The Evolution of Strategic Social Responsibility of Chinese Enterprises and the Design of Decision Support System

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Abstract. In order to improve the level of strategic management of corporate social responsibility and promote Chinese enterprises to fulfill their social responsibility. On the basis of discussing the connotation of strategic corporate social responsibility in detail, the paper points out the long-standing mistaken idea in the strategic decision-making of Chinese corporate social responsibility, designs the strategic decision support system of corporate social responsibility and puts forward the policy suggestions to guarantee the strategic decision support system of corporate social responsibility.

Introduction

As an important part of society, enterprises must do something new. From the original “economic person” established with an organizational structure to save transaction costs to the “social person” who carries more social functions today, enterprises at different times have been given different historical missions. The Third, Fourth and Fifth Plenary Sessions of the eighteen have successively put forward “taking social responsibility as the focus, further deepening the reform of state-owned enterprises”, “strengthening the legislation on corporate social responsibility”, and “strengthening the national consciousness, the consciousness of the rule of law, and the consciousness of social responsibility”. These policy propositions provide a higher code of conduct for corporate social responsibility. The survey of the history of corporate social responsibility shows that the performance of corporate social responsibility in China is not satisfactory, and the state-owned enterprises with high expectations have not met expectations in social responsibility performance. With the development of economy and the progress of society, people’s awareness of social responsibility has gradually increased. Corporate managers must try to protect the legitimate rights and interests of consumers, suppliers, governments, communities and other stakeholders. How to balance the legitimate interests of stakeholders and the economic interests of enterprises and how to realize the win-win situation between enterprises and society is the key problem to be solved by enterprise managers today. It is in this context that the category of strategic corporate social responsibility arises.

The Analysis on the Connotation of Strategic Corporate Social Responsibility

Burke and Logsdon (1996) firstly proposed the concept of strategic corporate social responsibility and proposed five characteristics that distinguish traditional corporate social responsibility. They believe that only by integrating social responsibility activities into the enterprise strategic management process can enterprises provide continuous development momentum. If the CSR activity is separated from the core business, it will bring greater business risks to the company. On the basis of its research, scholars at home and abroad have carried out different studies and basically reached a consensus, “strategic corporate social responsibility is a proactive strategy that integrates social responsibility into the core values of the enterprise and creates a competitive advantage for it” [3]. There are also some scholars who have raised objections. Chernev and Blair (2015) have
proposed that “corporate social responsibility behaviors that are not related to core businesses can change consumers’ preferences for their products, expand product sales, and improve the economic performance of companies”.

To provide strategic guidance for corporate social responsibility activities and improve the correctness of strategic decision-making by corporate managers. Porter and Kramer (2006) have constructed value chain models and competitive environment diamond models that identify social issues that match the core business of the enterprise and have shared value, which can provide decision-making tools for corporate social responsibility practices. Bhattacharyya (2010) proposed a four-tier filtering method including the intention layer, the core layer, the guarantee layer, and the operation layer which can discriminate strategic corporate social responsibility. Luo Wei (2011) designed a conceptual model consisting of a target filter, a focus filter, a commitment filter, an activity filter, to distinguish between strategic and non-strategic corporate social responsibility activities. Strategic corporate social responsibility can create shared values between business and society by strengthening corporate strategies, upgrading core competencies, innovating business opportunities and reducing social risks.

The Evolution of Strategic Corporate Social Responsibility

Some scholars scoff at the behavior of enterprises using social responsibility as a means of brand promotion and accumulation of social capital. They believe that enterprises have the obligation of social responsibility and should not be utilitarian. However, the requirement of “non-utility” may put enterprises in a dangerous situation, as the reform process of state-owned enterprises has amply demonstrated. Corporate social responsibility is an exotic product. Different social backgrounds give different meanings of responsibilities. Only by accurately grasping the evolution of corporate social responsibility can we understand the essential meaning of strategic corporate social responsibility.


In the 1980s, the theory of CSR was introduced into China, which has attracted wide attention from the Chinese government and scholars. Western developed countries, led by the United States, have gone through hundreds of years of market economic development. The practice of corporate social responsibility has achieved great achievements and formed a relatively complete system of corporate institutions. While China is in the early stage of reform and opening up, liberation and development of the productive forces is the main task at this stage. The enterprise as the main body of the microeconomy is the main force to pull the economic “huge ship” of China, and releasing the vitality of the enterprise is the main task at this stage. Driven by economic rationality, the company’s main goal is to create maximum value and earn more profits. Enterprises that value economic interests too much will inevitably suffer social benefits in the process of operation, such as wage arrears, fake and shoddy products, and environmental pollution. During this period, the construction of non-governmental organizations was relatively lagging behind, and people’s sense of social responsibility was weak. The government department became the main force to supervise the behavior of enterprises.

