



Confucian Culture and Corporate Targeted Poverty Alleviation

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Abstract. The existing literature has carried out many studies on targeted poverty alleviation, but most of them analyze their impact on enterprises from the perspective of economic consequences. This paper starts with the motivation of participation of enterprises in targeted poverty alleviation, and discusses whether the informal system of culture affects enterprises' participation in the important social governance action of targeted poverty alleviation. Based on the data of A-share listed companies participating in targeted poverty alleviation from 2018 to 2023, this article studies the impact of Confucian culture on enterprises' participation in targeted poverty alleviation. The study found that Confucian culture has a promoting role in targeted poverty alleviation for enterprises, and the greater the enterprises affected by Confucian cultural ethics, the greater the poverty alleviation efforts. This paper provides a new perspective on the motivation of enterprises to participate in targeted poverty alleviation, and provides a support basis and policy contribution to the excellent traditional culture in guiding and promoting enterprises to participate in targeted poverty alleviation.

Keywords: Confucian culture, targeted poverty alleviation, social responsibility

1 Introduction

Poverty is a worldwide problem, and overcoming poverty is the common goal of many countries in the world. China has shown strong determination and action in eradicating poverty. Poverty alleviation is a key task for China to achieve its first Centenary Goal and an important manifestation of China's adherence to the fundamental principle of common prosperity. Since reform and opening up, China has made remarkable achievements in poverty alleviation and development, lifting 700 million rural people out of poverty. On February 25, 2021, the National Poverty Alleviation Summary and Commendation Conference declared a comprehensive victory in China's fight against poverty. In the long-term practice of poverty alleviation to promote society and stability, poverty alleviation process of China has also experienced four stages, from 'large-scale poverty alleviation' to 'development-oriented poverty alleviation' to 'comprehensive poverty alleviation', and finally 'precise poverty alleviation'^[1].

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As an important part of social organizations, enterprises bear the obligation to fulfill their social responsibilities and play an important role in promoting social and economic development and improving people's living standards^[2, 3]. Participating in targeted poverty alleviation is an important performance of enterprises fulfilling their social responsibilities. Therefore, as an important starting point for targeted poverty alleviation, enterprises, by virtue of their outstanding advantages such as system mechanism, operation efficiency and market resources, have profoundly changed the local production mode by providing industry, capital, technology and other resources to poor areas, and can promote the endogenous economic growth of backward areas^[4]. 2020 is the confluence period of the two strategies of poverty alleviation and rural revitalization. The implementation of the rural revitalization strategy is conducive to consolidating and improving the quality of poverty alleviation in poor areas, and establishing a long-term mechanism for stable poverty alleviation. From the perspective of the strategic requirements of rural revitalization, more emphasis is placed on building a good external environment for village development, emphasizing the decisive role of the market in resource allocation, and transforming the government-led into the market-led, which more reflects the due meaning of 'industry + revitalization', which also requires enterprises to participate more extensively in social governance. China's economic system is a system with Chinese characteristics, which can not only ensure the dominant position of the market, but also bring into play the role of the government's macro-control. Therefore, only when the government and enterprises cooperate with each other can the advantages of China's system be fully realized. Some scholars also pointed out that one of the important reasons for China's remarkable achievements in poverty alleviation and development is to give full play to the main position of governance units such as enterprises and the government in poverty alleviation, and to coordinate and straighten out the relationship among society, market and government^[5].

The ecological symbiosis theory points out that enterprises and society are symbiotic, and enterprises and the environment can only develop together if they adapt and match each other^[6]. The behavior of enterprises to fulfill social responsibility can not only meet the needs of corporate values and conform to social expectations, but also objectively meet the requirements of long-term economic interests of enterprises. Enterprises to fulfill social responsibility come from both internal motivation and external pressure^[7]. Some studies have also proved that enterprises undertake social responsibility because their values are in line with social ethical norms, rather than because they are motivated by economic incentives^[8]. Therefore, the decision of corporate executives to participate in poverty alleviation is most likely driven by personal moral concepts. Studies have proved that corporate decision-making behavior largely reflects the cognition and value preference of individual entrepreneurs, and the entrepreneurial cognitive system is obviously shaped by the growth environment and cultural soil^[9]. The branding theory emphasizes that an individual's early growth experience and cultural influence will leave a distinct imprint on his value system and will continue to influence individual and organizational behavior^[10].

