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# Relationship between trade enhancement, firm characteristics and CSR: key mediating role of green investment

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## ABSTRACT

Organisations are increasingly implementing socially responsible strategies in response to increased rivalry in trade and commercial activities. Organisations are expected to increase their profitability through corporate social responsibility (CSR). Hence, this study investigates the relationship between trade enhancement, firm characteristics, and CSR. Further, this study also explored the critical mediating role of green investment (GI). The data were collected from 456 respondents from manufacturing organisations in China through a questionnaire and analysed by partial least square structural equation modelling (PLS-SEM). PLS-SEM results revealed that trade enhancement has a significant positive effect on CSR and GI. GI also has a significant effect on CSR. In comparison, firm characteristics do not have a substantial impact on CSR and GI. However, GI significantly mediates the relationship between trade enhancement, firm characteristics, and CSR. This study provides insights to managers and stakeholders regarding GI and CSR in the Chinese manufacturing industry. Lastly, this study proposes theoretical and practical implications and offers valuable information for practitioners and policymakers.

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## 1. Introduction

In the recent decades, academicians have regularly explored the issues of corporate social responsibility (CSR) and business model excellence. Both ideas are frequently mentioned as significant problems in modern management theory and practice.

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These were examined from various academic aspects, including economics, environment, strategic management, etc. (Liu et al., 2014). The role of corporations has been defined in terms of a commercial business paradigm of vision that seeks economic prosperity and success through trade (Galant & Cadez, 2017) as trade is a critical driver of long-term, sustainable economic growth, and development. Further, United Nations reports on sustainable development (SD) pointed that the development would have ensured global progress and secured the future of our next generation (Razzaq et al., 2021; Saufi et al., 2016). The manifestation of this plan is sustainable development goals (SDGs). According to Luque and Herrero-García (2019), one of the major setbacks to SDGs is an uncontrolled and socially irresponsible investment. Since the start of this century, green investment (GI) and CSR have been dubbed the panacea to unsustainable development woes. GI is the investment activity of an organisation or states to reduce pollution and carbon emissions, protect the environment, use renewable energy resources, and conservation of natural resources (Crifo et al., 2016; Ling et al., 2021; Lingyan et al., 2021; Ozturk et al., 2020).

GI has also been referred to as responsible investment (RI) or sustainable response investment (SRI), or eco-friendly investment, or environmental, social, and governance investment (ESG) (An et al., 2021; Escobar & Vredenburg, 2011). The legitimacy theory postulates that firms with more significant assets and size are more likely to adopt GI as they have more capital to invest (Cordeiro & Tewari, 2015). These firm characteristics include size, leverage, liquidity, sales growth, assets growth, and turnover (Cordeiro & Tewari, 2015). Further, CSR is a business model which enables one to be socially accountable. The CSR model is most suitable for GI as it helps trade enhancement (TE) (Chen, 2008). Kasseeah (2020) affirmed that firm characteristics are a vital component of GI. As is has been experienced that firms with greater cash flow, growth rates, firm age, firm size, sales growth, and leverage have more opportunities to invest in CSR (J. Barney, 1991). Therefore, such firms have more potential for GI. Recently, almost 30% of Chinese investors have vowed to shift towards GI (Mathews, 2012).

The industrial revolution in China got a new life with the steam engine because people decided to mass-produce steam engines. Later, other investors also gained confidence and invested in steam engines (Chang, 2019). Another factor responsible for trade enhancement in China is due to GI is green bonds and green financing. It has been observed that the issuance of green bonds in China, the USA, and Europe has seen a considerable increase in GI (Naqvi et al., 2021; Saeed Meo & Karim, 2021). Bank of China has announced the first GI fund of China in 2021. Its main objective is to reach carbon neutrality by 2050 as planned by the government of China. This welcoming outcome can increase eco-friendly investment and environmental projects and change organisational mindsets about GI (Muganyi et al., 2021). The current study is focussed on the industrial sector since it is a significant participant in reducing environmental degradation by maximising natural resource usage (Shahzad et al., 2020). For example, more than 60% of precious metals are used as input in the manufacture of vehicle parts, indicating a significant risk of material scarcity by 2030 (Bag et al., 2021). GI is the future of investment, just like crypto-currency; all it needs is organisational confidence (Umar et al., 2021). Similarly, GI would attract the attention of investors unless it results in profitability. Profitability, in this case, can be achieved in the

form of trade enhancement (Charles, 2013). In other words, trade enhancement has the potential to increase GI. One of the major factors responsible for enhancing trade and GI is the responsible business model (Sharif et al., 2019; Siddiq & Javed, 2014).

