



Social Responsibility and Sustainable Development of China's Private Enterprises

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Abstract

Social responsibility is of great significance for the sustainable development of the whole society as well as every enterprise. Due to some misunderstandings held by China's private enterprises, some problems such as the lack of honesty, infringing upon laborers' rights and environmental pollution have been brought about. Therefore, private entrepreneurs are expected to take up their responsibility to establish the "man-oriented" concept of development, put more importance on the interests of employees, consumers as well as the whole society, hence promoting the sustainable development of our enterprises and the harmonious progress of our society.

Keywords: Social responsibility, Private enterprise, Sustainable development

Nowadays, it has been acknowledged by China's enterprises and has become the mainstream of national economy and the specific responsibility committed by modern enterprises to persist on the scientific concept of development as well as to create a man-oriented social environment which calls for honesty-based management and green GDP. Entrepreneurs' social responsibility plays a significant role in not only the sustainable development of enterprises themselves but also that of China's economy, environment and society. Accordingly, it is particularly important for the construction of a harmonious society whether enterprises have taken up their social responsibility and constructed their harmonious relations with employees, consumers, environment and society.

1. Definition and Features of Corporate Social Responsibility

Ever since the 1990s, the concept of corporate social responsibility has enjoyed increasing world reputation. World Bank defines corporate social responsibility as an aggregation including enterprises' relationship with others close to them in interests, their values, conformity to laws and regulations as well as some relevant policies and practice showing respect for human beings, community and environment. It is a responsibility taken up by enterprises for sustainable development in order to improve those interest-related people's living quality. While, according to the European Union, it is defined as "enterprises' efforts to integrate their concerns with society and environment in their operation as well as their interaction with those interest-related people based on their resources". Besides, it is defined by Business for Social Responsibility as "achieving business success by showing respect for moral values as well as for human beings, community and environment".

According to all the above definitions, it is clear that in addition to their traditional economic roles, enterprises are also expected to play their social roles as "agents" in order to guarantee the sound operation of market economy. As the agents of social resources, enterprises should serve not only their shareholders, consumers and employees but also the whole society. Therefore, its general connotation refers to enterprises' responsibility in many ways to guarantee social welfare, stability and development, which includes (1) enterprises' responsibility for their owners by guaranteeing profit and development, (2) enterprises' responsibility for their consumers by providing good and cheap goods, (3) enterprises' responsibility for creditors by paying off debt on time, (4) enterprises' responsibility for employees, including good salary, favorable working conditions, opportunities for training and promotion, (5) enterprises' responsibility for government and community by paying taxes, profits, fees legally and providing equal employment opportunities in order to improve social and political stability and economic prosperity, (6) enterprises' responsibility for social environment mainly by protecting and treating environment in order to provide a better living place for residents.

According to the above detailed analysis, there are two layers of features in corporate social responsibility. First is the social responsibility imposed by laws and regulations, such as safe production, environmental protection, product quality, after-sale service and so on. This kind of responsibility is normally imposed by force by relevant laws, regulations and industry standards. Second is the spontaneous social responsibility required by morality and values, such as higher environmental protection standards, higher quality standards and charity and so on. This is based on the recognition of the harmony among human beings, nature and society in our corporate culture, reflecting entrepreneurs' humanistic quality and values with the former as the premise and base for enterprises' survival and the latter as an important factor for enterprises' constant profit. Therefore, a socially-responsible entrepreneur should realize that

corporate social responsibility should include not only that for shareholders but also for employees, consumers, community, clients, government and so on.

2. The Necessity of China's Private Enterprises Holding Social Responsibility

During the past two decades of reform and opening, China's private economy has come into existence and achieved rapid development. Currently, over 3,600,000 private enterprises all over China have taken 130,000,000 employees and their contribution has accounted for 65% of GDP as well as more than 50% of taxes. Obviously, private economy has become the important pillar in China's economic growth and social stability. However, due to the severe lack of social responsibility among some private enterprises, some problems, such as the lack of honesty, market disorder, infringing upon laborers' rights, environmental pollution and shortage of migrant workers and so on, have hindered the further development of China's economy. Accordingly, in addition to their historical mission, greater social responsibility should be held by them since their social responsibility plays a particularly important role in enterprises' sustainable development and social progress.

