

Current Chinese Economic Report Series

Jiagui Chen
Qunhui Huang
Huagang Peng
Hongwu Zhong

Research Report on Corporate Social Responsibility of China



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Translator: Zhang Liang and Liu Lan

Research Center for Corporate Social Responsibility, the Chinese Academy of Social Sciences

Research Center for Corporate Social Responsibility (hereafter called the Center), founded in February 2008, is a nonprofit academic research institution under the Chinese Academy of Social Sciences (CASS). Jiagui Chen, a member of the NPC Standing Committee and the director of the Economics Division, CASS, holds the post of president of the executive council. Dr. Huagang Peng, director general of the Research Bureau of SASAC, and Prof. Qunhui Huang, secretary of Institute of Industrial Economics, CASS, both serve as executive directors. Hongwu Zhong, associate researcher of Institute of Social Development Strategy, CASS acts as the director of the Center. Dozens of experts and scholars from CASS, SASAC, MHRSS, CEC, Renmin University of China, as well as enterprises at home and abroad were invited to be council members.

The Center actively fulfills its responsibilities as researcher, promoter, and observer, endeavoring to become a first-class, world-renowned research institute in China.

- Researcher: While carrying out theoretical research on Chinese CSR practices, the Center issued the *Chinese CSR Reporting Guide (CASS-CSR1.0/2.0)* and published the Chinese CSR Series in hopes of promoting the formation and development of a CSR theory system with Chinese characteristics.
- Promoter: The Center provides counseling services to governments, social organizations, and enterprises; it sponsors the Research Centers for Chinese Corporate Social Responsibility; it offers compulsory MBA courses on CSR in the CASS Graduate School, and delivers CSR-related training programs to spread CSR theories and practices; it organizes and participates in various CSR seminars to share research achievements in CSR.

- Observer: The Center publishes *CSR Blue Book* annually to keep track of the latest developments in Chinese CSR theory and practices; it continues to release the *Chinese CSR Development Index Report* to observe and record phase-specific characteristics of Chinese CSR; it commits to formulate, release, and facilitate *Chinese CSR Reports and Ratings*.

October 2010

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The Institute of Social Development Strategy, CASS

The Institute of Social Development Strategy, CASS (the Institute), which is closely linked to the coordinated development of the Chinese society and economy, focuses on three social issues: first, social development from a macro and overall perspective; second, research on social development from the micro level of society, namely by looking at group, community, and organizational order; lastly, the exploration of social development by studying the correlation between structural transformation and history.

Adhering to the spirit of “opening-up,” the Institute adopts the idea of combining small academic groups with large academic communities to create reform and innovations with regard to subject construction, research management, talent application, foreign cooperation, and administrative operation.

The Institute is composed of five branches: the Research Office of Development and Policy, the Research Office of Social Construction and Management, the Research Office of Organization Mechanism and Institutional Change, the Research Office of Public Service and Social Responsibility, and the General Office.

Overview of Achievements

Monographs

- Huagang Peng, Hongwu Zhong, Zhang En, Sun Xiaowen: *Chinese CSR Report Preparation Guide, CASS-CSR2.0/1.0* (included in the Chinese CSR Series, chief editor Jiagui Chen), Economy and Management Publishing House.
- Huagang Peng, Chu Xuping, Hongwu Zhong, Zhang En: *Research on CSR Management* (included in the Chinese CSR Series, chief editor Jiagui Chen), Economy and Management Publishing House, 2011.
- Hongwu Zhong, Zhang Tangbin, Tian Jin and Li Yuhua: *Government and CSR*, (included in the Chinese CSR series, chief editor Jiagui Chen), Economy and Management Publishing House, 2010.
- Hongwu Zhong: *Charitable Donations and Business Performance*, Economy and Management Publishing House, 2007.
- Huagang Peng, Hongwu Zhong: *Share CSR—CASS Required MBA Course on Corporate Social Responsibility*, Economy and Management Publishing House, 2011.
- Jiagui Chen, Qunhui Huang, Huagang Peng, Hongwu Zhong: *CSR Blue Book 2009, 2010, and 2011*, Social Sciences Academic Press, 2009, 2010, 2011.
- Hongwu Zhong, Zhang En, Zai Lifeng: *The White Book of Chinese CSR Reports 2011* (included in Chinese CSR series, chief editor Jiagui Chen), Economy and Management Publishing House, 2007.
- Hongwu Zhong, Zhang Wang, Zhang En: *Annual Report on Non-financial Information Disclosure of Chinese Listed Companies (2011)*, Social Sciences Academic Press, 2011.
- Hongwu Zhong, Zhang En, Zhang Tangbin, Sun Xiaowen: *Chinese CSR Development Index Report* (included in Chinese CSR series, chief editors Jiagui Chen), Economy and Management Publishing House, 2009.

