

# Does Empathy Matter in Corporate Social Responsibility? Evidence from Emerging Markets

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## Abstract

This paper explores how cross-country differences in *empathy* can explain variations in *corporate social responsibility* (CSR). Using a sample of 4,086 firm-year observations from 15 emerging countries over the period 2010 to 2016, we show that empathy is positively associated with overall CSR, as well as with its social and environmental components. Our results are robust to using the two components of empathy, namely empathic concern and perspective taking. Our findings are further corroborated by evidence from a quasi-natural experiment based on the 2004 Indian Ocean earthquake. We find that during the year of the disaster and the following year, firms located in countries with high empathy donated more money than firms in countries with less empathy.

**Keywords:** Corporate Social Responsibility, Empathy, Empathic Concern, Perspective Taking, Emerging Markets.