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Corporate Shared Prosperity and the Risk of Stock Price Crash

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Abstract. President Xi Jinping pointed out in the report of the 20th Party Congress that shared prosperity is the essential requirement of socialism and an important feature of China's modernization. The term "shared prosperity" not only sets goals for social development and income distribution but also provides direction for enterprises to align with the theme of Chinese-style modernization. This study selects samples of A-share listed companies from 2010 to 2021 and empirically analyzes the impact of corporate shared prosperity on stock price collapse. The results show a significant positive correlation between corporate shared prosperity ratings and stock price collapse risk. This conclusion remains valid after endogeneity and robustness tests. Specifically, a higher number of corporate mergers and acquisitions, lower corporate investment efficiency, and poorer information disclosure quality are important pathways through which corporate shared prosperity ratings exacerbate the risk of stock price collapse. Heterogeneity analysis indicates that this promotion effect is more significant in companies located in regions with better social welfare, better employee treatment, lower digitalization levels, lower over-leverage levels, state-owned enterprises, and companies in northern regions. This study explores "corporate shared prosperity" and provides a new research perspective on factors influencing stock price collapse risk.

Keywords: Corporate Shared Prosperity; Risk of Stock Price Crash; Social Welfare; Digital Transformation; Categories of Corporations.

1. Introduction

As an important goal of Chinese-style modernization, Comrade Deng Xiaoping first pointed out in the "Selected Works of Deng Xiaoping" that the greatest superiority of socialism is shared prosperity. The essence of socialism is to liberate and develop productive forces, eliminate exploitation, and eradicate polarization, ultimately achieving shared prosperity rather than polarization. In the report of the 20th Party Congress, General Secretary Xi Jinping also emphasized that "Chinese-style modernization is the modernization of common prosperity for all the people. Shared prosperity is the essential requirement of socialism with Chinese characteristics and a long-term historical process. By 2035, the goal is to "promote comprehensive development of individuals and achieve more significant substantive progress in shared prosperity for all the people." However, at the enterprise level, the increasing income gap between different positions and the imbalance in internal development among some companies pose a significant challenge on the path to achieving shared prosperity.

Mr. Li Yining mentioned in "Shared Prosperity": "Judging whether the operation of capital is orderly or disorderly is mainly indicated by the macroeconomic policies of the country. In the process of pursuing profits, any enterprise must pay attention to coordination with the country's macro policies" (Li Yining, 2021). Enterprises are important micro subjects participating in achieving shared prosperity. When evaluating the level of corporate shared prosperity, several dimensions are generally considered: employee dimension, customer dimension, shareholder dimension, and social responsibility dimension. This is manifested in raising the salary levels and various benefits for internal employees, strengthening information sharing with customers about products, improving the quality of information disclosure to shareholders, and increasing the frequency and degree of corporate participation in social charity. The employee and social responsibility dimensions indicate that enterprises must adequately invest in both internal and external funds. The customer and shareholder dimensions indicate that improving the level of information disclosure is also crucial.

However, in actual business operations, enterprises should balance production inputs and investments in shared prosperity, prevent "favoring one at the expense of the other," and avoid neglecting the quality of employee salaries and production and business activities. Overemphasis on aspects such as large shareholders' dividends, information acquisition and sharing, and the development of charity, while neglecting the quality of internal production and business activities, can increase risks in product-producing enterprises with uneven product output quality and service-providing enterprises with significantly reduced service quality. Consumer satisfaction with the brand decreases, affecting the company's reputation, reducing investors' favorability towards the company's stocks, and significantly increasing the volatility of the company's stocks.

In order to measure stock price volatility, according to Yang et al. (2022) and Zhang, He, He, & Li (2023) and others mentioned in the literature, the volatility of a company's stock price can be introduced as an indicator of stock price collapse risk. Stock price collapse risk refers to the phenomenon of a company's stock price or an industry index experiencing a cliff-like decline in a short period due to negative information disclosure, frequent insider trading, volatile economic policies, and unstable internal and external business environments. Starting from January 20, 2014, the Shanghai Composite Index increased from 1991.25 to 5166.35 on June 12, 2015, with a growth rate of 159.45%. Due to the relatively imperfect stock market rules at that time, frequent violations of large shareholders reducing their holdings and institutional funds fleeing occurred. In just over two months, the index decreased to 2927.25, with a decline of 43.34%. The resource allocation of the capital market was severely disrupted, and investors' confidence hit rock bottom (Chu Jian, Fang Junxiong, 2016). Until December 30, 2022, the Shanghai Composite Index was at 3082.20, showing an overall oscillating trend over the seven years.

To this end, this paper utilizes panel data from listed companies from 2010 to 2021 to empirically examine the impact and mechanism of corporate shared prosperity on stock price collapse risk. The potential marginal contributions of this paper may include: (1) Previous studies have explored the role and pathways of corporate social responsibility (CSR) in relation to stock price collapse risk, but no consistent conclusions have been reached. Some scholars focus on the manifestation of CSR in information disclosure, suggesting a positive correlation between CSR information disclosure level and stock price collapse risk (Song Xianzhong et al., 2017). Other scholars emphasize CSR itself, proposing that the higher the level of CSR, the more significant its promotion effect on stock price collapse risk (Quan Xiaofeng et al., 2015). However, few scholars have examined the impact of corporate participation in shared prosperity on stock price collapse risk. Corporate shared prosperity and CSR share a relationship, as part of the evaluation criteria for shared prosperity includes the CSR dimension, specifically in terms of tax contributions and charitable activities. Therefore, this paper complements existing literature on corporate shared prosperity, enhancing the academic research on this theme at the corporate level. (2) This paper confirms that corporate shared prosperity exacerbates stock price collapse risk. Furthermore, it explores the impact pathways of shared prosperity on stock prices from the perspectives of corporate investment and information disclosure, opening the "black box" of this connection. The robustness tests validate the reliability of this viewpoint. (3) Finally, this paper investigates the differential effects of shared prosperity on stock prices in terms of corporate nature, regional dimension, treatment dimension, and operational dimension. Heterogeneity tests are conducted in regions with better social welfare, companies with better treatment, lower levels of digitalization, lower levels of excessive liabilities, state-owned enterprises, and northern enterprises. The results contribute to a more comprehensive consideration for small and medium-sized investors in selecting target company types and diversifying non-systematic risks, safeguarding the interests of small and medium-sized investors, reducing the risk of excess losses due to sharp fluctuations in stock prices, and providing new perspectives for the government to formulate policies to reduce stock price collapse risk.

