

# *Corporate Social Responsibility in China from the Perspective of Economic Law*

Xueping Liu<sup>1,\*</sup>, Bo Wei<sup>2</sup>

<sup>1</sup>*School of Management, Guangzhou Technology and Business College, Guangzhou, Guangdong, China*

<sup>2</sup>*Academic Affairs Department, Guangdong Administrative Vocational College, Guangzhou, Guangdong, China*  
443975288@qq.com

*\*Corresponding author*

**Keywords:** Economic Law Perspective, Corporate Society, Social Responsibility, Responsibility Research

**Abstract:** Corporate social responsibility is a new term. It began to appear at the end of the 1980s. With the rapid development of China's economy and the deepening of people's understanding of enterprises, as well as the continuous improvement of the theoretical system of its research in western countries. This paper will use a combination of theoretical analysis and empirical testing. First, it expounds the current situation and lack of corporate social responsibility in China, and then proposes solutions. Finally, it gives a general description of how to improve the social responsibility of China's nonferrous industries by improving the relevant system from the legal system level, building and improving the internal control mechanism of enterprises, and strengthening the external supervision of the government and the public. After that, this paper adopts a questionnaire survey to study corporate social responsibility in China. The survey results show that there is a correlation coefficient between social responsibility and economic indicators. The more socially responsible enterprises are, the higher their economic performance indicators will be. Therefore, it shows that the performance of corporate social responsibility can improve the economic performance of enterprises.

## **1. Introduction**

With the continuous development of social economy, enterprises undertake to provide services to employees, consumers and other stakeholders, including consumers and suppliers. In the pursuit of profit maximization, it is also necessary to ensure the rights and interests of employees and meet people's growing material and cultural needs [1-2]. China is a populous country, so it has high requirements for talents. Therefore, it needs a large number of composite talents with professional knowledge and skills, good professional quality, good moral character and social responsibility to support the development of enterprises and achieve economic benefits [3-4].

Recently, the issue of corporate social responsibility has attracted more and more attention from scholars at home and abroad. Some developed countries abroad have done a lot of research in this

area. American scholars believe that a country's obligation to consumers, employees and the environment is to maximize the utility of its products and services provided by the enterprise, rather than merely pursuing interests or seeking economic benefits unilaterally, but to achieve the overall social goal by protecting its own safety [5-6]. Domestic scholars believe that companies should actively take measures to improve staff efficiency. He pointed out that China's listed companies generally have problems such as high staff turnover rate, high staff mobility, and lack of protection of the rights and interests of employees. At the same time, he also explained that there may be various mistakes in actual operation, such as enterprises reducing training costs for workers and increasing labor intensity in order to save costs [7-8]. Therefore, based on the perspective of economic law, this paper discusses and analyzes corporate social responsibility in China.

At present, with the rapid development of economy, corporate social responsibility has become an important part of China's contemporary politics, culture and business model. This paper analyzes a large number of behaviors in China in recent years, such as maximizing profits at the cost of sacrificing the environment, from the perspective of corporate responsibility for stakeholders and the way to achieve it, and puts forward corresponding measures and suggestions based on actual cases, with a view to promoting the implementation of the concept of sustainable, healthy and harmonious development in China, thereby promoting the transformation of China's economic growth mode from extensive to intensive and economical and upgrading of the industrial structure. The purpose of optimizing the allocation of production factors and enhancing the comprehensive competitiveness of enterprises.

## **2. Discussion on Corporate Social Responsibility in China from the Perspective of Economic Law**

### **2.1 Corporate Social Responsibility**

Corporate social responsibility refers to the power that enterprises need to contribute to the interests of shareholders in economic activities. With the development of times and technology, people pay more and more attention to environmental problems. In this case, the understanding of the relationship between man and nature is gradually deepened [9-10]. This requires the state to strengthen legislation, law enforcement and other aspects to regulate market behavior. At the same time, the government should take legal measures to protect consumers' rights and interests, maintain fair competition order and ensure public safety to improve the impact of workers from all walks of life participating in economic activities, so as to promote the enthusiasm and initiative of enterprises to fulfill their social responsibilities. Corporate social responsibility refers to the company's need to bear the impact on employees, consumers and communities in its business activities, and provide corresponding support and help to realize these benefits. The so-called "profit maximization" is to achieve the goal of increasing shareholders' wealth and reducing shareholders' equity. It also means to meet the rationality of government tax expenditure and other requirements. It also needs to consider whether social welfare undertakings and other factors can bring the expected benefits or returns to the company, so that the company can achieve long-term development, expand business scale, improve profitability and achieve sustainable growth [11-12]. Figure 1 shows the number of corporate social responsibility performed in recent years.

