

Political views affect firms' corporate social responsibility

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A new study in *The Financial Review* establishes a relationship between political beliefs of corporate stakeholders and the corporate social responsibility (CSR) of their firms. Companies with a high CSR rating tend to be located in Democratic states, while companies with a low CSR rating tend to be located in Republican states.

Amir Rubin of Simon Fraser University analyzed the 2004 presidential election results of communities in which corporate headquarters are located. The results from the election provide relevant data to analyze the correlation between political views of individual communities and the CSR ratings of firms located in those communities.

Results show that firms with high CSR ratings are more likely to be located in states with Democratic majorities, and firms with low CSR ratings are more likely to be located in states with Republican majorities.

Corporate executives tend to reside near a firm's headquarters. It seems logical that corporate decision makers would align their policies with the views of their stakeholders in order to reduce conflict and create value for the firm.

Source: Wiley

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