2 Literature Review

Confucian culture is an educational, cultural and academic school of thought that attaches importance to the survival value of people, emphasizes the friendship and cooperation between people, and uses benevolence as the core^[11]. For a long time, Confucianism has had its profound soil in Chinese society, and has become a compendium of ethics that people don't know for daily use^[12]. After more than two thousand years of historical baptism, Confucianism has always maintained strong vitality and has always occupied the dominant position of social thought. Existing literature studies show that Confucian culture can promote enterprise innovation^[13], reduce corporate violations^[14], and help enterprises avoid risks^[15]. Different from the western developed countries, the business environment faced by Chinese enterprises has the characteristics of emerging and transformation, the legal system, market mechanism and corporate governance are not yet perfect, and the external institutional constraints on corporate ethical decision-making are relatively fragile. When formal systems and norms cannot work effectively, it is necessary for the academic community to pay attention to the governance value of informal systems such as culture and customs^[16]. The rise of behavioral finance in recent years also shows that in addition to institutional and economic factors, cultural informal institutions will also have an important impact on corporate behavior^[17]. Therefore, it is necessary to deeply explore the contemporary value of the Confucian tradition.

Precise poverty alleviation is an important way for enterprises to fulfill their social responsibilities, and the motivation of enterprises to fulfill their social responsibilities can be summarized into three aspects: First, altruistic motivation, which is the dedication behavior of enterprises to give back to the society without asking for return^[18]. Second, managers' selfish motive. Based on this motive, assuming social responsibility becomes a tool for managers to use corporate resources to enhance their social image and status^[19]. The third is the strategic motive. The active performance of corporate social responsibility can improve efficiency, absorb social resources^[20], gain a good reputation and prevent reputation risks. Previous studies have found that enterprises' active fulfillment of social responsibilities can attract positive and proven media attention, thus establishing a good media image^[21] and improving their market reputation^[22]. Targeted poverty alleviation by enterprises not only includes donation and funding, but also includes employment increase and industrial development, which is an important part of corporate strategic social responsibility^[23]. By fulfilling their social responsibilities, enterprises can strengthen the relationship between government and enterprise, thus enjoying the economic incentives, tax incentives and procurement plans with favorable prices provided by the government, gaining access to global markets and professional fields, preventing environmental risks and strengthening the value chain^[24].

3 Hypothesis

Confucianism played a great role in maintaining the prosperity and stability of Chinese society before the 17th century. Since modern times, Confucianism has achieved further development by integrating Chinese and Western cultures. Du Weiming, a leading figure in the new Confucianism, devoted himself to exploring the relationship between Confucian ethics and modernization for a long time. The concept of ‘Confucian businessman’ advocated by him had wide influence and provided ideological resources for the establishment of business ethics with Confucian culture as its connotation in the market economy. On the other hand, Confucian businessman refers to taking Confucianism as the core guiding idea of doing business, which is reflected in the connotation of Confucian ethics in merchant culture^[25]. Confucianism advocates the concept of benevolence, which is also the highest ideal and standard of social politics, ethics and morality proposed by Confucius. It calls for putting people first and promoting altruism. Its core is ‘benevolence’, the essential spirit is ‘love’, and the scope of ‘love’ is not limited to the closest person, but also to the social scope. When making decisions to participate in precise poverty alleviation, enterprise managers are influenced by the Confucian idea of ‘benevolence’ and will pay more attention to caring for others. Confucianism also advocates the concept of ‘justice before profit’, and enterprises should have certain constraints to pursue profits. This means that the profits of enterprises must safeguard the overall interests of society, and cannot only satisfy individual interests. Participating in targeted poverty alleviation is a manifestation of enterprises’ active contribution to social development.

H1: Confucian culture is conducive to promoting precise poverty alleviation by enterprises.