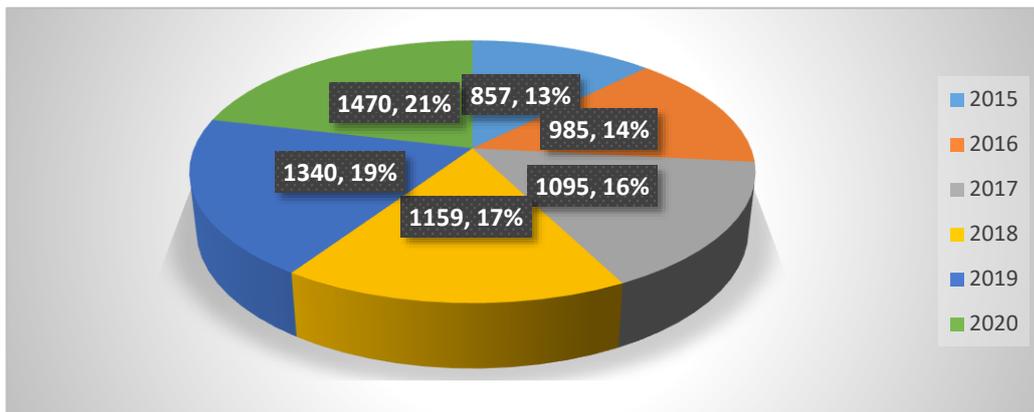


Figure 1: Number of China's corporate social responsibility fulfillment in recent years

Corporate social responsibility provides services for its own interests, consumers and customers within a certain period of time, so as to meet its own development needs and improve product quality and service level. Enterprises in the sense of economic law assume the welfare of employees. From the labor remuneration, we can see the working hours and income of workers; The wages of employees reflect the living conditions of employees of the company and the extent of impact on employers or customers paid, that is, the sum of labor remuneration and social insurance benefits is jointly paid by the state, collective or individual [13-14]. Under the condition of market economy, the government can safeguard citizens' rights through legal means, at the same time, it should also supervise and restrict enterprise behavior, and at the same time, it should ensure that the principle of fair competition and other aspects play a role. Corporate social responsibility is that the country and the public jointly assume all kinds of resources, human and material resources needed to achieve this goal, so as to promote economic growth. All citizens have rights and assume corresponding obligations. Enterprises must take measures to reduce or control the possibility of risks. The government should act in accordance with the law in order to make the market economy operate stably and healthily, achieve social harmony and sustainable goals, etc. are not allowed. Therefore, we should respect the market law and implement all production and operation activities on the premise and basis of fairness [15-16].

## 2.2 Necessity of Fulfilling Corporate Social Responsibility

The economic basis of corporate social responsibility is to maximize profits. However, with the improvement of the market economy system, there will be some problems in the process of pursuing interests. The implementation of corporate social responsibility can promote the sustainable development of enterprises. Under the condition of market economy, with the continuous expansion of economic activities, people are increasingly paying attention to environmental issues. Therefore, in order to maximize the efficiency of resource allocation and profit, China needs to improve the production level and technological innovation ability and strengthen the welfare treatment of employees to meet consumer needs if it wants to solve the current problems. Only in this way can our country create more high-level products to attract customers to buy their services and bring benefits to enterprises. At the same time, by constantly improving the social responsibility system, we can promote the healthy development of the entire industry. Corporate social responsibility refers to that a company undertakes certain obligations to meet its needs and provide good welfare for its employees through the interests of consumers, employees and shareholders [17-18]. Figure 2 shows the structure of the necessity of fulfilling corporate social responsibility in China.

