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A comparison of corporate social responsibility (CSR) practiced with employees in Chinese and Multinational private Financial Intermediation and Accounting companies in China

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Abstract

Corporate Social Responsibility (CSR) has been introduced to the Chinese in the past decade through requirements to comply for example with Social Accountability 8000 (SA8000 is a standard of behavior deemed suitable to show respect for and accountability to society). Compliance has been required by buyers in western markets and by multinational companies as they have entered the Chinese market. Still a clear concept of CSR is not yet widespread among Chinese corporations and employers. Problems raised by unethical behaviors of corporations continue to exist in China. As Klein (2002)¹ once famously stated, it could perhaps be argued that the entire western society has been influenced by companies which did not behave ethically, and almost all of those same problems can be found in China today. Culture and education have been strongly influenced by marketing; mergers, predatory franchising, synergy and corporate censorship have decreased the variety of consumers' choices; job opportunities have moved to countries where labour is much cheaper etc. Therefore, it is important to measure the level of CSR being employed in China by organisations at present. This research measures the level of CSR practiced with employees in private financial intermediation and accounting companies in Shanghai in terms of employee training which plays an important role in these companies. Our research also compares the CSR levels of Chinese companies with multinational companies.

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A comparison of corporate social responsibility (CSR) practiced with employees in Chinese and Multinational private Financial Intermediation and Accounting companies in China

Corporate Social Responsibility (CSR) has been introduced to the Chinese in the past decade through requirements to comply for example with Social Accountability 8000 (SA8000 is a standard of behavior deemed suitable to show respect for and accountability to society). Compliance has been required by buyers in western markets and by multinational companies as they have entered the Chinese market. Still a clear concept of CSR is not yet widespread among Chinese corporations and employers. Problems raised by unethical behaviors of corporations continue to exist in China. As Klein (2002)¹ once famously stated, it could perhaps be argued that the entire western society has been influenced by companies which did not behave ethically, and almost all of those same problems can be found in China today. Culture and education have been strongly influenced by marketing; mergers, predatory franchising, synergy and corporate censorship have decreased the variety of consumers' choices; job opportunities have moved to countries where labour is much cheaper etc. Therefore, it is important to measure the level of CSR being employed in China by organisations at present. This research measures the level of CSR practiced with employees in private financial intermediation and accounting companies in Shanghai in terms of employee training which plays an important role in these companies. Our research also compares the CSR levels of Chinese companies with multinational companies.

CSR and its standards

Since society is composed of people, CSR practiced with employees is an essential and important part of broader Corporate Social Responsibility, especially in service industries. In addition, different countries have different components of CSR practiced with employees due to differences in culture, social environments and natural environments. SA 8000 from the United Nations is a relatively basic requirement which is the starting point of CSR practiced with employees in many countries and a standard measurement as well. ISO2600 has also launched late last year (guidance on social responsibility). Many Chinese companies which provide products or service to developed countries are required to at least reach the standards set out in SA 8000. "SA 8000 is based on international workplace norms in the ILO conventions, and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child." (Social Accountability International, [online])^[4] The contents of SA 8000 fall into nine categories: (1) child labor, (2) forced labor, (3) health and safety, (4) freedom of association and right to collective bargaining, (5) discrimination, (6) discipline, (7) working hours, (8) compensation, and (9) management systems. All these categories were included in our questionnaire.

The Green Paper from the European Union (EU) produced in 2005 is a more comprehensive standard and has subsequently lead the direction of CSR development to some extent since. It adds lifelong learning, work organization, equal opportunities, social inclusion and sustainable development. The internal dimension of CSR in the European Green Paper is relevant to employees and the external dimension of CSR is relevant to the local community and all of the stakeholders in addition to employees and shareholders. In this survey, only the internal dimension of CSR which includes human resources management, health and safety at work, adaptation to change and management of environmental impacts and natural resources will be involved in our research.