According to Pan et al. (2018), the main focus of the responsible business model includes stakeholders' engagement, sustainability concerns, circular economy, and performance management (Khan et al., 2021). The primary aim of a sustainable and accountable business model is to maintain organisational core values and guarantees trade enhancement in the long term (Bhardwaj, 2016). GI also encourages CSR, which has components, i.e., encourage social participation, alignment with organisational products, economic, ethical, discretionary, and legal responsibility (Bhardwaj, 2016). In addition to that, Saunila et al. (2018) noted that SD would remain a dream if businesses were not socially responsible to the community. Organisations usually wary of SD and climate change seek loopholes to maximise their profits, consequently impacting the environment. For instance, China, the USA, and India have the highest carbon footprint (Nathaniel et al., 2020). CSR is the only way to reduce these adverse environmental effects. Shahzad et al. (2020) asserted that employee commitment is essential because highly skilled and competent employees in the contemporary labour market are attracted to companies and organisations more socially responsible. Despite having a lot of literature on CSR, these aspects are not yet evaluated and are still not appropriately focussed. Therefore, this research investigates how trade enhancement, and firm characteristics affect CSR and GI in an encompassing model. Further, the critical mediating role of GI is also evaluated systemically. Therefore, the problems mentioned above and the literature gap compelled this examination following the research questions and intended to diminish these associations' uncertain situation.

RQ1: How do trade enhancement and firm characteristics affect CSR and GI directly?

RQ2: How does GI mediate the relationship between trade enhancement, firm characteristics, and CSR?

To evaluate the hypotheses, data were collected from the manufacturing sector of China. By responding to the above-mentioned research questions, the current study contributes to the prior literature. First, this research fills the gap by evaluating the relationship among trade enhancement, firm characteristics, GI, and CSR in an encompassing model using structural equation modelling (SEM). Secondly, this study empowers experts and policymakers to integrate various CSR strategies to develop green investment behaviour, thus encouraging various stakeholders. Third, this study engrossed in the different underexplored CSR antecedents alongside GI mediation. More specifically, the main objective is to reach carbon neutrality by 2050 as planned by the government of China. Only a broad, collective, and continuous effort can save the future from the spectre of global warming and climate change.

## **2. Theoretical background and hypotheses development**

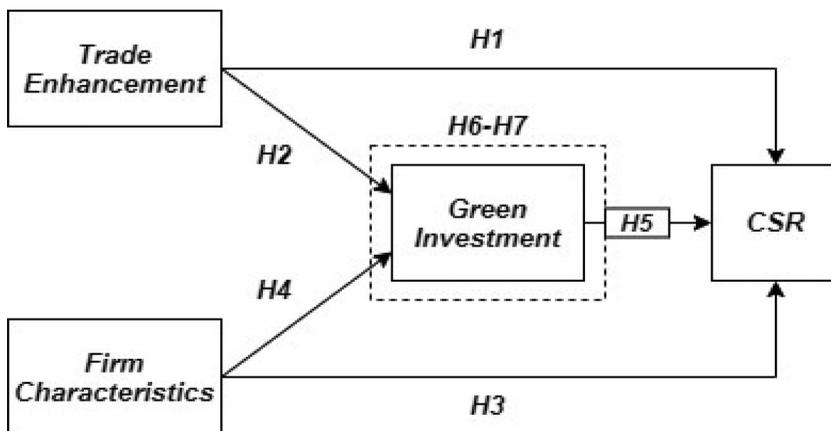
### **2.1. Resource-based view theory (RBV)**