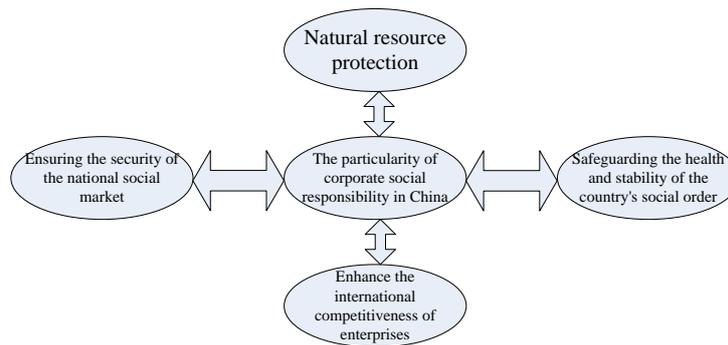


Figure 2: The need for corporate social responsibility

Under the condition of market economy, market competition is becoming increasingly fierce. With the rapid progress of economic globalization, integration and science and technology, people have higher and higher requirements for product quality. The economic responsibility of an enterprise refers to the realization of its own interests through the use and management of social, environmental resources and other factors in production and operation activities. The necessity of fulfilling its corporate social responsibility is as follows:

(1) This is conducive to enhancing employee cohesion. With the continuous improvement and development of the market economy system after the reform and opening up and the deepening of the reform of state-owned enterprises under the strong support of national policies, Chinese enterprises have gradually realized that in order to better fulfill their obligations, they must strengthen the ideological and moral construction of workers and improve the quality of workers, so that they can become a modern person with high cultural level and extensive knowledge.

(2) This is conducive to the realization of corporate social responsibility. Enterprises aim to make profits. In the process of operation, if they ask for resources and environment at the expense of others to meet the needs of consumers, they will be forced to terminate their production activities or stop their services if they do not assume their obligations or perform the relevant provisions. Therefore, only through the implementation of positive, correct and effective performance of social responsibilities to regulate their own behavior can realize its own value.

(3) This is conducive to the long-term development of the enterprise. The performance of corporate social responsibility is a comprehensive, dynamic and systematic issue, which involves not only economy, but also politics, culture and other aspects. Under the market economy environment, many enterprises in China ignore the awareness of protecting consumers' rights and interests, and only pay attention to the pollution behavior in the production process and whether the product quality is up to the standard when pursuing the maximization of profits. It is not uncommon, but there are also some cases of unreasonable use of resources or damage to the ecological environment. Therefore, if the company wants to achieve long-term development, it must improve the quality of employees and increase economic input, so as to improve the level of social responsibility performance.

### 2.3 Economic Performance Indicators

Economic performance indicators refer to the total output of an enterprise during its operation, reflecting the impact of social production and reproduction activities on national income (i.e., consumption) of a country or region in a certain period. The economic benefits are mainly reflected in two aspects: one is the number of products; The second is the price level (enterprise profit rate, return on net assets, etc.). With the increasingly fierce market competition and changing consumer demand, consumers will be more concerned about whether the goods they buy meet the quality

requirements, so enterprises should focus on improving service quality to meet customer needs. It can be measured from the perspective of economic growth. Factors such as increasing social wealth, decreasing employment opportunities and increasing disposable income of residents will cause the overall development of the entire national economy to increase or decrease, and the total assets of enterprises will correspondingly expand or shrink. Therefore, enterprises will assume more responsibilities, thus promoting market share and sales volume, and ultimately increasing overall profits, the following is the calculation formula of economic performance indicators:

$$ROA = \frac{\rho}{\ell} \quad (1)$$

In actual work, it is necessary to fully consider the impact of personnel at different levels on the Company's performance of relevant obligations and whether their mutual relationship has been improved. If these factors are not properly handled, it will lead to an increase in labor costs, a decrease in profits and even a bankruptcy crisis. Conversely, when workers are unfairly treated or damaged, their psychological burden will become heavy, thus damaging the economic interests of enterprises. Equations 2 and 3 are the indicator calculation formulas of corporate social responsibility indicators.

$$LEV = \frac{\delta}{\omega} \quad (2)$$

$$\text{Revenue} = \frac{\vartheta}{\upsilon} \quad (3)$$

The index is calculated based on the average disposable income of the country, industry or region in a certain period, reflecting the economic benefits of the company in fulfilling its social responsibilities. It is measured by "net profit" and "non operating expenditure cost rate". Including: main business profit=main business income - consumption of auxiliary materials production+ depreciation expense - investment (capitalization) in fixed assets

What enterprises undertake is mainly the impact on consumers, employees and shareholders in providing services.

