

# *Nature of Ultimate Property, Degree of Marketization and Corporate Social Responsibility of Cultural Enterprises*

Chunyan Shao

*School of Accountancy, Shandong University of Finance and Economics, Jinan, Shandong, China*

**Keywords:** Nature of ultimate property, Degree of marketization, Cultural enterprises, Corporate social responsibility

**Abstract:** This paper studies the influence of the degree of marketization in the region on the fulfillment of social responsibility of cultural enterprises and the effect of ultimate property right on the relationship between marketization degree and social responsibility of cultural enterprises through empirical methods. The research shows that compared with the state-owned cultural enterprises, the social responsibility implementation level of private cultural enterprises is higher; the higher the degree of marketization in the area where cultural enterprises are located, the higher the level of corporate social responsibility fulfillment; compared with the state-owned cultural enterprises, the degree of marketization has a more significant role in promoting the social responsibility implementation of private cultural enterprises. Therefore, we should speed up the process of marketization in our country and guide cultural enterprises to improve their performance level of social responsibility according to the nature of ultimate property rights.

## 1. Introduction

The concept of corporate social responsibility was first proposed by American scholar Sheldon. In a long period of time after that, everyone's understanding of corporate social responsibility is not totally the same. In 1979, the scholar Carroll proposed that corporate social responsibility is the sum of the social desirability of economic, legal, ethical and charitable to enterprises or units within a given period of time. This concept is widely accepted by everyone. While improving their own economic interests, enterprises should also fulfill their respective corporate social responsibilities in response to various stakeholders. (Dodd, 1932). However, with the rapid development of the economy, enterprises in various countries have increasingly shown a series of corporate social responsibility issues while improving their own economic benefits. This has caused much concern in both the theoretical and practical circles. Currently, China wants to develop the cultural industry into a pillar industry of the national economy. Therefore, we must pay attention to the development of cultural enterprises. Cultural enterprises have ideological attributes, and the products and services provided by cultural enterprises directly affect people's views on life, values, and world. Therefore, cultural enterprises bear the social responsibility of inheriting the traditional culture of the country and guiding people's value views. And the cultural heritage and the value views of people in a country are the "soft power" that affects the development of the country and can guide the direction of the country's cultural development. Therefore, cultural corporate social responsibility becomes

particularly important and has become an indispensable factor in improving the soft power of China's cultural industry. At the same time, in recent years, Chinese cultural enterprises have also experienced some social responsibility problems while developing at a high speed. (For example, some characters in the game do not match the real historical figures, this will lead to misunderstanding of historical figures by young people; after some media websites are opened, many vulgar contents will pop up; etc.). All of these have seriously affected people's outlook on life, values, and world, so it is necessary to attach great importance to cultural corporate social responsibility.

Currently, a series of studies on corporate social responsibility has been conducted in the theoretical field. At present, domestic and international research on corporate social responsibility focuses on the aspect of motivations and consequences. Among them, research on the economic consequences of corporate social responsibility, that is, research about the influence of corporate social responsibility on the financial performance of enterprises (Griffin & Mahon,1997; Pieter & Tobias,2008; Luo & Bhattacharya,2006; Hongtao Shen, 2005; Tao Zhang, et al, 2011; Cong Wang, 2013; Chuan Zhang, et al, 2014.), there are more related studies, while there are relatively few studies on the motivations that affect social responsibility. In the study on the factors affecting social responsibility, two aspects, internal factors and external factors that affect social responsibility, are focused on.

Due to the particularity of cultural products and services provided by cultural enterprises, cultural enterprises are responsible for the mission of cultural heritage and the responsibility of values guidance and are related to national cultural security. Once there is a problem with the social responsibility of cultural enterprises, it has an influence on people's ideology. Therefore, cultural corporate social responsibility is crucial to a country.

