

Review of Corporate Social Responsibility Literature

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Abstract

Corporate social responsibility, as a social movement, began to rise in the late 20th century, is accompanied by the pressure of environmental protection and consumer rights movements, the transformation of modern corporate governance model, the emergence and development of economic globalization and other forces to promote the development. As an important decision for maintaining reputation, building image and enhancing brand value, social responsibility has become an important part of public policy in both developed and developing countries. With the deepening of economic globalization and sustainable development, Corporate social responsibility (CSR) occupies an increasingly important position in the debate on economic and environmental issues, and the research and communication on CSR is also in full swing. A review of domestic and foreign scholars' research on social responsibility can include the development and motivation of corporate social responsibility, connotation and indicators of corporate social responsibility, influencing factors of corporate social responsibility and consequences of corporate social responsibility.

Keywords

Corporate social responsibility; Literature review.

1. Development and Motivation of Corporate Social Responsibility

The idea of Corporate Social Responsibility (CSR) originated in the United States at the end of the 19th century and was closely related to the industrialization process of the United States at that time. After the second Industrial Revolution, the change of enterprise scale in the United States led to qualitative changes in the nature and positioning of enterprises, and the separation of the ownership and management of wealth began to evolve to the modern corporate governance model. The wealth of the industry began to be concentrated in the hands of a few extremely dispersed shareholders. People began to worry about how the investors of huge wealth ownership and the managers of management rights would use the relevant power. How to restrain and standardize the use of relevant power? Under such concerns, the idea of corporate social responsibility began to sprout.

At the beginning of the 20th century, there were frequent infringements on consumers' rights and interests by enterprises. Consumer rights movements were rising and corporate social responsibility was developing continuously. In 1932, Dodd rejected "company managers who make the trustee" book refuted Berle narrow managers' theory, he thought the enterprise as a social economic organization and management in the enterprise the management decision, while creating economic profits for shareholders, also want to serve the society, namely to add a layer of managers of enterprises power. In 1958, Levitt directly denied social responsibility in *The Harm of Social Responsibility*. He believed that enterprises' participation in social issues would enable enterprises to form huge power centers like medieval churches and interfere with political, economic, social and cultural systems. In 1962, Manne strongly criticized managers in his *Critique of Modern Enterprises* for violating the principle of profit maximization and interfering with management efficiency by engaging in corporate social responsibility. In the same year, Friedman (1962), a famous economist, satirized the theory of corporate social

responsibility in Capitalism and Freedom, which meant that capitalism shot itself in the foot, and corporate social responsibility was out of the question under the capitalist system. In 1970, Friedman directly denied the logical basis of corporate social responsibility in his book *Corporate Social Responsibility*, believing that the current discussion and communication about social responsibility is a boring behavior.

In the middle of the 20th century, the consumer rights protection and ecological environmental protection movement widely carried out by citizens greatly promoted the idea and concept of corporate social responsibility, and promoted the continuous development of corporate social responsibility in depth. In 1957, the British Consumer Association was established to solve the legitimate demands of consumers. On March 15, 1962, President Kennedy of the United States mentioned in the information about consumers that the legitimate rights and interests of consumers are being violated, and established the "four rights" of consumers recognized by various countries around the world. In 1969, The United States President Nixon in the "four powers" added the right to claim, in order to protect the legitimate rights and interests of consumers. On April 22, 1970, the ecological environmental protection movement reached its climax. A large number of students, businessmen, activists and environmentalists participated in the demonstration to protest against the rough development mode of environmental pollution by enterprises, which had a huge impact. Environmental problems became an unavoidable topic for enterprises to manage. In addition to consumer rights and environmental protection movements, citizens also carried out labor and women's rights movements. These movements not only popularize the idea of social responsibility to corporate stakeholders, but also promote the continuous development of corporate social responsibility.