Papers

- Dozens of papers are published in newspapers and periodicals such as *Economic Research Journal*, *China Industrial Economy*, and the *People's Daily*.

Projects

- State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality: CSR Study of Beijing State-owned Enterprises, May–December 2012.
- Economics Division, CASS, China Consumers' Association and L'Oreal (China): Blue Book on Sustainable Consumption, May–December 2012.
- China Foundation for Poverty Alleviation: Study on Chinese Enterprises' Overseas Public Welfares, October 2012–October 2013.
- Research Bureau of SASAC and the Center: Study of CSR Promotion Mechanism (project director Huagang Peng), January–December 2010.
- A component task of national scientific and technological support program: Research on International Social Responsibility Standard Risk Control and CSR Evaluation Techniques, January–December 2010.
- Shenzhen Stock Exchange and the Center: Listed Companies CSR Information Disclosure (project director Hongwu Zhong), March–December 2009.
- China Federation of Industrial Economics and the Center: Preliminary Study Formulation of the Guiding Opinion of the Ministry of Industry and Information Technology on Driving the CSR Movement, October–December 2009.
- CASS: Post-disaster Reconstruction and CSR (project director Han Zhaohua), August 2008–August 2009.
- CASS: Study on CSR Practices of Chinese Companies Abroad, June 2007–June 2008.
- SASAC: Theoretical Study on the CSR of Central Enterprises (project director Huagang Peng), April–August 2007.

Responsible Way, Sustainable Way Co., Ltd.

Responsible Way, Sustainable Way Co., Ltd. was founded in 2010, established on the basis of the consulting department and data center of the Center, and now serves as a strategic partner and platform in the commercialization of the Center's research findings. The company has successively provided statistics and data to such research achievements as the *CSR Blue Book 2009, 2010, and 2011*, the *White Book of Chinese CSR Reports 2011*, the *Chinese CSR Report Preparation Guide (CASS-CSR2.0)*, etc. Meanwhile, the company and the Center collaboratively provide CSR counseling, training, and reporting services to dozens of large-scale enterprises at home and abroad.

With a solid theoretical base and abundant practical experience, the company specializes in CSR management counseling, capacity training, and brand promotion, providing overall CSR designs, and helping clients develop sustainably. Main services include:

- Management counseling: to help clients establish CSR mechanisms, regulations, an indicator system, strategies, and project assessments.
- Reporting service: to help clients figure out CSR reporting procedures, select issues to report, and guide clients in compiling annual CSR reports.
- Communication: to help clients establish a CSR transmission and communication system, promote communication with stakeholders, and foster a responsible brand image.
- Training: to offer trainings on CSR theories and practices, raise awareness of social responsibilities among management and staff, and help clients master CSR tools.
- Evaluation: to provide companies with CSR examinations, assessments, and solutions based on the Center's database and knowledge base.