2. Literature review

2.1. Shared prosperity

2.1.1. The Manifestation of Shared Prosperity at the Social Level

Understanding shared prosperity involves two indispensable aspects: prosperity and sharing. This reflects on two fronts: one is the idea of those who are prosperous leading the way for others to become prosperous, and the other is the need for manifestation across various levels of society (Li Shi, 2021). Thus, shared prosperity can be divided into two aspects: societal and corporate. At the societal level, firstly, shared prosperity has propelled the development of rural revitalization, making a significant contribution to addressing absolute poverty issues in both urban and rural areas. High-quality rural revitalization is a necessary requirement, foundational premise, and the only way to achieve shared prosperity (Huang Chengwei, 2021; Jiang Changyun, 2022). Furthermore, a crucial manifestation of shared prosperity at the societal level is the establishment and improvement of the social security system. Social security ensures the basic needs of society members, preventing them from falling into poverty and providing new development opportunities. It is a fundamental institutional arrangement ensuring the equalization of public services to achieve differential prosperity based on universal prosperity (He Wenjing, 2022). The reform path of this social security system involves four aspects: expanding funding channels, activating existing social security funds, building a social security system for an aging population, enhancing adaptability to the new economic normal, and extending social assistance and welfare systems to new generations of migrant workers (Chen Xuhui, 2023).

2.1.2. The Manifestation of Shared Prosperity at the Corporate Level

Linking shared prosperity with enterprises remains a relatively new issue for research. For businesses, the level of shared prosperity can be divided into internal and external dimensions. Research has found that the essence of shared prosperity is to narrow income distribution gaps. The digital transformation of enterprises, by expanding the "employment cake" during the initial distribution process, has increased the labor income share and played a positive role in distributing the "employment cake" more equitably, reducing income distribution gaps among employees and between employees and management (Fang Mingyue et al., 2022). Another important feature that can increase the labor income share is risk investment, which encourages innovation within enterprises, promoting digital transformation, and fostering internal shared prosperity, forming a virtuous "closed loop." On the external front, corporate participation in ESG (Environmental, Social, and Governance) is beneficial for improving financial performance and playing a positive role in expanding the societal "cake" (Nie Huihua et al., 2022).

2.2. Literature review related to stock price crash risk

2.2.1. Impact of Internal Factors on Stock Price Collapse Risk at the Corporate Level

The influence of internal factors on the risk of stock price collapse at the corporate level can be broadly categorized into information disclosure, top management team, mergers and acquisitions, innovation, and corporate culture. From the perspective of information disclosure, higher levels of internal control information disclosure quality (Ye Kangtao et al., 2015), higher levels of social responsibility information disclosure (Song Xianzhong et al., 2017), and fewer instances of management concealing bad news (Fang et al., 2014; Hutton et al., 2019) are associated with lower levels of stock price collapse risk. From the managerial perspective, the composition of the top management team plays a crucial role in determining the size of the stock price collapse. Poor executive mobility, arbitrary selection procedures (Suchman, 1995), overconfidence in investment decision-making, and a lack of military experience among executives (Cao Yanan and Lan Ziwen, 2020) contribute to higher stock price collapse risk. A more effective supervisory mechanism of the board of directors over executive work is associated with lower stock price collapse risk (Kim et al., 2014). Scholars have introduced theories of "convergence of interests (Jensen et al., 1990)" and "moat

defense (Kothari et al., 2009)" in studying executive compensation structures. The organization's power structure is identified as a core factor leading to the "moat defense effect." Therefore, boards of directors should limit executive power and enhance the efficiency of compensation structure adjustments to prevent stock price collapse risk (Zhou Lei et al., 2022). In situations where there are numerous major shareholders (Lin Xuan and Zhang Ping, 2022), effective deterrence of corporate plundering (Liang et al., 2021), and adverse consequences of mergers and acquisitions leading to stock price bubbles (Yang Wei et al., 2018). In terms of corporate innovation, the advancement of digital transformation has significantly reduced the risk of stock price collapse by promoting the development of digital technologies such as big data, artificial intelligence, cloud computing, and blockchain (Li Hongyin, 2023). Companies with high levels of innovation in their business models may exhibit more significant tendencies to hide bad news, exacerbating the risk of stock price collapse (Shi Yaya and Yang Deming, 2020). The higher the level of digital transformation within a company, the more pronounced its inhibitory effect on the risk of stock price collapse (Zhu et al., 2023). At the level of corporate culture, higher incentives for internal employee stock options and lower levels of incentive encouragement (Kim et al., 2011), intense competitive cultures (Xie Chenxin et al., 2022), and higher tournament incentives in the industry labor market for CEOs (Deng Mingmao et al., 2020) are associated with higher stock price collapse risk.

2.2.2. Impact of External Factors on Stock Price Collapse Risk at the Corporate Level

At the external level, the impact pathway can be divided into aspects such as large, medium, and small shareholders and institutions, external supervision, regional culture and policies, and social responsibility and charity activities. Concerning external shareholders and institutions, a higher proportion of institutional investors (Yang Mianzhi et al., 2020) and more significant herd behavior (Xu Nianxing et al., 2013) are associated with a higher risk of stock price collapse. The participation of state-owned capital in private enterprises can significantly curb the risk of stock price collapse (Wang Caiping et al., 2022), promoting mutual complementarity and development between different ownership capitals. Regarding external supervision, media, as an information intermediary and public oversight entity, can reduce the future risk of stock price collapse for listed companies by increasing their attention (Qian Hongguang et al., 2022). When a company has a high level of social trust, its risk of stock price collapse is correspondingly lower (Cao et al., 2016). External tax supervision, as a critical aspect of external regulation, significantly enhances the transparency of corporate information, effectively smoothing the risk of stock price collapse (Yun Feng et al., 2023). The risk of stock price collapse significantly increases when the local culture is rich in alcohol (Cheng Feiyang et al., 2023) and gambling culture prevails (Xiong Jiacai and Yang Laifeng, 2023). In terms of fulfilling social responsibility and conducting charitable activities, a higher level of corporate social responsibility (Quan Xiaofeng et al., 2015) is associated with a higher risk of stock price collapse.

