



Dealing the Problems in Exports through Corporation Social Responsibility

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Abstract

With the high speed development of China's export, a series of problems have initiated. For example, the energy crisis and environmental pollution; more dependent on the export of labor-intensive product, the foreign trade industrial set-ups lifting problem; green trade barriers problem; labor problem and constant reinforce of the demand that enterprises of our country should fulfill social responsibility from trans-corporations, etc. Those problems have impeded our foreign trade competitiveness gravely. Corporation social responsibility (CSR) is one of the means in solving the above problems. The author thinks that export enterprises need to think of dealing the problems with CSR.

Keywords: Dealing with, CSR, Problems

1. Definition of corporation social responsibility

Corporation Social Responsibility means that at the same time enterprises are creating profits and responsible for shareholder's interesting, they should bear the social responsibility to the staff, consumer, community and environment. It involves being in accordance with business ethics, production safety, occupational health, protecting the labor's legitimate rights and interests, protecting the environment, supporting the charities, offering social public service, and protecting the disadvantaged groups, etc. According to the target of corporation social responsibility, corporation social responsibility should bear persons who are correlated with interests of corporation responsibility except that responsible for enterprise shareholder traditionally. Benefit relevance persons are referred to consumers of products, the staff, suppliers, social, Folk Corporation and government, etc. In order to sustain, it's far from enough for enterprises to consider only that the economic environment is responsible for shareholder, but must consider the environment and social factor at the same time, and bear corresponding environmental responsibility and social responsibility. According to the difference of social responsibility enterprises bear, the corporation social responsibility can be subdivide into 10 kinds: Environmental protection, products and service of sustainable development, recycle economy and economy of economizing, the customer and protection of consumers' rights and interests, the safeguard of staff's rights and interests, the participation of persons who are correlated with the interests, support of the disadvantaged groups, the offer of education, administrative system of corporation social responsibility, supply chain.

The factors influencing foreign trade competitiveness of the export product are technological innovation, brand, price, quality and service of product, green products, and whether they can pass the trade barrier etc. Now we will give a concrete explanation how to promote the competitiveness of the products by undertaking .CSR.

2. The Question Existing in the Current Situations of Foreign Trade

It is drawn from the index of product international market occupation ratio that although the total amount of export of our country increases year by year, compare with developed country in the international market share of the export product, there is still an obvious gap. In 2003, Germany, U.S.A., Japan arranged the top three in the world's export share, their total export is 1.71 times, 1.65 times, 1.08 times of China separately. Therefore, how to exploit world market further and improve the products competitiveness of foreign trade of our country is a considerable question.

2.1 The increase of the labor-intensive products export doesn't bring the promotion of the international competitiveness of our country

It can be drawn from the structure conversion ratio index of export products that though our country's export

commodities at present relies mainly on industrial goods, if further analyzing the export structure of manufactured goods, you will find that a majority of manufactured goods of export are labor-intensive products with low added value, shallow processing degree, and low technical content, or rough machining and primarily processing goods. It is mainly imputed that we utilizes low-priced workforce resources to participate in Processing and assembly session of lower added value. High-tech added value products, especially the products with the independent intellectual property right are very low in specific gravity. The export of a lot of products can't obtain high comparative interests, in the link of low end on the value chain of the international division, which is very easy to be replaced by other developing countries with lower cost. The kind of Extensive export depending on the labor-intensive products for a long time, brings high growth of China's foreign trade while doesn't bring the corresponding improvement of the national competitiveness. Because the export commodities of China are concentrated on some labor-intensive products, the labor-intensive products of the low level are apt to be pressed by multiple pressures, such as corporation's social responsibility, anti-dumping and technical barrier. For example, in mid-June of 2004, EU announces to launch the anti-dumping probe of Polyester filament fabrics originating in China, which is produced cheaply for other countries regardless of the worker's benefits of our country, and the amount involved in the case is up to about 580 million dollars. Barbie Dolls made in China are 20 dollars per unit in U.S.A., but manufacturers of China just can get 35 cents. Ones that really benefit from selling are enterprises of U.S.A., which have obtained most profits from trade. If we want to have considerable improvement in the foreign trade competitiveness of our country, it's needed to change the thinking, and walk out primitive accumulation development model which is depending on cheap workforce.

