

## *Trade Credit and Corporate Social Responsibility: A Literature Review*

### ABSTRACT

The existing literature on trade credit and corporate social responsibility (CSR) is extensive. Despite the rich discourse on the above topics, there is a lack of studies that synthesize the existing body of work on the relationship between using trade credit – as its provider and recipient – and firms' CSR. The present article aims to address this gap by pursuing a dual objective. First, it seeks to answer the following research question: What is the relationship between firms' CSR and their use of trade credit? Secondly, it aims to identify possible avenues for future research in a given area. This review indicates that vast studies investigating the above issue have found a positive impact of firms' CSR performance on trade credit use – both its receiving and providing. Regarding trade credit-CSR linkage, the study highlights the need for a more in-depth examination of late or non-payment phenomena, a more detailed exploration of suppliers' perceptions of buyers' CSR performance, and an extension of the geographical scope of the analysis.

*KEYWORDS: trade credit; corporate social responsibility; CSR; accounts payable; accounts receivable*

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## INTRODUCTION

Trade credit is the financial instrument that arises when a buyer delays payment for goods or services purchased (Seifert et al., 2013). It is a regular component of market transactions for many companies (Seifert et al., 2013) and an essential aspect of their business operations (Cheng & Pike, 2003; Van Horen, 2004). Trade credit functions as a significant source of financing for firms (Paul & Wilson, 2007; Petersen & Rajan, 1997; Seifert et al., 2013) and is emphasized as having both quantitative and qualitative importance (Bhole & Mahakud, 2004).

While much is already known about trade credit, researchers continue to explore its new dimensions, expanding the discussion beyond a purely financial perspective. In broadening the scope of trade credit consideration, attention is drawn to nonfinancial factors such as trust, religion, and national culture (Ziętek-Kwaśniewska, 2023). Viewed through a sociocultural lens, the link between trade credit and corporate social responsibility (CSR) emerges as a vital area of research that calls for further investigation (Pattnaik et al., 2020).

“Corporate Social Responsibility” refers to a company’s obligations to society and its stakeholders affected by its actions (M. Zhang et al., 2014). In recent decades, the importance attributed to CSR has markedly increased (Saeed & Zureigat, 2020) across the academic, business, and political spheres (Coelho et al., 2023). In this context, the nexus between CSR and financial performance has become one of the crucial areas of research (Coelho et al., 2023).

Despite the extensive discourse on trade credit, there is a lack of studies synthesizing the existing body of research devoted to this financial instrument in relation to CSR. This article attempts to fill this gap. Its objective is twofold. First, it addresses the following research question: What is the relationship between firms’

CSR and their use of trade credit? Second, it aims to identify potential avenues for future research in this area.

This paper employs a literature review to examine the use of trade credit from both the supplier's and buyer's perspectives within the context of CSR. Reviewing the existing literature is essential to any scientific study (Kumpulainen & Seppänen, 2022). Literature reviews enable academics to develop a more comprehensive understanding of current research when conducted as stand-alone documents. These reviews facilitate the identification of research gaps in existing knowledge and thus guide future investigations (Kraus et al., 2022).

This article is expected to be valuable to both academics and practitioners. Discussing the latest research on the relationship between trade credit and CSR can inspire researchers by systematizing the current body of work in the field and providing directions for further research. Given the key role of trade credit in business, the article's content strengthens practitioners' understanding of this instrument.

The structure of this paper proceeds as follows. Section 1 briefly introduces the concepts of trade credit and CSR. Section 2 presents the research methodology. Section 3 reviews and discusses the outcomes of the literature review. The final section provides concluding remarks and suggests future research directions.

## 1. THEORETICAL BACKGROUND ON TRADE CREDIT AND CSR

### 1.1 Trade credit

Trade credit refers to an agreement that postpones the settlement of a payment until a future date. As a form of informal credit (Dong & Liu, 2022), it is regarded as one of the most widely adopted instruments in supply chain finance (Shou et al., 2020), enabling firms to overcome liquidity constraints (Y. Zhang et al., 2020).