In order to protect the ecological environment, the Environmental Protection Law of the People’s Republic of China was promulgated in December 1989; In order to protect the legitimate rights and interests of consumers, the Consumer Rights Protection Law of the People’s Republic of China was promulgated in October 1993; In order to safeguard the interests of workers, the Labor Law of the People’s Republic of China was promulgated in January 1995. Although the introduction of laws and regulations has had a positive impact on the enterprise's behavior decision-making, the implementation effect is far from meeting expectations. The main reason is that in order to pursue GDP performance, local governments often take an attitude of resignation towards companies. For those actions that do affect the core interests of stakeholders, the government will give certain symbolic punishments, but it doesn't really serve as a warning.

At this stage, the reform of state-owned enterprises was further advanced. In order to establish a
modern enterprise management system, the social service functions attached to state-owned enterprises were stripped away, which greatly liberated the development potential of state-owned enterprises. However, it provides an example of “evading social responsibility” for private companies and foreign companies in society. In this environment, the managers of private and foreign companies face less external pressure and less subjective willingness to actively perform social responsibilities. Therefore, Chinese companies at this stage are more concerned with how to create maximum profits for corporate shareholders without violating laws and regulations.

**Strategic attack: Active Commitment Driven by Instrumental Rationality (2001-2035)**

In November 2001, China successfully joined the World Trade Organization. This event marks a huge change in the internal and external environment that Chinese companies face. According to incomplete statistics, as of 2000, 118 of the 246 production codes in the world were developed by transnational corporations themselves, and the rest were formulated by trade associations or multilateral organizations or international agencies. Chinese enterprises must not only be bound by the rules and regulations of the Chinese government, but also be subject to the behavior of multinational companies. Transnational corporations tend to set high standards of social responsibility, and if Chinese companies do not meet the requirements, their products cannot be exported abroad. Therefore, better implementation of social responsibility is an important way to seek cooperation with national transnational corporations. Article 5 of the new company law of 2006 clearly states that “a company must bear social responsibility for its business activities”. The rise from ethical requirements to legal norms is to solve the conflicts between enterprises and society, and it is also a true manifestation of the increasing awareness of people’s social responsibility. If enterprises evade the scope of social responsibility, they will inevitably be severely punished by the law. For enterprises, evading social responsibility is a bad idea. It is wise to use social responsibility as a strategic tool to actively pursue their own long-term development. How to build the brand through the practice of social responsibility and accumulate social capital is the main task at this stage. We should not pay too much attention to the “instrumental rationality” of corporate social responsibility, but should focus on the “social responsibility” results, because the companies do improve the relationship with stakeholders through actions to promote harmonious coexistence between enterprises and society.

At this stage, Sanlu milk powder incident that shocked all the world. After 2000, with the rapid development of the Chinese economy, the demand for dairy products was booming. In order to quickly seize the market and pursue huge profits, the company ignored the production process and quality control, and was finally discovered that its milk powder contained Melamine, a chemical raw material. As of September 21, 2008, the total number of infants and young children who had received outpatient treatment for eating infant milk powder had reached 40,000 and 4 died. In the end, Tian Wenhua, former chairman of Sanlu, was sentenced to life imprisonment. Food safety is the basic responsibility category of enterprises, It is wise for enterprises to take the initiative to perform social responsibility.

Chen Guangbiao is the Representative person of fulfilling social responsibility, although, his high-profile charity activities caused controversy. However, he proved his strong sense of social responsibility through practical actions. After the May 12 Wenchuan earthquake in 2008, he led a rescue team consisting of 120 operators and 60 large machines to rescue thousands of miles away. He personally hugged, backed and carried more than 200 people, saved 14 people, and also donated over 100 million yuan to the earthquake-stricken areas. Chen's social responsibility behavior has aroused strong social repercussions in the society, accumulated a good social reputation for himself and the company, and received support from government departments. There are many entrepreneurs like Chen, who have won a high social rating through carrying out social responsibility activities and created brands for their own corporate products.

**Strategic challenges: Leading Social Responsibility Driven by the Sense of Responsibility**

At the stage, enterprises take social responsibility more as a kind of obligation, the main behavior characteristics of enterprises is performing well beyond human expectations. In 2035, socialist
modernization has been initially achieved on the basis of the comprehensive realization of a moderately prosperous society. China will form many multinational enterprise groups with large economies and strong competitiveness, which will have strong social influence in the international community. They will become the leaders of global corporate social responsibility practices and the framers of corporate codes of conduct. Meeting the people’s growing need for a better life is the goal of their efforts.

