

The Current Status and Promotion of Chinese Corporate Social Responsibility

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Abstract—This paper explains the necessity of implementation of the Corporate Social Responsibility by the octopus theory in the viewpoint of philosophy. Up to now, there are many definitions of corporate social responsibility. This paper analyzes and clarifies these definitions. In addition, many standards and guidelines about the Corporate Social Responsibility exist in the world. According to their content, author sorts these standards and guidelines so that they are well-known and easily adopted by enterprises. The corporations need to pay many social responsibilities for running better. But some of social responsibilities are primary and some are secondary. Therefore, by analyzing the Hierarchy Theories of Corporate Social Responsibility of others, author draw finally a hierarchy structure of the corporate social responsibility according to the different stockholders.

Keywords—Corporate Social Responsibility; social responsibility standards; Hierarchy Theories

I. INTRODUCTION

Enterprises survived historically by generating maximum profits for their shareholders and providing a service at the least cost to the taxpayers. Today this approach is simply not enough to guarantee survival. The professor Sinyiti TOMONARI affiliated in Waseda University mentioned the octopus theory in his book; every octopus lives in the octopus bottle. The characteristics of octopus bottle are segmentation, discrimination and collision, that is to say, every octopus lives in the octopus bottle different with each other. The octopus may conflict with each other, therefore, every octopus try to make the octopus bottle stronger and better to protect itself. Professor Sinyiti TOMONARI thinks the individual and organization also can be viewed as the octopus. For individual, the octopus bottle includes the money, position, education background and so on. For the organization, the management system, policy, nation, law and others are the octopus bottle. According to the octopus theory, every enterprise can be viewed as one octopus; the enterprises living in the society, as the octopus living in the octopus bottle, hope to make their octopus bottle stronger and better. Profit is blood of the enterprise, after the enterprise ensuring alive, it is going to try their best to make their octopus bottle stronger. Now, there are many global issues facing business and wider society: poor corporate governance practices and widespread corruption, labor abuses and supply chain management, the economic

crisis and soaring food prices, scandals over product safety and severe environmental damage, climate change and natural resource shortage. Enterprises are trying their best to make the octopus bottle strong enough to survive for a long time. Corporate Social Responsibility (CSR) is an essential factor of the survival for any organization, given that all organizations have some connection with society. More and more companies are adopting Corporate Social Responsibility. They are demonstrating socially and environmentally responsible to the public, consumers, communities, investors and other shareholders. Chinese companies carrying out the CSR have booming in recent years. However, during the implementation of CSR program, companies are also facing many problems like the shortage of relevant knowledge and others. This paper will analyze the current status of Chinese CSR firstly, and then, inquire the international standards and guidelines about CSR, at last, point out for the companies what is the primary social responsibility and what is higher social responsibility.

II. THE DEFINATION OF CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility is also known as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business (SRB), community relations or corporate social performance. If we search for the definition of CSR online, we can get millions of results. But the shared view about CSR definition of most scholars is that corporate social responsibility is a corporate strategy which has a close relationship with the corporate decision-making, operation and corporate competitiveness and so on. The goal of CSR is sustainable development. Under the guide of CSR perspective, the company takes the preserving environment, resource and Cultures, preserving the right of people and future generations, keeping biodiversity, promoting a reduction in social inequalities and others into account, and establishes business goal and makes decision to achieve the company sustainable development compatible with society's sustainable development. CSR is not a series of activities beyond the legal obligation like donation, voluntary activities and other. It also is not some activities after getting profit. Of course, it is also not the action just belonging to the large and big-profit companies.