The RBV was firstly established in strategic management to understand organisational internal weaknesses and strengths concerning performance and competitiveness, after

a period in which many studies focussed almost exclusively on industry determinants of firm performance (J. Barney, 1991). The RBV sees the firm as a bundle of productive resources (Moore & Penrose, 1960). According to the RBV, the competitive advantages for the firm are generated from the unique characteristics (tangible or intangible) that the firm owns (J. Barney, 1991; Barney, Ketchen., & Wright, 2011; Peteraf, 1993; Wernerfelt, 1984). Firm characteristics encompass all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc., possessed by the firm that enable it to “conceive of and implement strategies that improve its efficiency and effectiveness” (J. Barney, 1991). These characteristics are valuable (in the sense that they exploit opportunities and neutralise threats in a firms’ environment), rare (among a firm’s current and potential competitors), inimitable, and non-substitutable (VRIN). Adopting an RBV perspective, environmentalists and ecologists have argued that sustainable and green practices can make a firm more competitive and improve its performance. Still, it depends on relevant and critical organisational resources (Sarkis et al., 2011). Gavronski et al. (2011) study rooted in RBV noted that resources such as environmental investments and top management commitment play an essential role in CSR in manufacturing firms. Further, Shahzad et al. (2020) also employed RBV to measure the effect of green innovation of SD in the context of manufacturing organisations. An RBV adds to the setting in which a company with a greater capacity for GI based on firm resources and characteristics has a higher chance of observing CSR more effectively. Figure 1 shows the conceptual model of this research.

## 2.2. Relationship between trade enhancement and CSR

The past researchers have agreed that the more excellent role of CSR on corporations can enhance global trade and investments (Castaldo et al., 2009; Mayorova & Lapitskaya, 2016). This process has a simultaneous, vice versa influence. Increasing trade and investment opportunities increase the organisational responsibilities to be more aware of their social duties. Over the world, with open-door policies and the doctrine of free trade, several multinational companies have permeated different parts



**Figure 1.** Research framework.  
Source: Authors.

of the globe, both developing and developed. Given their influence and trading power, these organisations have the principal role of falling in line with global trends of CSR (Cheung & Pok, 2019; Xu et al., 2020). It is observed that socially responsible projects can be accelerated by enhanced trade and investment. Castaldo et al. (2009) has revealed the returns that organisations and corporations can achieve from responsible practices, where the market has a specific demand for products that meet their values.

Recent studies have revealed that social factors are becoming a part of the global value chain and their inclusion in the trade and investments make sound business policy (Reimsbach et al., 2018). By reducing the working hours and improving conditions for workers in the multinational trade organisations, productivity was increased. According to Castaldo et al. (2009), there is keen evidence that companies from the developing world have the same probability of success in such a way as the developed world (Razzaq et al., 2021c). So, the following hypothesis is proposed:

H1: Trade Enhancement has a significantly positive effect on CSR.

### **2.3. Relationship between trade enhancement and green investment**

The natural climatic conditions provide several accounts for the aid of the various economic sectors. Fisheries, agriculture, forestry, etc., depend directly upon the sustainable conservation and management of natural resources (Reimsbach et al., 2018). Tourism, too, heavily depends on perfect environmental conditions to attract tourists. It is observed that areas with deteriorating environmental conditions, unchecked urbanisation, and mass pollution do not attract the investors' attention for trade opportunities. According to Mayorova and Lapitskaya (2016), the premise behind the relation between trade enhancement and green investment lies in two major areas: production of environmentally responsible products and keeping the green marketing principles intact (Razzaq et al., 2021a; Sharif et al., 2020).

With the enhancement in trade for large economies and enterprises, it becomes their moral responsibility to allure the production markets that do not subscribe to the said environmental standards into following the precedence without abandoning them (He et al., 2021; Neah et al., 2014). It does not only help in the environmental protection but also in the elevation of under-developed economies. According to Reimsbach et al. (2018), incorporating GI into trade and investment entails a two-pronged policy; first, enhanced screening, i.e., with the help of climate assessment, ex-ante assessment of future risks and opportunities of trade and investment become more apparent, making it easier for policymakers to draw an applicable policy (Fernández Fernández et al., 2018; Shahzad et al., 2021). It helps in the achievement of a more sustainable trade policy by avoiding serious implications. Second, enabling market access, which aims at providing practical information about the standards of trade to the SMEs and exporters of the developing countries, who are not that awarded with technical proficiency and lack access to finances which can help them in compliance with the requirements for international trade (Wang et al., 2018). Thus, the following hypothesis is proposed:

H2: Trade Enhancement has a significantly positive effect on Green Investment.