4 Method

4.1 Sample Selection and Data Source

In this paper, all A-share listed companies participating in targeted poverty alleviation from 2018 to 2023 are selected as research samples. We get 2,813 observations. The sample data come from the CSMAR database, and the samples are screened as follows: (1) In view of the large differences in operation and financial characteristics between financial companies and non-financial companies, the financial and insurance industry samples are excluded; (2) ST and PT samples were excluded; (3) Eliminate the samples with missing variable data; (4) In order to eliminate the influence of outliers, this paper winsorize continuous variables at 1% and 99% levels.

4.2 Variable Definition

4.2.1 Targeted Poverty Alleviation (PPA).

This paper takes the total sum of funds and material rebates used by listed companies for targeted poverty alleviation as the amount of the company’s investment in

targeted poverty alleviation, and takes the natural logarithm of the investment amount^[26]. Specifically, this paper uses PPA to measure the intensity of targeted poverty alleviation by enterprises. If the amount of targeted poverty alleviation by enterprises is greater than the average of the amount of poverty alleviation by all sample companies, it takes 1, indicating that the intensity of poverty alleviation is large; If the amount of targeted poverty alleviation of enterprises is less than the average of the amount of poverty alleviation of all sample companies, it is 0, indicating that the poverty alleviation efforts are small.

4.2.2 Confucian Culture.

It may be difficult to directly examine the influence of culture and other ideologies on corporate decision-making behavior, and the measurement method is controversial. With the rise of the study of 'culture and finance', scholars at home and abroad began to use historical information data to explore the impact of culture and institutional context on economic behavior. Confucian culture can guide People's Daily behavior through moral norms, and form a humanistic environment of 'common morals and common customs'. Therefore, this paper determine the extent of Confucian culture's influence on companies through the geographical location of Confucian culture transmission sites. In the process of the development of Confucian culture, seven cultural centers were formed, namely Lu, Shu, Luo, Min, Taizhou, Eastern Zhejiang and Linchuan, which are located in the seven provinces of Shandong, Sichuan, Henan, Fujian, Jiangsu, Zhejiang and Jiangxi respectively. Therefore, this paper matches the registration places of all enterprises involved in targeted poverty alleviation with the seven provinces above. If the company is registered in these seven provinces, the value is 1; otherwise, 0.

4.2.3 Control Variables.

The control variables selected in the regression model include company Size (Size), which is equal to the natural logarithm of the total assets of the company; Asset-liability ratio (Lev), which is equal to total liabilities divided by total assets; Operating revenue Growth rate (Growth), equal to the growth rate of the company's sales; Institutional shareholding ratio (Inshold), which is equal to the number of institutional shareholdings divided by the total share capital of the company; Return on assets (ROA), which is net profit divided by total assets; And the top 10 shareholders' holdings (Top10), equal to the sum of the top 10 shareholders' holdings divided by the total share capital of the company. And control the Year effect (Year) and Industry effect (Industry).

4.3 Model Setting

In order to test the influence of Confucian culture on the targeted poverty alleviation behavior of listed companies, the following model is constructed:

$$PPA = \alpha_0 + \alpha_1 Confucian + \alpha_2 Controls + \alpha_i Year + \alpha_j Industry + \varepsilon$$

In this model, we primarily focus on the coefficient of α_1 . We expect the coefficient of α_1 to be positive, meaning that Confucian culture would promote corporate poverty alleviation.

5 Results

5.1 Descriptive Statistics

Table 1. Descriptive Statistics of Key Variables.

Variables	Obs	Mean	Std.Dev.	Min	Max
PPA	2,813	0.929	0.256	0	1
Confucian	2,813	0.259	0.438	0	1
Soe	2,813	0.587	0.493	0	1
Growth	2,813	0.577	11.861	-0.818	429
ROA	2,813	0.065	0.066	-0.550	0.523
Lev_w	2,813	0.475	0.207	0.082	0.912
Top10	2,813	63.060	15.932	8.260	101
Inshold	2,813	55.420	24.321	0.003	108.231
size_w	2,813	22.200	1.290	19.900	26.200

The study on the influence of Confucian culture on targeted poverty alleviation by enterprises takes enterprises participating in targeted poverty alleviation as research samples, and finally obtains 2813 valid samples. The descriptive statistics of main variables are shown in Table 1. The poverty alleviation efforts of enterprises participating in precision poverty alleviation differ greatly, with a standard deviation of 0.256. Whether they are influenced by Confucian culture is also different, with a standard deviation of 0.438.