III. THE CURRENT STATUS OF CHINESE CSR

A. *Chinese CSR movement is accelerating*

the State Grid Corporation of China disclosed its first CSR report in 2005 which is also the first CSR report in the China CSR report history. However, Chinese enterprises have made great progress in the CSR in recent few years. Under the promotion of government office and the Share Exchange of Shanghai and Shenzhen, the Chinese corporations are actively undertaking the social responsibility. The Chinese CSR reports have been booming from 2008. According to one survey, among 1556 A-share listed companies, near to 400 companies disclosed CSR report in the first half year of 2009, taking about 25% of all A-share listed companies. By comparison, the sum of CSR report was less than 140 during 2005-2008, 533 companies disclose their annual report with CSR information and independent CSR report in the Shanghai Share Exchange and Shenzhen Share Exchange in the first half year of 2010. On the other hand, Chinese companies are increasingly adopting international standards such as ISO, AS800, FSC and other social responsibility standards. For example, by 2007, China had become the top one nation which got most ISO 14001 and ISO 9000 certification, with 30 489 companies getting the ISO 14001 certification and 210 773 companies getting the ISO 9000 certification. By July 2009, 22,667 Chinese enterprises had been OHSAS18000 certified. By March 2009, 223 Chinese enterprises had been SA8000 certified. By September 2009, 47 Chinese enterprises had adopted the Sustainability Reporting framework (G3) of Global Reporting Initiative (GRI). By September 2009, 212 members including 185 enterprise members had adopted the UN Global Compact. By September 2009, more than 300 factories in China had been Worldwide Responsible Apparel Production (WRAP) certified. 33 Chinese companies registered in the AA1000 Assurance Standard.

Chinese corporations have shown increasing awareness of CSR. However, the Chinese corporations still face many problems. In addition, so surprising development speed of CSR also implies that there are still many works to do for perfection of CSR.

B. *The overall level of Chinese CSR is still in a low stage*

The Economics Division of China Academy of Social Sciences evaluated the CSR level of the top 100 Chinese enterprises from responsibility management, market responsibility, social responsibility and environmental responsibility. It released the "Corporate Social Responsibility Blue Book 2009" which offered a deep insight to the current status of Chinese corporate social responsibility. It shows us that, based on the total score of 100 points; companies get an average of 31 points. That is to say, these enterprises' CSR level is still low in general. Only 14 Chinese companies achieved 60 points or more. Approximately one fifth of Chinese top 100 corporations are in the start stage of CSR without sound idea and system. About 40% companies got less than 20 points and had not taken any management measures or disclosed any CSR information to the public as bystanders. In addition, according to one Blue Book of Corporate Social Responsibility of A-share listed company, only the mining

industry, bank and insurance industry disclosed CSR report with higher quality, 75% industry cannot provide the qualified CSR report. The CSR report of A-share listed companies scored just about 30 points in average.

C. *The characteristic of Chinese CSR*

Though the analysis on the CSR reports of top100 companies, we can find some industries have good performance in the CSR, but for other industries, the CSR performance is generally not satisfied. If we classify the CSR performance into four categories: leader, pursuer, participator, and onlooker. The industry distribution is shown as following :

Leader : Electric Power Industry , Power Grid Industry

Pursuer : Banking, Insurance, Telecommunication Industry, Oil and Petrochemicals Industry.

Participator : Construction Industry, Mining Industry, Trade Industry, Transport Equipment Industry, Electric Equipment and Machinery Industry, Metals Manufacturers Industry, Retail trade Industry.

Onlooker : Ordinary Machinery Industry, Agriculture, Food Industry, Textile Industry.

We can know only both power grid industry and electric power industry are in the advanced stage. The banking, insurance , telecommunication industry and the oil& petrochemical industry are also have good performance in the CSR, these industries are infrastructure industries vital to economic safety, nation safety and the people life. Most enterprises are state owned and large enterprises. it is just consistent with the requirement, proposed by the SASAC(State-owned Assets Supervision and Administration Commission) in 2008, SASAC required the central enterprises to play the leading role in the CSR. Most other industries did not have better understanding of CSR and take the CSR comprehensively, or did not disclose the CSR information comprehensively and properly even though they have carried out the CSR program to some degree. On the other hand, for all A-share listed companies, the mechanical device measuring appliance industry disclose most CSR reports, taking the 17% of total CSR reports, the metal and nonmetal industry took the second place, the industry releasing CSR report least is wood and furniture industry, there was just one company disclosed the CSR report in the wood and furniture industry. The data indicated that natures of different industries affected the awareness and practice of companies about the CSR.