#### **2.4. Relationship between firm characteristics and CSR**

According to Suárez-Rico, Gómez-Villegas, & García-Benau (2018), several factors are responsible for adopting the term firm characteristic as a variable concerning CSR. As we know, CSR represents the ethical and moral responsibilities of the firms to be more responsible towards social problems and generate riches by complying with those responsibilities (Cordeiro & Tewari, 2015). There are several commitments that corporations and firms have to look at as part of their compliance with social responsibility. These include environmental protection, employee safety, sustainable investment, and corporate governance. Corporate governance is essential to organise the manager's conduct for compliance with social responsibilities (Suárez-Rico et al., 2018). Organisations which are characterised by active corporate governance are more involved in the execution of social duties.

According to Kasseeah (2020), corporate governance and CSR enhance the value of a share of the company and its reputation in the international market. Hence, all companies should be compliant with CSR policies (Hu et al., 2018). Further they said that profitability plays a fundamental role in assuming the social activities for an organisation. The higher an organisation has profit returns, the more it will be active in socially responsible activities. Another factor that is primarily discussed in the research analysis debates is the size of the firm. Firm size is one of the significant characteristics that CSR largely depends upon (Li & Zheng, 2018). As is contained in the scaffold of agency theory, the sales of the organisations largely depend upon the size of the business and its overall reputation across different places. Companies with a larger audience and consumer numbers diversely scattered in other regions are more prone to become responsible. In addition, Islam and Karim (2011) state that such activities garner more attention from the public. Furthermore, another characteristic is the age of the firm. The older the firm is, the more aware it is about running the business and its social responsibilities in its pursuit (Cordeiro & Tewari, 2015). In the light of the above discussion, we proposed the below-mentioned hypothesis.

H3: Firm Characteristics have a significantly positive effect on CSR

#### **2.5. Relationship between firm characteristics and green investment**

Firm characteristics like its size, organisation, the structure of decision-making, and type of products under process are seen to have a positive link with green investment (Hu et al., 2018). It has been seen; the bigger the size of an organisation, the better is it in a position to invest in the projects of the green economy. It is not for mid and small-scale corporations who have lower profitability to have invested in the environmental projects and perform experiments with their incoming capital. Furthermore, Kasseeah (2020) notes that the structure and organisation also play a major role in determining investment in environmental projects. Corporations with more inclusiveness and diversity and more open to accountability to their stakeholders and public are more apt to invest in these projects. Moreover, the pattern of

decision-making also affects this relation. Companies with a responsible board of directors, who are concerned with the outside world and their woes, are more prone to make decisions that do not harm nature's environmental conditions (Kasseeah, 2020; Shahzad et al., 2020). Lastly, the nature and types of products being manufactured also play an important role. Products that directly relate to changing climatic conditions will determine how and what course of action is needed to appropriately deal with the potential lowering of yield (Hu et al., 2018). Thus, we proposed below mentioned hypothesis.

H4: Firm Characteristics have a significantly positive effect on Green Investment.

## **2.6. Role of green investment**

According to Bhardwaj (2016), GI and CSR are the sister terms that can be used synonymously. GI and environmental protection are some of the core features of CSR. GI in environmentally responsible projects is part of the organisational CSR program (Bashir et al., 2016). With the growing risks of climate change, the effect of unsustainable development has become more evident. GI, in this way, is targeting a more sustainable economy and development projects for the conservation of natural climate for future generations (Nizam et al., 2020). For this purpose, large multinational organisations have shown responsibility towards this goal. They have started investing in eco-friendly projects to replicate existing unsustainable development programs (Ding et al., 2020). The core features of CSR that already discussed above include environmental protection as an organisation's first and foremost responsibility. Shahzad et al. (2020) hold that CSR and green investment are closely interrelated due to their objectives and goals. According to Bashir et al. (2016), CSR and GI can be tuned together due to their close resemblance of purpose. Hence it can be illustrated:

H5: Green Investment has a significantly positive effect on CSR.

