



CSR, Adjustment Speed of Capital Structure, and Firm Performance: Evidence from ASEAN Nations with ESG Performance Data

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ABSTRACT

Studies have already related corporate social responsibility (CSR) to firm performance, but with mixed results. Using ESG performance data from ASEAN countries, this paper contributes a novel channel to link the relation via the speed of adjustment (SOA) of capital structure. This study tests whether the adjustment speed of capital structure serves as a bridge between CSR and firm performance by using a series of OLS regressions and performing robustness tests with matched samples. Results showed that firms with a higher CSR performance had a higher SOA, except for Indonesia. In addition, the results support the idea that CSR can drive capital structure adjustment speed and improve firm performance as measured by Tobin's Q. Overall, the findings show that CSR is a net positive effect on firm performance.

Keywords: Capital structure, capital structure adjustment speed, corporate social responsibility, firm performance.

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