Moreover, China central state-owned corporations perform best, followed by state-owned financial corporations and private companies. We can know that the private enterprise did not be lagged behind in CSR; on the contrary, the foreign-invested corporations in China did not show any advantage. In addition, the scale of enterprise goes in proportion with its CSR scores — the bigger the company, the higher the score. The central and state-owned large enterprises like the China Mobile and State Grid Corporation of China have better performances. On the other hand, the large private enterprises such as the Lenovo, Haier and Ping An Insurance also have good performance in the CSR.

According to the “2009 China’s Corporate Social Responsibility Blue Book”, we can find the market responsibility scores the highest due to corporation’s profit-driven model. Environmental responsibility scores the lowest. Moreover, the responsibility management score is also very low. However, Companies have a relatively better performance in the social responsibility, recording 30.2 points, higher than the scores of responsibility management and environmental responsibility. During the social responsibility, the disclosure of employee responsibility was not sufficient and comprehensive, and the quantitative description is not enough. However, companies did better in donation. In the four sub-indexes of responsibility management, the performance of responsibility boost is worst. Most companies did not established social responsibility organization and management system, did not make the CSR payment plan, did not do enough work in the training of social responsibility and the requirement survey of the shareholder. The Responsibility Management took the third place, recording 27.9, this illustrated that the whole management level of social responsibility need to be improved. In the environmental responsibility, enterprises did worst on disclosing their environmental issues, such as energy saving and pollution control. Up to April 2010, the least disclosed information was still environment protection investment and the carbon emissions. Among 117 listed companies, 2 companies disclosed the carbon emission, 7 companies disclosed the environmental protection investment. In addition, most enterprises did not emphasize on the green office. According to one international survey of Corporate Responsibility Reporting, for the 22 countries, almost 70% of the 100 largest companies of each country do not report climate risks. In Japan and the United Kingdom, the ratio of company reporting on social responsibility and environmental impact is larger than in other counties. For Japan, it is due to environmental reporting regulations. For UK, it is due to consumer, media, employee and shareholder groups calling for accountability and transparency. At present, there is not any nation-level guideline of environmental report in China. Therefore, Chinese companies face many difficulties such as how and what to measure and report on the environmental information. Fortunately, The Guideline of Environmental Report of Shandong Province was issued in December 2008. The Chinese Ministry of Environmental Protection has authorized the Environmental Protection Agency of Shandong Province to make the Guideline of Chinese Environmental Report. According one survey about CSR of Korea, the performance of the environment responsibility is also worst, but the Korean enterprises perform better in the social responsibility and responsibility management.

At last, according to the survey to the business leader interviewees by the AccountAbility, the greatest obstacle to Chinese businesses operating in a more socially responsible way is the lack of knowledge as shown in the following Fig.1. Therefore, China government, organization and enterprises should focus on the improvement of knowledge and increasing of awareness about best practice.

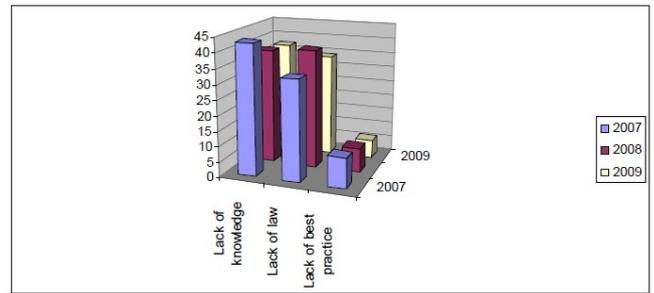


Figure1. the greatest obstacles for Chinese businesses to operate CSR

IV. THE CLASSIFICATION OF INTERNATIONAL CSR STANDARDS

A number of reporting guidelines or standards have been developed to serve as frameworks for social accounting, auditing and reporting which give us the guidelines on the identification, definition and measurement of sustainability-related metrics. But most of these guidelines emphasize on different areas, some emphasize on the human right or work environment, some emphasize on environment, etc. In addition, the different industries have their specific social responsibility requirements, the enterprise have to know well about these standards. But it is really difficult for the enterprise to know well about and choose one to adopt since there are so many CSR standards in the world. Therefore, to make the Chinese enterprises lack of CSR knowledge to apply well international standard, this paper sorted the CSR standards according to their main content.