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Qunhui Huang (Executive Vice President) born in Shijiazhuang County, Hebei Province in August 1966, Male, Han Chinese. Graduated from Hebei University of Science and Technology, Hua Zhong University of Science and Technology, and CASS Graduate School in 1986, 1991, and 1999, with a bachelor's degree, and a master's degree in Engineering, and a Ph.D. in Management Science, respectively. Currently, serves as the Secretary of Committee Party for the Institute of Industrial Economics, CASS, researcher, professor, and doctoral student mentor. Executive

vice president of the Chinese Institute of Business Administration, deputy director of Scientific Research Bureau, CASS. Enjoys special government subsidy granted by the State Council. Specialized in industrial economics and business administration. Principle investigator for research programs at the National Social Sciences Foundation, National Natural Sciences Foundation, and CASS. Published more than one hundred academic papers in public journals and periodicals such as *Social Sciences in China* and *Economic Research*. Written dozens of monographs, both independently and collaboratively. Winner of the 12th Sun Ye Fang Economic Science Award, 2nd Jiang Yi Wei Academic Foundation for Enterprise Reform and Development's outstanding monograph award, 3rd Jiang Yi Wei Academic Foundation for Enterprise Reform and Development's outstanding paper award, the 14th national publication award, and 3rd place for CASS's award for outstanding research findings.

Guoxiang Li (Research Assistant) born in Weifang of Shandong Province in 1987, Male, Master of Economics. Participated in the compilation and data analysis for *CSR Blue Book 2011*, and *Annual Report on Non-financial Information Disclosure of Chinese Listed Companies (2011)*.

Huagang Peng (Vice President) born in Liyang Country, Jiangsu Province in November 1962, Male, Han Chinese, doctoral degree in Economics, graduated from Beijing Steel and Iron College and Jilin University. Director General of the Research Bureau of SASAC, director of the Industry Association Liaison Office of SASAC, senior accountant. Long been engaged in the study of business administration and economic policy. Served as the deputy director of the Party Committee Research Office, deputy director of the Department of Organization of the Party Committee, and director of the Examination and Evaluation Committee for Shou Gang Group. Became a public servant in 1997 and served as the former director of the Policy Research Section of Policy and Regulation Division of State Economic and Trade Commission, deputy director of the Research Office of SETC and the deputy director of the Research Bureau of SASAC. Assumed office as the director of Research Bureau of SASAC in 2005 and director general of the Research Bureau of SASAC in 2008. In charge of Class A research programs at SASAC, such as "Research on CSR for Central Enterprises" and "Study of CSR Promotion Mechanism." Guest professor for the CASS Graduate School. Chief expert for the Required MBA course on CSR at the CASS Graduate School.

Xiaowen Sun (Assistant of the Director; General Manager of Responsible Way, Sustainable Way Co., Ltd.) born in Linxin of Shandong Province in 1983, Male. Participated in such important projects as, "Research on CSR Promotion Mechanism of SOE" and "Listed Companies CSR Information Disclosure." Involved in publication, of *CSR Blue Book* and *Chinese CSR Reporting Guide*. Provides CSR consultancy services to over 20 enterprises, such as China Mobile, Sinopec, Hua Run Group, China North Industries Corporation, XinXing Cathay International Group, China Telecom, China MinSheng Banking Corporation, Ltd., China National Agricultural Development Group Co., Ltd., China Samsung, China National Cotton Reserves Corporation, etc.

Yingjie Xu (Research Assistant) born in Luyi of Henan Province in 1986, Male, Ph.D. in Management. Participated in such projects as “Research on CSR Promotion Mechanism of SOE,” “Chinese CSR Report,” and “National Conditions of Large Industry County and Strategy of Industrial Modernization.”

Hongwu Zhong (Director of the Center) born in Jianyang County, Sichuan Province in 1977, Male, Han Chinese; graduated from the Department of Industrial Economics at the CASS Graduate School with a Ph.D. in management, associate researcher. Studied Japanese CSR practices at the Mitsui Global Strategy Research Institute in Japan as a visiting scholar with a Hitachi scholarship for six months in 2007. Visited South Africa, Britain, Sweden, Taiwan, among other countries, to study CSR. Principle investigator for research programs, including “Study of CSR Promotion Mechanism for National Enterprises” (SASAC and the Center), “Listed Companies CSR Information Disclosure” (Shenzhen Stock Exchange and the Center). Compiled monographs, such as *Chinese CSR Report Preparation Guide (CASS-CSR1.0/2.0)*, *White Book of Chinese CSR Reports 2011*, *Research on CSR Management, Government and CSR: International Experience and Chinese Practice*, *Charitable Donations and Business Performance*, etc. Published over 50 research papers in journals and newspapers, such as *Economic Research*, *China Industrial Economy*, and the *People’s Daily*.