Trade credit can be considered from two points of view: the seller and the buyer. From the perspective of the entity providing trade credit, it represents an investment in accounts receivable. From the perspective of the entity receiving trade credit, on the other hand, it serves as a source of financing, reflected in short-term liabilities on the balance sheet (García-Teruel & Martínez-Solano, 2010). Given that companies are part of complex production networks, their role is not limited to a single function but is often dual; that is, companies function as both borrowers and lenders (Ersahin et al., 2024).

The existing literature on trade credit is extensive (Cheung & Pok, 2019). A fundamental question researchers pose pertains to the rationale behind companies' (both sellers and buyers) use of trade credit despite its associated costs and risks. The literature offers and empirically verifies various theories that attempt to explain why transaction parties utilize trade credit, given its drawbacks (see, e.g., Long et al., 1993; Petersen & Rajan, 1997; Schwartz, 1974; Summers & Wilson, 2003; Zawadzka, 2009). Among these, the financial aspect (Schwartz, 1974) and the transactional motivation of reducing precautionary cash reserves and increasing the efficiency of net money accumulation are strongly emphasized (Ferris, 1981). Trade credit also plays an important marketing role, akin to advertising (Nadiri, 1969). In addition, trade credit terms can be regarded as a pivotal element of a firm's sales bundle since they offer contractual solutions to the problem of information asymmetry between counterparties (Pike et al., 2005). Credit sales can function as a guarantee of product quality, alleviating the problem of information asymmetry in the buyer-supplier relationship (Long et al., 1993). Trade credit can also be considered a price discrimination mechanism (Pike et al., 2005). Moreover, it is an important means of signaling information to the market and its participants about the firm, its products, financial condition, and prospects (Summers & Wilson, 2003).

The widespread use of trade credit can also be attributed to its favorable features, such as simplicity, promptness, and flexibility. Trade credit acts as a spontaneous source of financing that arises from ordinary business transactions. Using trade credit helps to bypass the arduous, labor-intensive, and costly processes of obtaining institutional financing (Bhole & Mahakud, 2004). A salient factor contributing to this possibility is the comparative advantage of suppliers over financial institutions in accessing information about buyers (Petersen & Rajan, 1997).

Research on trade credit is increasingly moving beyond just a financial viewpoint, as demonstrated by the expanding literature that shows the importance of qualitative factors such as national culture (El Ghouli & Zheng, 2016; Hoang et al., 2023), religion (Cao et al., 2019; Chen et al., 2018), and trust (Levine et al., 2018; Wu et al., 2014) in the demand and supply of trade credit. In particular, the issue of trust, which underpins nearly all economic transactions (Dupont & Karpoff, 2020), is a key focus. Since trade credit policy depends on the customer's unique characteristics, including their financial standing and willingness to meet their obligations (Y. Zhang et al., 2020), it follows that contracts and economic transactions occur when counterparties possess sufficient trust in each other to counterbalance the threat and cost of negligence or opportunistic behavior (Dupont & Karpoff, 2020). When a company's reputation and trustworthiness are perceived as lacking, suppliers may hesitate to extend trade credit to the firm (El Ghouli et al., 2017). Therefore, a "trust situation" is formed within the context of trade credit (Tammi, 2013).

When trade credit is examined through the lens of trust, it underscores the significance of the relationship between counterparties, a fundamental factor in accessing trade credit, along with accountability for commitments made. This matter is especially noteworthy considering the severity of the consequences of late trade credit payments (payments not made within the agreed payment period). For example, in 2023, the EU Payment

Observatory noted a significant increase in the percentage of businesses experiencing difficulties due to late payments within the European Union, marking the most significant rise in the past five years, from 43% to 47%. The effects of late payments included difficulties meeting obligations to suppliers, reduced investment capacity and competitiveness, and hindered access to financial services (*EU Payment Observatory*, 2024).

### **1.2 CSR concept**

CSR can be seen as “an obligation of the business world to be accountable to all of its stakeholders – not just its financial ones” (Gössling & Vocht, 2007). Although discussions about CSR often focus on large entities, it is important to note that the concept applies to organizations of all sizes (Carroll, 2018). In today’s social contexts, marked by dynamism, globalization, and technological advancement, CSR emerges as a response to the societal uncertainties organizations face (van Beurden & Gössling, 2008).