H6: Green Investment significantly mediates between Trade Enhancement and CSR.

H7: Green Investment significantly mediates between Firm Characteristics and CSR.

## **3. Research method**

### **3.1. Data collection procedure**

This research is conducted in China to find the relationship between trade enhancement, firm characteristics, GI, and CSR. The two independent variables taken in this regard are trade enhancement and firm characteristics, while the dependent variable is CSR. It was aimed to measure the mediating role of GI between the two independent variables and dependent variables. Due to the pandemic, a questionnaire was developed for data collection and circulated among the Chinese manufacturing industry using a convenience sample technique. The respondents of the study were various stakeholders of the Chinese manufacturing industry and green economy. The questionnaire technique was used to collect data from 456 firms, along with a five-point Likert scale. The questions ranged from strongly disagree to agree, i.e., starting from

**Table 1.** Demographic details.

Respondent profile		(n = 456)	
Attributes	Distribution	Frequency	(%)
<b>Gender</b>	Male	302	0.66
	Female	154	0.34
<b>Age (years)</b>	20 to 29	167	0.37
	30 to 39	133	0.29
	40 to 49	112	0.25
	More than 50	44	0.10
<b>Education</b>	Undergraduate	98	0.21
	Graduate	165	0.36
	Postgraduate	137	0.30
	Others	56	0.12
<b>Job experience (years)</b>	Less than 5	98	0.21
	6 to 10	156	0.34
	11 to 15	113	0.25
	More than 15	89	0.20
<b>Managerial level</b>	Low Level	145	0.32
	Middle Level	180	0.39
	Top Level	131	0.29

Source: Authors.

1 to 5 strongly. Finally, the PLS-SEM technique was used to analyse the data. In the first part of the questionnaire, the information about the socio-demographic background of the respondents was asked, whereas the second part incorporated the questions related to the study. Before distributing the questionnaires to the respondents, they were assured about their data confidentiality and informed about their willingness to be or not be part of the study. A total of 950 questionnaires were distributed. Respondents were requested to be part of the study. Total, 472 questionnaires came back, of which 16 were discarded due to unacceptable errors. Finally, 456 questionnaires were used for the analysis. The yielded response rate is almost 48% Chinese colleagues and students were also requested to assist with data collection. Almost 68 percent of those polled worked in a supervisory capacity. Males made up 66 percent of those questioned. The entire demographic findings are shown in [Table 1](#). This study used the ten times rule for sample size, which is “10 times the largest number of structural paths directed at a particular latent construct in a structural model,” as recommended by Hair et al. (2017). Further, we performed Harman single factor test employing principal component analysis by varimax rotation to test CMB’s existence. The maximum variance explained by a first factor was 34.05%, which is lower than the 40%, demonstrating that CMB was not an issue (Hair et al., 2017). Secondly, following Kock (2015), variance inflation factors (VIF) values were assessed. All the values were below the threshold value of 3.3, signifying that the model does not have any CMB issue (Kock, 2015).

### 3.2. Measures

The tools used for the study were already being used for the chosen variables from the previous studies to make the study more relevant. The items were designed considering socio-demographic variables and objects having the statements about the selected variables of this study with a five-point Likert scale as introduced by Albaum

**Table 2.** Convergent validity.

Items	Loadings	Cronbach's alpha	CR	AVE
CSR1	0.910	0.884	0.92	0.741
CSR2	0.823			
CSR3	0.874			
CSR5	0.834			
FC1	0.895	0.928	0.946	0.778
FC2	0.887			
FC3	0.759			
FC4	0.930			
FC6	0.927	0.928	0.949	0.824
GI1	0.844			
GI2	0.942			
GI3	0.892			
GI5	0.950			
TE1	0.913	0.951	0.963	0.837
TE2	0.924			
TE3	0.935			
TE4	0.929			
TE5	0.872			

Source: Authors.

