. It was made clear that the questionnaires were only used for academic purposes and were collected anonymously to eliminate the worries of employees. A small-scale preliminary survey was conducted to test the reliability and validity of the measurement scales. A total of 93 questionnaires were received, and four questions were deleted to ensure the reliability and validity of the scales. Approximately three months after the preliminary survey, the formal survey was conducted by sending emails to about 610 employees, and 492 valid questionnaires were received in the survey. The effective response rate of the survey was 80.66%. The demographic characteristics of the sample are shown in Table 1.

Table 1: Demographic Characteristics of the Sample ($N = 492$)

Variables	Category	No	Percentage
Gender	Male	276	56.1%
	Female	216	43.9%
Marital status	Married	200	40.6%
	Unmarried	292	59.4%
Age	<30	149	30.3%
	21–40	244	49.6%
	41–50	87	17.7%
	>50	12	2.4%
Tenure in the organization	1–3	323	65.7%
	3–5	110	22.4%
	5–10	30	6.1%
	10–15	29	5.9%
Position	Top manager	34	6.9%
	Middle manager	109	22.2%
	Grassroots employee	349	70.9%
Educational level	Associate degree or below	90	18.3%
	Bachelor degree	235	47.8%
	Graduate degree	167	33.9%
Years of the establishment of your company	1–3	195	39.6%
	3–5	75	15.2%
	5–10	93	18.9%
	10–15	129	26.2%

3.2. Measurement

3.2.1. Corporate Social Responsibility Scale

3.2.2. Social Capital Scale

Social capital was measured using an instrument based on the scale created by Wei (2007) and revised after the preliminary survey. The scale comprises 19 items about relational social capital, structural social capital, and cognitive social capital. Each item is rated on a five-point Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”), and a higher score indicates a higher level of corporate social capital.

3.2.3. Competitive Advantage Scale

Based on Porter’s (1980) definition, competitive advantage in this study was divided into two dimensions: low-cost advantage and differentiation advantage. It was measured by using nine-question items. The scale used in this study was adapted from Langerak’s (2003) competitive advantage scale which was originally designed by Dess and Davis (1984). Each item is rated on a five-point Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”), and a higher score indicates a higher level of competitive advantage.

3.2.4. Business Performance Scale

This study chooses a complete performance evaluation approach that considers both financial and non-financial performance. Murphy et al. (1996) was used to produce the financial performance sub-scale, while Xu’s evaluation system was used to develop the non-financial performance sub-scale (2011). There are nine-question items in all. A higher score implies a higher degree of business performance. Each item is assessed on a five-point Likert scale ranging from one (“strongly disagree”) to five (“strongly agree”), and a higher score indicates a higher level of business performance.

3.3. Data Collection

The survey was conducted from May 20, 2021, to August 20, 2021, and lasted for twelve weeks. Agricultural companies in Xinjiang of China were selected for investigation. The questionnaires were distributed and collected by sending emails to the electronic mailboxes of various enterprises and conducting face-to-face interviews. 610 mails were distributed, and 492 valid questionnaires were collected.

3.4. Data Analysis Method

Based on the theoretical background and research hypothesis, a structural equation model was constructed to examine the relationship of corporate social responsibility, social capital, competitive advantage, and business performance of agricultural enterprises. SPSS25.0 and AMOS24.0 were used to analyze the data. First, the demographic characteristics of the sample were examined through a descriptive statistical analysis; second, the reliability and validity of the scales were tested by confirmatory and exploratory factor analysis; third, correlation and discriminant analysis was conducted to test the relationship

of the variables; last, structural equation path analysis and the Bootstrap mediation effect test were conducted to examine the relationships among the research variables.

4. Results

4.1. Reliability and Validity Analysis

Before analyzing the structural model and verifying the hypotheses, we examined the reliability and validity of the scales. The corporate social responsibility scale's internal consistency reliability (Cronbach's α) was 0.946 at the entire scale level, with 0.918, 0.892, 0.926, and 0.905 for economic, legal, ethical, and charitable subscales, respectively. The social capital scale as a whole had a Cronbach's reliability coefficient of 0.949, while the structural, relational, and cognitive social capital subscales had reliability coefficients of 0.941, 0.883, and 0.922, respectively. The Cronbach's coefficient for the competitive advantage scale as a whole was 0.884, while the subscales for low-cost and differentiation competitive advantage were 0.896 and 0.848, respectively. The Cronbach's α reliability coefficient of the business performance scale as a whole was 0.873, while those for the financial and nonfinancial subscales were 0.873, and 0.907, respectively. All Cronbach's α reliability coefficients indicated good to excellent internal consistency and reliability (Fornell & Larcker, 1981). It can be seen that all Cronbach's alpha coefficient was greater than the critical value of 0.7, which indicates that the scales had good reliability.