The extant literature defines CSR in various ways (Sprinkle & Maines, 2010). Given its multidimensional nature, a consensus on the way to measure CSR has yet to be reached (Ma et al., 2023).

A critical question in socially responsible endeavors is their potential payoff. Existing literature has extensively examined this question by investigating the relationship between firms’ CSR and financial performance. While this relationship is complex, the prevailing view is that CSR positively affects corporate financial performance (Miller et al., 2020; Oduro et al., 2025). Thus, CSR investments serve a dual purpose. On the one hand, they demonstrate a company’s commitment to improving the community and the environment, and on the other hand, they enhance a firm’s performance through socially responsible investments (Saeed & Zureigat, 2020). In the same vein, social responsibility should not be viewed as a cost but rather as an investment that promotes a more sustainable world and improves the financial health of firms (Coelho et al., 2023). Conversely, corporate social

irresponsibility can lead to significant costs throughout the supply chain (Zhong et al., 2023).

Regarding the beneficial effects of CSR activities, it is argued, among other things, that CSR helps reduce transaction costs and facilitates access to resources (El Ghouli et al., 2017), is linked to reduced distress and default risk (Boubaker et al., 2020), boosts credit ratings (Jiraporn et al., 2014), lowers firms' cost of equity (El Ghouli et al., 2011), and increases earnings and firm value in the long run (Jeong et al., 2018). CSR can enhance trust between a company and its stakeholders (Cheung & Pok, 2019) and positively impact its image, which is conducive to developing and maintaining positive relationships with various stakeholders (Shou et al., 2020).

Suppliers and customers constitute significant stakeholders of a company, and as such, they receive the signals conveyed by CSR activities. As a result, engagement in CSR practices affects supply chain operations. Research indicates that CSR initiatives can foster better supply chain relationships by improving supplier trust and maintaining stable relationships (Cai & Huang, 2024). Given the intrinsic link between supply chain functioning and supply financing, it is essential to consider trade credit—a contract commonly used in supply chain financing (Deng et al., 2021)—within the context of CSR. CSR is viewed as a vital factor influencing supplier decision-making and, consequently, trade credit (Ma et al., 2023). However, the existing literature has only explored this topic to a limited extent (Cai & Huang, 2024; Xu et al., 2020).

## 2. RESEARCH METHODOLOGY

This study conducts a literature review to examine existing research on the given topic. A literature review constitutes a pivotal element of academic research. In essence, the development of

knowledge is not divorced from prior work; instead, it is built upon it (Brocke et al., 2009; Xiao & Watson, 2019). The construction of research on established knowledge forms the foundation of all academic research activities, regardless of the specific discipline (Snyder, 2019). A literature review furnishes an understanding of the breadth and depth of existing studies and helps to identify research gaps (Xiao & Watson, 2019). As such, it advances academic discourse (Kraus et al., 2022).

According to Lim et al. (2022), literature reviews can be conducted as part of a conceptual or empirical study or as an independent study. In any case, the primary purpose of a literature review is to “consolidate existing knowledge to support and facilitate the development of new knowledge” (Lim et al., 2022, p. 486). A literature review is defined as a comprehensive investigation into existing literature (Chigbu et al., 2023) that can support a variety of objectives. As stated by Lim et al. (2022), literature reviews, regarded as independent studies, facilitate the following activities: (1) the curation of new research, (2) the detection of gaps that warrant attention, and (3) the provision of suggestions for opportunities and solutions to advance theoretical understanding, contextual insights, and methodological practice in a given field. Literature reviews are valuable resources for researchers and provide insights that are also applicable to practitioners. These insights guide practitioners’ decisions and practices (Paré et al., 2015), and this observation is particularly pertinent to the issue of the use of trade credit, which is the substance of the day-to-day operations of many businesses.

A search for relevant publications was conducted in early March 2025 using Boolean operators in the Scopus and Web of Science databases. These databases are regarded as the two most prominent globally (Kumpulainen & Seppänen, 2022; Zhu & Liu, 2020). Integrating these data sources can yield more valuable results in the context of literature research (Kumpulainen & Seppänen, 2022).



The following keywords were used (in the abstract, title, and author keywords) to identify publications that addressed the relationship between trade credit and CSR issues: “trade credit\*” AND (CSR OR “social\* responsib\*”). Only studies written in English were included in the analysis.