3. Rationale and research hypotheses

3.1. Value enhancement assumptions

If enterprises participate in the common wealth is to ensure the healthy development of the main business on the basis of long-term consideration for employees, shareholders and other stakeholders, then the higher the level of corporate common wealth, the easier the enterprise value is recognized by investors in the capital market, and firm investor confidence in long-term holdings, further stabilizing the stock price. The reasons why corporate common wealth can mitigate the risk of stock price collapse can be divided into the following three points: (1) From the perspective of initial distribution, the better the salary and welfare of corporate employees, the better it can stimulate the passion and potential of employees to work, and further enhance the productivity of the enterprise (Yeh, Yongwei et al., 2023) . The company attaches importance to the rights and interests of shareholders and customers, which can reduce agency conflicts, enhance the effective supervision of external stakeholders, and establish a good corporate image of the enterprise. In addition, enterprises maintain close contact with partners and healthy competition with competitors, which is conducive

to maintaining the stability of the enterprise supply chain and ensuring the sustainable development of production and operation (Huang Hongbin et al., 2023) . In summary, the active participation of enterprises in the initial distribution can increase the positive exposure of enterprises and reduce investor concerns. (2) From the redistribution point of view, the greater the tax contribution of the enterprise, the lower the probability of tax evasion, which can reflect the positive image of the enterprise's honesty and integrity, and also reduces the probability of the enterprise's violation of the law in other aspects, free from regulatory penalties, and further stabilizes the performance of the capital market (Liao, Xinxin, and Liu, Yunguo, 2016) . (3) From the perspective of the three allocations, enterprises actively undertake social responsibility and make social donations while ensuring that their main business is not affected, which is conducive to sending positive signals to the market and responding to the national call for common prosperity is also easy to obtain policy tilts and government financial support (Jin Xin et al., 2014) , and investors are more likely to choose to believe in the future performance of enterprises in the long term, and are inclined to hold the company's shares for a long period of time, further reduces the volatility of corporate stock price.

Based on the above, this study proposes the research hypothesis H1a: Corporate shared prosperity reduces the risk of stock price collapse.

3.2. The self-interested tool hypothesis

Generally speaking, the study of common wealth can be coordinated and complemented by three aspects: primary distribution, redistribution, and tertiary distribution. The study of enterprise common wealth can be divided into both intra-enterprise and inter-enterprise common wealth, and can also be specifically subdivided with reference to Chen Qian's discussion of common wealth methods: economic path, institutional path and moral path (Chen Qian, 2022). If enterprises participate in common wealth for impure purposes, such as hiding negative information about the company and management's efforts to enhance social status and personal reputation, etc., which are analyzed and disseminated by external stakeholders such as outside analysts, it is easy for investors to become aware of it and cause stock market shocks. The reasons why corporate common wealth can exacerbate the risk of stock price collapse can be categorized into the following three points: (1) From the perspective of initial distribution, corporate labor unions have a lot of power, and the mismatch between employees' wages and benefits and the company's R&D investment expenditures crowds out the company's R&D funds used for product updating and iterating, which is not conducive to improving the competitiveness of the products, and may harm the product's market position, which will lead to damage to the enterprise's value in the long run. Management in order to deliberately cater to consumers, suppliers and market requirements (Quan Xiaofeng, 2015), although the level of common wealth will increase, but out of the main business of the enterprise. For example, instead of trying to improve the quality of products to increase the reputation of the enterprise, the enterprise is trying to benefit the upstream suppliers and downstream distributors to seize the market share, which will have a constraining effect on the long-term development of the enterprise's main business. An excessively high level of initial distributions may also damage the value of the enterprise, cause investor anxiety, and raise concerns about the future of the market. (2) From the redistribution point of view, the larger the tax contribution of the enterprise, the larger the business volume of the company, the change in tax contribution is more likely to cause changes in market sentiment compared to "small businesses", such as a small year-on-year decline in tax contribution, market investors will believe that the enterprise's operations have deviated significantly, this "stereotype". This "stereotype" is likely to exacerbate the risk of the collapse of the enterprise's share price. (3) From the point of view of the third distribution, the main purpose of most enterprises in China to make charitable donations is to cover up other improper behaviors of the enterprise and reduce the impact of negative news on the value of the enterprise (Gao Yongqiang et al., 2012). Enterprises make social donations not to ensure the healthy development of the main business on the basis of social responsibility, but as a "self-interested tool", with the subsequent exposure of negative news, can soon be transmitted to the capital market, resulting in a large number of investors to focus on the sale of shares, while some studies have found that more social donations are positively correlated

with the surplus management (Petrovitsky et al., 2012), which is the main purpose of most enterprises in China to cover up other corporate misconduct. At the same time, some studies have found that more social donations are positively correlated with corporate surplus management (Petrovits, 2006), suggesting that the quality of financial disclosure is worse for companies with better triple-distribution performance, which further exacerbates the risk of stock price collapse.

Based on the above, this study proposes the research hypothesis H1b: Corporate shared prosperity exacerbates the risk of stock price collapse.

4. Research design

4.1. Sample selection and data sources

This article selects Chinese A-share listed companies from 2010 to 2021 as the research sample. The reason for this choice is that during this period, the stock market had basically stabilized after the systemic risks of the 2008 financial crisis, and the overall market risk was relatively low. While studying the data, the article also processes the data as follows: (1) excluding samples of listed companies with ST and PT classifications; (2) excluding samples of listed companies with missing relevant data; (3) excluding companies in the financial industry; (4) excluding companies with missing data for empirical variables; (5) applying a lag of one period to the data. Industry data are sourced from the Guotai An database (CSMAR) and manually processed. To eliminate the influence of extreme values, this article applies Winsorization to the 1% and 99% tails of continuous variables. In the end, 23,359 sample observations are obtained.