2.2 The question of promoting the industrial structure

It can be draw from competition index of trade that the ability of digesting and absorbing of our country in technology-intensive industry enhances, which prove the foreign trade competitiveness of our country industry foreign trade competitiveness still lay particular emphasis on labor intensity higher industry, but basically in inferior position of competing in capital-intensive technology-intensive industries. If our country continues developing the labor-intensive industry according to the static comparative advantage, it will result in "The pauperization increase of export ". In order to change this kind of destiny, our country must develop capital and technology-intensive industry with dynamic comparative advantage by advancement of industry and the government's policy, and then promote the industrial structure, realizing the tremendous development of the foreign trade of our country.

2.3 Energy crisis and problem of environmental pollution

The development model of extensive foreign trade which is "high investment, high consumption and low income "in the current makes our country a large consumption of resources and pollution of environment. Our country is a country of a large resource consumption. For over 50 years since China was established, it's more than 10 times of increase in GDP of our country, while the consumption of mineral resources increased more than 40 times. At present, the consumption of the crude oil, raw coal, iron ore, steel, alumina and cement occupies 4%, 31%, 30%, 27%, 25%, 40% in the amount of he world's consumption respectively, but GDP created is only 4% of amount of the world. Some enterprises with serious pollution though have created the output value, have caused serious destruction to mountains and rivers. The expenses of managing pollution have far exceeded its benefit brought. It's calculated that, in China's GDP of 1990s, at least 3%- 7% was obtained by sacrificing our living environment (natural resources and environment). If we want to promote economic strength and competitiveness, we should not only adjust the industrial structure, optimizing and promoting traditional industry, but also make great efforts to develop recycle economy, building the economizing society; abandoning traditional development thinking and mode; adhering to the policy of saving priority; placing economizing resources on the outstanding position in each field of production, construction, circulation, and consumption; making efforts to reduce consumption; reducing the loss and waste; improving resource utilization efficiency; reducing pollution of the environment at the same time, working for the good fortune for descendants.

2.4 The prevailing of green trade barrier

Green trade barriers are measures in international trade, which one country restrict import in order to protect the environment and safeguard the human health, through legislating and making the mandatory technological regulation. They involve if taking the effective environmental protective measure in the whole course from product development, exploiting, producing, packing, transporting, using, circulation, and utilization. With the deep development of foreign trade of our country, green trade barrier gives more and more pressure on expanding the international market of our country. With such ideas as the green, ecology, etc. are approved extensively by consumers gradually, the ecological demand for the fabrics, clothing will be rapidly a main obstacle hindering the export of fabrics, clothing and expanding international market share of our country. The fabrics that our country exports are mainly labor-intensive products, which is in the low ends of the international division and value chain basically. In such fields demanding high investment of technology and capital as the new-type fiber and surface fabric, dyeing and finishing, fabrics for industrial use, environmental protection type products and fabrics machine, etc. it still has a long gap with developed

country. Our country must adjust the developing direction voluntarily, making and implementing green marketing tactics to turn the pressure into motive force of development.

2.5 Labor problems and constant reinforce of the demand that enterprises of our country should fulfill social responsibility trans-corporation from trans-corporations.

Enterprises of our country generally exist such problems, relatively bad working environment, incident taking place frequently, staff legitimate rights and interests being aggrieved seriously, the number of labor dispute rising, phenomenon of child labor without cease, and lacking production safety training, etc. For example, in some labor-intensive enterprises such as clothing, leather, toy, electronic in Zhujiang River Delta, it is the common phenomenon in 12 hours that workers work every day. In delivery period, a lot of factories require workers to ceaselessly work in extra hours, some do not even lay on a day off-hours for three or four months. It is not specific that the staff with weak physique is tired to cause death, and the situation fainting in the workshop is to take place frequently even more. Since the social responsibility standard is issued, on the pressure of consumers' movement, some trans-corporations began to start the verifying mechanism to the social responsibility of enterprises of our country, supervising the Chinese contract factory. In the past, the trans-corporation, while purchasing the goods in China, the buyer only needs materials about offering goods date, price and quality, while the salary and supplies cost were seldom needed, even caring about the working conditions of enterprises. Now the trans-corporations implement the supervision plan of social responsibility, a lot of trade companies demand to assess the Chinese factory before confirming a supplier, it includes quality control, environmental protection and labor's standard. This situation requires our country to face corporation social responsibility, making and implementing relevant tactics.