A Web of Science search employing the aforementioned keywords yielded 26 studies, while a Scopus database search returned 27 studies. All publications were articles. After comparing the results of these two database searches, it was determined that 25 articles were common to both. All items were then manually scanned, focusing on the abstracts. Finally, 22 papers presenting empirical evidence on the relationship between trade credit and CSR (or closely related issues) were selected for further review.

### 3. RESULTS

The selected studies are divided into two groups. The first group, which we will focus on, includes papers that analyze the direct relationship between CSR and trade credit. Table 1 provides a summary of these studies. The second group encompasses studies that delve into the nexus of trade credit and subjects surrounding and close to the concept of CSR. The main findings of these studies will be described later in this section.

The publications identified as relevant for review were released between 2014 and early March 2025, with a noticeable surge in intensity from 2020. This increase in recent years highlights the growing interest in the topic. Regarding geographic focus, most of these research articles pertain to the Chinese and U.S. markets.

To capture the use of trade credit, the researchers referred to well-established trade credit measures widely used in the literature. The core of these measures is accounts receivable or accounts payable, depending on which side of the transaction is being examined. On the other hand, the field of CSR measurement is

marked by diversity. This heterogeneity poses challenges when attempting to compare research findings, but at the same time, it enriches our understanding of the subject area by looking at the same question through different lenses (see Table 1).

Analyses of trade credit can be approached from two perspectives. Similarly, research on the relationship between trade credit and CSR was examined from two viewpoints: the buyer, who receives trade credit, and the supplier, who provides it. A review of the existing literature reveals that the former perspective has dominated research in this field.

From the trade credit recipient's perspective, the researchers' fundamental question was whether companies' CSR activities are relevant to the trade credit they receive and, if so, what the direction of this relationship is. Consequently, it can be posited that the relevance of buyers' CSR activity to the sellers' willingness to grant trade credit has been studied through the analysis of buyers' trade liabilities. The extant literature on this subject generally indicates a positive impact of the buyers' CSR performance on their ability to obtain trade credit (Cai & Huang, 2024; Dong & Liu, 2022; El Ghouli et al., 2017; Rivera-Franco et al., 2024; Saeed & Zureigat, 2020; Wei et al., 2023; Xu et al., 2020; Yang et al., 2019; M. Zhang et al., 2014; Y. Zhang et al., 2020). An investigation into the underlying mechanisms driving this relationship suggests that CSR activity fosters enhanced trust (Saeed & Zureigat, 2020; Wei et al., 2023), mitigates systematic risk (Wei et al., 2023), reduces information asymmetry, enhances a company's image and reputational capital (El Ghouli et al., 2017; Yang et al., 2019; M. Zhang et al., 2014), signals ethical practices (Xu et al., 2020), and highlights a firm's financial and operational health (M. Zhang et al., 2014), trustworthiness (Dong & Liu, 2022; Y. Zhang et al., 2020), and its propensity to fulfill obligations (Y. Zhang et al., 2020). In response to an inquiry about the rationale for providing trade credit to socially responsible customers, Y. Zhang et al. (2020) also underscore the strategic considerations. From this

perspective, the incentive to extend trade credit is grounded in the opportunity to participate in the benefits of future customer growth and the reduced risk of socially responsible customers transmitting adverse shocks through the supply chain. Overall, the aforementioned studies convey that CSR fosters stronger relationships between customers and suppliers, thereby encouraging the latter to extend trade credit.

An interesting investigation of the CSR-trade credit link is presented by Rivera-Franco et al. (2024). To better identify the drivers of trade credit use, the authors included the variable of ownership type in their research framework. The authors' focal point was family firms. According to their results, family ownership and engagement in CSR practices positively affect the use of trade credit. Furthermore, Rivera-Franco et al. observe that this positive effect is fueled by CSR practices aimed at external stakeholders. Their findings suggest that the beneficial impact of CSR on trade credit is unique to family-owned firms.