4.2. Definition of variables

4.2.1. Stock price collapse risk ($CrashRisk_{i,t+1}$)

Drawing on the studies by Hutton et al. (2009) and Kim et al. (2011a, b), this article uses two indicators, namely the individual stock's weekly return skewness coefficient (*NCSKEW*) and the ratio of the upper and lower volatility of the individual stock's weekly return (*DUVOL*), to measure the price collapse risk of individual stocks. In this empirical analysis, *NCSKEW1* is taken as an example, and *NCSKEW2* and *DUVOL1* are subjected to robustness tests. Due to the relatively low significance level when lagging by one year, this article primarily conducts basic regression analysis using data lagged by one year. Both variables can be obtained from the Guotai An database (CSMAR). The specific calculation process is as follows:

$$R_{i,t} = \alpha_1 + \beta_{1,i}R_{m,t-2} + \beta_{2,i}R_{m,t-1} + \beta_{3,i}R_{m,t} + \beta_{4,i}R_{m,t+1} + \beta_{5,i} + R_{m,t+2} + \varepsilon_{i,t} \quad (1)$$

Here, $R_{i,t}$ represents the return of company *i* in week *t*, and $R_{m,t}$ is the A-share market return calculated by market capitalization weighting in week *t*. The residual $\varepsilon_{i,t}$ is the part that cannot be explained by the market, and the following equation can be derived:

$$W_{i,t} = \ln(1 + \varepsilon_{i,t}) \quad (2)$$

In the above expressions, i represents the company name, t denotes the stock return rate of the company in the t-th week, and $W_{i,t}$ represents the company's specific return in the t week. Based on the two equations mentioned above, the market-adjusted weekly return negative skewness coefficient *NCSKEW* can be calculated:

$$NCSKEW_{i,t} = -[n(n-1)^{\frac{3}{2}}\sum W_{i,t}^3]/[(n-1)(n-2)(\sum WR_{i,t}^2)^{3/2}] \quad (3)$$

Where n represents the number of trading weeks for the company in the t-th year. The value of $NCSKEW_{i,t}$ is positively correlated with the risk of stock price collapse.

Similarly, we can obtain the second indicator, DUVOL, to measure the level of stock price collapse risk and calculate the proportion of upward and downward fluctuations in stock returns:

$$DUVOL_{i,t} = \ln\{[(n_u - 1)\sum DOWN\, W_{i,t}^2)] / [(n_d - 1)\sum UP\, W_{i,t}^2]\} \quad (4)$$

Where $NCSKEW1$ is used for empirical analysis, and $DUVOL1$ is used for robustness testing.

4.2.2. Corporate Shared Prosperity Rating ($cprating_{i,t}$)

This article conducts a statistical analysis of the measurement criteria for corporate common prosperity provided by Guotai An. After considering the first distribution, redistribution, and third distribution, the article references scores for internal employee employment, compensation security, customer, shareholder, and other stakeholder ratings, external fair competition, tax contributions, charitable contributions, etc. The original common prosperity rating is weighted averaged to obtain the level of corporate common prosperity rating ($cprating_{i,t}$). The $cprating_{i,t}$ rating ranges from 1 to 9, with a higher rating indicating a better level of corporate common prosperity.

4.2.3. Control Variables

According to Kim et al. (2011a), Xu Nianxing et al. (2013), and Quan Xiaofeng et al. (2015), for the selection of control variables to ensure the reliability of empirical results, this study controls the following variables: leverage ratio (*LEV*), represented by the ratio of total liabilities to total assets; return on assets (*ROA*), represented by net profit divided by average total assets; volatility of annual stock returns (*Sigma*); natural logarithm of annual stock turnover rate (*Turnover*); average weekly stock returns (*RET*); market-to-book ratio (*MB*), represented by the ratio of market value per share to total assets; asset size (*SIZE*), represented by the natural logarithm of the total asset size of the company; age of the listed company (*AGE*), represented by subtracting the listing year from the current year (2023) and adding 1. In addition, this study also controls for dummy variables for year (*Year*) and industry (*ind*). See Table 1 for details:

4.3. Modeling

To validate the hypothesis proposed in this paper, the following model is constructed to examine the relationship between corporate common prosperity and the risk of stock price collapse:

$$CrashRisk_{i,t+1} = \alpha_0 + \beta_1 cprating_{i,t} + \beta_2 Control_{i,t} + Year + ind + \varepsilon_{i,t} \quad (5)$$

Where $CrashRisk_{i,t+1}$ represents the stock price collapse risk of company i in year t, measured using *NCSKEW* and *DUVOL*; $cpratingi,t$ is the common prosperity rating of company i in year t; $Control_{i,t}$ represents the control variables; *Year* and *ind* are the dummy variables for year and industry, respectively.

Table 1. Description of variables

Variable type	variable name	variable symbol	variable measurement
explained variable	Stock price collapse risk	$NCSKEW_{i,t}$	Negative bias coefficient of the firm's weekly earnings in year t
		$DUVOL_{i,t}$	The ratio of upward and downward fluctuations of the firm's stock return in year t
explanatory variable	Corporate Common Wealth Rating	$cprating_{i,t}$	Corporate Common Wealth Rating in year t
control variable	asset-liability ratio	LEV	Ratio of total liabilities to total assets of the firm in year t
	return on assets	ROA	Net profit divided by average total assets
	stock volatility	$Sigma$	Fluctuations in annual weekly stock returns
	annual turnover rate	$Turnover$	The natural logarithm of the turnover rate of a company's stock in year t
	Average weekly return on equities	RET	Average of firm's weekly earnings in year t
	Market value to book ratio	MB	Market capitalization per share in year t divided by total assets
	asset size	$SIZE$	Natural logarithm of the firm's total asset size
	Age of listed companies	AGE	Natural logarithm of current year minus listed year plus 1
	Industry	ind	Industry dummy variables
	Year	$Year$	Year dummy variable

5. Empirical results and analysis

5.1. Descriptive statistical analysis

Table 2 presents the descriptive statistics of the main variables in this study. In terms of stock price collapse risk, the average value of the individual stock's weekly return negative skewness coefficient (NSCKEW) is -0.44, with a median of -0.39. This indicates that the selected companies have relatively low stock price collapse risk in recent years, and the A-share market operates relatively steadily. From the perspective of corporate common prosperity, the average value of the corporate common prosperity rating is 5.05, with a median of 5. The close match between the average and standard deviation suggests that the two variables have a similar level of dispersion, and the data distribution is essentially symmetric.