### 3. Investigation Process of Corporate Social Responsibility in China from the Perspective of Economic Law

#### 3.1 Investigation Purpose

Through the research on corporate social responsibility, we can find that China is still in the primary stage, and there is still much to be improved and developed in this field. This paper will analyze the relevant laws, regulations and management systems of listed companies in China from the perspective of economic law. The government is the national policy maker, supervisor and implementation subject, while the market economy requires the market to play a decisive role. The company, as an independent individual, should bear corresponding responsibilities and obligations when conducting business activities. Therefore, the enterprise should disclose social information reasonably and legally in accordance with the law, without unfair and false statements. The purpose of this study is to explore the relationship between corporate social responsibility and economic law through empirical analysis, and to further explore the causal relationship between the two, and investigate the current situation of China's listed companies' awareness of corporate social responsibility.

### 3.2 Investigation Content

This paper studies corporate social responsibility from the perspective of social responsibility from the perspective of economic law (Figure 3 shows the relationship between corporate social responsibility subjects). The questionnaire consists of four parts: the first part is the basic information of the subjects, including gender, age and education level. The second part mainly studies the performance of corporate social responsibility. The third part mainly analyzes the shortcomings of employees' awareness of economic law and their mastery of legal knowledge, as well as their corporate governance ability. The fourth part is to find out through data statistics whether Chinese enterprises have corresponding reward and punishment measures and ways to encourage them to actively undertake their obligations, so as to improve their competitiveness, improve their image and make them develop in the long run.

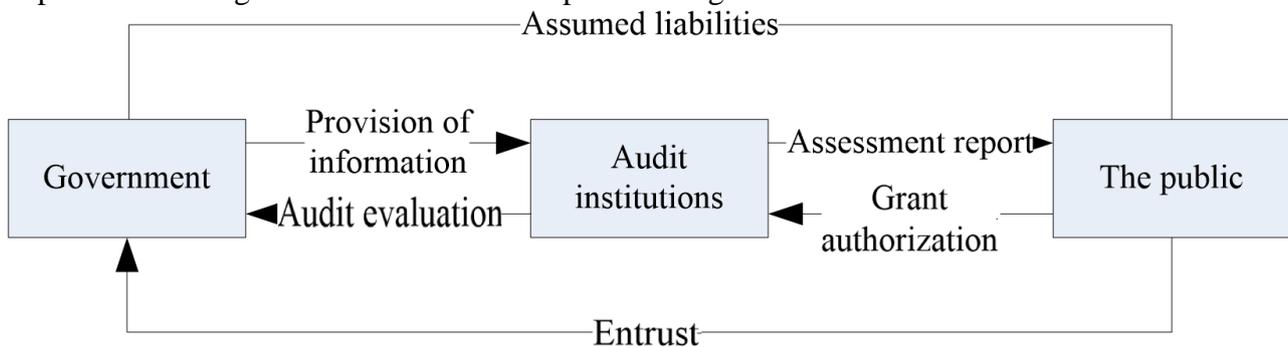


Figure 3: The subject relationship of social responsibility

### 3.3 Investigation Methods

Investigation is one of the most commonly used methods in scientific research. Its purpose is to understand the relationship between things and between them, so as to draw conclusions. This paper adopts the methods of questionnaire, interview and literature research. First of all, we analyzed the problems and causes of Chinese enterprises in fulfilling their social responsibilities by consulting materials and collecting information on the Internet, and then put forward solutions combining theory with practice to promote the economic development of the whole country. Finally, we sorted out the empirical data and got a more accurate result. This method has strong feasibility and practicality, providing some reference value for other scholars in the future.

## 4. Experimental Analysis of Corporate Social Responsibility in China from the Perspective of Economic Law

In the market transactions under the market economy conditions in China, consumers, as vulnerable groups, have great autonomy and the right to know and other basic rights. At the same time, they should also assume corresponding legal obligations and risk bearing mechanisms to protect their legitimate interests from infringement, maintain fair competition order and promote the sustainable and healthy development of the entire industry. Secondly, to improve customer satisfaction, only by improving customer loyalty can enterprises make long-term profits and long-term profits. In order to make the research results more persuasive, the relevant theories and research results at home and abroad are reviewed and summarized. Summarize the problems existing in the implementation of economic laws and regulations in China and the impact of these situations, and propose solutions, so as to understand whether domestic listed companies will

encounter difficulties and coping strategies when undertaking their own social responsibilities, and also serve as a reference for other companies, so that they can learn from them. Table 1 shows the survey data of corporate social responsibility.