From the supplier's perspective, the main question posed by researchers was whether a supplier's CSR affects the granting of trade credit. According to a study by Saeed and Zureigat (2020), a supplier's CSR performance positively impacts the provision of trade credit. In this area, Cheung and Pok (2019) identified two channels of CSR influence on trade credit provision: the trust and cash holding channels, wherein two opposing effects—substitution and precautionary—may operate. Their results support both the trust view and the substitution view of CSR. While the former contributes to an increase in trade credit provision, the latter suggests that the supplier's CSR limits the extension of trade credit. The aforementioned findings are corroborated by the results of Atlaf (2023). However, it is important to note that, in contrast to the study conducted by Cheung and Pok, Atlaf's examination centers on the impact of mandatory CSR, as opposed to voluntary CSR, on trade credit provision within the Indian context.

While the vast majority of works analyze the linear relationship between CSR and trade credit, some authors – such as Shou et al. (2020) and Nguyen and Nguyen (2022) – document evidence of a non-linear nature in this relationship. Accordingly, Shou et al. (2020) identified a U-shaped relationship between CSR performance and the trade credit obtained, which they attribute to the presence of two distinct effects: positive and negative signaling effects. They found that an increase in CSR performance initially leads to a decrease in trade credit financing, as the negative signaling effect outweighs the positive one. However, once CSR performance exceeds a certain threshold, its positive effect on the trade credit received becomes more evident. This change is fueled by an enhancement in the firm's reputational and moral capital. Consequently, higher levels of CSR are observed to be accompanied by higher levels of trade credit financing. From a supplier's viewpoint, Nguyen and Nguyen (2022) found an inverted U-shaped relationship between CSR and trade receivables. This indicates that at low levels of CSR, CSR initiatives enhance trade credit extension, thereby supporting the trust channel view. However, at high levels of CSR, the trade credit extended decreases, which the authors link to the issue of increased agency costs or managerial opportunism, among other factors. Taken together, the above results suggest that the nature of CSR's impact on trade credit (both granted and received) may be a more complex issue and may depend on the level of CSR.

The problem of payment discipline among enterprises, viewed in terms of timeliness in fulfilling obligations, lies at the heart of trade credit concerns. A substantial body of existing studies has explored the phenomenon of late or non-payment, yet there has been little emphasis on this issue in relation to CSR. In this regard, the research by Nguyen and Nguyen (2022) provides valuable insights as they examine, among other aspects, the impact of a supplier's engagement in CSR activities on the provision for doubtful trade receivables. Their findings reveal a U-shaped

relationship between CSR and the provision for bad trade debts. More specifically, the results indicate a negative relationship between CSR and bad debts at low levels of CSR, thereby supporting the importance of the trust channel, wherein CSR is a trust-building instrument. Conversely, at higher levels of CSR, this effect becomes positive.

Some reviewed publications address various financial challenges companies face, such as monetary contraction shocks (Dong & Liu, 2022) and financial crises (Saeed & Zureigat, 2020; Y. Zhang et al., 2020). In this regard, the findings of Y. Zhang et al. (2020) reveal that during the global financial crisis (2007–2008), socially responsible customers reduced their use of trade credit, in particular when they were financially sound and/or when their suppliers lacked sufficient liquidity. Consequently, these customers provided backward liquidity to their suppliers during the crisis. The results of Saeed and Zureigat (2020) suggest that socially responsible companies reduced both the use and provision of trade credit during the financial crisis (2008–2009). Meanwhile, the findings of Dong and Liu (2022) emphasize the positive effect of CSR on firms' ability to obtain trade credit after monetary contraction shocks, which the authors attribute to the enhanced trustworthiness of companies engaging in CSR initiatives.

The second part of the review covers studies on the relationship between trade credit and CSR-related issues. Among the studies dealing with the buyer's perspective, the issue of corporate information transparency is particularly emphasized. In this regard, Zhong et al. (2023) studied how mandatory CSR disclosure influences the use of trade credit. Their analysis, which included a sample of Chinese-listed companies, revealed a negative impact of mandatory CSR reporting on the trade credit received. In seeking the sources of this outcome, they identified two fundamental mechanisms contributing to this adverse impact, including the firm's deterioration of financial condition and agency costs, both of which reduce suppliers' willingness to offer trade credit.