Chapter 1

China's Top 100 Firms CSR Development Index (2012)

External evaluation contributes significantly to the development of CSR. For three consecutive years since 2009, the Research Center for CSR, the Chinese Academy of Social Sciences (hereafter referred to as the Center) has released *China's Top 100 Firms CSR Development Index* (hereafter referred to as the Index)¹ based on classical CSR theories and international assessment approaches while taking into account actual situations in China. The Index evaluates these Chinese enterprises annually on their performance in CSR management and the level of information disclosure through the assessments of four different aspects, including responsibility management, economic responsibilities, social responsibilities, and environmental responsibilities. Moreover, it identifies and analyzes phase-specific characteristics of CSR development in China in hopes of providing references for further studies on Chinese CSR. In 2012, the Center continues to evaluate CSR performance of China's top 100 state-owned, private, and foreign-funded entities. It studies the developing characteristics of Chinese CSR from the previous year in hopes of the better understanding and advancing the systematic development of CSR in China.

1.1 Research Methodology and Technical Route

The Index is a comprehensive indexing system measuring current CSR management performance as well as the level of information disclosure on social and environmental issues by business entities. The research methods for creating the Index are as follows: First, it applied the existing Four-in-One theoretical model, which evaluates responsibility management, economic, social, and environmental

¹ China's Top 100 Firms is short for China's Top 100 Series of Enterprises. The targets of evaluation for China's Top 100 Firms CSR Development Index (2012) are comprised of China's top 100 state-owned enterprises, top 100 private enterprises, and top 100 foreign-funded business entities.