The construct validity was examined by conducting a confirmatory factor analysis. The congruence levels were measured by χ^2 , DF, CMIN/DF, GFI, AGFI, RMR, RMSEA, IFI, TLI. Since all item-level variables were found to be normally distributed, the maximum-likelihood estimation method was used for evaluating the models and estimating the model parameters. For the four-correlated factor model for corporate social responsibility, the chi-square fit statistic ($\chi^2 = 232.630$, $df = 224$, $p < 0.001$) was statistically significant, whereas the other fit indices (CFI = 0.961; GFI = 0.999; AGFI = 0.952; RMSEA = 0.009) consistently indicated that the model was adequate. The chi-square fit statistic ($\chi^2 = 222.305$, $df = 149$, $p < 0.001$) indicated that the three-correlated factor model for social capital fitted the data, and the other fit indices congruently indicated that the model was acceptable (CFI = 0.989; GFI = 0.955; AGFI = 0.942; RMSEA = 0.032).

Similarly, the two-correlated factor model for competitive advantage items was considered acceptable based on the alternative fit indices (CFI = 0.988; GFI = 0.976; AGFI = 0.959; RMSEA = 0.046) and the chi-square fit statistic ($\chi^2 = 52.886$, $df = 26$, $p < 0.001$). The two-correlated factor model for the business performance items was also acceptable based

on the alternative fit indices (CFI = 0.999; GFI = 0.988; AGFI = 0.979; RMSEA = 0.012) and the chi-square fit statistic was significant ($\chi^2 = 27.870$, $df = 26$, $p < 0.001$). Therefore, the construct validity for the Corporate Social Responsibility Scale, Social Capital Scale, Competitive Advantage Scale, and the Business performance Scale was verified by the data collected from the sample of the current study.

The composite reliability (CR) test and average variance extracted scores were calculated to test the construct reliability of the scales. It can be seen that all the CR scores were over 0.7, so the reliability was good. The AVE scores were between 0.584 and 0.692; all of the AVE scores were over 0.5. Therefore, all the theoretical structures in this study were reliable.

4.2. Correlation Analysis and Discriminant Validity Analysis

Discriminant validity analysis is used to test whether two different variables are statistically different. Different variables should not be highly correlated. If they are highly correlated, it means that the definitions of the variables overlap. The square root of each construct's average variance extracted (AVE) should have a higher value than the correlation coefficients among all latent constructs. Table 2 provides the discriminant validity test results. The correlation coefficients between variables range from 0.201 to 0.612, and the square roots of the AVE range from 0.764 to 0.834. The absolute value of the correlation coefficient between the variables is smaller than the square root of the AVE value, indicating the variables have good discriminant validity.

4.3. Hypothesis Testing

The maximum-likelihood estimation method was used for the path analysis model because all variables in the model were normally distributed (Flora & Curran, 2004).

It can be seen from Table 3 that the standardized estimate of corporate social responsibility to social capital is 0.586 (S.E. = 0.058, $p < 0.05$), indicating that corporate social responsibility has a significant positive effect on social capital. The standardized estimate of social capital to competitive advantage is 0.658 (S.E. = 0.056, $p < 0.05$), indicating that corporate social responsibility has a significant positive influence on competitive advantage. The standardized estimate of social capital to business performance is 0.289 (S.E. = 0.062, $p < 0.05$), indicating that social capital has a significant positive effect on business performance. The standardized estimate of corporate social responsibility to business performance is 0.253 (S.E. = 0.086, $p < 0.05$), indicating that corporate social responsibility has a significant effect on business performance. The standardized

