Abstract

Sustainable business practices have made an evolution on reshaping companies' priorities, diverting from mere profit maximization to applying the concept of socially responsible behaviors by adopting the concept of Corporate Social Responsibility (CSR). As CSR activities gain prominence, a further investigation becomes imperative on how their influence on Initial Public Offering (IPO) underpricing. Drawing inspiration from earlier research on Italian Stock Exchange, diving deeper into the relationship between CSR performance and IPO underpricing in U.S. companies from 2014 to 2019, examining 5662 IPOs data. Contrary to prevailing notions, the findings showed a significant positive relationship between high CSR levels and IPO underpricing, indicating that a pronounced CSR commitment does not guarantee reduced underpricing. As evidenced by no significant correlation between underpricing and firm quality, the research also contests traditional views of firm quality representation through underpricing. These results provide insights into shifting investor priorities and perceptions, suggesting that in the U.S. context, a good CSR performance alone is not playing a significant determinant for investment decisions; thereby shaping a new narrative on sustainable business practices and their financial implications.