Table 2. Descriptive statistics

variable	n	mean	standard deviation	minimum	median	maximum
NCSKEW1	23359	-0.4431	0.7352	-2.6739	-0.3865	1.5361
cprating	23359	5.0473	2.4395	1.0000	5.0000	9.0000
LEV	23359	0.4397	0.2017	0.0624	0.4350	0.8937
ROA	23359	0.0343	0.0645	-0.2860	0.0346	0.1954
Sigma	23359	0.0605	0.0221	0.0248	0.0561	0.1357
SIZE	23359	9.6773	0.5639	8.6703	9.5948	11.4131
Turnover	23359	5.7276	0.7499	3.7173	5.7580	7.2871
MB	23359	1.8348	1.6601	0.1411	1.3559	9.6076
AGE	23359	2.8324	0.4517	1.7918	2.8332	3.4657
RET	23359	0.1159	0.4711	-0.5553	0.0176	2.0193

5.2. Analysis of baseline regression results

This paper conducts a baseline regression analysis by analyzing the stock price collapse risk *NCSKEW* in the current period and lagged one period, controlling for industry effects and not controlling for industry effects. The results of the baseline regression analysis are presented in Table 3. In (1) and (2), the coefficient for controlling industry effects is 0.0127, and for not controlling industry effects, it is 0.0123. Both coefficients are significant at the 1% level and positively correlated. When the regression results are lagged by one period, the coefficients are 0.0095 and 0.0086, still significant at the 1% level, and the signs remain positive. This indicates that the higher the level of corporate common prosperity, the higher the risk of stock price collapse. The hypothesis H3 is confirmed.

Table 3. Analysis of baseline regression results

	(1)	(2)	(3)	(4)
	A1	A2	A3	A4
variable	NCSKEW1	NCSKEW1	F.NCSKEW1	F.NCSKEW1
cprating	0.0122***	0.0117***	0.0092***	0.0082***
	(4.9504)	(4.6075)	(3.2285)	(2.7434)
LEV	0.0955***	0.0978***	-0.0626*	-0.0677*
	(2.8422)	(2.7697)	(-1.6604)	(-1.6984)
ROA	-0.0232	-0.0348	0.3466***	0.2982***
	(-0.2463)	(-0.3665)	(3.0924)	(2.6387)
Sigma	-11.5125***	-11.5879***	-2.1817***	-1.9814***
	(-27.7937)	(-28.0019)	(-4.9986)	(-4.4842)
SIZE	0.0555***	0.0747***	0.0798***	0.1060***
	(3.8828)	(5.1168)	(4.6790)	(6.0681)
Turnover	0.0686***	0.0644***	0.0191	0.0227*
	(6.8676)	(6.3259)	(1.6344)	(1.8842)
MB	0.0837***	0.0840***	0.0405***	0.0421***
	(19.3164)	(18.9918)	(7.9928)	(8.0507)
AGE	-0.1539***	-0.1520***	-0.1035***	-0.1140***
	(-11.1291)	(-10.5665)	(-6.3018)	(-6.6791)
RET	-0.1489***	-0.1505***	0.2039***	0.1974***
	(-10.6495)	(-10.7099)	(12.7073)	(12.1647)
Constant	-0.4327***	-0.5033***	-0.8955***	-0.9846***
	(-2.9626)	(-3.1526)	(-5.0449)	(-5.1599)
Year	Yes	Yes	Yes	Yes
Industry	Yes	No	Yes	No
Observations	23,359	23,359	18,162	18,162
Adjusted R^2	0.1070	0.1161	0.0563	0.0658

Note: ***, **, * indicate significance at the 1%, 5%, 10% levels, respectively; the values in parentheses are cluster-robust standard errors adjusted at the enterprise level, likewise for the following.

5.3. Robustness tests

5.3.1. Endogenous control

This paper adopts the method used by El Ghoul et al. (2011) and employs instrumental variable (IV) in the 2SLS (two-stage least squares) test. Firstly, based on the corporate common prosperity rating $cprating_{i,t}$, this study generates the difference between the number of industry enterprises excluding itself and the total number of industry enterprises, denoted as $cprating\_iv$. Then, a cubic transformation is applied to $cprating\_iv$ to create $cprating\_ivv$ for the instrumental variable test.

Subsequently, the paper selects the regional education level for the second-stage 2SLS test. The regional education level is represented by the natural logarithm of education expenditure in that region, denoted as $Edu_{j,t}$, indicating the educational level in region j in year t. The results from the two-stage least squares method are shown in Table 4. Specifically, $cprating\_ivv$ is significant at the 1% level, and $Edu_{j,t}$ is significant at the 5% level. This suggests that even after controlling for the education level, the positive correlation between the level of corporate common prosperity and the risk of stock price collapse still holds.

Table 4. Endogeneity test

1.	(1)	(2)	(3)	(4)
	2sls	lag one period behind	Regional level of education	lag one period behind
Variable	cprating	F.NCSKEW1	cprating	F.NCSKEW1
cprating		0.0111***		0.9040
		(3.1366)		(1.0187)
LEV	0.3962***	-0.0709*	1.0189***	-1.1075
	(7.3666)	(-1.9020)	(11.9380)	(-1.0706)
ROA	3.7684***	0.2670**	9.4702***	-8.7045
	(25.8079)	(2.4049)	(41.6300)	(-0.9756)
Sigma	-0.2846	-1.9696***	0.3273	-0.3391
	(-0.4566)	(-4.5447)	(0.3299)	(-0.1715)
SIZE	0.7869***	0.0999***	2.2702***	-1.8798
	(33.2219)	(5.7336)	(63.8204)	(-0.9554)
Turnover	-0.0913***	0.0232**	-0.2400***	0.2182
	(-5.4434)	(2.0400)	(-8.9959)	(1.1139)
MB	0.0484***	0.0419***	0.1091***	-0.0330
	(6.9582)	(8.2553)	(9.8804)	(-0.4370)
AGE	-0.1093***	-0.1128***	-0.3904***	0.1965
	(-4.8775)	(-7.1724)	(-10.8730)	(0.6333)
RET	0.0017	0.1973***	0.1001***	-0.0369
	(0.0697)	(11.4759)	(2.6186)	(-0.1563)
cprating_ivv	0.0507***			
	(189.0745)			
Edu			0.0477*	
			(1.9397)	
Constant	-3.7712***	-0.9399***	-16.9789***	13.3370
	(-13.5262)	(-4.7813)	(-29.3320)	(0.9396)
Year	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes
Observations	23,314	18,128	23,359	18,162
Adjusted R^2	0.7609	0.0653	0.3929	

5.3.2. Robustness testing

Controlling for industry-specific fixed effects. In their study, Gao et al. (2021) controlled for industry fixed effects, reducing the potential for omitted variable-induced endogeneity issues. The results indicate that the coefficient of cprating is significant at the 1% level, with a value of 0.0129.