A. Comprehensive CSR standards

Up to now, there are about 7 Comprehensive CSR standards. They are AA1000 (UK), The Connected Reporting Framework (UK), the UN global compact, G1 or G2 or G3 of global reporting initiative (USA) which is used most widely, Sustainable Development Key Performance Indicator (SD-KPI) (German), Chinese CSR Report Guideline issued in 2009 and the ISO26000 expected to issued in 2010. These standard include the regulation or provision on the environment, human, society and so on, are some comprehensive guideline or standards.

B. CSR standards with emphasis on the people

The standards emphasizing on respecting human right and enhancing the labor standard and environment include the Worker Rights Consortium (US), Initiative Clause Social (France), Universal Declaration of Human Rights (UN), Ethical Trading Initiative, Fair Labor Association, ETI Base Code issued by the Ethical Trading Initiative of UK, ICC Business Charter for Sustainable Development, Guidelines for Multinational Enterprises, ILO Core Conventions, Occupational Health and Safety Assessment Series 18000 (OHSAS18000), Social Accountability8000 (USA). On the other hand, some standards emphasize on the social responsibility in the supply chain in addition to human right and the labor environment. For example, the BRC Global Standard – Consumer Products (UK), Supplier Ethical Data Exchange (UK), The Business Social Compliance Initiative

(BSCI) (Europe), Initiative Clause Social (France) and so on. Through analysis, we can find most CSR standards and guidelines adopted by the enterprises are only emphasize on one side such as the no discrimination, no exploitation of child labor, payment of a living wage, no excessive working hours, safe and healthy working conditions, employment free, freedom of association and the right to collective bargaining and some regulation close to the human right. We can get the conclusion that these kinds of social responsibility are primary responsibility of enterprise.

C. The standards with emphasis on the environment responsibility

The standards emphasizing on environment responsibility include ISO14000, Environmental Reporting Guidelines (Japan), Eco-Management & Audit Scheme(EU), Environmental Reporting Guidelines(UK), Waste Electrical and Electronic Equipment Directive (EU), United National Framework Convention on Climate Change(UNFCCC), green label of every nation and so on. Up to now the guideline and standard about environment is still very small. Therefore human should make more efforts in the environmental standards establishment.

D. The CSR for the specific industries or substance.

In addition to know well about the general CSR standards, enterprises also need know the specific CSR standards which have close relation to its business. These specific standards include Forest Stewardship Council (FSC) Principles and Criteria, Electronic Industry Code of Conduct (EICC), Fair Wear Foundation, International Council of Toy Industries, Worldwide Responsible Accredited Production for the clothing industry. Equator Principle and Principle for Responsible Investment for financial industry, Oil and Gas Industry Guidance on Voluntary Sustainability Reporting for the oil and gas industry, Leadership in Energy and Environmental Design Certification for the building industry, Restriction of Hazardous Substances Directive in Electrical and Electronic Equipment, Registration, Evaluation, Authorization and Restriction of Chemicals, Worldwide Responsible Apparel Production for the glob fashion apparel industry and so on.

V. THE ANALYSIS OF DIFFERENT LEVELS OF CSR CONTENTS

For CSR to be accepted by a conscientious business person, it should be framed in such a way that the entire ranges of business responsibilities are embraced. The Carroll, Archie B. thought that economic, legal, ethical and philanthropic constituted the CSR. The guideline of China CSR report indicates that the CSR includes the following aspects : market responsibility, responsibility management, social responsibility and environmental responsibility. The G3 of GRI depicts that the CSR includes economic responsibility, environmental responsibility and the social responsibility. And, some scholars think the CSR is the responsibilities that corporations should undertake for their shareholders including the stockholder & investor, customer, employee, supplier, government, competitor, environment, community and so on.

