



Corporate social responsibility and systematic risk of restaurant firms: The moderating role of geographical diversification

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<https://doi.org/10.1016/j.tourman.2016.09.016>

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Highlights

- This study examines the effect of CSR on a restaurant firm's risk.
- This study examines the moderating role of a restaurant firm's geographical diversification.
- Geographical diversification significantly moderates the relationship between CSR and risk.

Abstract

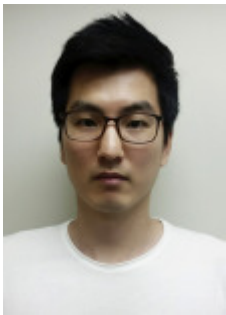
Despite growing attention to corporate social responsibility (CSR) in the tourism literature, the relationship between CSR activities and systematic risk, one of the critical components in evaluating shareholder value, has been a topic of scarce examination. Further, the moderating role of geographical diversification on the link between CSR and systematic risk in the restaurant context has not been studied. Therefore, the current study explores these issues in the restaurant context based on the organizational theory and stakeholder theory. In addition, this study dichotomizes CSR activities into two dimensions, socially responsible activities (i.e., positive CSR) and socially irresponsible activities (i.e., negative CSR), to examine the separate effects of the two dimensions. A two-way fixed-effects model that effectively accounts for unobserved effects in a panel data set has been employed to test the proposed hypotheses.

Keywords

Corporate social responsibility (CSR); Positive CSR; Negative CSR; Systematic risk; Beta; Geographical diversification; Moderating effect

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Sungbeen Park is a graduate student at School of Hospitality Management of the Pennsylvania State University in U.S. He received his M.S. in hospitality management at Florida International University. His primary research interests focus on corporate social responsibility in the hospitality and tourism industry from strategic and financial management perspectives.



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