Table 1: Survey data on enterprises' performance of social responsibility

Sample number	All capital earnings rate	Earnings per share	Tax contribution rate
Maximal value	0.8766	0.9876	0.8674
Minimum value	0.3214	0.6738	0.4627
Mean value	0.6578	0.8996	0.7689

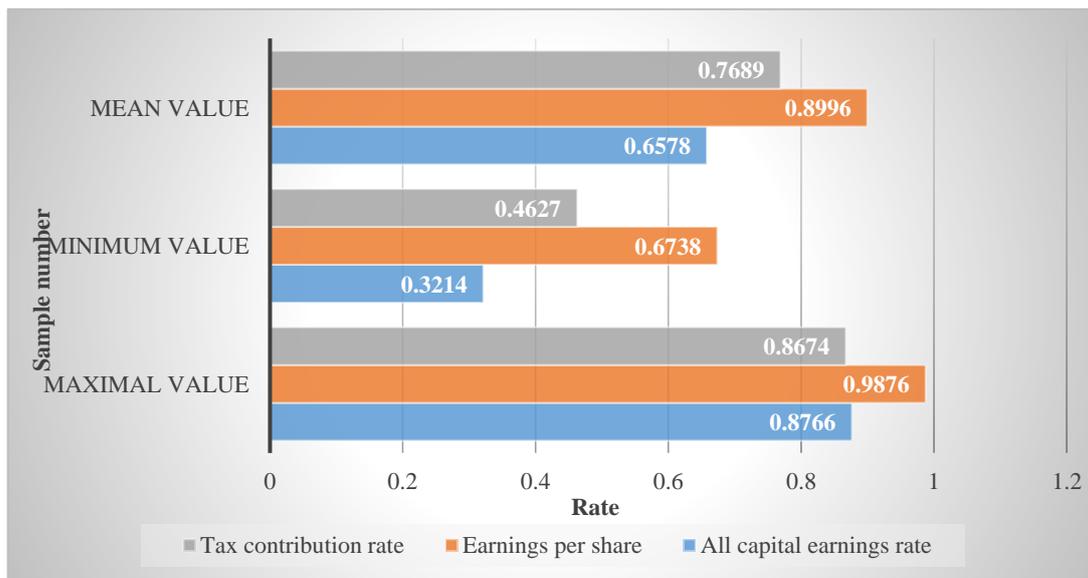


Figure 4: Questionnaire survey

Most of the listed companies in China have a common feature that they focus on economic interests. However, there are many problems in actual operation. The failure to pay attention to shareholders' rights and interests and the lack of responsibility of other interest groups are quite serious. Although many companies have realized that they should undertake corresponding obligations to maximize enterprise value, there is no clear legal provision for strong enforcement and negative impact on society. As a result, the non disclosure of listed companies is very high, even the disclosure of false information is more. As shown in Figure 4, we can draw a conclusion that there is a correlation coefficient between social responsibility and economic indicators. The more socially responsible an enterprise is, the higher its economic performance indicators will be. Therefore, it shows that the performance of corporate social responsibility can improve the economic performance of enterprises.

## 5. Conclusion

Corporate social responsibility is an important symbol of a country, and it also affects economic development and social progress. However, there are many problems for Chinese enterprises in fulfilling their obligations to employees, consumers and the environment. Under such a severe situation, how to strengthen the company's own responsibility for citizens and the ecological environment? This paper analyzes the current research situation in this field at home and abroad from the theoretical level, and puts forward corresponding countermeasures and suggestions in combination with the actual situation to improve our company's performance of relevant laws and

regulations. Strengthening the construction of legal concept is an important way to improve the enterprise's ability to consciously assume responsibility and moral level, At the same time, we should actively promote the synchronization process between the development of social public welfare undertakings and environmental protection.

## Acknowledgements

Fund projects: 2021 Guangzhou Technology and Business College Provincial First-class Professional Construction "Business Administration"; 2022 Guangzhou Technology and Business College online and offline hybrid first-class undergraduate course "Economic Law"; Quality Engineering Construction Project of Guangzhou Technology and Business College, "Listening to Thunder in Silence" — The Hidden Path and Explicit Effect of Ideology and Politics in the Economic Law Course (ZL20211132).