Enterprises as the one part of the society, they need obviously to take many kinds of responsibilities, but enterprises should treat these responsibilities differently. Enterprises should ensure to meet some primary obligations firstly like making earning and ensuring safe production and the product safety. The primary responsibilities are the most primary requirement of human society and make sure normal operation of enterprises. Treating the CSR as the same level may misdirect the payment of social responsibility. Taking the Chinese company named SANLU Dairy Group as an example, SANLU was named as foreign-founded enterprise with outstanding contribution of CSR for the creation of employment and donation in November 2007, but by September 2008, SANLU had come to international attention due to product concerns regarding its infant milk formula which was discovered to have been contaminated with melamine, a non-alimentary chemical which causes kidney stones. An estimated 300,000 babies became ill, and six cases resulted in death. And then the SANLU was bankrupt On 27 September 2008. Some social responsibilities may directly affect the survival of corporation. Corporations should ensure that they can outstandingly undertake primary social responsibility as the product safety at first, and then pay the higher social responsibility as donation. Some scholars thought that the CSR can be divided into three levels: economic level, legal level and ethical level. Some scholars divided the CSR levels by enterprise attitude; they thought the responsibilities in the first level were the responsibilities enterprise just passively undertaking like the economic obligation, they have to do it without choice. The second level responsibilities were responsibilities which enterprise actively paid such as the environment protection and labor welfare. The high level responsibilities were return to society like donation. Some scholars thought that the CSR could be undertook from the following 5 levels: economic level ,legal level, ethical level, state responsibility level and the environmental level. Some scholars thought the first level was legality operation, the second level was environment-concerned and labor-concerned operation, the highest level was ethical distribution beyond operation area. To conclude, the author thinks that the CSR can be divided into the primary level and higher level simply. The enterprises should firstly take legal responsibilities, respect for human rights and make earning; they are primary responsibilities coming from society. Enterprises should put the primary responsibilities on the first place in implementation of the CSR strategy. And then, to pursue a sustainable development in a long time and better brand image, enterprises will make effort in enhancing employee welfare, donation and research and development of environmental technique and so on. The enterprises on the higher level have a better performance in the CSR, but, no matter how outstandingly enterprises undertake the higher level responsibilities, it cannot develop sustainably if it does not take well the primary responsibilities. Enterprises should ensure firstly take well primary social responsibility and then try their best to take the higher social responsibility. To make the hierarchy structure clearer, the author lists the contents of primary responsibility

and higher level responsibilities for every stockholder as the TABLE I shown.

TABLE I. THE PRIMARY AND SENIOR CORPORATE SOCIAL RESPONSIBILITY

Primary level	<i>Responsibility management</i>	Formulating vision of paying social responsibility
		Enterprise Sustainable development analysis
		leadership mechanism
	<i>Investor and stockholder</i>	Making earning and raising profit rate and ensuring financial safety
		Carry out management
	<i>Customer</i>	Ensuring product safety and quality
		Providing timely and effective after-sale service
	<i>Employee</i>	Compliance with Universal Declaration of Human Rights
Higher level	<i>Government</i>	Compliance with the SA8000
		Lawful operation
		Paying taxes
	<i>Suppler</i>	Fair competition and anti-corruption
		Integrity operation, fulfill contract
	<i>Environment</i>	complies with environment law and the industry environmental regulation
	<i>Responsibility management</i>	Establishing leadership mechanism and management system of CSR
		Making plan of CSR and training
	Promoting partner to take CSR	
	Promoting the internal and external CSR information communication	
<i>Employee</i>	Career training and development	
	Mental health services and care	
	Competitive salary	
	Paid leave and maternity leave	
	Employee satisfaction	
	Social Insurance and Physical examination	
<i>Customer</i>	Actively responds to the customer complain	
	Customer information protection	
	R&D investment	
<i>Environment</i>	Environmental management	
	Energy & resource save	
	Pollution-reducing	
<i>Government</i>	Respond to national calls	
	Ensuring and creating employment opportunity	
<i>Community</i>	Donation	
	Volunteer activities	
	Assessment of operation affection	
<i>Suppler</i>	Responsibility purchase	

VI. CONCLUSION

CSR is in a booming period. More and more enterprises are actively implementing the CSR strategy to achieve the sustainable development of corporation and society in China. But how to implement CSR effectively and popularize CSR to the small and medium enterprises still are problems faced by the scholars and corporations. The author will analyze the current status of CSR in several counties and compare them so as to sum up the advanced experience of other country and make CSR become a more effective and enforceable corporate strategy.

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