Hendijani Zadeh et al. (2023) examined the impact of a firm's CSR transparency on its reliance on trade credit financing. By analyzing data from companies listed on the S&P 500 Index, they demonstrated a negative relationship between these variables; specifically, a firm's CSR transparency was found to reduce its dependence on trade credit. The authors attribute the nature of this relationship to two channels through which CSR transparency affects trade credit use: the cost of debt and the accessibility of the equity market. In this field, Guo et al. (2025) questioned the impact of mandatory conflict minerals disclosure (CMD) on trade credit financing among U.S. companies. They found that a more specific CMD increased trade credit received from suppliers. This phenomenon was associated with enhanced visibility within the supply chain and reduced supplier apprehensions regarding adverse selection in lending. Conversely, Guo et al. also discovered that firms characterized by a more specific CMD exhibited a lower propensity to extend trade credit to their customers. This finding suggests that the reputational gains from disclosing socially responsible sourcing may lessen these companies' reliance on trade credit to attract and retain customers. Y. Wang et al. (2023) examined the relationship between supply chain transparency (in the context of supplier list disclosure) and trade credit received and identified the moderating role of CSR performance, expressed in terms of strengthening the negative relationship between the above variables.

The following problems have been highlighted in other studies. Jادیappa and Shette (2024) examined the impact of the CSR regulation implemented in India in 2015 on working capital management. They found its positive effect on the cash conversion cycle, which was driven by the shortening of the payables cycle. The above finding aligns with the financial access hypothesis, which posits that CSR activities increase firms' access to financing from institutional sources, enabling them to substitute costly financing from suppliers with institutional debt. Mugova

Table 1. Summary table of the reviewed studies

Authors	Sample	Period	CSR (or its aspect measure)	Trade credit measure	Perspective	Relationship	Summary of findings
Cai & Huang, 2024	Chinese A-share listed private companies	2010–2021	1) Hexun.com L.CSR score 2) Bloomberg ESG score	1) accounts payable/total liabilities; 2) (accounts payable+notes payable+advances from customers)/total liabilities	buyer	positive	CSR improves corporate trade credit capacity through three mechanisms: enhancing internal control quality, reducing operational risk, and stabilizing supplier relationships; this positive effect is more evident in regions with better commercial credit environments and among companies that disclose high-quality information.
Rivera-Franco et al., 2024	546 listed firms; 5/753 firm-year observations from 21 European countries	2008–2020	based on Datastream – Eikon (Refinitiv): 1) aggregate ESG score in Datastream 2) external CSR dimension that includes four categories: resource use, emissions, environmental innovations, and community 3) internal CSR dimension that comprises categories of the workforce and shareholder	accounts payable/the book value of the cost of goods sold	buyer	positive	CSR performance has a positive impact on the amount of trade credit obtained. The enhanced access to trade credit is predominantly attributable to external CSR practices, while the effect of internal CSR remains unclear. The positive impact of CSR on trade credit is limited to family firms.

Authors	Sample	Period	CSR (or its aspect measure)	Trade credit measure	Perspective	Relationship	Summary of findings
Altaf, 2023	14,430 Indian firm-year observations	2014–2019	natural logarithm of actual amount spent on CSR activities	1) accounts receivable/total assets; 2) accounts receivable/sales	supplier	positive effect of the trust channel; negative impact of the cash holding channel; positive total effect	CSR affects the provision of trade credit directly and indirectly through the trust and cash holding channels, respectively. The authors demonstrate that while CSR enhances trade credit extension through the direct trust channel, it negatively impacts its provision via the indirect cash holding channel, thereby supporting the substitution view.
Wei et al., 2023	1,462 Chinese A-share listed firms; 7,220 firm-year observations	2008–2014	total CSR score provided by RKS	1) total accounts payable/total assets; 2) total abnormal trade credit/total assets; 3) total accounts receivable/total assets; 4) (total accounts payable – total accounts receivable)/total assets	buyer (main perspective); supplier (in robustness tests)	positive	Firms with better CSR performance exhibit increased access to trade credit, as social performance mitigates systematic risk and fosters enhanced trust. This phenomenon is particularly evident among firms with constrained access to formal financial resources and in regions with lower social trust.
Dong & Liu, 2022	2,290 U.S. firms; 62,268 observations	1995Q1–2014Q1	CSR measure constructed based on data from MSCI ESG KLD STATS	accounts payable/the book value of total assets at the beginning of the period	buyer	positive	In the aftermath of monetary contraction shocks, companies that demonstrate higher levels of CSR receive greater amounts of trade credit from suppliers than those with lower levels of CSR. This positive impact is more pronounced among companies in regions characterized by higher levels of social trust and in industries exhibiting greater competitive pressures.