Changing the dependent variable. In the baseline regression analysis, *NCSKEW1* is used as the dependent variable. When changing the dependent variable to *NCSKEW2* and *DUVOL1*, the

regression results are 0.0106 and 0.0078, respectively, both significant at the 1% level. This suggests that the regression results remain reliable after changing the dependent variable.

Excluding the impact of the pandemic year on the data. Due to lockdowns and restrictions on mobility during the pandemic year, the economic level significantly declined compared to previous years. The stock market was influenced by the pandemic, and on February 3, 2020, the famous "thousand stocks limit down" event occurred, with the Shanghai Composite Index dropping by 7.72% on that day. This indicates that systemic risks in the A-share market were already at a high level at that time. After excluding the pandemic year, the regression results remain significant at the 1% level. Table 5 presents the results of robustness tests.

Table 5. Robustness test

	(1) Industry-individual fixed effects	(2) Excluding epidemic years	(3) Replacement of explained variables	(4) Replacement of explanatory variables
Variable	NCSKEW1	NCSKEW1	NCSKEW2	DUVOL1
cprating	0.0129***	0.0133***	0.0100***	0.0075***
	(3.3857)	(4.5622)	(4.1226)	(4.6329)
LEV	0.0400	0.0846**	0.1161***	0.0428*
	(0.6740)	(2.0946)	(3.4867)	(1.9355)
ROA	0.0252	-0.0402	-0.1896**	0.0202
	(0.2190)	(-0.3488)	(-2.1120)	(0.3373)
Sigma	-12.3171***	-11.0642***	-11.6280***	-6.0930***
	(-25.2979)	(-21.5302)	(-28.8905)	(-24.8489)
SIZE	0.1248***	0.0540***	-0.0388***	0.0324***
	(3.6914)	(3.0880)	(-2.7044)	(3.4014)
Turnover	0.0682***	0.0298**	0.0595***	0.0209***
	(4.8664)	(2.5562)	(6.0107)	(3.2247)
MB	0.1088***	0.0790***	0.0647***	0.0469***
	(16.4607)	(14.4482)	(15.4233)	(16.5699)
AGE		-0.1659***	-0.1587***	-0.0852***
		(-8.7324)	(-11.5564)	(-9.3896)
RET	-0.1905***	-0.1617***	-0.1562***	-0.1476***
	(-12.4821)	(-9.1888)	(-11.6864)	(-16.0065)
Constant	-1.5177***	-0.0666	0.7468***	-0.2053*
	(-4.1262)	(-0.3418)	(4.7715)	(-1.9472)
Year	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes
Firm	Yes	No	No	No
Observations	23,359	16,994	23,359	23,359
R-squared	0.1127	0.1185	0.1192	0.1159

6. Further analysis

6.1. Mediation effects test

To identify the influencing factors in the transmission path from corporate social responsibility to the risk of stock price collapse (Wen et al., 2014), this study selects corporate investment efficiency ($AbsINV_{i,t}$) and disclosure index ($KV_{i,t}$) as intermediary variables for intermediary effect tests. All three variables have larger values indicating higher corporate merger and acquisition index, corporate investment efficiency, and disclosure index. Additionally, for the reliability of the results, the data are lagged by one period. Below are the results of the intermediary effect tests:

Table 6. Mediating effects test

Variable	(1) Investment efficiency AbsINV	(2) lag one period behind F.NCSKEW1	(3) Information Disclosure Index KV	(4) lag one period behind F.NCSKEW1
cprating	0.0005***	0.0079***	0.0102***	0.0056*
	(2.8769)	(2.6681)	(16.1499)	(1.8686)
LEV	0.0136***	-0.0724*	0.0085	-0.0705*
	(5.8863)	(-1.8164)	(0.9965)	(-1.7971)
ROA	0.0254***	0.2909**	0.3394***	0.2106*
	(5.0421)	(2.5730)	(16.2546)	(1.8727)
Sigma	0.2248***	-2.0536***	-0.8773***	-1.6687***
	(9.3447)	(-4.6494)	(-9.7324)	(-3.7854)
SIZE	-0.0104***	0.1094***	0.1126***	0.0804***
	(-9.4460)	(6.2398)	(25.5377)	(4.5809)
Turnover	-0.0049***	0.0243**	0.0264***	0.0165
	(-6.7941)	(2.0151)	(10.0320)	(1.3834)
MB	0.0002	0.0421***	0.0354***	0.0336***
	(0.7793)	(8.0563)	(27.6403)	(6.3718)
AGE	-0.0100***	-0.1106***	-0.0279***	-0.1074***
	(-10.1137)	(-6.4652)	(-7.3624)	(-6.3469)
RET	0.0011	0.1971***	0.0153***	0.1887***
	(1.1318)	(12.1362)	(4.1996)	(11.6590)
AbsINV		0.3199**		
		(2.4387)		
KV				0.2644***
				(7.9000)
Constant	0.1790***	-1.0431***	-0.8560***	-0.8035***
	(14.7432)	(-5.4163)	(-18.1541)	(-4.2359)
Year	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes
Observations	23,359	18,162	23,359	18,162
R-squared	0.0795	0.0661	0.3399	0.0689

According to Table 6, the results obtained from intermediary effect tests using corporate investment efficiency and disclosure index are 0.3199 and 0.2644, respectively. The results are significant at the 5% and 1% levels. The data applied in the table indicate that as the corporate investment efficiency index and disclosure index decrease, the internal investment efficiency and disclosure level of the company increase. Therefore, as intermediary variables, when the internal investment efficiency and disclosure level of a company are low, the exacerbating effect of corporate common prosperity on the risk of stock price collapse is significant.

From the perspective of corporate investment efficiency, when the level of corporate common prosperity is high, the subsidies provided by the Chinese government are also high. The policy support received by the company is in a high state, leading to management being overly optimistic or overconfident. They envision creating their "business empire" through policy support for industrial restructuring, engage in blind investments, and result in a decrease in investment efficiency (Wu Shinong et al., 2023). Wu Shinong also points out that for companies supported by industrial policies, the decrease in investment efficiency leads to information asymmetry among investors, thereby increasing the risk of stock price collapse.