In EU's Green Paper, the major contents of Human resources management are: (1) lifelong learning, (2) empowerment of employees, (3) better information throughout the company, (4) better balance between work, family and leisure, (5) greater work force diversity, (6) equal pay and career prospects for women, (7) profit-sharing and share ownership schemes, and (8) concern for employability as well as job security. Most of this consideration can be found in the questionnaire.

The contents of our survey were designed based on these aspects of responsibility. Employees' health and safety, knowledge of relevant laws and regulations, morality, professional skills and knowledge and companies' missions, values and styles were involved in the questionnaire.

Research Methods

Quantitative methods were employed in this research. Six small sub-professions in financial intermediation were selected at random and three companies in each of these professions were selected as the targets of this research. Because accounting cannot be easily separated into smaller professions, eight companies in the accounting industry were selected at random. A total of 26 Chinese companies were invited to participate. In addition, employees in six multinational corporations in these industries were also chosen to complete the same questionnaire. Four employees were asked to answer the questionnaire in each company.

The total number of questionnaires sent out was 128 of which 104 were sent to employees in Chinese companies and 24 were sent to employees in multinational companies. Eighty-three responses were received (65%). Thirty-four respondents in this study were female and forty-nine were male. The ratio of female to male is 0.69:1. Thirty-nine respondents had worked less than five years, nineteen respondents had worked five to ten years and twenty-five had worked more than ten years. There were 54 ordinary employees, 18 middle managers and 10 senior managers who completed the questionnaire (one did not indicate level). The levels of responsibility parallel the age structure and working experience. Nevertheless, it has to be noted that employees in different positions might receive different employee training. Thus, this study reflects the CSR practiced with both junior employees and senior employees. The subjects were asked to complete a questionnaire which contained 26 questions. The questionnaire contains six parts. The first part of the questionnaire

contained some personal demographics, such as age, gender, time in the profession, position etc. The second part enquired about basic health and safety training, such as emergency numbers, skills needed in emergency circumstances and the use of related equipments. The third part focused upon laws and regulations training relevant to their jobs, such as accounting law, insurance law, banking law, finance standards and so forth. The fourth part orientates to training in ethical issues related to employees within the company. The aspects of ethical issues mentioned in the questionnaire are trustworthiness of the company, avoiding racial or gender discrimination, strengthening teamwork, avoiding physical penalties, respecting employees' beliefs, guaranteeing equal working opportunities, protecting natural environment, and respecting local culture and customs. The fifth part of questionnaire focused upon the training of employees regarding the company's mission, its values, culture and style. The last part investigated employees' expectations regarding training and the marks these employees give their companies. Each of the respondents was required to mark all of the five perspectives of their companies' employee training: health and safety, relevant laws and regulations, employee morality, professional skills and knowledge and companies' missions, values and styles.

Findings

As mentioned, 83 employees responded to the questionnaire in total. Sixty eight respondents attended formal employee trainings and they represented 81.9% of total respondents. The other 18.1% respondents did not attend a formal employee training but some aspects mentioned in this research were delivered to them by their companies.

Table 1 shows the descriptive statistics of Chinese companies compared to multinational companies. The results highlight that the means for the five subject areas in multinational companies are higher than those of Chinese companies. The average marks of Chinese companies are between 2 (poor) and 3 (ok), and the marks of multinational companies are between 2 (poor) and 4 (good).

Table 1 Group Statistics of marks

Contents of employee training	Chinese or multinational	N	Mean	Std. Deviation	Std. Error Mean
Health and safety	Chinese	71	2.028	1.8668	0.2215
	Multinational	12	2.167	2.0817	0.6009
Relevant	Chinese	71	2.592	1.7694	0.2100

laws	Multinational	12	3.833	1.3317	0.3860
Ethical issues	Chinese	71	2.479	1.5753	0.1870
	Multinational	12	3.667	1.3707	0.3957
Professional knowledge	Chinese	71	2.930	1.4959	0.1775
	Multinational	12	4.167	1.4035	0.4051
Mission, value and culture	Chinese	71	2.676	1.5471	0.1836
	Multinational	12	3.500	1.3143	0.3794

The result of our statistical analysis indicates that the differences between multinational companies and Chinese companies in training about health and safety, company mission, value and culture and professional laws and regulations are not significant, but the differences between multinational companies and Chinese companies in training about ethical issue and professional knowledge and skills are significant. A compared means T-test between Chinese companies and multinational companies has been employed to discover whether there is a difference of CSR practiced with employees between Chinese companies and multinational companies. The results of the T-tests are in appendix 1.