5.2 Basic Regression Results

Since the explained variable is a dummy variable, the Logit model is used for regression, and the regression results are shown in Table 2. It can be seen that there is a positive relationship between Confucian culture and enterprises' targeted poverty alleviation efforts. Among them, the coefficient of Confucian culture is 0.618, which is significant at the level of 1% ($P < 0.01$), that is, Confucian culture has a promoting effect on the targeted poverty alleviation efforts of enterprises. For enterprises participating in targeted poverty alleviation, the greater the influence of Confucian culture, the greater the targeted poverty alleviation efforts of enterprises. The hypothesis is proved.

Table 2. Regression Analysis Results.

Variables	PPA	PPA
Confucian	0.533*** (1.621)	0.618*** (1.861)
Soe		1.441*** (4.803)
Growth		0.005 (0.121)
ROA		-5.113*** (-2.862)
Lev_w		-1.212* (-1.730)
Top10		-0.003 (-0.436)
Inshold		0.015 (1.441)
size_w		-0.000*** (-8.836)
Constant		2.577*** (4.095)
Individual	YES	YES
Year	YES	YES
R ²	0.198	0.292

5.3 Robustness Test

Table 3. Robustness Test Results.

Variables	PPA (5.3.1)	PPA (5.3.2)	PPA (5.3.3)
Confucian	0.453*** (1.822)	0.876** (2.414)	0.125** (1.525)
Controls	YES	YES	YES
Individual	YES	YES	YES
Year	YES	YES	YES
R ²	0.289	0.377	0.457

5.3.1 Change the Measurement of Independent Variables.

Column (1) of Table 3 shows the result of changing the measurement of independent variables. We measured the extent to which a company was influenced by Confucian culture by the number of Confucian temples built in the province or city where the company was born. Similarly, we measured the strength of Confucian culture by counting the number of Confucian temples within a 200-kilometer radius of a company's registration place and office. In order to ensure the reliability of the conclusion, the number of Confucian academies in the province where the company is located is used as a substitute variable for Confucian culture, and the result is still significant.

5.3.2 The Treatment of Endogenous Problems.

Column (2) of Table 3 shows the treatment of endogenous problems. In order to avoid the problem of reverse causality, the explanatory variables and control variables are tested with a delay of one period, and the results are still significant.

5.3.3 Adding Control Variables.

Column (3) of Table 3 shows the result of adding control variables. Due to differences in economic development levels and poverty levels in different regions, this may have an impact on targeted poverty alleviation by enterprises. Therefore, the province where the listed company is registered is taken as a regional variable, and after controlling the fixed effect of regional variables, the further test results are still significant.

6 Conclusion

Targeted poverty alleviation is an important policy formulated in China, and Confucian culture is an important informal system in China, which has a profound influence on Chinese society. Using the data of A-share listed companies participating in precision poverty alleviation from 2018 to 2023, this paper examines the impact of Confucian cultural traditions on corporate poverty alleviation, and finds that the values contained in Confucian culture have a promoting effect on corporate precision poverty alleviation, and the greater the intensity of Confucian culture influence, the greater the intensity of corporate participation in precision poverty alleviation. In the practice of enterprise management, enterprises can enhance employees' understanding and sense of identity of Confucian culture by holding lectures and trainings on Confucian culture, so as to enhance their sense of social responsibility. In addition, enterprises can also integrate Confucian values such as 'benevolence', 'integrity' and 'balancing justice and interests' into poverty alleviation strategies, and formulate poverty alleviation plans and measures in line with the spirit of Confucian culture. Chinese enterprises are deeply influenced by Confucian culture in poverty alleviation work, such as the Confucian style of 'helping the world at the same time' and the Confucian theory of self-cultivation and family governance, which have deeply influenced the Chinese people for thousands of years, as well as China's business ethics. In the process of

development, many enterprises actively fulfill their social responsibilities and participate in targeted poverty alleviation. For example, poverty alleviation actions such as ‘10,000 enterprises helping 10,000 villages’ are vivid practices of private enterprises actively participating in social poverty alleviation under the influence of Confucian culture.

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