Since the 1980s, the process of economic globalization has been accelerating, and one social responsibility movement after another has been set off around the world, which has further promoted the idea of corporate social responsibility into the hearts of the people. With the deepening development of economic globalization, the scale and influence of enterprises are increasing day by day. Some enterprises can even dominate the daily social activities of human beings and control the economic development of their host countries and regions. With the expansion of the scale of enterprises, followed by the explosion of social responsibility alienation events, direct emissions of pollutants into the atmosphere, employing children to do labor, depriving the legitimate rights and interests of stakeholders... The public began to strongly demand that corporate behavior include elements and components of social responsibility. Under the force of social forces, corporate social responsibility has formed a series of achievements. In 1997, the widely recognized standards of social and Ethical Responsibility (SA8000) came into being and became the standard of ethical behavior for enterprises. In 1999, at the Meeting of the World Economic Forum, the SECRETARY-GENERAL of the United Nations called on global leaders to participate in and adopt the global Compact to constrain the business activities of multinational corporations and protect the legitimate rights and interests of human beings.

Since the reform and opening up, China's economy has been increasingly integrated into the trend of globalization, and corporate social responsibility has been introduced into China. In 1985, Yuan Jiafang (1990) published "Corporate Social Responsibility Girl -- Visiting Nanhua Catalyst Factory" in *Outlook* magazine, which opened the prelude of domestic attention to corporate social responsibility. In 1994, China Charity Federation and China Glorious Cause Promotion Association were established in China, marking that domestic enterprises began to undertake corporate social responsibility in public donation, poverty alleviation and other aspects. In the following years, domestic academic seminars on social responsibility emerged one after another. In 2005, more than 50 Chinese companies joined the Global Compact, and Chinese companies began to pay attention to labor rights and other aspects. In 2006, the Company Law of the People's Republic of China explicitly stipulated that enterprises should

fulfill their social responsibilities. With the vigorous development of corporate social responsibility, a number of organizations have spontaneously emerged in China to hold regular annual meetings on social responsibility to promote the practice of corporate social responsibility.

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2. Connotation and Measurement of Corporate Social Responsibility

2.1. Connotation of Corporate Social Responsibility Sub-section Headings

Although the theory of corporate social responsibility has been developed for more than a hundred years and gradually accepted by various countries, there is no unified conclusion on the connotation of corporate social responsibility so far. Investigate its reason is the abundant connotation of corporate social responsibility is widespread, scholars understand social responsibility is not only influenced by gender, age, culture level, professional background, religious belief, etc. The influence of personal traits, and by the time background, laws and regulations, regional characteristic, the influence of macroeconomic factors such as values, lead to scholars from different or the same theory Angle of view of corporate social responsibility have different views.

Influential and authoritative views put forward by domestic and foreign scholars, social circles and organizations mainly include:

In 1924, Sheldon proposed the concept of corporate social responsibility for the first time in an enterprise investigation, advocating to revise the old concept that enterprises excessively pursue economic interests, and advocating that enterprises should be responsible for the environment, nature and all behaviors of the society. However, he did not give the specific concept of corporate social responsibility, only focused on the moral and ethical aspects of social responsibility.

In 1953, Bowen proposed in *The Social Responsibility of Businessmen* that "enterprises are surrounded by stakeholders such as shareholders, employees and consumers, and businessmen have the obligation to make relevant standards, make reasonable decisions and take correct actions in accordance with the requirements of social goals and values". Big companies, he argues, is the main part of the corporate social responsibility, the manager is the social responsibility of perpetrators, the enterprise to fulfill the social responsibility is the principle of voluntary, after observation and experience and make Bowen question of voluntary principle, give up the enterprises to fulfill social responsibility voluntarily, to put forward the social responsibility is based on the control of the company on the basis of the public. Bowen's theory has not only attracted the attention of the academic circle to social responsibility, but also had a profound impact on the thoughts and theories of social responsibility. Therefore, he is respected as the "father of corporate social responsibility" by later generations.

With the continuous maturity of stakeholder theory, many scholars try to define the concept of social responsibility by using stakeholder theory. Carrol (1979;1991) believes that in addition to earning economic profits, enterprises should also attach importance to responding to stakeholders such as employees, consumers and communities. Firstly, it proposes that social responsibility includes four dimensions, namely economic responsibility, legal responsibility, ethical responsibility and conscious responsibility, namely the pyramid model. British scholar John Elkington (1997) proposed the triple bottom line theory, arguing that corporate social responsibility includes three aspects: social bottom line, environmental bottom line and economic bottom line responsibility. Gray et al. (1995) believe that CSR includes environmental responsibility and social responsibility, among which environmental responsibility refers to environmental protection and resource use, while social responsibility refers to employee and community connection.

