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CORPORATE SOCIAL RESPONSIBILITY AS A NEW DEVELOPMENT TREND OF CHINESE BUSINESS MANAGEMENT

The concept of «Corporate Social Responsibility (CSR)» emphasizes that companies should balance their stakeholders such as employees, customers, suppliers, the environment and communities while maximizing profits. With the advance of economic globalization and the emergence of new social problems caused by it, corporate social responsibility gradually became a global movement. As a kind of strategic thinking and management mode of company management system, corporate social responsibility has been paid more and more attention by the business community. Due to various reasons, the practice of CSR implementation in China started late. However, China also attaches more and more importance to the significance of corporate social responsibility for the company and social economic development. A series of relevant laws and regulations have been promulgated in China. It can be said that corporate social responsibility has become a new and important challenge and development trend of Chinese business management.

Keywords: *corporate social responsibility, stakeholders, economic globalization, Chinese business management, laws and regulations*

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КОРПОРАТИВНАЯ СОЦИАЛЬНАЯ ОТВЕТСТВЕННОСТЬ КАК НОВАЯ ТЕНДЕНЦИЯ РАЗВИТИЯ КИТАЙСКОГО УПРАВЛЕНИЯ БИЗНЕСОМ

Концепция «Корпоративной социальной ответственности (КСО)» подчеркивает, что компании должны обеспечивать баланс между своими заинтересованными сторонами, такими как сотрудники, клиенты, поставщики, окружающая среда и сообщества, при максимизации прибыли. С развитием экономической глобализации и появлением новых социальных проблем, вызванных ею, корпоративная социальная ответственность постепенно превратилась в глобальное движение. Как своего рода способ стратегического мышления и управления системой управления компанией, корпоративной социальной ответственности уделяется все больше внимания со стороны бизнес-сообщества. По разным причинам практика внедрения КСО в Китае началась поздно. Однако Китай также придает все большее значение корпоративной социальной ответственности для компании и социально-экономического развития. В Китае был принят ряд соответствующих законов и подзаконных актов. Можно сказать, что корпоративная социальная ответственность стала новым и важным вызовом и тенденцией развития китайского управления бизнесом.

Ключевые слова: *корпоративная социальная ответственность, заинтересованные стороны, экономическая глобализация, управление китайским бизнесом, законы и нормативные акты*

Introduction

The concept of «Corporate Social Responsibility (CSR)» was first put forward in 1924 by British scholar Oliver Sheldon in his book «The Philosophy of Management», emphasizing that enterprises should pay attention to the balance among employees, customers, suppliers, environment and community and so on in addition to earning the maximum profit, which are called stakeholders [1]. In the 21st century, with the advance of economic globalization and the emergence of new social problems caused by it, corporate social responsibility gradually became a global movement.

Current situation of CSR and relevant laws and regulations in China

Due to various reasons, the practice of CSR implementation in China started late. Most corporate managers have not really understood the connotation of social responsibility, lack a deep understanding of business ethics, too much pursuit of economic interests, weak awareness of corporate social responsibility, and disregard the demands of stakeholders. The Blue Book of Corporate Social Responsibility (2019) issued by the Chinese Academy of Social Sciences systematically evaluated the CSR management level and CSR information disclosure level of China's top 300 enterprises: The research shows that the overall CSR development of China's top 300 enterprises is still in the initial stage, and half of the enterprises are in the bystander stage. Nearly 70 % of corporate social responsibility management is absent.

How to strengthen the construction of social responsibility has become an urgent issue for enterprises to consider. Chinese government departments have also issued a series of laws and regulations to provide legal basis and guarantee for the implementation of corporate social responsibility. Some documents of corporate code of ethics in China are given in table [2].

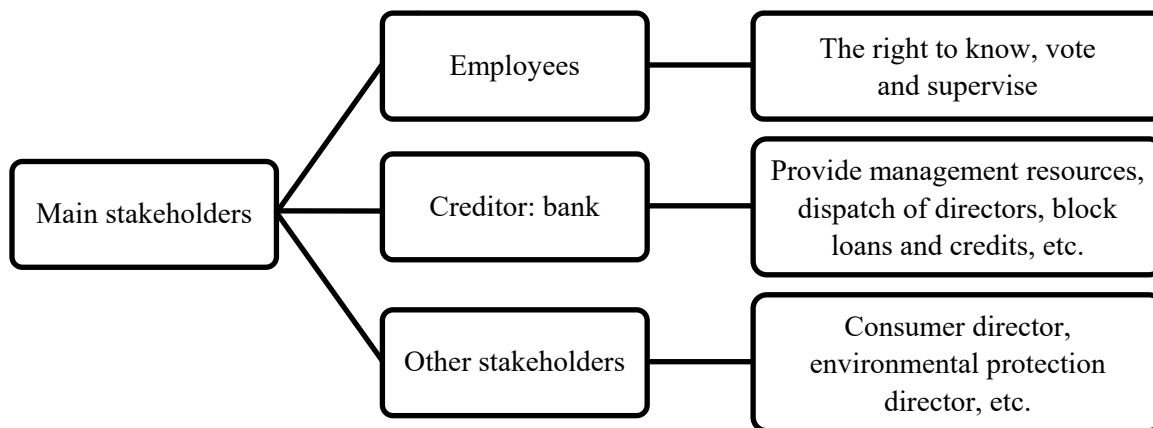
Some laws and regulations in the field of CSR in China