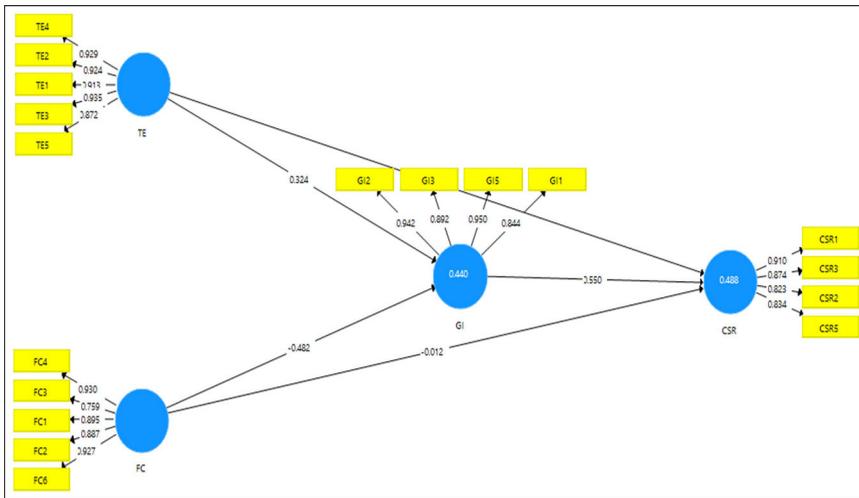
(1997). Variables construct such as CSR, GI, TE and FC were adapted from previous studies (Charles, 2013; Chauhan & Amit, 2014; Chen & Chang, 2013; Turker, 2009). Items were evaluated using a five-point Likert scale. Following Hinkin (1998), we conducted pilot research to certify the reliability and validity of the accepted constructs within the study setting.

#### 4. Results

We analysed the data using SmartPLS version 3.2.8 and IBM SPSS version 24, using partial least squares structural equation modelling (PLS-SEM). This method is most endorsed when the study focuses on predicting and exploring the exogenous variables. It can cater to both the measurement and structural model concurrently. So, PLS-SEM is the best prediction-oriented method and seems appropriate for this study (Hair et al., 2017). The first test conducted was to test convergent validity. The confirmatory factor analysis results reveal that all item's factor loadings were more significant than 0.70. Similarly, the average variance extracted (AVE) values were more significant than the minimum benchmark of 0.50. Moreover, all constructs Cronbach alpha and composite reliability values were within the recommended range, giving assurance of convergent validity and reliability (Hair et al., 2017). Table 2 and Figure 2 given below signify the results of the convergent validity test:

For the determination of discriminant validity, HTMT, i.e., Heterotrait-Monotrait, was selected. It is one of the latest methods to analyse the discriminate value for the variables. Preferably, this HTMT value should not exceed 0.9, which was ideally determined by the given results, confirming the presence of a discriminate value (Henseler et al., 2015). The results are shown as follows in Table 3.

Table 4 and Figure 3 show the results of regression analysis. A bootstrapping method was used to assess the importance of hypotheses (5000 resample). By virtue of the present data, it was found that TE had a significant and positive effect on CSR and GI, accepting our first two hypotheses. Further, FC does not have substantial



**Figure 2.** Measurement model assessment.  
Source: Authors.

**Table 3.** Discriminant Validity (HTMT).

	CSR	FC	GI	TE
CSR	0.441			
FC	0.719	0.624		
GI	0.54	0.339	0.508	
TE				

Source: Authors.

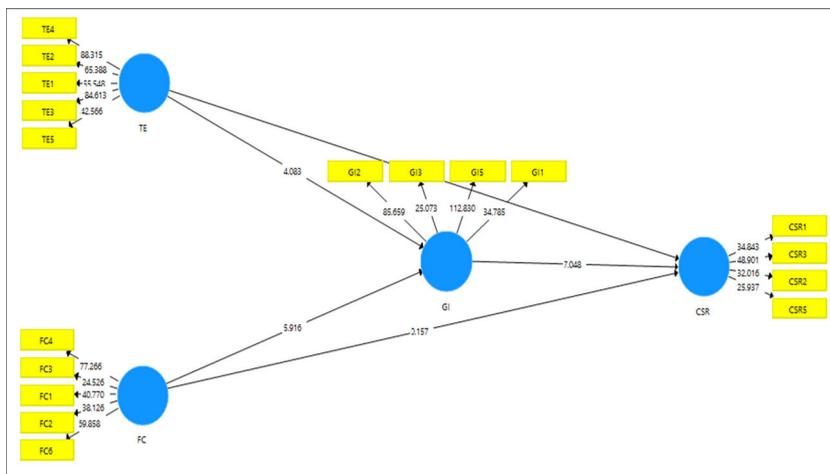
**Table 4.** Hypotheses testing.