2.6 The scarcity of international famous-brand products our country owns

Enterprises of our country that is engaged in enterprise's own registered trademark of imports and exports are less than 20% at present, among them there are fewer famous brands. In recent years, the trans-corporation regards famous brand as the tie, structure global production and selling system, regard the famous brand as controlling and dispose the means of resources and factor of production, utilize the famous brand to seize and control the market, the international market has already entered a whole competition era of brands. Because lack of independent brand, the export of our country is still at the stage taking price as main competition means. It has already hindered the promotion of the international competitiveness of our country seriously.

2.7 The scale of export enterprise of our country is small, lacking large enterprises

In 500 tops enterprises of the world, the enterprises of our country selected are only 23, and is basically state-owned. Large enterprises are backbones of one country's national economy and industry. Modern large enterprise and enterprise group can coordinate a lot of transaction "internalization" through management, reducing the transaction cost. Through large scale operation, it can improve the comprehensive utilization ratio in such factors of production as technology, production equipment, management organization, market channel, information and raw materials, etc. By increasing technology, promoting the technological progress and reducing the operating cost of production, it can not only improve the input and output rate, obtaining large-scale production; but also increase the ability that enterprises undertake the market risk. One of the signs of a national competitiveness is to see how many world-class enterprises with international competition advantage there are in the country.

In the face of the current situation of the foreign trade competitiveness of our country and existing problems, how to solve these problems and improve the foreign trade competitiveness of our country further is the question that government, scholar and enterprise should think over. It's thought a kind of settlement to realize the further promotion of the foreign trade competitiveness taking the opportunity of advancing CSR.

3. It Will Help to Promote the Foreign Trade Competitiveness of the Products by Advancing Corporation Social Responsibility

3.1 Advancing corporation social responsibility and technological innovation of the products

The technological innovation of the products can promote the competitiveness of the products. Success of three major electric apparatuses Companies of Sony, Panasonic and Sanyo of Japan is to a great degree due to carrying on the technological innovation of the products constantly, making their own products stay leading position all the time. Sony develops over thousands of kinds of new products every year, on the cusp in variety; Panasonic let customers of world with high-quality service "use the products of Panasonic reliantly very much "; Sanyo develop products at low cost and make price differential of competition in principle of "Users can afford ". Different competitive strategies can all make enterprises obtain the competition advantage. The improvement of enterprises' competitiveness should depend on the technological innovation. The technological innovation can make the competitive ability on the whole of manufacturing industry of one country obviously higher than other countries, too.

It's indicated that the enterprises can't only pay attention to the products profit at the moment to advance corporation social responsibility. They must have products and service corresponding to sustainable development strategy so as to keep the sustainable development of enterprises in the environment with keen competition. This impels enterprises to

pay attention to the technological innovation, realizing development of the products and further upgrading of the products. So advancing corporation social responsibility itself requires the technological innovation of the products in order to realize sustainable development. Take an example, air conditioner is the first energy consumption for family daily, large power consumption, service time centralized, which have directly led to the big pressure of the electric wire netting in peak period of power consumption, and the supply of electric power is seriously insufficient. In light of this situation, the strategy of Hisense is basic on technology to realize the goal of sustainable development of enterprises. Since the research institute of air conditioner was established in Hisense in April of 1995, it carried on multiple technological autonomous innovation and mastered the Inverter Air Conditioner. Because of mastering inverter technology, Hisense has put out the DC inverter products which are above 3.9: 1 in E.E.R, and the highest one is up to 7.01. 1. On the basis of achievements, Hisense initiated alliance of Inverter Air Conditioner, putting circulation economy into the design of various projects, products and services, developing actively harmless or low-pollution new techniques, new technologies, and cutting raw material and energy consumption. The sales achievements of the Inverter Air Conditioner of Hisense and close attention to consumer demand make Hisense occupy "Leader of Inverter technology". Hisense extend to inverter refrigerators and color TV. With such efforts, the export markets of Hisense air conditioner spread all over more than 50 countries, realizing 260% of growth. It can be found out from this case of Hisense, advancing corporation social responsibility to realize the sustainable development of the products should be often combined with technological innovation. Technological innovation serves for sustainable development of society directly, which embodies social responsibility consciousness of enterprise.

