

Selfish Shareholders: Corporate Donations During Covid 19

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Abstract :

During the onset of the COVID-19 pandemic, conflicting incentives caused most stakeholders to dislike corporate social responsibility (CSR) - measured by firms' charitable donations - since it would further burden firms' already strained finances. Those stakeholders that did favor donations, large individual investors, did so only to bolster their own images as they are typically synonymous with the donating firms. Image gains do not pass-through to institutional shareholders, who instead preferred to donate themselves rather than having the firms in their portfolios donate. Our results cast doubts on large corporations' willingness to enforce CSR measures for firms in their portfolio.