First, in the aspect of its development course, the development of private economy should be attributed to the policies made by CPC and government as well as the support of the whole society. Therefore, benefiting most from reform and opening, private enterprises are expected to hold their social responsibilities, develop their production, create great wealth, hand in taxes, provide more jobs, satisfy people's material and cultural demands and hence to contribute for social stability and harmonious society in addition to enjoying better environment for their development created by government and the whole society.

Second, in the aspect of consumer protection, it is beneficial for the sustainable development of enterprises as well as the harmony of the whole society. As small or medium-sized enterprises, most private enterprises in China deal with dispersed and mobile clients, so it is hard to be known among clients whether they stick to responsible operation. Furthermore, due to their changeable business ranges, enterprises put little importance on the comments they receive from others, hence resulting in some irresponsible actions, such as manufacturing fake and inferior commodities. Their irresponsibility for consumers has created a very bad impression on the whole society and consequently, has damaged their own images as well as hindered their own development. Seen from the above, it is beneficial for enterprises themselves to establish a strong sense of social responsibility in order to achieve recognition and supports among consumers.

Third, in the aspect of employee's rights and interests, China's private enterprises should strengthen their sense of responsibility to guarantee their employees' wages and security. Generally speaking, most private enterprises mainly earn meager profit by dealing with some low-technology industries. In order to earn more profit, some will fringe upon employees' interests by lowering their wages, lengthening their working time and providing inferior working environment. It has been shown in the current lack of migrant workers and some major mine accidents that it is immoral and unsustainable to develop enterprises by maltreating workers. Therefore, it is urgent for these private enterprises to fulfill their social responsibility.

Fourth, in the aspect of resources and environment, it is quite important for private enterprises to utilize resources effectively and protect environment in order to realize the sustainable development of China's economy and society. With rapid economic development and the approaching of the heavy-and-chemical-industry era, China's economy is faced with resource shortage and environment crisis. Furthermore, due to insufficient capital, laggard technology and management and limited human resources, most private enterprises invest in low-technology, high-pollution and high-energy-consumption projects as well as take extensive operation, accounting partly for excessive consumption of resources and energy and environmental pollution. Actually, it is quite essential to strengthen the sense of social responsibility among private enterprises, to convert the pattern for economic growth, to save resources and to protect ecological environment.

To sum up, in addition to their own sustainable development, private enterprises' social responsibility is closely related to that of economy, environment and society.

3. Some Misunderstandings about China's Private Enterprises Holding Social Responsibility

At present, there are some problems in China's private enterprises' social responsibility and some misunderstandings about social responsibility among many private entrepreneurs.

(1) Putting corporate social responsibility and corporate profit in opposition. According to many entrepreneurs, they are taking great risks not to contribute to others freely but to earn profit. Actually, in the 1950s to 1960s, a Nobel Prize winner in Economy, Milton Friedman, described corporate responsibility as making as much profit as possible. Although this theory lost its dominant role in western nations in the 1970s, many Chinese entrepreneurs are still following it as their guideline for corporate management. Therefore, they put corporate social responsibility and profit in opposition, creating an impassable gulf between the two.

(2) Regarding enterprise scale proportional to social responsibility. Many private enterprises claim that state-owned enterprises should take greater responsibility due to their large scale, sufficient fund, close relationship with government and society, especially their advantages in the domestic and international market as well as their influential images and brands. In contrast, private enterprises, especially those small and medium-sized ones, due to their limited scale, low profit, less superior treatment from government, less social influence, can be free from social responsibility.

(3) Putting SA8000 on an equal position to corporate social responsibility. SA8000, a corporate social responsibility certification system established by some organizations led by an American folk organization, is intended to improve workers' working conditions all over the world through moral purchases. At present, some large international purchase groups are quite interested in the products made by those enterprises with SA8000 certification. For example, Nike, Wal-mart, Carrefour and McDonald's require their cooperative enterprises in China to be certified by SA8000. Therefore, some private enterprises put it on an equal position to corporate social responsibility. However, the latter covers a wider range, including protecting laborers' rights and interests as well as improving product quality, safe production and environmental protection and so on. Improper knowledge about corporate social responsibility has hindered the sound development of private enterprises.

(4) Regarding donation as the only way to fulfill corporate social responsibility. Some private enterprises maintain that donation can take place of their concerns with product quality, working conditions, employee guarantee, tax payment and environmental protection in fulfilling their social responsibility.

