

CORPORATE SOCIAL RESPONSIBILITY V.S. CORE COMPETITIVENESS

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Some people named the year of 2008 as the first year of the Chinese Corporate Social Responsibility. Wan Ke, the most respectable enterprise in China was felled during the 8 magnitude earthquake. Mr. Wang Shi, president of Wan Ke lost his four years' continuous title as excellent corporate citizen due to his words, which is, the company only donates RMB 2 million yuan and no one employee in Wan Ke can donate more than RMB 10 yuan. "The San Lu Milk event" pushed the whole national milk industry fall into dire straits and caused the dismissal of some leaders of the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and Hebei province. The consumers didn't have any confidence in the national milk industry any more. These events not only aroused the endless discussion but also let the public focus on one serious subject, that is, how can one enterprise and one industry gain a place in the society and how can they shoulder the social responsibility. There was one article titled recommending one letter by Mr. Lu Guanqiu in the People's Daily On Oct. 15, 2008. The article quoted the letter by Mr. Lu Guanqiu, deputy to the National People's Congress and chairman of the board of Wanxiang Group. "From ancient times to the present, no one can develop by separating

himself or herself from social responsibility. The social responsibility is the prerequisite of the enterprises' existence, the reflection of the enterprises' values, the accumulation of the market prestige and the cornerstone of establishing the world famous brand.....". In deed, the fulfillment of the corporate social responsibility is to promote the core competitiveness. Then, how can the enterprises turn social responsibility into competitiveness? What's the necessity of fulfilling the corporate social responsibility by the Chinese salt enterprises? How can we fulfill the corporate social responsibility?

After experiencing the primitive capital accumulation and the resources optimization and conformity, the enterprises stepped into the new competition stage of corporate citizen. The social responsibility has been regarded as the general accepted index of high standard and serious requirement on good enterprises. From the Dow Jones Sustainability Indexes in U.S.A. in 1999, the Footsie for Good in U.K. in 2001 to the RepuTex in Australia, the international society pay more attention on the corporate social responsibility and let it be quantitative.

Following the acceleration of the economic globalization, the idea of corporate

social responsibility spreads from the West to the whole world. Under this background, the indexes of judging the enterprise operation condition have been developed from the simple economic indicator at the early stage to the comprehensive corporate social performance indicators. That is to say, when judging one enterprise's operation result, more attention should be paid on how it finds social demands and its performance on reaching those demands by specific projects. Promoting social responsibility will not only improve enterprise's social image but also help the enterprise get the permit of entering the international market and promote the long-term profit. Mr. Olin Smith, CEO of Starbuds, once said, one of the Starbuds's biggest achievements is that it successfully persuades the consumers to buy a cup of coffee with social responsibility at \$3 high price. This same situation is also in DuPont. DuPont was just a small powder workshop with the total assets of \$36,000 when it was established. It has been developed into a transnational giant with the \$24 billion annual sales revenue. All the developments are due to DuPont's attention on corporate social responsibility.

It was boasted on the World Economic Forum that whether one enterprise has social responsibility is one of the key factors if it can be successful in the global competition. In fact, more enterprises' practice and research results fully explain that there is the forward correlation between the social responsibility and the enterprises' performance. The enterprises can totally transfer the social responsibility into the real competitiveness. It is reflected in following aspects.

Promoting Financial Performance

Facts speak louder than words! The financial analysts of Dow Jones Sustainability Indexes found that those companies which paid much attention on the social and environmental impact had better stock performance than those which paid no attention. Innovate Strategic Value Advisors also found that those companies with excellent environmental performance also has good financial performance.

Besides, one research was carried out by DePaul University of U.S.A. on corporate social responsibility and financial performance in 2002. The research compared the financial performance between the top 100 corporate citizens accredited by Business Ethics Magazine and the top 500 enterprises in Standard and Poor's. The financial performance comparison was based on the following 8 statistics, which are, 1 year overall rate of return, 3 years overall rate of return, 1 year sales growth, 3 years sales growth, 1 year profit growth, 3 years profit growth, net profit and return on equity. The conclusion was that the overall financial situation of best corporate citizens was much better than that of those top 500 enterprises of the Standard and Poor's. The average score of the former kinds of enterprises is 10 percent higher than the later ones.