Nguyen & Nguyen, 2022	2,441 firm-year observations of Chinese listed companies	2008–2015	total score obtained/total number (11) of reporting items	1) account receivables/total sales; 2) provision for doubtful trade receivables/total sales	supplier	inverted U-shaped for trade receivables; U-shaped for the provision for bad trade debt	The authors' results reveal that CSR has an inverted U-shaped relationship with trade receivables and a U-shaped relationship with the provision for bad trade receivables.
Saeed & Zureigat, 2020	1,294 U.S. firms; 6,122 firm-year observations	2005–2012	1) CSR score = total strengths – total concerns based on MSCI ESG data excluding the corporate governance dimension; 2) CSR calculated with the aggregation method	1) total account receivables/total sales; 2) total account payables/total sales; 3) net trade credit = (receivables–payables)/sales	buyer and supplier	positive (the positive relationship between CSR and trade credit disappears during the crisis)	Firms with better CSR performance receive more trade credit from their suppliers and extend more trade credit to their buyers. During the financial crisis, socially responsible companies reduced the use and provision of trade credit.
Shou et al., 2020	1,020 Chinese micro, small, and medium-sized manufacturing enterprises	2010–2017	Hexun CSR score	accounts payable/costs of goods sold	buyer	non-linear U-shaped relationship	A U-shaped relationship exists between CSR performance and trade credit. When CSR performance increases, trade credit obtained from suppliers initially decreases because the negative signaling effect may overwhelm the positive signaling effect. When a firm's CSR performance exceeds a certain threshold, trade credit rises because the positive signaling effect is strengthened by the increased reputational and moral capital gained by the firm.

Authors	Sample	Period	CSR (or its aspect measure)	Trade credit measure	Perspective	Relationship	Summary of findings
Xu et al., 2020	2,455 U.S. firms; 16,463 firm-year observations	1996–2016	1) HUM + EMP + DIV + COM + PRO + ENV; HUM, EMP, DIV, COM, PRO, ENV – number of strengths minus the number of concerns in the, accordingly, human rights, employee relations, diversity, community, product, and environment areas 2) total number of strengths in the above areas; 3) total number of concerns in the above areas	1) accounts payable/the book value of the cost of goods sold; 2) accounts payable/the book value of total assets; 3) accounts payable/the book value of total liabilities	buyer	positive for an overall CSR score and the four CSR individual components (i.e., environment, employee relations, community, and diversity)	Higher overall CSR scores are associated with higher levels of trade credit. Additionally, there are positive associations between trade credit and the four components of CSR: the environment, employee relations, community involvement, and diversity. These findings underscore the signaling role of CSR.
Y. Zhang et al., 2020	2,452 U.S. nonfinancial firms; 49,784 firm-quarter-level observations	1992–2010	based on KLD CSR ratings: 1) CSR strengths and CSR concerns scores; 2) net CSR score (i.e., strengths – concerns)	accounts payable/purchases	buyer	positive	Socially responsible customers enjoy more trade credit from their suppliers, as suppliers view customers' CSR activities as a signal of trustworthiness and ability to meet financial obligations. The positive relationship between the net CSR score and trade credit is influenced by the CSR strengths.