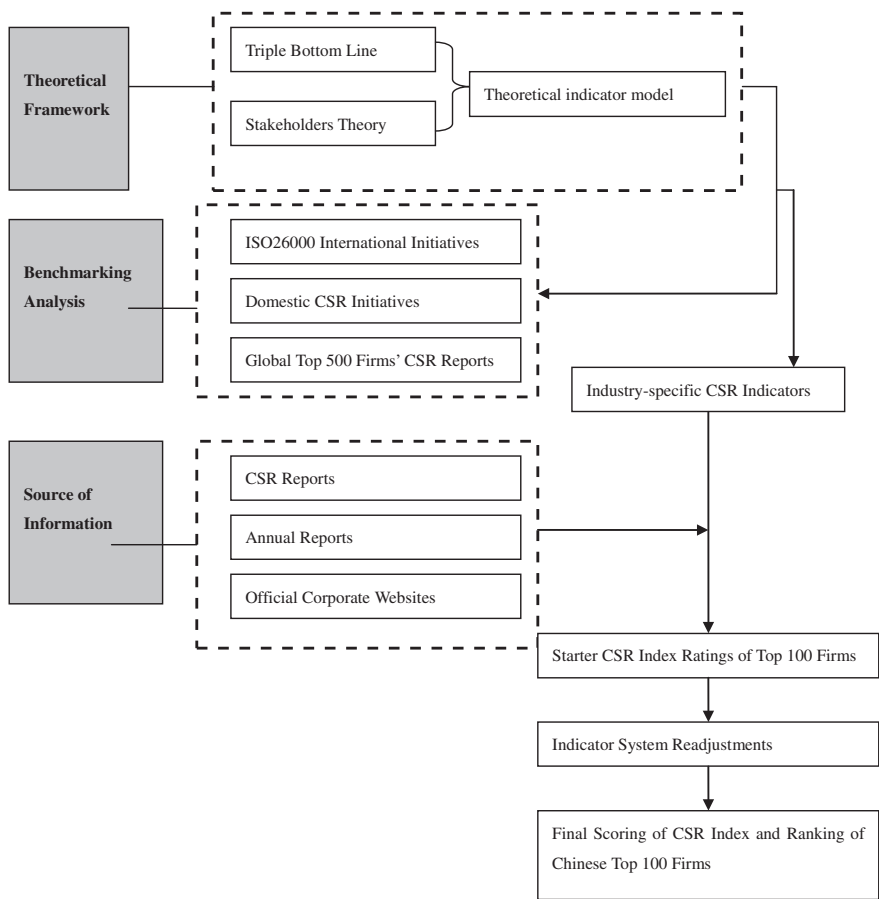


Fig. 1.1 Research roadmap for China’s top 100 firms CSR index

responsibilities. Second, it optimized industry-specific indicators with reference to such international CSR indices as the ISO 26000, domestic CSR initiatives, and CSR reports by the Fortune 500 firms. Third, information regarding CSR practices in 2011–2012 by China’s top 100 state-owned, private- and foreign-funded enterprises was collected from their CSR reports, corporate annual reports, and official websites.² Finally, it calculated Starter CSR ratings through content analysis and quantitative assessment of the collected data. Readjustments were then conducted based on other data, such as CSR awards and honors, absence of responsibility and innovative responsibility management practices. The final result is the CSR index and a ranking of China’s top 100 socially responsible firms (see Fig. 1.1 for the technical roadmap).

² Unfavorable reports about these companies come from influential media outlets such as People.com, Xinhuanet.com, and other relevant government websites.

1.1.1 Theoretical Model

The Index continues the tradition of the Four-in-One theoretical model, which also evaluates a corporation’s responsibility management, market or economic responsibility, social responsibility, and environmental responsibility (see Fig. 1.2). As indicated below, the core of the model (at the center of the illustration) is responsibility management. It is the starting point for each CSR practice and includes six sub-level indicators: responsibility strategy, responsibility governance, responsibility integration, responsibility performance, responsibility communication, and responsibility investigation. At the base of the illustration lies market or economic responsibility. As an economic organization, an enterprise exists to provide valuable products or services in a cost effective manner—better financial performance is the cornerstone of sustainable business development. Market responsibility consists of responsibility towards customers, shareholders, partners, and other responsibilities closely related to business activities. Social responsibility lies at the upper left-hand corner of the illustration/diagram and refers to a company’s responsibility towards the government, employees, and the community. Environmental responsibility lies at the upper right-hand corner of the map and it covers environmental management, resource and energy conservation, and pollution and emission reduction. Therefore, the entire model centers on responsibility

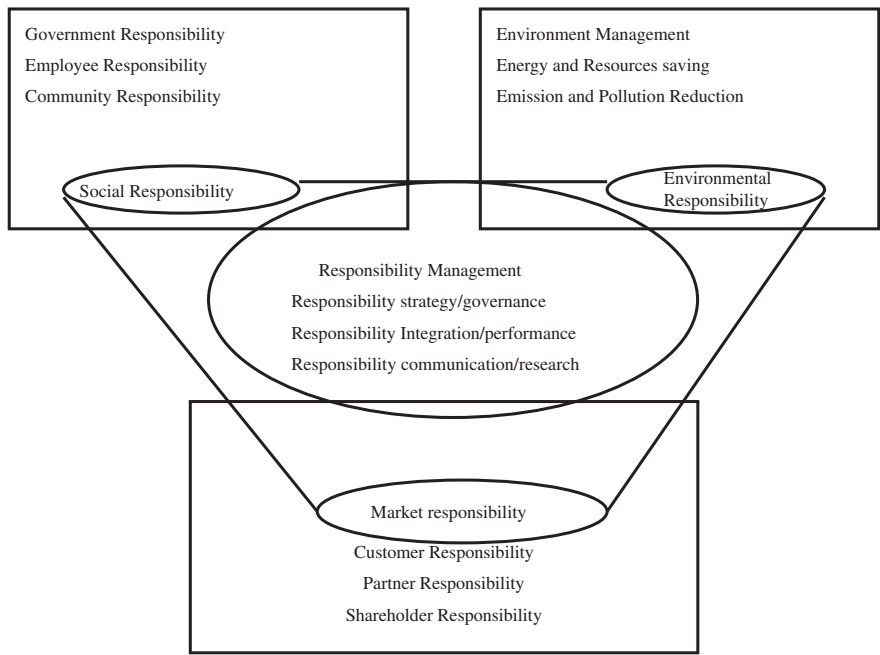


Fig. 1.2 “Four-in-One” theoretical model

management, with market responsibility as its base while flanked by social and environmental responsibilities, which forms a stable triangle as illustrated below.