Reducing the operating costs and improving efficiency

At present, more and more enterprises are racking their brains to tap new sources of supply and reduce consumption. In fact, those corporate citizens, such as DuPont and 3M, have found other alternatives. They set pollution prevention as the priority and settled the problems.

Every employee in DuPont bears this sentence in mind, that is, don't leave your footprint on the earth. This sentence has two-tier meaning. First, less non-renewable resources should be used. Second, all emissions should be reduced to the minimum limits and no harm should be done on the environment. Waste reduction and resources renewal are the environmental managing priority of DuPont. Therefore, the environmental protection is no more negative increase of enterprise operating costs but is the way for improving profits.

In 1975, 3M began to push 3P plan. 3P represents pollution, prevention and pays. 3P plan controlled from the pollution source---the beginning of the production, re-planned the products, improved the production process, re-designed the production equipments and re-cycles the waste. 3P Planning Committee was formed by the engineers, the production experts and the laboratory staff and specially manages the 3P plan. The committee approved those standard projects and encouraged innovative projects. The 3M global employees worked together and initiated near 5000 3P plans. By 2002, about \$0.894 billion was saved in 3M. Besides those dominant cost savings, 3P plan also reduced the incidence of accidents and legal disputes related to pollution, protected the staff's health. More staff participated the decision making process and innovative culture was strengthen.

Improve the Sales and Consumers Loyalty

A large number of research results show that the more attention the enterprise attach on social responsibility, the bigger market share it may get. The customers of today have more

social awareness, especially American and European customers. They focus on not only the purchase factors, such as price, quality, safety and convenience, but also how the products are produced. It is incredible for the consumers to buy products made by the exploitation of child labor, women and prisoners.

An interactive survey was carried out by Hill & Knowlton/Harris in 2003. The survey showed that Americans attach great importance to corporate social responsibility. When they knew if one company had negative actions on social responsibility, nearly 91% Americans would choose products and services from another company. 85% would pass this information to families and friends. 83% would refuse to invest this company and 80% would refuse to work in the company.

Construct Talents Highland

Human resource has been one of the most important resources in the era of knowledge economy. To some extent, the scramble of the first-class talents is the essential factor in the enterprise's success.

As the saying goes, "A good bird chooses its wood, a good knight chooses his lord." When choosing their jobs, people of prominent capacity are always careful. Nowadays, more than 3/4 Americans will think of the social images of their future employers when finding jobs. Only in open, innovative and social ethics-obeyed enterprises can the morale be high and every employee be proud of his career and dedicated to the development of the enterprise.

Enterprises involved in the social responsibility are much more famous and easier to get customers' favorable impression

and excellent talents. The benefits are to save management and relevant recruitment and training costs. A considerable number of people will measure the enterprises' qualification by corporate social responsibility even though the personnel is excess and good jobs are hard to get.

Lower Supervision and Market Barriers

Those enterprises obeyed governmental laws and regulations conscientiously will get more freedom from the central and local governments. In the United States, the national and state environmental supervision agencies all have the formal plan. Those enterprises trying to reduce the impact on environment, health and safety will be recognized and awarded. The check and procedural work towards those enterprises will be reduced. When the enterprises submit application, they even can get some preferential treatment. The U.S. Federal Ruling guidelines prescribe that if one enterprise really fulfills corporate social responsibility to every aspect and implements effective ethnics plan, the punishment and fine on that enterprise will be reduced or omitted.

Traditionally, the Chinese enterprises are used to pursuing short-term economic rapid increase and ignoring the long-term construction of corporate ethnics and the authentication of the social responsibility standard. However, when more and more Chinese enterprises enter into the international market and face one unfamiliar social responsibility standard, they will realize the importance of passing the authentication of those social responsibility standards. Passing the authentication will not only help us get the passes to international market and break through the business and market barriers

ingeniously, but also play a key role in promoting the enterprise's brand image quickly. If the Chinese enterprises want to enter the international market and connect with the international ideas, they must recognize the core thoughts of social responsibility, participate in the trends actively and face the challenges raised by the corporate social responsibility globally.