Cultural enterprises with different natures of ultimate property rights have different motives and purposes for fulfilling the corporate social responsibility. Compared with private cultural enterprises, state-owned cultural enterprises need to perform certain cultural functions on behalf of the country, and they are subject to a stronger national administrative intervention. Therefore, in addition, to achieving a certain economic goal to a certain degree, state-owned cultural enterprises should consider more about the country's cultural management objectives. Therefore, the implementation of corporate social responsibility by state-owned cultural enterprises is mainly to achieve the purpose of cultural management of the country, and usually to meet some mandatory requirements of the country. While private cultural enterprises are different. The operating purpose of private cultural enterprises is mainly to achieve their economic goals, and some positive impact can be brought to private cultural enterprises by fulfilling the corporate social responsibility, such as the reputation of the company can be enhanced, and then the financial performance of private cultural enterprises will be improved. Therefore, in addition to meeting some mandatory requirements of the country, private cultural enterprises will voluntarily conduct more corporate social responsibility investments in order to improve corporate financial performance. Therefore, the level of social responsibility performance between state-owned cultural enterprises and private cultural enterprises is exactly different. In addition, the degree of marketization in the region that cultural enterprises are located is different, the level of market competition is different, and cultural enterprises pay different attention to corporate social responsibility. So the performance levels of cultural enterprise social responsibility are also different. Generally, in the region with a higher degree of marketization, its market competition is stronger. In order to win in the competition, cultural enterprises will increase their corporate social responsibility investment to improve corporate reputation, and then improve corporate financial performance. At the same time, the degree of marketization in the region where cultural enterprises are located has a different influence on the level of corporate social responsibility performance of cultural enterprises with different ultimate

property rights. Due to their own characteristics, state-owned cultural enterprises are subject to more administrative intervention by the country and are less affected by the degree of market competition. Therefore, they are less affected by the degree of marketization of their region. Due to the particularity of cultural enterprises, the cultural corporate social responsibility is very important. It is necessary to conduct further study on how to improve the level of social responsibility fulfillment of cultural enterprises. This paper intends to study the impact of the degree of marketization on the social responsibility of cultural enterprises and the impact of the nature of ultimate property rights on the relationship between the degree of marketization and cultural corporate social responsibility, so as to provide guidance for improving the level of social responsibility performance of cultural enterprises.

## **2. The impact of the degree of marketization on the social responsibility of cultural enterprises**

Marketization is the market's role in regulating the allocation of resources under the premise of macroeconomic regulation. The degree of marketization is the size of regulation. At present, China's economy is in a period of transition. The planned economy is transforming into a market economy system, and the level of marketization in various regions is very uneven. The level of regional marketization is different, and the government's intervention in different regions' economies is different. The development of market intermediary organizations and factor markets and the degree of perfection of the legal system in various regions are also different. Therefore, the market competition environment of enterprises in different regions is different, and its impact on corporate behavior in different regions is also different. In recent years, in the process of China's transitional economy development, the degree of marketization has received more and more attention from scholars. Scholars generally believe that in areas with higher marketization, the lower the level of government intervention, the higher the degree of legalization, the better the implementation of corporate social responsibility (Deng Zhou, 2011; Xiumei Cui, Jing Liu, 2009). The lower the level of marketization in the region where enterprises are located, the less the company considers social responsibility. This may be because the higher the degree of marketization in the region where enterprises are located, the stronger the market competitiveness, and the more the enterprises tend to improve the reputation of the enterprise and enhance the competitiveness of the enterprise by fulfilling corporate social responsibility (Fernandez & Santalo, 2007). Corporate social responsibility varies according to national requirements, including mandatory and non-mandatory social responsibility. The degree of marketization can play a role in promoting both types of social responsibility (Xiumei Cui, Jing Liu, 2009).

Under the context of China's transitional economy and the conditions of the modern market economy, the degree of marketization in different regions of China varies greatly. The higher the degree of marketization in the region where the enterprise is located, the stronger the degree of market competition and the more the enterprise attaches importance to fulfilling corporate social responsibility in order to improve corporate reputation and then improve corporate financial performance, thereby improving the competitiveness of enterprises in the market. This is especially true for cultural enterprises. For cultural enterprises, they produce cultural products and services that directly affect people's ideology. Therefore, the provision of products and services by cultural enterprises is in themselves fulfilling the corporate social responsibility. In areas with a higher degree of marketization, the market is more competitive. If a cultural enterprise wants to win in the competition, to make its products achieve better market benefits and then improve corporate financial performance. On the one hand, it needs to improve the social awareness of cultural enterprises, on the other hand, it needs to improve the social recognition of cultural enterprises'

products and services. In the context of the fast-growing new media, information transfer speed is very fast, and it is basically a real-time communication. After a cultural enterprise fulfills its social responsibility, the information will spread quickly and will soon increase its reputation. In other words, in areas with a high degree of marketization. In order to stand out from the competition of the same kind of enterprises, achieve sustainable development. cultural enterprises are more likely to consider the public's emphasis on corporate social responsibility, and increase capital investment to exercise social responsibility, thereby improving corporate financial performance. Thus, the higher the degree of marketization in the region where cultural enterprises are located, the more company social responsibilities cultural enterprises tend to fulfill.

