

Corporate Social Responsibility in China: Status Quo, Trends & Policies

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Background

- ❑ China implements the Reform and Opening Up policy, establishes market economy, adopts the “Small Government, Big Society” approach, and thus more administrative functions are performed by the society;
- ❑ Many social issues require joint efforts of social forces;
- ❑ The Chinese government advocates the Scientific Outlook on Development to build a harmonious society. CSR promotion serves as micro-foundations for this goal;
- ❑ CSR has become an issue that enterprises, government agencies and social organizations must ponder and solve prudently.

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I. Status Quo of CSR in China

Serious & Pressing Social Issues in China

- ❑ Unfair wealth distribution and widening wealth gap between regions, classes and groups;
- ❑ Deteriorating environment and exhausting resources seriously endanger sustainable development of the economy and society;
- ❑ Issues concerning health and occupational safety cause adverse social impacts;
- ❑ Social service is far left behind by economic growth.

China's CSR Achievements

- ❑ Although CSR in China is underdeveloped, the awareness of CSR has been heightened;
- ❑ CSR practice is surging up;
- ❑ An array of famous enterprises that value CSR have emerged.

Obstacles to CSR Development in China

- ❑ Numerous SMEs are so weak and short-lived that they can not or will not take social accountability;
- ❑ NGOs are underdeveloped, and the organizational force, channel system and social atmosphere for CSR performance are not strong enough;
- ❑ Among enterprises, CSR performance has not become a common practice; in the market, no effective motivational mechanism is available;
- ❑ Due to lack of systematic planning and organization, CSR is mostly performed passively, aimlessly and irregularly.

Indicators of CSR Deficiency

- ❑ Evasion of taxes and social payments in disregard to CSR;
- ❑ Little consideration of social accountability for employment and thoughtless burden shift to the government and society;
- ❑ Poor awareness of environmental protection;
- ❑ Making of incompliant or fake products to the fraud of consumers;
- ❑ Docking of employees' salary and benefits
- ❑ Indifference to public benefits;
- ❑ Acquisition of monopoly earnings by boycott of competition or unfair competition;
- ❑ Lack of integrity;
- ❑

II. CSR Development Trends in China

The rise and development of CSR in China is

- closely related to the general climate of Reform and Opening Up
- closely related to the features of the Chinese society in transition

This is the foundation for studying the development trends of CSR in China

1. Form Common Sense: CSR awareness should be raised

- ❑ CSR is a longtime, sensible and active investment
- ❑ Enterprise should not achieve development at the price of others or the society;
- ❑ Enterprise should seek sustainable, sensible and scientific development rather than short-term development only;
- ❑ Enterprise should think of the interests of both the live and the next generation;
- ❑ Enterprise should strengthen both self-regulation and social regulation.

2. Build a Community: a win-win mechanism for enterprise and society

- ❑ Enterprises, employees and consumers partake in CSR practice together;
- ❑ The transparency and credibility of CSR are increased in the mind of consumers and investors;
- ❑ Enterprises with good CSR performance are motivated by consumer purchase and a positive interactive mechanism is fostered.

3. Lifelong CSR Performance: social accountability is always a must-do of an enterprise

- ❑ Enterprise should, since establishment, observe the law, attach importance to environmental protection, pay taxes by law, and abide by labor standards;
- ❑ Enterprise should embrace the awareness of social accountability into its whole lifetime of foundation, survival, development and termination.

4. Systematization: CSR will undergo systematic construction in China

- ❑ According to the new ***Company Act*** promulgated in Jan. 2006, CSR shall be a compulsory duty of corporations, which forms the legal basis for CSR;
- ❑ SASAC standardized CSR performance by central enterprises for the first time in the ***Regulation upon CSR Performance by Central Enterprises*** in Jan. 2008;
- ❑ Trade unions have released CSR guides to promote standardized CSR performance;

5. Globalization: CSR will show a clearer sign of globalization

- ❑ MNCs doing business in China will perform more CSRs in China;
- ❑ Chinese enterprises “going abroad” will perform CSR in the countries concerned;
- ❑ More Chinese enterprises will adopt globally accepted CSR standards and thus join the global uniform standard system;
- ❑ More involvement in global initiatives for the purpose of environmental protection and low carbon.

6. Characterization: to show advantages and characteristics of the Chinese culture

- ❑ The awareness of improving the image of Chinese enterprises in the international market will be increased;
- ❑ CSR performance features characteristics and cultural traditions of China;
- ❑ A CSR operating and management mechanism will be created in compliance with China's market economy.

III. Feasible Policies for Chinese Enterprises to Promote CSR

Proactive Efforts by the Government

- ❑ Establish a CSR reporting system to meet expectations of the market and society;
- ❑ Develop a CSR supervision mechanism under govern instruction by prescribing responsibilities of public interest representatives and managers in the form of state legislation and government regulation to include CSR in a legalized and standardized management system;
- ❑ Create a social mood suitable for enterprises to perform CSR and thus sharpen their competitive edge.

Collective CSR Program by Industrial Chain

- ❑ Including all internal and external vested interests;
- ❑ Carried out in product design, packaging, manufacturing and logistics, from material procurement up to recycling of waste and used goods.

Competitiveness Building by CSR Performance

- ❑ Transform the course of CSR performance into development opportunity by improving market environment and functions;
- ❑ Root CSR awareness into corporate operation, labor employment and production.

Social Marketing

- ❑ Social marketing, as the utmost stage in the progress of marketing, is a correction to the pure marketing conduct, and also an expansion of traditional marketing domain.
- ❑ Combine corporate business interests with public interests by using technical, economic and educational approaches which enterprises are good at to stimulate behavioral reform.

International Standard

- ❑ In 2001 Social Accountability International (SAI) released SA8000, a global social accountability standard;
- ❑ Although it is sort of difficult for Chinese enterprises to implement it now, it is the inevitable trend in the long run;
- ❑ Exercising this international standard may improve labor-capital relations and working conditions and meanwhile boost the public perception of Chinese enterprises and the international competitiveness of their products.

Collaboration

- ❑ Set up strategic partnership with nonprofit organizations in the community and provide them with manpower and material support;
- ❑ Help nonprofit organizations with corporate expertise and know-how to achieve CSR objectives more effectively.

CSR Management

- ❑ Include CSR into corporate strategy;
- ❑ Set up internal functional departments to make operating instructions and appraisal standards;
- ❑ Release CSR report on a regular basis to increase information transparency and public credibility.

Conclusion

- ❑ CSR involves a progressive course of development and it is starting up in China;
- ❑ China is developing a healthy CSR trend, aiming to realize that people live a life of well-being, protect the environment consciously, and sacrifice themselves voluntarily for the community;
- ❑ Government agencies, enterprises and nonprofit organizations will make joint efforts to encourage more enterprises in effective actions.

Thank You !