In order to meet people’s growing needs for a better life, enterprises will face new challenges, not only trying to meet the different needs of stakeholders, but also using their own science and technology to seek more benefits for social stakeholders and create a higher level of demand. At this stage, enterprises and social stakeholders will form a community of interests. Consumers will become important members of the company and participate in the strategic management of the company. Companies that cannot or do not want to fulfill social responsibility will be eliminated from society, and those that perform best will become the most profitable companies with the highest market value. This stage of the enterprise is the real meaning of social enterprises.

**Long-Standing Mistaken Idea in CSR Strategy Decision-Making**

From the analysis of the evolution of strategic corporate social responsibility, it can be seen that today’s Chinese companies are in the stage of “strategic attack”, and the external requirements for social responsibility behavior standards are too high or too low, which is not conducive to the implementation of strategic management by enterprises. In the practice of CSR, Chinese enterprises have not formed positive interaction with the stakeholders. The low level of CSR strategy decision-making is the main reason leading to the current predicament.

**One-sided Perception that Stakeholders Do Not Pay Attention to CSR Performance**

As social organization, the development of enterprises cannot be separated from the support of stakeholders. However, corporate managers often have a fluke mentality in implementing social responsibility practices. They believe that stakeholders will not pay attention to CSR performance and choose to evade or “discount” social responsibility. This kind of misperception will often bring about greater business risk to the enterprise. An inappropriate corporate behavior may bring disaster to the enterprise. The corporate reputation accumulated over the years may be destroyed overnight. China has entered the information age of high-speed development, the enterprise’s every move is in the public vision under the new media background. With the development of the Chinese economy and the progress of society, the consumer’s sense of responsibility has gradually increased. They are concerned not only about the quality of products and consumption experience, but also about the CSR performance. If companies do not behave as consumers expect, they cannot get a “currency vote”. Therefore, for enterprise managers, it is necessary to attach strategic importance to corporate social responsibility and effectively implement social responsibility.

**Misunderstanding the Connotation of Corporate Social Responsibility**

If corporate managers cannot understand the connotation of corporate social responsibility correctly, they cannot make the right strategic decision-making. However, there is no consensus in academia on the definition of corporate social responsibility. Friedman’s view that corporate social responsibility is economic responsibility has become untenable. Carroll’s view that corporate social responsibility should include economic responsibility, legal responsibility, ethical responsibility, and charitable responsibility is generally accepted. With the introduction of stakeholder theory, corporate social responsibility is considered to be the social responsibility of consumers, suppliers, employees, communities, and the environment. In the practice of social responsibility, some corporate managers consider the “provision of qualified products” to be the fulfilment of social responsibility, which confuses the concepts of basic corporate responsibility and social responsibility and provides a reason to avoid fulfilling social responsibility. Some corporate managers believe that “corporate social responsibility is doing charity activities”. Under the leadership of this view, some companies have better performance in donating funds, building
schools, etc., but problems have arisen in terms of product quality and environmental protection. It can be said that charity activities have become a shelter for companies to evade social responsibility. For example, the “Changchun Changsheng fake vaccine incident” that occurred in 2018 touched people's central nervous system. In the Supplementary Announcement on the Full Annual Report of 2017 of Changchun Changsheng Biotechnology Co., Ltd., it can be seen that the company actively participates in social welfare undertakings, but its products have problems and seriously endanger the health of young children. The mistake of strategic behavior of CSR brings disaster to the enterprise. For enterprise managers, it is the core task to correctly understand the connotation of corporate social responsibility.

Inappropriate Selection of CSR Category to Take

Enterprises must bear social responsibility, but it does not mean that enterprises must bear all CSR category. Enterprises should selectively perform social responsibility in combination with their own unique advantages, core business, and their own scale. It is wrong and not in line with the reality of the enterprise to argue that the enterprise should bear social responsibility at all costs. Enterprises should seek to fulfill other social responsibilities on the basis of pursuing their own development and creating economic benefits. However, managers must be aware that selective performance is not a choice as to whether or not to “perform”, but rather a choice as to how. Social responsibility cannot be pursued to the detriment of the core interests of the enterprise, nor can it be avoided in pursuit of economic interests. In short, it is an important task for enterprises to choose the social responsibility category correctly. In the practice of social responsibility, there can be no fluke and opportunism. Corporate social responsibility activities should run through the whole process of enterprise production and management activities, and be carried out in conjunction with core business.