	Path	Beta	Sample mean	Std. error	T-Value	P values	Decision
H1	TE -> CSR	0.231	0.235	0.067	3.452	0.000	Supported
H2	TE -> GI	0.324	0.318	0.079	4.083	0.000	Supported
H3	FC -> CSR	-0.012	-0.008	0.077	0.157	0.438	Not supported
H4	FC -> GI	-0.482	-0.492	0.081	5.916	0.000	Not supported
H5	GI -> CSR	0.550	0.551	0.078	7.048	0.000	Supported

Source: Authors.

evidence to impact both CSR and GI, rejecting our third and fourth hypotheses. Likewise, GI also has a positive relation with CSR, accepting our fifth hypothesis. Therefore, the following data supports three hypotheses, i.e., H1, H2, and H5, where the value of “p” of the hypotheses is less than 0.05. In contrast, the value of “t” is higher than 1.64. The following table is extracted from the SEM analysis of the given data. Furthermore, R<sup>2</sup> values indicate that GI and CSR had R<sup>2</sup> values of 0.440 and 0.488, respectively, representing good explanatory power of the dependent constructs.

Further, GI was taken as a mediator for comprehensive analysis. Bootstrapping analysis was run to find the role between dependent and independent variables. Table 5 shows the results of the analysis. Concerning the analysis, an important construction concerning trade enhancement and CSR is mediated by the GI. Similarly, GI also plays the role of mediator between firm characteristics and CSR. Therefore, both H6 and H7, with the addition of CSR, revealed positive outcomes. The beta value proved the effect of GI mediating both trade enhancement and firm characteristics in



**Figure 3.** Structural model assessment.

Source: Authors.

**Table 5.** Indirect effects.

	Path	Std. beta	Sample mean	Std. error	T-value	P values	Decision
H6	TE -> GI -> CSR	0.178	0.175	0.049	3.633	0.000	Supported
H7	FC -> GI -> CSR	-0.265	-0.270	0.054	4.899	0.000	Supported

Source: Authors.

both hypotheses, i.e.,  $\beta = 0.178$  and  $\beta = 0.265$ , respectively. In contrast, values for  $t$  were found to be 3.633 and 4.899, respectively. In addition, no zero exists between the upper and lower limits, which also corroborates the variables' indirect path. The values of LL and UL of H6 and H7 supporting the hypotheses are: [LL = 0.214, UL = 0.390] and [LL = 0.010, UL = 0.120].

## 5. Discussion and implications

### 5.1. Discussion

The current study investigated the effect of trade enhancement and firm characteristics on GI and CSR in China. Our work also provides experiential evidence regarding the role of GI as a mediator of the relationships among trade enhancement, firm characteristics, GI, and CSR. As per our results, the direct effect of trade enhancement towards CSR and GI is accepted. Further, unexpectedly firm characteristics do not significantly affect the direct association between CSR and GI. These results support previous studies in a broader context (Charles, 2013; Chauhan & Amit, 2014; Cordeiro & Tewari, 2015). As, the size and capital of the firm significantly affect the investment in CSR projects. The higher the size of a corporation, the greater the scrutiny it faces from investors and the general public. Further, it has reconfirmed that trade enhancement is the critical determinant of GI, ultimately leading to the adoption of CSR practices. It has also been observed that GI and CSR can play a positive role in economic and environmental development. Shahzad et al. (2020) confirmed

that CSR activities have a significant and positive effect on sustainable development in Asian countries. This study also highlighted that CSR activities might help long-term development by employing green financing and green resource. Green resources are essential components of merging CSR and sustainable development. Organisations must legitimately embrace best green practices to produce environmentally friendly goods without jeopardising supply-side interests, contributing to GI and CSR.