### **3. The Influence of the Ultimate Property Right of Cultural Enterprises on the Relationship between the Degree of Marketization and Corporate Social Responsibility**

At present, some scholars have realized that the degree of marketization has different effects on the implementation of social responsibility of companies with different ultimate property rights. Compared with enterprises with non-government as the ultimate controlling shareholders, the degree of marketization can promote the enterprises with the government as the ultimate controlling shareholder to fulfill more corporate social responsibility (Deng Zhou,2011). In terms of different types of social responsibility, the degree of marketization is conducive to promote enterprises with state-owned ultimate property rights to fulfill mandatory social responsibilities; The positive effect of the degree of marketization on non-mandatory social responsibility is not much difference between enterprises with state-owned ultimate property rights and non-state-owned ultimate property rights (Xiumei Cui, Jing Liu, 2009). The influence of marketization degree on corporate environmental information disclosure is affected and restricted by the ultimate property rights of enterprises. Compared with enterprises with state-owned ultimate property rights, the marketization process has a greater impact on the environmental information disclosure of enterprises with non-state-owned ultimate property rights (Yu Peng, Kaifang Zheng, Xiaobo Wei, 2014; Kaifang Zheng, 2014).

The financing methods, the relationship between government and enterprises, and the political status of cultural enterprises with different ultimate property rights are different, and their business objectives and business risks are not the same. Therefore, cultural enterprises with different ultimate property rights have different purposes and motives for fulfilling the corporate social responsibility, which inevitably leads to different fulfillment level of their social responsibilities. On the other hand, the degree of marketization in different regions is different, the competitive environment of enterprises is different, so the social responsibility fulfillment levels of cultural enterprises are different. The stronger the degree of marketization is, the higher the degree of market competition is, the stronger the motivation of cultural enterprises to carry out social responsibility investment to improve their financial performance, and the higher the level of social responsibility performance of cultural enterprises. Cultural enterprises with different ultimate property rights have different business characteristics, so the influence of the degree of marketization in their regions on their social responsibility performance is not the same. Cultural enterprises have both economic and cultural paths to fulfill their social responsibilities, and state-owned cultural enterprises also have multiple economic, political and cultural goals in fulfilling their corporate social responsibilities. In the current period of economic transformation, the characteristics of government intervention in China are obvious, and the degree of government intervention in different regions is different. The influence that enterprises with different ultimate property rights in the same region are affected by government intervention is not the same. A state-owned cultural enterprise is a kind of cultural enterprise formed by the country as an owner. It is actually a means for the country to carry out

administrative intervention. It considers more policy objectives of government and political purpose of managers. That is to say, cultural enterprises with state-owned ultimate property rights are subject to more government intervention, so the performance of corporate social responsibility of such cultural enterprises is less affected by the degree of market competition. The implementation of social responsibility by private cultural enterprises is less affected by government intervention and more affected by the degree of market competition. Due to the different degree of marketization in different regions, the degree of market competition is different. The performance of social responsibility of cultural enterprises with different ultimate property rights in different regions is different. Thus, compared with state-owned cultural enterprises, the degree of marketization has a more significant role in promoting the social responsibility of private cultural enterprises.