Regarding the disclosure index, in companies with a high level of corporate common prosperity, according to the "self-interest tool hypothesis," there is a possibility of overemphasizing positive information to artificially boost stock prices by major shareholders and institutions (Cheng Xiaoke et al., 2021). To prevent the leakage of internal negative news, the quality of customer disclosure is

lower (Peng Xuan and Wang Xiongyuan, 2016), thereby exacerbating the internal risk of stock price collapse in the company.

6.2. Heterogeneity test

Heterogeneity analysis refers to the study of how differences among individuals affect the dependent variable. In heterogeneity analysis, we focus on whether individuals have different responses to the relationship between independent and dependent variables. To conduct this heterogeneity analysis, we introduce four dimensions: the regional dimension of companies, the treatment dimension of companies, and the operational dimension of companies.

6.2.1. Enterprise area dimension

This paper selects the social welfare of the region where the company is located as the variable for heterogeneity analysis. The results indicate that the coefficient is significant at the 1% level when social welfare is good. In cases where social welfare is poor, the coefficient is not significant. This suggests that the positive relationship between corporate common prosperity and the risk of stock price collapse is more significant in regions with better social welfare.

When the level of social welfare is high, the economic development in the region where the company operates is favorable, and most companies have sufficient cash flow for turnover, leading to frequent economic transactions between companies. However, correspondingly, the market competition is intense, internal operational risks accumulate, and there is a higher amount of undisclosed critical information. This intensifies the positive correlation between corporate common prosperity and the risk of stock price collapse.

Table 7. Business Region Dimension

	(1)	(2)
	Good social welfare	Bad social welfare
Variable	F.NCSKEW1	F.NCSKEW1
cprating	0.0125***	0.0033
	(3.0282)	(0.7912)
LEV	-0.0448	-0.0875
	(-0.7839)	(-1.5656)
ROA	0.1335	0.4586***
	(0.8051)	(2.9345)
Sigma	-2.1486***	-1.7545***
	(-3.4714)	(-2.7595)
SIZE	0.0781***	0.1373***
	(3.1588)	(5.5129)
Turnover	0.0004	0.0431**
	(0.0250)	(2.5186)
MB	0.0378***	0.0475***
	(5.0046)	(6.5807)
AGE	-0.1213***	-0.1021***
	(-5.0099)	(-4.3116)
RET	0.2217***	0.1698***
	(10.0661)	(7.1223)
Constant	-0.6385**	-1.3604***
	(-2.3766)	(-4.9268)
Year	Yes	Yes
Industry	Yes	Yes
Observations	9,033	9,129
Adjusted R^2	0.0738	0.0661

6.2.2. Enterprise treatment dimension

This paper selects pay gap as the variable for heterogeneity analysis in the dimension of corporate treatment. The results indicate that the coefficient is significant at the 1% level when the pay gap is small. In cases where the pay gap is large, the coefficient is not significant. This suggests that the positive relationship between corporate common prosperity and the risk of stock price collapse is more significant when the pay gap is smaller.

In general, a small pay gap within a company implies that the company has a relatively sound implementation of the initial distribution, and the company's cash flow is good. According to H1b, the self-interest tool hypothesis, this can become a smokescreen for executives to conceal internal risks and engage in insider trading. During such times, small and medium-sized investors may be attracted by the company's glamorous appearance, leading to an increase in investment. However, due to frequent insider trading, the volatility of stock prices significantly increases, intensifying the positive correlation between corporate common prosperity and the risk of stock price collapse.

Table 8. Enterprise treatment dimensions

Variable	(1) big pay gap F.NCSKEW1	(2) small pay gap F.NCSKEW1
cprating	-0.0004	0.0151***
	(-0.0973)	(3.5316)
LEV	-0.0270	-0.0883
	(-0.4763)	(-1.5741)
ROA	0.2602*	0.3715**
	(1.6623)	(2.2489)
Sigma	-1.6724***	-1.8289***
	(-2.7102)	(-2.8967)
SIZE	0.1335***	0.0889***
	(4.5074)	(3.8672)
Turnover	-0.0002	0.0381**
	(-0.0090)	(2.2511)
MB	0.0475***	0.0404***
	(6.3340)	(5.5171)
AGE	-0.1447***	-0.0914***
	(-5.8721)	(-3.8554)
RET	0.1704***	0.2052***
	(6.6143)	(9.7087)
Constant	-0.9598***	-1.0719***
	(-3.0833)	(-4.2261)
Year	Yes	Yes
Industry	Yes	Yes
Observations	8,934	9,228
Adjusted R^2	0.0546	0.0918

6.2.3. Business operating dimensions

This paper selects the level of digital transformation and the degree of over-leverage as variables for heterogeneity analysis in the dimension of corporate operations. The results indicate that companies with poor digital transformation levels and low levels of over-leverage have significant coefficients at the 1% level. In contrast, companies with good digital transformation levels and high levels of over-leverage show non-significant coefficients. This suggests that the positive relationship between corporate common prosperity and the risk of stock price collapse is more significant in companies with good digital transformation levels and lower levels of over-leverage.

Corporate digital transformation can encourage companies to take on more social responsibility (Zhao Chenyu, 2022). Under conditions of poor digital transformation, labor costs for companies significantly increase, making the equitable distribution of employee wages more crucial. Consequently, the relationship between corporate common prosperity and the risk of stock price collapse is significantly intensified. A low level of over-leverage indicates that the actual leverage ratio of the company, subtracted from the target leverage ratio, is relatively small, indicating a low degree of leverage. Companies with low levels of over-leverage have better cash flow for operations and investments, significantly increasing risks such as stock price manipulation.

Table 9. Business operation dimensions

	(1)	(2)	(3)	(4)
	good digital transformation	bad digital transformation	low over-indebtedness	high over-indebtedness
Variable	F.NCSKEW1	F.NCSKEW1	F.NCSKEW1	F.NCSKEW1
cprating	0.0057	0.0113***	0.0121***	0.0023
	(1.3319)	(2.7446)	(2.8539)	(0.5691)
LEV	-0.0695	-0.0773	-0.2108***	-0.2922***
	(-1.2289)	(-1.3745)	(-2.7136)	(-3.5318)
ROA	0.5121***	0.0863	0.0917	0.3753**
	(3.1660)	(0.5469)	(0.5796)	(2.3228)
Sigma	-1.4303**	-2.4502***	-0.9591	-3.0507***
	(-2.2187)	(-4.0194)	(-1.5448)	(-4.9068)
SIZE	0.1043***	0.1195***	0.1274***	0.1495***
	(4.3956)	(4.5123)	(4.8469)	(5.7789)
Turnover	0.0241	0.0243	0.0075	0.0471***
	(1.4397)	(1.4040)	(0.4443)	(2.7415)
MB	0.0386***	0.0454***	0.0522***	0.0329***
	(4.9556)	(6.3086)	(6.5421)	(4.8247)
AGE	-0.1299***	-0.1065***	-0.0874***	-0.1461***
	(-5.0150)	(-4.6230)	(-3.6221)	(-6.1385)
RET	0.1822***	0.2096***	0.1873***	0.2099***
	(7.9043)	(9.0009)	(8.2607)	(8.8476)
Constant	-1.0793***	-1.0102***	-1.1444***	-1.2936***
	(-4.2091)	(-3.3862)	(-4.1547)	(-4.5268)
Year	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes
Observations	9,085	9,077	9,180	8,982
Adjusted R^2	0.0715	0.0695	0.0723	0.0732