Design of Support System for CSR Strategy Decision-Making

After accurately understanding the stage characteristics of the strategic management of CSR and the misunderstanding of strategic decision-making, we can design the strategic decision-making support system of CSR. Before designing the support system, the basic principles to be followed in designing the strategic decision support system are discussed.

The Balanced Principle Among the Social Responsibility Categories

CSR is a complex concept. To perform social responsibility efficiently, corporate managers must accurately understand and follow the balanced principle among social responsibility categories, that is seeking a balance between economic responsibility, legal responsibility, ethical responsibility and charitable responsibility. Firstly, corporate managers must understand which corporate social responsibility categories are feasible and explore the interrelationships among them. Obviously, the balance point among different CSR categories is not the same for different types of enterprises. Some companies are focused on environmental protection, while others have made great achievements in charity activities. Secondly, the real meaning of social responsibility in different periods is constantly changing. For example, the initial meaning of economic responsibility is to maximize profits for shareholders. However, with the progress and development of the economy and society, economic responsibility emphasizes more on the realization of the legitimate rights and interests of shareholders on the basis of fully taking into account the interests of stakeholders. Therefore, at this stage, enterprises must pay attention to the legitimate rights and interests of consumers, suppliers, and environmental stakeholders. Finally, the social responsibility categories at different times can be transformed into one another. For example, with the perfection of the economic system and the urgency of reality, some ethical responsibility categories will rise to the height of the law and have the force of the law; With the enhancement of people’s social responsibility consciousness and citizen's consciousness, some legal responsibility categories may be transformed into ethical responsibility categories, which are regulated by morality.

Due to the expansion of CSR categories and the mutual transformation between each other, the
balance point among the CSR categories is difficult to grasp. Enterprise managers must fulfill social responsibility scientifically and fully consider the legitimate demands of stakeholders combining with their long-term development strategy, according to the economic and social environment they face. Otherwise, the implementation of CSR strategy will increase the cost of enterprises’ production and operation and increase the risk of enterprises.

Research on Support System of CSR Strategy Decision-Making

CSR strategy decision-making is a systematic management process, which should be carried out in an orderly manner according to the process of “strategic analysis→strategic choice→strategic implementation→strategic control”.

![CSR strategy decision-making support system](image)

Strategic analysis can identify the environmental factors that affect enterprise development strategies in the current and longer term, and rank the factors of influence by weight. Firstly, managers must establish the enterprise mission and vision. It is impossible to establish an CSR development strategy without an objective, and the vision and objectives are the basis for strategic analysis. The strategic vision is a theoretical assumption for the level of future social responsibility practice that can be achieved, that combining the core business, giving full play to the role of potential factors, which can show the direction for future corporate social responsibility activities. Secondly, SWOT analysis method is used to find out the internal and external environmental factors that affect the implementation of the CSR strategy. Advantages and disadvantages focus on analyzing the internal environment of the enterprise, and opportunities and threats focus on analyzing the external environment of the enterprise. The internal environment of enterprises refers to the relevance of core production capacity and social responsibility practices, mainly focusing on the relevance of shareholders, employees and other internal stakeholders, corporate culture, human capital and the important role in the formation of core production capacity. The external environment of enterprises refers to the economic environment (the development level of the Chinese economy, the overall performance of CSR), the political environment (the laws and regulations related to CSR, the development of social organizations), and the technological environment(support of enterprise production technology to corporate social responsibility practice), social and cultural environment(cultural traditions, quality of citizens).

The strategic choice is a strategic plan and action developed after the strategic analysis, making full use of advantages and opportunities, and avoiding disadvantages and threats. At this stage, on the basis of clarifying the four aspects of “what you want to do, what you may do, what you need to do, and what you can do”, the enterprises should establish the objectives in implementing social responsibility strategies and further establish priorities for implementing social responsibility categories. The process of social responsibility strategy selection is related to the work plan of the future enterprise for several years. Once the problem of strategic choice arises, it will affect the long-term development of the enterprise. Strategic choices can be carried out in accordance with the process of “developing options→evaluating options→selecting final options”. Each link must be
fully demonstrated and implemented carefully. Firstly, in developing options, enterprises should identify the types of CSR strategies that can be implemented, such as the social responsibility practice strategy based on “charity responsibility”, the social responsibility practice strategy based on “environmental responsibility”, and the social responsibility strategy based on "consumer responsibility". Secondly, in the evaluating options, the main examination is whether the opportunity of the external environment has been fully utilized, the potential threat has been avoided, and whether the selected strategy can enable the company to win the competition. Finally, in choosing the final option, it is not only necessary to assess the potential benefits to the enterprise from the strategic choice, but also to pay attention to the potential risks and develop a risk treatment plan in the event of an accident.