## References

- [1] Doddy Setiawan, Andi Asrihapsari, Rayenda Khresna Brahmana, Harumi Puspa Rizky, Mega Wahyu Widawati: *Role of Family Ownership in the Relationship between Corporate Social Responsibility and Firm Performance. Complex. 2022: 1318875:1-1318875:9 (2022).*
- [2] Hirofumi Fukuyama, Yong Tan: *Implementing strategic disposability for performance evaluation: Innovation, stability, profitability and corporate social responsibility in Chinese banking. Eur. J. Oper. Res. 296(2): 652-668 (2022).*
- [3] R. V. Naveenan, T. Jarin, S. R. Boselin Prabhu: *Corporate social responsibility of Canara Bank - a systematic status review. Int. J. Bus. Inf. Syst. 40(3): 376-398 (2022)*
- [4] Rajesh Veluthan: *Long-term corporate social responsibility agenda considering climate change policy and conservation of forest - an exploratory analysis of Kerala-based companies. Int. J. Data Anal. Tech. Strateg. 14(2): 159-168 (2022).*
- [5] Khawaja K. Mehmood, Jalal Rajeh Hanaysha: *Impact of Corporate Social Responsibility, Green Intellectual Capital, and Green Innovation on Competitive Advantage: Building Contingency Model. Int. J. Hum. Cap. Inf. Technol. Prof. 13(1): 1-14 (2022).*
- [6] Peivand Ghasemzadeh, Seyed Mahdi Rezayat Sorkhabadi, Abbas Kebriaeezadeh, Jamal A. Nazari, Mandana Farzaneh, Gholamhossein Mehralian: *How does organizational learning contribute to corporate social responsibility and innovation performance? The dynamic capability view. J. Knowl. Manag. 26(10): 2579-2601 (2022).*
- [7] Janice Lo, Monica Lam, Sijing Wei: *Comparing IT and non-IT firms in corporate social responsibility and financial context for attracting and retaining employees. J. Syst. Inf. Technol. 24(3): 157-177 (2022).*
- [8] Anxia Wan, Zhaoqiang Zhong, Chaoyu Zheng, Xuan Zhao, Ehsan Elahi: *Use of cloud model to evaluate corporate social responsibility of pharmaceutical companies. Kybernetes 51(2): 896-915 (2022).*
- [9] Jessica M. Smith: *The Everyday Ethics of Corporate Social Responsibility. IEEE Technol. Soc. Mag. 41(3): 96-97 (2022).*
- [10] Iordanis Kalaitzoglou, Hui Pan, Jacek Niklewski: *Corporate social responsibility: How much is enough? A higher dimension perspective of the relationship between financial and social performance. Ann. Oper. Res. 306(1): 209-245 (2021).*
- [11] Roya Tat, Jafar Heydari, Masoud Rabbani: *Corporate social responsibility in the pharmaceutical supply chain: An optimized medicine donation scheme. Comput. Ind. Eng. 152: 107022 (2021).*
- [12] Magdalena Kapelko, Alfons Oude Lansink, Spiro E. Stefanou: *Measuring dynamic inefficiency in the presence of corporate social responsibility and input indivisibilities. Expert Syst. Appl. 176: 114849 (2021).*
- [13] Khuong Ngoc Mai, An Khoa Truong Nguyen: *The Impact of Corporate Social Responsibility Performance on Competitive Advantage and Business Success: A Case of Vietnamese Enterprises. Int. J. Asian Bus. Inf. Manag. 12(3): 1-15 (2021).*
- [14] Edwin M. Agwu: *Corporate Social Responsibility as an Organizational Tool for Competitive Advantage. Int. J. Strateg. Decis. Sci. 12(2): 1-15 (2021).*
- [15] Anura De Zoysa, Nobuyuki Takaoka, Yuqian Zhang: *Impact of corporate social responsibility (CSR) awareness, affordability and management system sophistication on CSR performance. Ind. Manag. Data Syst. 121(7): 1704-1722 (2021).*
- [16] Nikunja Mohan Modak, Peter Kelle: *Using social work donation as a tool of corporate social responsibility in a*

*closed-loop supply chain considering carbon emissions tax and demand uncertainty. J. Oper. Res. Soc. 72(1): 61-77 (2021).*

[17] *Francesco Caputo: Towards a holistic view of corporate social responsibility. The antecedent role of information asymmetry and cognitive distance. Kybernetes 50(3): 639-655 (2021).*

[18] *Alexander Nikolaevich Raikov: Convergent social responsibility as the key to corporate strategic success. Kybernetes 50(3): 785-793 (2021).*