Cheung & Pok, 2019	2,588 firms; 20,591 firm-year observations	1991–2015	based on MSCI (KLD): 1) CSR measure obtained through the relative aggregation method 2) average of strength scores for KLD measures of all dimensions	1) accounts receivable/total assets 2) accounts receivable/sales	supplier	positive effect via trade channel; negative impact of substitution effect via the cash holdings channel; total effect – inconclusive	The authors find evidence of a positive effect of CSR on trade credit extension through the direct trust channel and a negative indirect relationship between CSR and trade credit extension through the cash holdings channel. They do not provide conclusive evidence on the overall effect of CSR on trade credit provision.
Yang et al., 2019	Chinese A-share listed private companies	2009–2016	$\ln(\text{the amount of donation/operating income}^*100+1)/\ln(\text{the amount of donation of the industry/total operating income of the industry}^*100+1)$	the book value of accounts payable/the total debt at fiscal year-end	buyer	positive	Firms that make more philanthropic donations receive more trade credits. However, this relationship is only significant for firms with positive free cash flow, no political connections, and a high-trust environment.
El Ghoul et al., 2017	2,445 firms; 11,672 firm-year observations from 53 countries	2003–2010	average of environmental performance and social performance based on data from Thomson Reuters' ASSET4	cost of goods sold/accounts payable	buyer	positive impact on the period of trade credit	CSR is associated with lower payable turnover, i.e., with a longer trade credit period. This relationship is more pronounced in countries with weaker legal institutions.
M. Zhang et al., 2014	Chinese listed companies (state-owned and non-state-owned-enterprises)	2003–2010	1) (philanthropic donation expenses /total assets)*100; 2) (variation in philanthropic donation expenses /total assets at last fiscal year-end)*100; 3) natural logarithm of philanthropic donation expenses; 4) variation in the measure 3)	1) book value of accounts payable/total assets at fiscal year-end; 2) variation in accounts payable/total assets at last fiscal year-end	buyer	positive	Firms with superior CSR performance demonstrate increased access to trade credit, as they can impress their suppliers with a positive firm image and accumulate reputational capital. Furthermore, CSR activities convey positive signals to all stakeholders regarding a firm's financial and operational situation. This positive effect applies to non-state-owned enterprises (non-SOEs).

Note. Own elaboration based on cited references.

(2017) compared the use of trade credit as a source of financing by listed and unlisted companies in the Johannesburg Stock Exchange's Socially Responsible Investment Index (SRI Index) and demonstrated that companies in both groups relied significantly on trade credit. This indicates that even though SRI-listed companies may enjoy superior access to bank credit, they also tend to use trade credit extensively. Furthermore, through a study of Chinese-listed firms, Li et al. (2025) found that targeted poverty alleviation programs favorably impact net trade credit capital. Lastly, reversing the direction of analysis, J. Wang et al. (J. Wang et al., 2024) demonstrated the supportive role of trade credit on the path of green and low-carbon transformation.

## CONCLUSIONS

A review of existing studies on the relationship between CSR and trade credit highlights the topic's relative novelty and nascent state. Most publications in this area have appeared since 2020, with a predominant orientation toward companies operating in the Chinese and U.S. markets.

The main research question addressed in this review was: What is the relationship between firms' CSR and their use of trade credit? Despite the heterogeneity of the measures employed as proxies for companies' CSR activities, which creates challenges in terms of result comparability, the studies reviewed generally confirm the positive impact of companies' CSR on their trade credit use. In this regard, the role of CSR as a trust- and image-builder that shapes and enhances relationships between counterparties comes to the fore.

While the research on the CSR-credit nexus is largely based on linear models, it is important to note that some studies document the non-linear nature of this relationship. This observation

suggests that the subject under investigation harbors nuances and complexities that merit further examination.

The literature review on the relationship between trade credit use and CSR reveals several promising areas for future research. A salient finding is the scarcity of studies addressing the issue of default on trade credit in the context of CSR. This lacuna is especially notable given the serious consequences of late or non-payment, which not only affect the individual firm but also set off a chain reaction that affects other firms. This area offers great potential to yield significant insights, especially when considering the documented influence of social trust on firms' payment behaviors (Wu et al., 2014). Additionally, it is recommended that further exploration of the role of buyers' CSR initiatives in shaping suppliers' decisions about providing trade credit be conducted. The current literature addresses this matter indirectly by considering the trade credit received by buyers. However, this perspective does not fully reveal how suppliers evaluate the CSR efforts of buyers when determining whether to offer trade credit. Moreover, the review highlights the relatively limited geographic scope of research in this domain. Since empirical studies have primarily focused on the Chinese and U.S. markets, there is considerable potential to broaden research to other regions worldwide. Finally, exploring the non-linear relationship between CSR and the use of trade credit from the perspective of the supplier and the recipient would be worthwhile.

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