Table 2: Inter Construct Correlation Table with $\sqrt{\text{AVE}}$ Scores

Category	1	2	3	4	5	6	7	8	9	10	11
1. Economic Responsibilities	0.832										
2. Legal Responsibilities	0.602**	0.789									
3. Ethical Responsibilities	0.448**	0.495**	0.801								
4. Philanthropic Responsibilities	0.566**	0.589**	0.549**	0.785							
5. Structural Social Capital	0.354**	0.332**	0.410**	0.378**	0.817						
6. Relational Social Capital	0.294**	0.318**	0.294**	0.365**	0.612**	0.777					
7. Cognitive Social Capital	0.275**	0.284**	0.293**	0.300**	0.592**	0.597**	0.814				
8. Low-cost Advantage	0.311**	0.320**	0.314**	0.352**	0.299**	0.201**	0.271**	0.796			
9. Differentiation Advantage	0.346**	0.339**	0.338**	0.347**	0.368**	0.231**	0.279**	0.493**	0.764		
10. Financial Performance	0.262**	0.341**	0.285**	0.267**	0.312**	0.251**	0.268**	0.233**	0.293**	0.834	
11. Non-financial Performance	0.360**	0.343**	0.327**	0.353**	0.380**	0.313**	0.325**	0.315**	0.336**	0.494**	0.787
Mean	3.633	3.889	3.674	3.745	3.714	3.606	3.555	3.602	3.742	3.700	3.673
Std. Deviation	0.996	0.870	0.749	0.944	0.924	0.872	0.997	0.845	0.939	1.005	0.860

Note: ***, ** and * indicates significant at 1%, 5% and 10% level of significance based on t-statistics.

estimate of competitive advantage to business performance is 0.293(S.E. = 0.104, $p < 0.05$), indicating that competitive advantage has a significant positive influence on business performance.

To analyze the mediation effects of social capital and competitive advantage, this study used the Bootstrap test method, which is a data-based resampling statistical method (Shrout & Bolger, 2002). Of the two resampling procedures (parametric and nonparametric bootstrap testing), the current study conducted parametric Bootstrap testing. If the 95% confidence interval of the path coefficient does not include 0, it indicates that the mediating effect is significant. Then check whether the confidence interval (or significance) of the standardized direct effect contains 0. If it contains 0 (that is, it is not significant), it is fully mediated; otherwise, it is partially mediated.

As shown in Table 4, Because the confidence interval [0.078, 0.275] does not include zero points ($p < 0.05$), social capital partially mediates the association between CSR and corporate performance. Because the confidence interval [0.035, 0.383] ($p < 0.05$) does not encompass zero points, the mediating influence on the connection between CSR and company success is only partially significant; consequently, H7 is supported.

Table 4 shows that when CSR has an impact on business performance, the mediating variable social capital is responsible for 27.48 percent of the variation and the mediating variable competitive advantage is responsible for 31.38 percent of the variation.

5. Discussion and Conclusion

5.1. Findings

The present study examined the relationships among corporate social responsibility, social capital, competitive advantage, and enterprise business performance, focusing on determining the mediating role of social capital and competitive advantage between corporate social responsibility and enterprise business performance.

One of the most notable findings was that corporate social responsibility had a significant beneficial impact on business performance, which is consistent with the majority of previous studies (Cornell & Shapiro, 1987). This finding indicates that implementing a social responsibility approach has a positive impact on agriculture business performance. Compliance with regulations and environmental standards in production and operation activities, farmer responsibility, and philanthropic responsibilities all play a role in agricultural enterprise performance.

Corporate social responsibility was also found to have considerable positive effects on corporate social capital and competitive advantage. This research suggests that

Table 3: Path Analysis Results

Path	Standardized Estimate	S.E.	C.R.	p
CSR → Social Capital	0.586	0.058	10.232	***
CSR → Competitive Advantages	0.658	0.056	9.24	***
Social Capital → Business performance	0.289	0.062	4.007	***
CSR → Business performance	0.253	0.086	2.58	0.01
Competitive Advantages → Business performance	0.293	0.104	3.137	0.002

Note: **p-value < 0.05; ***p-value < 0.001. Significant at the 0.05 level.

Table 4: The Mediating Effects of Social Capital and Competitive Advantage

Path	Standardized Estimate	S.E.	95% CI (Bias-Corrected)		p	Effect Ratio (%)
			Lower	Higher		
Standardized Total Effect	0.615	0.063	0.485	0.735	0.001	100.00
Standardized Total Indirect Effect	0.362	0.105	0.166	0.582	0.000	58.86
P1: CSR → Social Capital → Business Performance	0.169	0.050	0.078	0.275	0.001	27.48
P2: CSR → Competitive Advantage → Business Performance	0.193	0.087	0.035	0.383	0.014	31.38
Standardized Direct Effect	0.253	0.129	0.004	0.505	0.001	41.14

encouraging corporate social responsibility can boost a company's social capital and give them a competitive edge. The findings are consistent with Miles and Covin's (2000) research, which demonstrated that corporate social responsibility can increase social capital and boost competitive advantages. The impact of corporate social capital and competitive advantage on business success is important. This finding is consistent with the findings of the majority of previous investigations (Feng et al., 2015; Adler & Kwon, 2002; Maury, 2018; Hult & Ketchen, 2001).