At the end of the 20th century and the beginning of the 21st century, all sectors of society and organizations have defined the connotation of social responsibility. The EU recognizes that CORPORATE social responsibility can help countries coordinate economic development and social harmony, and believes that corporate social responsibility refers to the integration of social issues (including environmental issues) into business operations and corporate coordination with stakeholders on a voluntary basis. According to the World Bank, CSR refers to policies and practices related to important stakeholders, ethics, laws and regulations, communities, and the environment, and is a commitment of an enterprise to contribute to stakeholders and sustainable development. According to the World Economic Forum, corporate social responsibility includes good corporate governance and ethics, responsibility to employees, responsibility to the environment, and responsibility to contribute to social progress. According to the social Responsibility Network, corporate social responsibility means that enterprises should fully consider the interests of employees, consumers, the environment and other stakeholders in their policies, production and operation decisions.

The discussion of domestic scholars on defining the concept of social responsibility based on the stakeholder theory can be described as "surging wind and surging clouds" (Li Zheng and Xiang Rui, 2007). Lu Daifu (2001) proposed that corporate social responsibility is in essence an enterprise's obligation to maintain and promote social welfare in addition to seeking the maximization of shareholders' economic interests. Ge Jiashu (2001) pointed out in his research that CSR is the contribution made by an enterprise to the stakeholders such as employees, product consumers, economic and social development, resources and environment, and beneficiaries of social welfare undertakings. Qu Xiaohua (2003) drew on the ideas of Western scholars and concluded that corporate social responsibility is the responsibility and obligation performed by enterprises to the government, consumers, employees and communities, including economic responsibility, legal responsibility, ecological responsibility and ethical responsibility. Zhang Zhaoguo (2009) believes that corporate social responsibility refers to the natural environment that an enterprise undertakes to other stakeholders other than shareholders and the natural environment, including legal responsibility and moral responsibility. And stakeholder refers to the enterprise from the support group could not survive, including customers, employees, for the traders, investors, government, community and industry association, and the interests of all stakeholders are equal (freeman, 2002), together with the shareholders and managers share the enterprise surplus rights (sheng-hua jia and hong-hui Chen, 2005).

2.2. Indicators of Corporate Social Responsibility

Research on corporate social responsibility index abroad. Ernst & Ernst (1971) conducted a continuous follow-up study on the Fortune 500 and concluded that corporate social responsibility included six aspects, including environment, employees, equality of opportunity,

society, products and other aspects. For these six aspects, 18 indicators with equal weight were designed. Carroll (1979) proposed in the pyramid model that corporate social responsibility includes customer first, environment, racial and gender discrimination, product safety, occupational safety and shareholders. Gallo (1980; Through the investigation of family enterprises, it is concluded that corporate social responsibility includes internal social responsibility (providing satisfactory products/services to the society, creating economic value, all-round development of employees, and ensuring sustainable development of enterprises) and external social responsibility (making efforts to change/hinder the behaviors damaging social good affairs). Isabelle & David (2002) by the United States, France, the Netherlands, the UK the social responsibility of the four countries, concludes that corporate social responsibility activities including social donation (in the construction of culture, art, education, improve people's quality of life, safety and environmental protection), customers (product/service quality and safety), employees (equality of opportunity, safety and health), shareholders (creating economic wealth, corporate governance, information disclosure), supplier (opportunity) a small class five and ten. Through combing and combining relevant researches, it can be found that foreign social responsibility mainly includes economic responsibility, legal responsibility, environmental responsibility, customer responsibility, shareholder responsibility and public welfare responsibility.