6.2.4. Nature of business dimension

This paper selects whether a company is state-owned or non-state-owned, and whether it is located in the northern or non-northern region as variables for heterogeneity analysis in the dimension of corporate nature. The results indicate that when a company is state-owned, the coefficient is significant at the 1% level, and when a company is located in the northern region, the coefficient is significant at the 5% level. This suggests that the positive relationship between corporate common prosperity and the risk of stock price collapse is more significant in state-owned and northern companies.

China is a country where the public sector is predominant, and various forms of ownership coexist. The state-owned sector plays a pivotal role, encompassing a significant portion of high-tech industries. State-owned enterprises receive a relatively large proportion of financial support from the government, leading to ample investment cash flow, well-implemented initial, redistributive, and tertiary distributions, and good implementation of social welfare activities. The participation of

various funds in the stock market exacerbates this positive correlation risk. When companies are located in the northern region, they are strongly influenced by seasonal factors, with significant seasonal characteristics in operating income. Publicly traded company stock prices also exhibit distinct seasonal variations, and the beta coefficient is generally higher than that of companies in the southern region. Therefore, seasonal factors are a major contributor to the intensification of the relationship from corporate common prosperity to the risk of stock price collapse.

Table 10. Nature of Business Dimension

	(1) state-owned business	(2) non-state-owned business	(3) Northern Enterprises	(4) Southern Enterprises
Varible	F.NCSKEW1	F.NCSKEW1	F.NCSKEW1	F.NCSKEW1
cprating	0.0139***	0.0057	0.0106**	0.0056
	(2.5907)	(1.5890)	(2.1888)	(1.4601)
LEV	-0.1097	-0.0462	0.0198	-0.0566
	(-1.5607)	(-0.9366)	(0.3224)	(-1.0542)
ROA	0.7842***	0.0735	0.9889***	0.0931
	(3.7756)	(0.5492)	(4.2332)	(0.7128)
Sigma	-1.2575	-2.1424***	-2.7139***	-1.3622**
	(-1.5933)	(-3.9486)	(-3.9105)	(-2.3660)
SIZE	0.1042***	0.1055***	0.0755***	0.1509***
	(3.4218)	(4.7733)	(2.9389)	(6.0089)
Turnover	0.0021	0.0284*	0.0483***	-0.0021
	(0.0990)	(1.9430)	(2.6806)	(-0.1294)
MB	0.0315***	0.0459***	0.0415***	0.0487***
	(3.6931)	(7.1071)	(4.2829)	(7.7887)
AGE	-0.0856***	-0.1208***	-0.1154***	-0.1091***
	(-2.6197)	(-5.9430)	(-3.5982)	(-4.5178)
RET	0.1587***	0.2169***	0.2466***	0.1646***
	(5.6708)	(10.8373)	(8.8138)	(8.1692)
Constant	-0.9735***	-0.9252***	-0.8572***	-1.2969***
	(-2.9380)	(-3.7481)	(-2.8138)	(-4.9572)
Year	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes
Observations	5,818	12,344	7,578	10,584
Adjusted R^2	0.0764	0.0680	0.0879	0.0632

7. Conclusions and insights

This study examines the impact of corporate common prosperity on stock price collapse risk from both theoretical and empirical perspectives, using Chinese A-share listed companies from 2010 to 2021 as the sample. In order to ensure the reliability of the results, robustness tests were conducted with controls for endogeneity. The research findings indicate that companies with higher corporate common prosperity ratings tend to have correspondingly higher stock price collapse risk, aligning with the moral hypothesis posited in the study. Regarding the influencing mechanism, the quality of corporate mergers and acquisitions exacerbates the impact of internal common prosperity on stock price collapse risk. Heterogeneity tests reveal that this promoting effect is more pronounced under the following conditions: (1) companies located in regions with better social welfare; (2) companies with better treatment; (3) companies with lower levels of digitalization and lower over-leverage; and (4) state-owned enterprises and companies located in the northern region.

President Xi Jinping, in the "Seeking Truth" publication, put forward a foundational institutional arrangement for coordinating and supporting the initial distribution, redistribution, and third

distribution. He emphasized the need to strengthen, optimize, and expand state-owned enterprises to promote common prosperity in high-quality development. Simultaneously, he highlighted the crucial role of private entrepreneurs in achieving common prosperity. These are the requirements of common prosperity for enterprises. At the enterprise level, based on the internal aspects of common prosperity, this paper proposes three suggestions for reducing the risk of stock price collapse:

1. Enhancing the level and quality of information disclosure ensures that institutions and small investors have a comprehensive understanding of the company's internal situation. This can assist small investors in making informed investment decisions and effectively reduce phenomena such as large shareholders withdrawing capital and panic selling, thereby lowering the risk of stock price collapse.

2. Ensuring an appropriate level of internal common prosperity within the company contributes to stable operations. Meanwhile, maintaining a healthy level of stock price volatility can restrict the risk of stock price collapse within manageable limits. However, companies should avoid excessively pursuing internal common prosperity, as this not only requires significant capital investment but also negatively impacts the motivation of employees and mid-level management, exacerbating the risk of stock price collapse.

3. Optimizing the internal operations of companies and the industry chain between companies, accelerating supply-side structural reforms, and responding to the national call for common prosperity. This includes establishing charitable funds and engaging in corresponding philanthropic projects to a reasonable extent. Such initiatives not only enhance the company's image among consumers and shareholders but also contribute to the development of the national common prosperity cause.

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