Furthermore, the necessity of establishing social networks and technological edge in the present business environment is illustrated by the mediating effect of social capital and competitive advantage between corporate social responsibility and commercial performance. The transformation of corporate social responsibility into business growth performance is determined by network resources with stakeholders. Agricultural enterprises can improve operational efficiency by maintaining excellent economic relations with key stakeholders through economic responsibilities; agricultural enterprises can develop a favorable corporate image through charitable responsibilities. Agricultural firms might gain recognition from relevant stakeholders as a result of their reputation, opening up more opportunities for expansion and growth.

The investigation of this study was conducted in the western part of China, where the agricultural industry is at

a relatively low level. The farmers' income is not so high as that of employees in other commercial organizations. Although absolute poverty was eliminated in these areas, the quality of life still needs to be improved. The public infrastructure is also under construction. However, due to the natural geographical environment, these two regions have specialty agricultural products such as fruit and vegetables.

5.2. Implications

Researchers in China have shown a growing interest in the corporate social responsibility of listed companies since 1999. However, due to differences in the company types, regions, and industries of enterprises, the CSR performances vary greatly. More emphasis should be placed on small and medium enterprises. The current study is significant because it provides evidence for the extended influence of social responsibilities on business performance in the context of social networks in agricultural enterprises.

Overall, agricultural businesses should actively perform their social responsibilities and integrate corporate social responsibility into their company development plan and vision. Businesses should use practice to develop their understanding of corporate social responsibility and set management objectives and goals. To increase social capital, businesses can improve relationships with stakeholders to foster collaboration and invite a third party to assess their

corporate social responsibility performance. Agricultural businesses can improve their corporate social responsibility performance by actively releasing CSR reports and maintaining regular communication with their customers, partners, and the government.

Corporate social responsibility encompasses not just the government's and society's expectations, requirements, and restraints on businesses, but also the intrinsic necessity for businesses to improve their fundamental competitiveness and achieve long-term, healthy growth. In China, the majority of companies that issue social responsibility reports are publicly held. Companies that consistently engage in CSR and publish CSR reports, on the other hand, have reaped significant benefits from issuing social responsibility reports. To fulfill social duties, businesses can work to better meet the demands of linked parties, detect hazards through engagement with them, and set up an effective management system. Finally, the combination of corporate business plans and sustainable development initiatives is possible.

To support the establishment of various industry standards in accordance with the characteristics of the agriculture sector, relevant rules and regulations should be enacted. Agricultural enterprises' social responsibility differs from that of non-agricultural businesses in general. Agricultural enterprises and non-agricultural firms should be supervised in different ways. Furthermore, more focus should be placed on public oversight. In rural areas, agricultural enterprises must not only adhere to social responsibilities based on economic and legal responsibilities, but they must also choose a combination of ethical and philanthropic responsibilities and actively perform those responsibilities that are beneficial to the accumulation of corporate social capital and competitive advantages.

5.3. Limitations and Directions for Future Research

The limitations of this study are as follows.

Using cross-sectional data, we first examined the relationships between social responsibility, social capital, competitive advantage, and corporate performance. The relationship between the sub-factors of each variable could be explored to investigate the relationships between the variables. Although the study contributes to a better understanding of the function of corporate social responsibility in agricultural operations, it is recommended that future research focus on agricultural enterprises in specific sectors, such as food processing.

Second, agricultural enterprises face a more intricate pattern of interests in the process of operation than commercial organizations, due to high operating risk, initial investment, and significant reliance on natural resources, and

enterprises must consider the interests of many stakeholders. Agricultural enterprises may have varying levels of social capital at different times. As a result, a difference analysis may be carried out among companies at various stages of development.

Despite these flaws, the current research is important since it proved the mediation impacts of social capital and competitive advantage in the relationship between corporate social responsibility and profitability. The research has significant consequences for corporate operations in the future. Furthermore, it demonstrates the link between corporate social responsibility and company performance.

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