Just due to the above misunderstandings, China's private enterprises are suffering from some key problems. First is the escape from their obligatory roles in social support; second is their indifference about social employment; third is their indifference about environmental protection by basing their profit-earning on damaging and polluting environment; fourth is the lack of honesty and mercenary actions, reflected in providing defective services or products and deceiving consumers, deceiving stockholders by collecting money from the market through false information; fifth is earning profit for owners by exploiting employees' income and worsening their working conditions; sixth is the lack of proper sense to provide public products for the whole society and the indifference about public welfare. This lack of social responsibility among private enterprises has caused severe problems in the whole society, deteriorated the enterprise images as well as the environment for their own development, hence influenced their further development. Therefore, in order to achieve further development, private enterprises are expected to do something more than pure economic activities, that is, to take wider and more humanistic social responsibility.

4. The Construction of Social Responsibility in China's Private Enterprises

In what way will private entrepreneurs take greater social responsibility? First of all, they should provide high-quality products and services to earn profit and to be responsible for their shareholders, which is their basic responsibility. In addition to that, they are expected to take responsibility for consumers, employees, environment and society. Therefore, their social responsibility should be constructed in four aspects including quality, employees, environment and public welfare.

(1) Sticking to honest operation and providing high-quality products and services for consumers. With honesty as the basic principle of market economy, some dishonest or deceptive actions, such as fraud practice, producing fake or inferior products, breaking contracts, tax evasion as well as debt evasion, have spoiled the sound commercial atmosphere, infringed upon the public interests and damaged the images of the enterprises themselves. Accordingly, private enterprises should establish an "honesty-oriented" operation notion in which credit should be emphasized, quality should be based on and innovation should be relied on to improve enterprises' management and provide high-quality products and services. Only in this way will they attract more consumers and survive in the fierce market competition.

(2) Emphasizing security responsibility construction and constructing harmonious labor relations. (1) Due to their poor bases, including facilities, management, employee quality labor protection treatment as well as medical treatment, private enterprises are lacking in security guarantee. With the dropout of public economy from some areas and the development of private enterprises in more areas of our national economy, private enterprises are playing a more and more important role in safe production. Therefore, it is critical to strengthen their security supervision to enable them to improve laborers' working environment and living conditions and guarantee their employees' safety and health. (2) With China becoming the world manufacturing center gradually, China's private enterprises are faced with more fierce international competition; therefore, a highly-qualified, skilled and energetic staff team seems to be particularly important. Private enterprises should realize the function and value of employees, show respect for them, protect and develop their legal rights and interests. By establishing perfect systems related to wages and welfare as well as staff training and promotion, harmonious labor relations can be created, the cohesion in the whole enterprise will be strengthened and therefore, their competitiveness at the international market will be improved.

(3) Putting more importance on private enterprises' economic growth quality and improving their sense of effective

resource utility and environmental protection. In China, economic growth quality is more important than the growth itself, which is reflected in decreasing resource consumption. Actually, private enterprises have consumed relatively more resources and produced more pollution in China. Accordingly, it is quite essential for them to convert their “high consumption and low production” extensive growth pattern, rely on technological reform to reduce resource consumption and pollution, develop their recycling technology to construct circular economy in order to protect limited resources and ecological environment as well as to promote the sustainable development of economy and society.

(4) Establishing right undertaking sense and trying to fulfilling employment demands. After earning great wealth through long-term hardship, private entrepreneurs are expected to establish right sense of wealth and undertaking to provide more jobs for the whole society through investment, production expansion especially by developing some labor-intensive industries and the tertiary industry. This will help to shorten the wealth disparity in China and relieve the severe employment pressure of the whole society.

(5) Keeping an eye on charity and making contribution for harmonious society. With private enterprises as one part of the modern society, its harmonious development will, of course, play a very important role in the constant development of these enterprises. In the aspect of morality, private enterprises should pay more attention to charity activities and take their responsibilities for public interests, especially those disadvantaged groups. They can include donation in their corporate strategies and standardize their donation plans, operation systems and encouragement measures. In this way, the relations among different classes of the whole society will be improved and therefore a better environment will be created for these enterprises to develop themselves. What’s more important, good effects can be achieved in the development of China’s economy and the harmony and stability of the whole society.

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