Identifying the key role of GI as a mediator among these relationships is beneficial in Chinese manufacturing, as the investment in green projects has increased the likelihood of environmental protection for reducing hazardous emissions, waste recycling, and through CSR for making a better society (Razzaq et al., 2021c; Sun et al., 2021). Further, organisational excellence through GI and CSR can positively impact profitability in the long run. The organisations involved experienced a positive commercial effect of GI as their stock pricing and trade enhancement. Similarly, just like the USA, China, and Europe, China has immense possibility to increase investment in green bonds, green equity, and green private equity and infrastructure. Research reveals that if utilised effectively, it'll help China become a trendsetter in GI for other countries to replicate its advancement model. Competitive environmental initiatives supported by trade enchantment can minimise environmental challenges while increasing satisfaction and good word-of-mouth among numerous stakeholders.

## **5.2. Research implications**

From a theoretical aspect, the current research boosts the prevailing literature on GI and CSR in multiple ways. First, this study validates the conceptual model based on RBV, which adds to the limited literature, particularly in Chinese manufacturing firms. This research has strategic implications for enhancing CSR and gaining a competitive edge in a hyper-competitive environment in terms of RBV. Second, this study discovered the multidimensional relationship that exists between each component of this research approach. Further, the mediation model drives the link between trade enhancement, firm characteristics, GI, and CSR, a novel phenomenon that has not been assessed before. These findings further highlight the value of green resources and the CSR strategy. According to Shahzad et al. (2020), green financing and CSR activities enhance long-term investment goals, increase market share, save energy, and reduce pollutant emissions.

The findings of this study have substantial practical implications for administration, government/regulators, and policymakers. First, this study proposed that a corporation integrate various green and community welfare efforts with on-the-ground activities while sticking to the established long-term goals of SD to boost competitiveness. Employing green resource models can help organisations to solve resource scarcity challenges while also generating core value. Second, top management cannot ignore the advantage of green resources and CSR in the long-run development and profitability. It will be easier for an organisation to oversee its activities and outcomes on any future green operations intervention. As a result, as Kitsis and Chen (2019) underlined, senior management and policymakers should carefully plan and adopt

green organisational efforts since they are vital for firm survival and competitive advantage. The research will be a key driver of change in the Asian area, as the manufacturing sector substantially contributes to the region's economy. Finally, the findings of this study are crucial and ultimate since they provide better knowledge for practical implementations for CSR to gain the benefits of SD. Thus, if sovereignty lies with people, people of the 21st century are a pro-green investment and CSR.

Regardless of the significant factors indicated in previous sections, it is equally necessary to admit the constraints of this research that may aid future studies since limitations provide more study and research directions. Data were obtained using the convenience sample approach from the Chinese manufacturing sector during the pandemic. Future studies may explore different industries and areas to get more complete data, hence improving the universality of this model. Additionally, more variables can also be added to test their influence in the future.

## 6. Conclusion

This study produced various results that can be regarded as significant contributions to the current body of knowledge. This research aimed to investigate the impact of trade enhancement, firm characteristics on GI and CSR following RBV in Chinese manufacturing industries. We established this study design based on prior literature and used SEM to test the assumptions. Trade enhancement significantly affects CSR and GI, while firm characteristics do not directly relate to these. However, it is observed that GI is also dependent on firm characteristics. Firm characteristics such as high growth in sales, development, assets, liquidity, and leverage are prerequisites to GI (Falcone, 2018). Chinese plans to shift to GI are more likely to materialise if they focus on organisations that qualify the above-mentioned criterion. Consequently, such organisations would experience a fair rise in their trade, as found in the study. The study also showed that GI consequence is CSR. In this regard, the metric of Environmental, Social Governance (ESG) comes in handy. Further, social media, mainstream media, politicians, intellectuals, and scientists are on one page in the contemporary sphere of public influence. This has resulted in a change in general public opinion in the case of climate change globally. Thus, increased pressure for environmental protection.

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