Strategy implementation is a process in which the selected strategy is put into action according to the design process under the leadership of the enterprise manager. The allocation of internal resources and the design of organizational structure must be centered around the goal of promoting strategic implementation. Firstly, it is important to understand the task of implementing the strategy, such as establishing a strategic organizational structure for corporate social responsibility, formulating decision-making procedures and methods, standardizing the channels for information exchange among employees, and clarify the functions and division of labor of employees. Secondly, the mode of strategy implementation is determined. Generally including command-type model, transformative model, cooperative model, cultural model and so on. According to the characteristics of the CSR strategy implementation, it is more practical to adopt a cooperative model. The cooperative model requires managers at different levels of the enterprise to perform their respective duties and actively participate in the implementation of the strategy, which is in line with the basic characteristics of the full participation in the implementation of social responsibility. However, enterprises can also combine their own characteristics and choose targeted strategic implementation methods.

Strategic control can effectively adjust the deviations in the CSR implementation. Corporate managers can implement strategic control in the order of “setting goals→setting evaluation standards→measuring actual results→comparing gaps→diagnosing and correcting”. In this link, it is very important to formulate a scientific evaluation system of CSR. If the standard is too high, the corporate social strategy goal cannot be achieved. If standards are set too low, there is no real point in implementing corporate social responsibility strategies. The evaluation system of CSR can be formulated by itself, or it can draw on the evaluation methods formulated by other enterprises in the same industry, or draw on the evaluation methods proposed by authoritative research institutions. Through the implementation of strategic control, enterprises can move steadily along the strategic goals. If problems are found, corrective measures will be formulated in a timely manner, which reduces the risk of failure in the strategy implementation.

Institutional Construction of Implementing the CSR Strategy Decision Support System

In order to ensure the operation of the CSR strategic decision support system, enterprise managers should do a good job in the following aspects.

Establishing Departments to Ensure Synergy Between Social Responsibility and Core Business

In order to achieve the organic integration of CSR strategy and core business, and give full play to the synergy, enterprises can set up social responsibility leadership agencies and implementation departments. Enterprises can set up a social responsibility strategy committee, taking the chairman of the board as the chairman of the strategy committee, and strategically guide the CSR practice activities. The strategic committee has some specific organizational implementation agency, such as the establishment of the Ministry of Social Resources Management and the Ministry of Market Investigation. The key to the implementation of the CSR strategy lies in how to obtain social resources through social responsibility practice activities. For example, internal stakeholders such as shareholders and employees are important internal social resources of the company, how to
obtain their support is a problem that the social resources management department needs to solve. Consumers, communities, the environment, the government, etc. are important external resources of the company, how to integrate their interests into the core production business of the company is also an important research topic of the social resources management department. If integrated well, the enterprise can get their support. Otherwise, CSR practices may not be responsive to external stakeholders. The market research department is mainly responsible for collecting information of the impact of CSR practices on stakeholders, the demand of internal and external stakeholders on companies, and the impact on consumer preferences. This information provides the basic guarantee for the effective connection between the CSR practice and the core business.

Making Full Use of New Media to Communicate with Stakeholders

Market investigation departments must use new media when collecting information. For enterprises, new media is a double-edged sword. Poor use may cause great trouble for enterprises, and good use can produce a larger brand shaping effect. Instead of just establishing or owning new media accounts, enterprises should set up specialized new media application management departments, working to establish a network of new media transmission. The enterprises can communicate their social responsibility activities with stakeholders in a regular or irregular way and see each contact as an important opportunity for branding. Therefore, in the use of social media to promote CSR activities, companies need to formulate scientific social media use guidelines and strictly require corporate employees to use social media.

Establishing Incentives and Disincentives to Promote Employee to Participate in Social Responsibility Strategies

The CSR strategy is a systematic project, a link of problems may lead to the failure of CSR strategy. Therefore, in order to ensure the implementation of the CSR strategy, the enterprises must establish the incentive and restraint mechanism of “radish+stick”. In addition, this incentive and restraint mechanism should run through the entire process of enterprise strategic management. The individuals or organizations that perform more prominently in each link should be given reward. While those individuals or organizations that have problems with the strategic management of CSR must be given severe penalties. When weighing the use of incentives and penalties measures, the penalties measures should be strengthened. Only in this way can it have a warning effect on the employees of the company and effectively enable each employee to understand the responsibilities he should assume in all aspects of the strategic management of CSR. A little carelessness may lead to the failure of the implementation of the CSR strategy.

References