## **4. Policy recommendations**

### **4.1. Improve the relevant laws and regulations on the social responsibility of cultural enterprises**

According to the above analysis, there is a big difference in social responsibility commitment between cultural enterprises. The overall level of social responsibility of cultural enterprises with state-owned property rights is lower than that of private cultural enterprises, and the level of social responsibility performance among private cultural enterprises is also different. Moreover, currently, the social responsibility issues of cultural enterprises have also constantly emerged, which have seriously affected people's outlook on life, values, and worldview, especially to adolescents. To a certain extent, this has an adverse effect on people's thinking. For a country, the consequences are very serious. The reason for this is mainly that the laws and regulations related to the social responsibility of cultural enterprises are not sound enough, the punishment measures after these social responsibility problems are not clear. That is, the cost of corporate social responsibility problems is relatively lower. Only by perfecting the relevant laws and regulations on cultural enterprise social responsibility, and achieving a law that can be used as a basis, can we achieve the law must be complied with, law enforcement must be strict and illegal must be investigated. Therefore, in order to improve the performance level of social responsibility of cultural enterprises and reduce the chances of social responsibility issues of cultural enterprises, it is necessary to further improve the relevant laws and regulations on social responsibility of cultural enterprises, and to fix the consequences of some possible social responsibility issues in the form of law. And with the development of economy and society, the relevant laws and regulations are continuously improved to minimize the emergence of cultural corporate social responsibility issues.

### **4.2. Accelerate the construction of China's marketization process**

It can be seen from the above analysis that the degree of marketization in the region where cultural enterprises are located can positively promote cultural enterprises to fulfill their social responsibilities. The higher the level of regional marketization, the stronger the market competitiveness, and the more social responsibility cultural enterprises assume. Therefore, the government should take measures to accelerate the regional marketization process, such as minimizing government intervention, vigorously developing intermediary organizations, improving the development of factor markets, improving the construction of relevant laws and regulations, etc., so as to optimize resource allocation and to give full play to the adjustment function of market mechanisms, and then culture Enterprises may have a free and fair competitive environment and their awareness of social responsibility can be enhanced, and thus their level of social responsibility can be enhanced.

### **4.3. Further improve the social responsibility information and other information disclosure mechanisms of cultural enterprises**

The “Guidelines for Social Responsibility of Listed Companies” issued by the Shenzhen Stock Exchange require companies to voluntarily disclose social responsibility reports. Although there is no mandatory requirement for listed companies to disclose social responsibility reports, companies generally disclose corporate social responsibility performance in order to be better understood by the outside world and improve corporate financial performance. Due to the different priorities of corporate social responsibility in different industries, it is necessary to formulate detailed rules on corporate social responsibility information disclosure in different industries. First of all, cultural corporate social responsibility has significant characteristics compared with enterprises in other industries. The external supply of products or services is the fulfillment of corporate social responsibility. Therefore, it is necessary to formulate the related information disclosure norms of cultural enterprise social responsibility and improve the cultural enterprise social responsibility information disclosure mechanism. Second, it is necessary to further improve other information disclosure mechanisms for cultural enterprises. In fact, the full disclosure of information by cultural enterprises is itself a form of fulfilling corporate social responsibility (David S. Gelb & Joyce A. Strawser, 2001), Because stakeholders can make relevant decisions that are beneficial to them through the information disclosed by them.

### **4.4. Guide cultural enterprises to fulfill their social responsibilities according to the nature of ultimate property rights**

The provision of products and services by cultural enterprises is a form of fulfilling social responsibilities. In addition, cultural enterprises also fulfill corporate social responsibility through the path of ordinary enterprises performing corporate social responsibility. Therefore, social responsibility of cultural enterprises is particularly worthy of attention. Cultural enterprises with different nature of ultimate property rights have different levels of social responsibility performance. Because state-owned cultural enterprises have to perform certain cultural functions on behalf of the country, they do not simply use economic interests as their business objectives. Therefore, the purpose of state-owned cultural enterprises to fulfill their social responsibilities is not only to use them as an investment but also to satisfy the country's needs on some cultural aspects of management. While the purpose of private cultural enterprises to fulfill their social responsibilities is to improve the economic efficiency of enterprises as much as possible, and their enthusiasm for fulfilling corporate social responsibility is often higher. Therefore, according to the characteristics and concerns of cultural enterprises with different ultimate property rights, different measures should be taken to guide them to improve their corporate social responsibility performance level. For example, for state-owned cultural enterprises, it may be necessary to take more compulsory measures or through economic subsidies to encourage them to take the initiative to assume social responsibilities; While for private cultural enterprises, we can often improve their enthusiasm for fulfilling corporate social responsibility by improving the media's attention on their fulfilling corporate social responsibility, and then guide them to improve their corporate social responsibility performance.

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