Research on the index system of corporate social responsibility in China. Since the company law clearly stipulates that enterprises should assume social responsibility, scholars try to evaluate the performance of social responsibility and start to study the evaluation indicators. Li Zheng (2006) divides corporate social responsibility into six categories (excluding shareholder interests), including employee rights and interests, product quality, environmental protection, community responsibility, social welfare and other categories. Huai-ming wang (2007) such as draw lessons from the Carroll's pyramid thoughts, think the corporate social responsibility is the enterprise on the basis of the pursuit of economic wealth, do comply with the national law and business ethics, safeguard the legitimate rights and interests of employees, to protect the interests of investors, and to participate in social public welfare, the four aspects respectively, in turn, use national contribution ratio, investors contribution rate, public welfare, staff contribution measure. Chun-fang Yang (2009) from the staff responsibility (health and safety, employee satisfaction, training and development, health and safety), environmental responsibility, environmental protection investment, punishment, environmental certification), community responsibility, community involvement, community donations, community relations), such as three dimensions design of the corporate social responsibility five-point scale. Zhang Zhaoguo et al. (2013) established five first-level indicators of corporate social responsibility strategy, employee strategy, social investment, environment and customer and supplier, and set 36 second-level indicators under the first-level indicators to measure social responsibility.

The index system of social responsibility is different in different times, and even in different countries, regions and industries, the index weight of social responsibility is not consistent. It can be seen that with the changes of the historical background, the above evaluation indicators of social responsibility have been constantly changed and enriched by later scholars, although they were relatively in line with the development of The Times at that time.

3. Influencing Factors of Corporate Social Responsibility

The research on the influencing factors of corporate social responsibility mainly focuses on the external and internal factors of enterprises. External factors mainly include institutional environment and stakeholders, while internal factors mainly include governance structure, corporate financial status and industry attributes.

(1) Institutional environment. Institutional environment is an important factor affecting corporate social responsibility (Brickson, 2007). In countries and regions where government regulation is strong and non-profit organizations such as professional organizations and industry associations have greater supervision over corporate social responsibility, corporate social responsibility and other social performance are better, among which government regulation is the primary factor affecting social responsibility. Husted and Allen (2006) pointed out that corporate social responsibility decisions of multinational corporations are influenced by the institutional pressure of host countries. The greater the institutional pressure of host countries, the more actively multinational corporations will practice social responsibility. Yan Rong et al. (2012) pointed out that when the institutional environment in eastern China was better than that in western China, managers in eastern China paid more attention to social responsibility behaviors such as economic responsibility, charitable responsibility and social care orientation.

(2) Stakeholders. As a pressure group of enterprises, stakeholders exert influence on social responsibility activities. Managers' personal characteristics such as age, gender, religious belief, education level and attitude affect corporate social responsibility behavior; When consumers have purchase intention, they will choose a certain commodity based on the information collected (including the perception of social responsibility). Usually, they will choose enterprises with good social responsibility performance. Institutional investors will measure the value of target enterprises by referring to the level of CSR fulfillment of enterprises, so as to promote CSR investment of enterprises.

(3) Internal governance structure and social responsibility. A sound corporate governance structure will promote enterprises to practice social responsibility. Wang Changyi (2007) concluded that governance mode, shareholder target shareholder structure and shareholder power affect corporate social responsibility through normative research. Rodrigue et al. (2013) pointed out that ownership structure, board size and executive compensation are important factors affecting social responsibility. Through empirical tests, Song Jianbo (2010) found that the size of the board of supervisors, the number of senior executives, the share capital structure and the association of major shareholders had a significant impact on the performance level of social responsibility of listed companies.

(4) Financial status and social responsibility. Only in good financial condition can enterprises have more resources to flow into social responsibility activities. Generally speaking, large enterprises have strong competitiveness and are more likely to receive attention from consumers and investors. Meanwhile, the public has higher expectations on this kind of corporate social responsibility, so enterprises tend to actively practice social responsibility. The size of an enterprise is an important factor affecting corporate social responsibility. Enterprises with good performance have smaller financial and operational risks and are able to fulfill social responsibility information. Yang Chunfang (2009) and Zhang Shengrong (2014) selected listed companies as research samples for empirical test and found that corporate profitability was positively correlated with the level of social responsibility. Financial leverage reflects the degree of pressure a company faces from pressure groups (community, government, employees, creditors, etc.). In order to reduce various risks including financial risks caused by financial leverage, enterprises will enhance the awareness of communication with stakeholders and be more willing to practice overseas social responsibility. However, some studies have proved that corporate social responsibility is negatively correlated with financial risks.

