The Influential Factors of CSR and the Future of CSR in China

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ABSTRACT

This article conducts statistical analysis on the level of social responsibility of Chinese enterprises and the internal, and the external factors which influence it. The factors include the scale of enterprises, innovation capacity, export intensity, financial performance, product competitive, government intervention, and legal environment, etc. The results show that those factors, such as export behavior, innovation capacity and financial status have strong influence on the level of companies’ social responsibility. Based on those results, there are some suggestions to improve the CSR in China to make citizens’ quality of life better.

KEYWORDS
Better Quality of Life, Empirical Study, External Factors, Internal Factors, Social Responsibility

1. INTRODUCTION

Corporate Social Responsibility (CSR) is a concept which is from foreign countries. It is from as early as the beginning of the 20th century to the World War II, the developed countries in the West had led to a series of workers’ living conditions worsen due to the progress of science and technology and the rapid development of industry. Moreover, the working environment has deteriorated, and the deterioration of relations and other social problems, which aroused the deeper thinking from academic and business circle of insight on CSR. Since the 1960s, CSR had become a hot issue in western academia, especially ethics and economics, because of the problem on charity, employment relationship, sweatshops, resources and environmental protection, and product quality and safety.

In recent years, with the continuous development of China’s reform opening up and the gradual establishment of market economic system, China’s economic development and social progress has shown a vigorous vitality, comprehensive national strength is greatly enhanced. In the meantime, the development of the enterprise and its contribution help achieve this goal. However, the concept of “the pursuit of profit maximization” has a serious adverse effect on some enterprises in China, such as the fact that some enterprises rely on arrears, production of faked and shoddy products, pollution of the environment, damage of the health and safety of workers or users, and even their lives are at risk. All these concerns leads to seriously negative impacts on harmonious, stable and sustainable economic development in the whole society. In particular, with the trend of China’s economic integration into the world economy, the implementation of SA8000 in the world has a significant

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impact on the survival and development of Chinese enterprises, CSR has become China’s theoretical and business concerns of the hot issues.

In the business community in developed countries of Europe and the United States, CSR has risen to the strategic management level. Government organizations, non-governmental organizations and general people headed by developed countries are extremely concerned about the situation of CSR, and generally require enterprises to take corresponding social responsibility. Some governments and non-governmental organizations have developed a series of CSR measures or codes to support and measure CSR, strengthen the sense of corporate responsibility, and guide companies to carry out economic and environmental reporting, all of which have made a higher request. The business community has generally adopted measures to develop codes of responsibility on labor issues, human rights and the environment, implemented relevant certification, then published social responsibility reports on environmental, occupational health and social responsibility, and implemented CSR financial review system. In academia, CSR has become a hot topic, which has a high academic value and practical significance. In the meantime, it has hot issues on the world economy, political science, management, sociology and law.

With China’s reform on further development of the market and the further establishment of the market economic system, enterprises have become independent market players. Enterprises are not only profit and result driven in economic activities, but also, they play an important role in social activities on China’s economic development and social progress which also make an important contribution. But the environmental pollution, mine disasters, poison fans, poison milk powder, Sudan red, poor quality cotton, and so on, these frequently appeared accidents, shocked the world, as well as other integrity concerns including the job of migrant workers in poor living conditions. Some multinational companies in Europe and the United States which attach great importance to CSR. When they come to China often carry out some breach of social responsibility activities for China’s imperfect system, imperfect laws and regulations loopholes, which concluding the tax evasion, the lack of payment of the wages of employees, wages below the minimum wage protection; product and sales production harmful to the health of consumers, which lead to a great loss on the interests of the state and consumers. In a word, in order to pursuit maximize profits, the enterprises can pay few focus on the labor wages, welfare, indiscriminating use of labor contracts, despising the work environment, which result in the lack of competition, market competition in chaos, the lack of effective allocation and use of resources, it can make a serious impediment to China’s economic and sustainable development of enterprises.

More and more research and facts show that CSR has the important meaning to corporate performance, many senior managers are increasingly aware the importance of the development of CSR strategy, and undertaking the CSR. However, in order to transform the CSR strategy into action, and implement effective social responsibility behavior, we must identify the key drivers that influence the level of CSR and find the entry point of CSR behavior at first. Therefore, in-depth analysis of which factors on CSR behavior, and then on the CSR performance had an important impact. It can enhance the level of CSR and long-term competitiveness of enterprises by integrating these factors into the enterprise’s long-term development strategy, and have great significance.

Although the study of CSR began in the 1950s (Carroll, 1999), there are still some shortcomings in the study of the factors that influence the level of CSR: First, researchers in the past pay more attention to whether CSR can bring long-term competitive advantages to the enterprise, whether it can bring the expected benefits and returns to enterprise (Waddock & Graves, 1997). The doubt is on why does CSR behavior can improve business performance? What factors which include the internal and external factors of the enterprise affect the CSR behavior, and enhance the performance of enterprises? The researchers are less in-depth discussion on these issues.

Second, in the study of the relevant factors of CSR, the researchers often focus only on one of the factors, such as enterprise size (Mcelroy & Siegfried, 1985), finance (Orlitzky, Schmidt & Rynes, 2003), export activities (Biesebroek, 2005), innovation (Gonzalez, Hult & Calantone, 2008), market
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