3.2 Advancing corporation social responsibility and the competition of the products' brand

The competition of brand is the promotion and continuity of competition of goods, As the products or the industry develop to ripe stage, the position of brand in the competition of the goods will stand out. The famous-brand goods have strong market competitiveness. It's shown from the United Nations development plan administration statistics the famous brand in the proportion of global brand is less than 3%, but the market occupation rate of the famous-brand goods is up to 40%, some industrials as the computer software, etc. are even up to more than 90%. Whether there are world-famous brands in the export commodities, and the number of the brand independently export is one of the important behaviors of one country's foreign trade competitiveness power. The brand construction of our country has obvious disparity with developed country. According to the United Nations Industrial Development Program, there are about 8,050,000 kinds of famous-brand goods in the world, and among them the developed country and new developing industrialized economy have more than 90% famous-brand ownership, which are in the monopoly position. At the beginning of 2004, 100 brands with strongest influence power of the world were announced which are evaluated by the internationally famous "value of the brand" Appraisal agency - the brand laboratory of the world, etc, and in our country only brand of Haier ranked. Lack of independent brand has already become a main problem our country marching to a strong nation of the foreign trade.

The construction of brand is a systematized project, the emergence of a brand needs complicated and careful work very in large numbers. There should be a good corporation culture in the construction of the brand, strong scientific research strength, perfect quality certification system, overall marketing network and thoughtful after-sale service. In the competitiveness of brand, there are two most important elements: Quality and culture. Quality is the foundation of brand. Without quality as a powerful point, in the fierce market competition, the brand can't obtain the advantage of the competition, even to survive. Culture is the core that the brand turns from the material competition to spiritual one. "Half of the brand is the culture". In modern times when consubstantial goods flood the market, the brand not only plays a role in distinguishing source of the goods, but has become a kind of carrier spreading culture. The psychologically satisfied utility it brings to consumers far surmounts the value of the foods themselves, and can make consumers obtain satisfaction culturally and psychologically. Therefore, it's favorable for enterprises of our country to bear CSR to have the space of enterprise's one's own development, and to establish brands service better through transmitting social function and social responsibility that enterprises bears to consumers. The international food Ltd.-Chengyi has paid attention to the safe hygiene of the products since the beginning foundation of the factory. It has made a series of rules and regulations, in order to guarantee food's security, and give consumer's confidence in the food security; At the same time it adopts the flour made by the advanced craft, without fried, and the nutritional components are not destroyed, noodles chewiness, health hygiene, low fat. There are information indicated on the packaging of products of Chengyi company, as the producing area, composition, taste, operation method, making public service, date of production, validity, etc. on the packaging of a sincere products of food company. It enables consumers to buy the food which accords with the hygiene and health standard according to food packing. In order to strengthen the control of the flow of company products, react rapidly to the products which present the quality problem, and avoid causing more losses to society, Chengyi international food Ltd. makes the products recalls procedure, giving prompt, appropriate treatment to the products with problems, making it no longer endanger consumers finally. It is exactly the attention to corporation social responsibility of Chengyi international food Ltd., that make its products have good public

praise in the international market, its sales amount realized the growth of three -figure number in 2002, and after this the increasing degree for three years in succession has been above two -figure number.

3.3 Advancing corporation social responsibility and cost reduce of goods

If enterprises consider recycle economy and saving economy while bearing social responsibility, reaching the effective use of the physical resources and economy of ecological sustainable development, they can lower costs and strengthen the competitiveness of the products on the basis of relatively less consumption of resource and energy. For example, the group of northern Shandong uses industrial ecology and circulation economic theory to guide practice, solve the technological difficulty, and form three ecological industries chain: Ammonium sulphate cement chain, the multi-purpose chain of sea water and Salinity and power chain, which make the solid offal utilization ratio of the main device of enterprises up to 100%. The group of northern Shandong realizes 5,230 million yuan of output from January to October in 2005, profits tax 754 million yuan, and the profit 700 million yuan, which increase by 53%, 53%, 55% compared with the same period of last year separately, having obtained very good economic benefits. Another field in which the potential cost economizes is the advertising expenditure. Because of contribution made in social responsibility, the enterprises will obtain free and extensive propagandas from consumers and users.