1.1.2 Benchmarking Analysis

To ensure that the Chinese CSR Development Index's indicator system complies with international criteria as well as Chinese practices, the present study also references international CSR initiatives and indicator systems, domestic CSR initiatives, and CSR reports by global Fortune 500 firms.

International CSR initiatives and indicator systems referenced for the Index include ISO 26000, GRI G3 Guidelines, Fortune 100 Responsibility Ranking Index, Dow Jones Sustainability Index, and BiTC CSR Index. Domestic CSR initiatives include *Guidelines on Implementation of Social Responsibility for SOE*, *CSR Guidelines for Industrial Enterprises and Associations in China*, *Shenzhen Stock Exchange Guidelines on CSR* and *CSR Management System for Chinese Textile Industry*. Those Fortune 500 CSR reports referenced are mainly from those industries in which China's Top 100 firms also operate so that the key industry-specific indicators can be used for reference.

1.1.3 Industry-Specific Evaluation Index System

While all these enterprises need to pursue responsibility management and observe economic, social, and environmental responsibilities, the content and importance of CSR issues vary considerably from one industry to another. China's Top 100 Firms CSR Development Index (2012) constructs an industry-specific CSR evaluation indicator system based on specific CSR characteristics of different industries. Within the context of this study, industries are classified according to the economic sector classification criteria set by the National Bureau of Statistics. The consolidation and segregation of industrial sectors are conducted based on the similarity of key CSR topics to ensure the construction of the indicator system is scientific and the indicators are substantive.

In 2012, China's Top 100 Firms are categorized into 42 industries—9 more than last year. Based on these 42 industries, 69 of the top 100 are multi-industry, accounting for the largest category³; 31 are smelting and rolling companies, 30 are mechanical equipment-manufacturing companies, and 28 are transport equipment manufacturing companies (see Table 1.1).

³ For enterprises crossing two or three industries, all the industries involved are evaluated by the industry-specific indicator system; for enterprises crossing more than three industries, three main industries are selected for evaluation.

Table 1.1 Distribution of China's top 100 firms (2012) by industry classification

Industry classification	Corresponding economic sectors	Quantity
1. Melting and rolling processing industry	Ferrous and non-ferrous metal smelting and rolling industry	31
2. Mechanical equipment manufacturing industry	General equipment manufacturing industry, special purpose equipment manufacturing, electric machinery and appliance manufacturing (not including electric and non-electric home appliance manufacturing)	30
3. Transport equipment manufacturing industry	Transport equipment manufacturing industry	28
4. Real estate	Real estate development and management	25
5. Industrial chemicals manufacturing industry	Chemical feedstock and chemicals manufacturing industry (not including manufacturing of daily-use chemicals), chemical fiber manufacturing, rubber product industry, and plastic industry	21
6. Food and beverage	Agricultural product processing, food processing, and soft drink manufacturing industry	18
7. Computer and computer-related equipment manufacturing industry	PC manufacturing	17
8. Retail industry	Retailing	12
9. Electronics and electronic component manufacturing industry	Electronics and electronic component manufacturing industry	16
10. Banking	Banking	15
11. Wholesale trade	Wholesale	13
12. Construction	Construction	13
13. Transportation	Transportation, warehousing, and postal service	13
14. General mining industry	Ferrous and non-ferrous mining industry; nonmetallic mining industry, and other mining industry	10
15. Communication equipment manufacturing	Manufacturing of communication equipment, radar, and auxiliary equipment	12
16. Metal product	Metal products	10
17. Home appliance manufacturing industry	Manufacturing of electric and non-electric home appliances	10
18. Oil and gas extraction and processing	Oil and gas extraction, oil processing, coking and nuclear fuel processing industry	9

(continued)