(5) Industry attributes and social responsibility. Li Zheng (2006) believed that the environmental performance and social performance of industries sensitive to social responsibility, such as heavy pollution industries, are likely to receive more social attention, resulting in the increase of social responsibility behaviors such as environmental governance and protection and community public welfare. In addition, the Environmental Protection Law

requires companies in some heavily polluting industries to engage in more social responsibilities such as environmental protection and community public welfare.

4. Consequences of Corporate Social Responsibility

Corporate social responsibility as one of the core competitiveness of enterprises, good social responsibility will win the support of consumers, reduce the cost of capital, win the recognition of employees, improve corporate reputation and brand value, but whether good corporate social responsibility can improve financial performance is still controversial.

(1) Enterprises' fulfillment of social responsibility will win the support of consumers. As one of the important beneficiaries of enterprises, consumers will take actions to support enterprises that fulfill good social responsibilities. Mohar & Webb (2005) found that good CSR behavior of enterprises has a positive impact on consumers' evaluation of enterprises and purchase intention of enterprises' products, and consumers have a stronger purchase intention to enterprises' products with good CSR performance but high price. Zhou Zucheng et al. (2007) found that enterprises with higher level of social responsibility in the industry were favored by consumers, whereas consumers had lower purchase intention.

(2) Corporate social responsibility will reduce the cost of capital. Good social responsibility performance will enhance investors' willingness to invest and reduce the company's cost of equity capital. Xu Shan et al. (2015) pointed out that China's state-owned enterprises have better social responsibility performance and lower equity capital, but in terms of reducing the cost of equity capital, the social responsibility of non-state-owned enterprises can more effectively reduce the cost of equity capital. Xu Liping et al. (2020) selected good social responsibility performance of listed companies to significantly reduce the debt financing cost of enterprises.

(3) Enterprises' performance of social responsibility will be recognized by employees. On the one hand, CSR directly affects employees' attitudes towards the enterprise, such as loyalty to the enterprise, organizational identity, work attitude and organizational pride. On the other hand, employees' perception of CSR behavior changes employees' own behaviors, such as work involvement, positive word of mouth, and adjustment of their own deviant behaviors in the workplace.

(4) Corporate social responsibility will enhance corporate reputation and brand value. Carroll and Buchholtz (2008) believe that CSR behavior performed by enterprises speeds up the process of stakeholder identification, makes corporate values of individual values integrate with each other, promotes the establishment of harmonious relations between enterprises and stakeholders, and thus enhances corporate reputation and brand value. Brammer et al. (2004) also found a significant positive correlation between CORPORATE social responsibility and corporate reputation by selecting British listed companies. Xin Jie (2010) studied 744 effectively collected questionnaires and found that CSR performance of enterprises improved brand equity value of enterprises, and consumer perception played an intermediary role in CSR and brand equity value.

(5) Corporate social responsibility and financial performance. In the research on the relationship between CSR and financial performance, scholars have drawn different conclusions from different theoretical perspectives and sample selection. Most scholars support positive correlation between CSR and financial performance, while a few support negative correlation between CSR and financial performance. For example, Shen Hongtao and Yang Yi (2008) support the positive correlation between CORPORATE social responsibility and corporate financial performance. Chen Yuqing et al. (2005) support that corporate social responsibility is not related to corporate financial performance. Harrison and Freeman (1999) and Li Zheng (2006) support that CSR is negatively correlated with corporate financial

performance. Zhang Zhaoguo et al. (2013) empirically tested the relationship between social responsibility and current financial performance and delayed financial performance, and found that social responsibility was positively correlated with current financial performance, but social responsibility was negatively correlated with delayed financial performance, making a major breakthrough in the research on the relationship between social responsibility and financial performance.

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