Because the Sig. of Levene's Test for Equality of Variances is 0.472 (health and safety), 0.118 (ethical issue), 0.210 (professional knowledge and skills), and 0.206 (company mission, value and culture) are greater than 0.05, the null hypothesis is that the average levels of health and safety, ethical issue, professional knowledge and skills and company mission, value and culture training in Chinese companies and multinational companies are the same. The Sig. of t-test was 0.816 (health and safety) and 0.086 (company mission, value and culture) which are higher than 0.05, so we cannot reject the null hypothesis. We are 95% confident that the average levels of training about health and safety, company mission, value and culture in Chinese companies and multinational companies are the same. However, the Sig. of t-test was 0.016 (ethical issue) and 0.009 (professional knowledge and skills) are smaller than 0.05, so we can reject the null hypothesis. We are thus 95% confident that the average levels of training about ethical issue and professional knowledge and skills in Chinese companies and multinational companies are not the same.

Because the Sig. of Levene's Test for Equality of Variances was 0.010 (professional laws and regulations) which is less than 0.05, the null hypothesis is that the average levels of professional laws and regulations training in Chinese companies and multinational companies

are not the same. The Sig. of t-test was 0.011 which is less than 0.05, so we can reject the null hypothesis. We are 95% sure that the average levels of professional laws and regulations training in Chinese companies and multinational companies are not the same.

Conclusion

Even though the aspects of CSR we examined in this study were basic CSR practices with employees, the level of activity for Chinese private financial intermediation and accounting companies is very low. None of the five CSR marks reached the 'ok' level and the training of health and safety was the lowest. Only lifelong learning, which was recognized by the EU Green Paper as part of human resource management responsibilities to employee had a relatively better mark. This could reflect the importance of employees' lifelong learning to financial intermediation and accounting companies. The results of the T-test show that the differences between multinationals and Chinese in health and safety, company mission, value and culture and professional laws and regulations training are not statistically significant. However, although the means of five aspects of CSR practiced with employees in multinational companies are higher than Chinese companies, the average level of ethical issue and professional laws and regulation knowledge between multinational companies and Chinese companies are different.

Although the statistical means of all five perspectives in multinational companies are higher than Chinese companies, we cannot say that all of their means or average scores are different. It reflects that multinationals in China pay more attention to their ethical component and economic component of CSR than other components. It appears that for economic reasons Chinese employers do not want to be very responsible to employees due to the high cost of CSR. The economic component of CSR is still the most important component for Chinese companies.

However, a limitation is that this study is based only 83 responses from employees. It is possible that some instances of the level of CSR practiced with employees by private financial intermediation and accounting companies have not been included in this study. Based on the results of this study, CSR practiced with professional financial and accounting employees in Chinese private financial intermediation and accounting companies has to be improved to meet the expectations of these employees.

Appendix:

1. Independent samples test of five perspectives of CSR

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Health and safety	Equal variances assumed	.521	.472	-.234	81	.816
	Equal variances not assumed			-.216	14.152	.832
Relevant laws	Equal variances assumed	7.008	.010	-2.317	81	.023
	Equal variances not assumed			-2.826	18.224	.011
Ethical issues	Equal variances assumed	2.497	.118	-2.457	81	.016
	Equal variances not assumed			-2.714	16.332	.015
Professional knowledge	Equal variances assumed	1.596	.210	-2.671	81	.009
	Equal variances not assumed			-2.797	15.540	.013
Company mission, value and culture	Equal variances assumed	1.625	.206	-1.739	81	.086
	Equal variances not assumed			-1.955	16.613	.068

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