The Necessity of Fulfilling Social Responsibility by Chinese Salt Enterprises

I. The Specific Characteristics of the Enterprises

As the main subject of the national table salt monopolization, the Chinese salt enterprises shoulder the social responsibility of eliminating Iodine Deficiency Disorders by Universal Salt Iodization, which is closely connected with the national economy and the people's livelihood and is the specific activity in fulfilling the Chinese government's commitment to the United Nations.

II. Strictly Obey the Laws and Regulations

The fulfillment of the corporate social responsibility is the conscious activity in enforcing the scientific development thoughts and building the harmony society. At present, the central government issues regulations and require the enterprises to improve the fulfillment of social responsibility and be good corporate citizens, esp. the state-owned enterprises. The requirements are as follows, attaching great importance on saving energy and environment protection and enforcing the labor law and the labor contract law. As the laws and regulations obeyed enterprises, the Chinese salt enterprises must take the lead in fulfilling the social salt responsibility.

III. Promoting the International Status and the Brand Competitiveness

Nowadays, the enterprises' competition has been transferred from the price, quality and services into the culture-related brand. To get the customers and the public's recognition by the enterprises culture of rich social responsibility is the deep-graded, high-leveled and intelligent choice in competition. At present, the Chinese salt enterprises are trying their best to establish the national famous brand. If the social responsibility is involved in the brand establishing process, the customers' trust and loyalty on the brand will be strengthened.

IV. International Development Tendency

If the Chinese salt enterprises want to strengthen and enlarge themselves, they must enter into the international market. When building the excellent international companies, we must accept and obey the international standards in many aspects. At present, the corporate social responsibility was attached great importance in the American and European countries. When most international companies choose their collaboration partners, they will check the qualification by the fulfillment of the social responsibility. Some of the top 500 enterprises even set corporate social responsibility at the first place when they choose the suppliers. Then they consider the price, quality and etc.. Therefore, we should pay much attention on the corporate social responsibility when we try to enter into the international market.

The Aspects Should be Considered When the Chinese Salt Enterprises Fulfill the Corporate Social Responsibility

I. Try to build the enterprise's culture

The connotation of one enterprise's culture is the mechanism and the structure which can keep the excellent employees, the cultural atmosphere which the employees boundlessly loyal to and the harmonious environment that employees can mastermind. The enterprise's culture cannot be realized by the enterprise leaders' words. It needs practical activities. If the enterprise is not responsible for the employees, how can the employees be faithful to the enterprise? The Chinese salt enterprises should focus on enterprises culture establishment. The enterprises development goal, which is, leading the modern salt industry and creating new life, should be the every employee's goal.

II. Lay stress on the ethical responsibility

The enterprise which lays stress on the ethical responsibility is bound to get the government trust and the customers' recognition. The Chinese salt enterprises should try their best to eliminate the negative influence of the operation activity, the products and the services, quicken the industry technology escalation and the optimization of product structure, develop into green manufacture enterprises and bring healthy, environmental-protected and delicious salt ideas to customers.

III. Support social public welfare

With the support of UNICEF, the Chinese salt industry greatly pushes forward the IDD Elimination in China. The iodized salt coverage rate increased from 30% to over 90%. The IDD Elimination in China was awarded as the world model and the milestone

success. In the future, the Chinese salt industry will follow up the IDD Elimination work in those provinces and regions which haven't reach the goal. Meanwhile, the Chinese salt industry must help the IDD Elimination work in other regions of the world by different means.

The emergency of corporate social responsibility in China is one big challenge for the Chinese salt industry. The Chinese salt

enterprises need to change and modify in many areas according the social responsibility standard. However, the emergency of corporate social responsibility is also a good opportunity for the Chinese salt industry. If the Chinese salt enterprises make good use of it and modify themselves seriously and properly, they can transfer it into core competitiveness and the influence of those enterprises will be improved in great deal.