3.4 Advancing corporation social responsibility and the promotion of quality of products

The quality and service of the products are important factors of the products competitiveness. Enterprises should offer good product quality and service to consumer to bear CSR. In order to improve the quality, the group of Glanz innovated constantly in management and service except technology, and stifled symptom of every quality hidden danger, remained stability of quality. Glanz is one of the most intensive, soundest, and perfect after-sale service network enterprises in Chinese electrical home appliances industry. It has professional service teams of thousands of people and 4000 after-sale service sites spreading all over the country. The quality and service strategy of Glanz make its products obtain the considerable economic benefits. The market occupation rate of the microwave oven of Glanz was 25.1% in 1995, ranked primarily in Chinese market. In 1999, the sales amount of microwave oven of Glanz was 2,960 million Yuan, domestic sales and exports accounting for 50% respectively, and the domestic occupation rate of market is 67.1%, ranking the first place steadily. In 2001, the market occupation rate of the microwave oven of Glanz was up to 70%, export exceeded domestic selling for the first time. These data confirms a principle invariably: Only those enterprises which firstly consider the rights and interests of the customer constantly, daring to be responsible, could establish in an unassailable position in the fierce market competition.

3.5 Advancing corporation social responsibility and green products competitiveness

It is exactly one of the contents of CSR to advocate the green products. With consumers' approval on safety, energy-conserving, pollution-free of products, the green products have wider and wider market and competitiveness nowadays. It's surveyed that the consumers would like to pay the price higher than the general products to buy the green products. The volume of global green products trade is 250,600 million dollars at present, 106 billion dollars of North America among them, 100 billion dollars of Europe, and 50 billion dollars of the Asian-Pacific area, The enormous market of green trade is not only a kind of opportunity but also a kind of challenge to our country. Haier specially organized a leading group at one time, studying how to reduce the refrigerator 50% of the consumption of Fluorine chlorine. The environmental protection refrigerator it developed won soon "The green sign of Europe ",and opened the European market. The quantity of export to German was up to more than 50,000, occupying the first place in Asian countries on the quantity. Huilin Company utilizes the competitiveness of the green products to open up the product market in Guangzhou. The traditional pencil pole is made from timber, for this reason, about 500,000 cubic meters of high-quality timber are consumed every year in the whole world. Huilin company bought patent " By abolished newspaper to substitute the timber to make the pencil pole " in 1996, with great effort, finally it develop high-quality green pencil with abolished newspapers. A cubic meter of high-quality lindens wood can only produce 30,000 branches of pencils, while 1 ton of useless newspaper can produce 200,000 Branches. It ended the history of 300 years to make pencil by cutting down forests. This kind of using useless newspaper directly reduces the secondary pollution and large consumption of water and electricity in recycled papermaking with raw materials. With the approval of the green products by the society, a lot of Chinese demand to popularize the green pencil by call from all parts of the world. The green pencil of Huilin Company even caused a sensation at the "GLOBE 2000" fair of international green products in Vancouver. It implies advancing corporation social responsibility can strengthen international competitiveness of the green products.

3.6 Advancing corporation social responsibility and dealing with the trade barrier

Technological trade barrier and social responsibility barrier made the pressure of entering international market for the products of our country bigger and bigger. As a developing country, it is the only way of ranking among the powerful country of commerce to accelerate the electronic product export, but one of the difficulties faced is the various informative products importing standard which the developed country makes. For instance: Antipollution standard,

noise standard, electromagnetic radiation standard, etc.. The fabrics of the export of our country are mainly labor-intensive products, in the low ends of the international division and value chain basically. Fields such as the new-type fibre and surface fabric, dyeing and finishing, fabrics for industrial use, environmental protection type products and fabrics machine, etc. which expected much science & technology and capital investment, have a long way to go with developed country. So, aspect as environmental technical index, it is apt to award people with the handle. Such labor-intensive enterprises as clothing, textile, shoes-making, electronic factory, etc. are impacted greatly at present. And it helps the products to wind these trade barriers and enter the international market smoothly that enterprises bear social responsibility, improves the foreign trade competitiveness of the products. The industrial Limited Company of China Jialing Co. is one of the biggest motorcycle manufacturing enterprises of China, among fierce international market competition, good imperial tomb reply about demand of enterprise of social responsibility actively, put the standard of regarding regulation of international supreme environmental protection as the motorcycle and producing, the demand for meeting the technological quality level of international market in abolishing such indexes as vapor discharging, security, noiseless., makes it exports goods and earns foreign currency 20,420,000 dollars in first quarter of 2006, It is listed in the famous-brand list of 2005 to 2006 exports that will foster and develop especially by national Department of Commerce.

Conclusion

To a conclusion, advancing CSR is favorable to the products' technological innovation, and the forming of the brand products, helping to economize the cost of goods, improving quality and service of the products, helping to form the green products competitiveness, helping the products to wind various kinds of trade barriers, economizing the transaction cost. Therefore, advancing corporation social responsibility is helpful to dealing with the problems.

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