Time	Document	Key content
2006	Article 5 of the new Company Law	The first time that CSR has been written into law in China
2008	Guidelines on Environmental Information Disclosure of Companies listed on the Shanghai Stock Exchange	Shanghai Stock Exchange encourages enterprises to timely disclose social responsibility reports
2011	Chinese Corporate Social Responsibility Reports	Clarified the format and index system for the compilation of corporate social responsibility
2016	Guidance on State-owned Enterprises to Better fulfill their Social Responsibilities	Put forward the overall goal and principles of State-owned enterprises to fulfill their social responsibilities
2018	Governance Code for Listed Companies	Advocating that listed companies pay attention to ecological civilization construction and fulfill social responsibilities: restrain controlling shareholders and protect the interests of small and medium investors
2022	The Way of Central Corporate Social Responsibility Management	A systematic summary of the outstanding and typical experience of central enterprises in social responsibility management in the past

From the promulgation of these laws and regulations, we can find that China attaches more and more importance to the establishment and improvement of corporate social responsibility system.

Main stakeholders of CSR management in China

In China, as a kind of strategic thinking and management mode of company management system, corporate social responsibility has been paid more and more attention by the business community [3]. The traditional corporate governance structure is based on the basic idea of «shareholder interest standard», which emphasizes that the main responsibility of the directors of the company is to act for the interests of shareholders, while the theory of corporate social responsibility is based on the basic idea of «social standard», which requires that the corporate governance structure should not only solve the problem of agency costs, but also balance the relationship between the company and stakeholders. This emphasis and strengthening of corporate social responsibility launched a huge impact on traditional corporate governance and triggered a beneficial exploration to improve the corporate governance structure, which focus on the main subjects in figure [4].



Main stakeholders of corporate governance in the field of CSR in China

1. Improvement of employee participation system.

As the owner and provider of the company’s human capital, employees have made long-term human investment in the company and undertaken corresponding risks. They are the direct stakeholders of the company’s interests and are in the same important position as shareholders. Employees should participate in the decision-making of the company by entering the board of directors and the board of supervisors, and supervise the operators to safeguard their own interests.

2. Creditors participate in governance.

In China, bank loans constitute the main source of corporate capital and are therefore the largest creditors. Banks rely on absorbing public funds as the main source of funds for their loans. Therefore, facing the pressure from depositors, banks have the power to supervise the use of loans. It can be said that banks have unique conditions and advantages to participate in corporate governance and supervise the company’s business activities. However, Chinese Commercial Bank Law and the Securities Law prohibit commercial banks from holding company shares. Therefore, China will not implement the main banking system like that of foreign countries. However, banks can participate in corporate governance by sending representatives to the board of directors and the board of supervisors. If the bank occupies a seat in the company’s authority, it can better monitor the company’s financial situation, and thus play its due role in the governance process to ensure that the company’s operation and capital use meet its own interests and requirements.

3. Improve other systems to guarantee the company’s social responsibility.

In addition to the above-mentioned employees and creditors, the non-shareholder stakeholders here also include the company’s customers, community residents and local natural environment. They should also have the right to restrict and supervise the company’s behavior. However, the way for these stakeholders to participate in corporate governance should not be regarded as a general provision. Different participation structures should be designed according to their interests. For example, the establishment of consumer directors in the company and the participation of consumer representatives in the company’s decision-making process; or the establishment of environmental protection directors and the introduction of environmental protection representatives into the company’s decision-making process. With the maturity of this theory and the continuous exploration in practice, the institutional arrangement of the corporate governance structure will become more and more reasonable, and the company’s sense of responsibility to the society will gradually increase, making greater contributions to the society while making profits.

To sum up, with the continuous intensification of the global economy, the complex and changeable economic environment constantly puts forward new requirements for the management efficiency and the fulfillment of corporate social responsibility. Although the practice of corporate social responsibility in China started late, it has developed rapidly. Corporate social responsibility has become a new and important challenge and development trend of Chinese business management.

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