

## **Study on Evaluation of Corporate Social Responsibility**

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**Abstract:**This paper delves deeper into the topic of CSR evaluation in investment promotion projects, first at the theoretical level, and then in the pursuit of practical solutions. Therefore, there are three main points to this paper's content: First, it studies and analyses theories related to social responsibility, like stakeholders, and defines the scope of CSR evaluation. Second, it studies and analyses the necessity and content of CSR evaluation, laying the groundwork for the creation of an index system for measuring CSR. A model of a CSR evaluation index system for investment promotion projects is established, along with proposed solutions to strengthen corporate social responsibility.

Keywords: promotion of investment; social responsibility; evaluation indicators

### **1. The Concept of Corporate Social Responsibility**

The term "CSR" (Corporate Social Responsibility) has its roots in the United States and was first used in academic circles in the early 20th century. Milton Friedman, a Nobel Prize-winning economist from the United States, thinks that the goal of corporate social responsibility is to boost profits [1]."Corporate social responsibility refers to the responsibility of a company that exceeds legal and economic requirements and that pursues long-term goals that are beneficial to society." Harold Koontz and others believe that "corporate social responsibility is to seriously consider the impact of a company's every move on society[2]." Some scholars define the social responsibility of enterprises as "the responsibilities and obligations that enterprises must care about and fully fulfil for the overall and long-term interests of the society in which they live, which is manifested in the participation of enterprises in the adaptation and development of society." Corporate social responsibility covers a very diverse range of topics, from required legal obligation to consciously moral responsibility.

The famous Japanese jurist Yoshio Kanazawa elaborated on corporate social responsibility in this way: "Today's enterprises have been freed from the simple and simple private sphere, and as a powerful part of the social system, their operations are not only entrusted by the providers of capital but also by the whole society, including the providers of capital [3]." In other words, whether in theory or in practice, the one-sided pursuit of the enterprise's self-interests is no longer permitted; rather, the enterprise must be efficiently integrated with various factors of production in harmony with the economy and society, and the position of providing services based on the production of good and cheap goods must be based." this form of enterprise can be called a modern enterprise, and the so-called social responsibility of the operator is nothing more than to complete this task."

According to Joseph McGuire (1963), the idea of corporate social responsibility (CSR) refers to the reality that businesses have obligations to society in addition to their legal and economic obligations[4]. The "extended circle" theory of Davis et al. (1975) holds that the inner circle of corporate social responsibility includes the basic responsibility of products, jobs, and economic growth to effectively complete the economic functions of the company; the middle circle includes sensitivities to changing social values and priorities that must be maintained in the exercise of economic functions, such as concern for the environment, domestic helpers, staff relations, etc[5]. The company's obligation to invest heavily in measures to enhance the social environment is in the outer circle and is still developing.(e.g., to address poverty). Archie B. Carroll, professor at the University of Georgia (1979). Developed the theory, which maintains that a company's economic, legal, ethical, and philanthropic obligations all make up total corporate social responsibility[6]. Business has an obligation to produce goods, make a profit, and satisfy consumer demands. The legal responsibility is to abide by the provisions of the code containing basic ethics and morality and to fulfil the economic mission under the requirements of the law; Although not elevated to law, ethical responsibility, an obligation that a company is required to fulfill, although not elevated to law, encompasses which contends that a company's overall corporate social responsibility is comprised of its economic, legal, ethical, and charitable duties[7]. Producing goods, turning a profit, and meeting customer expectations are all obligations of the company. Charitable responsibility is not required by law and ethics, and the company can decide to participate in the obligation, reflecting society's desire to become a good corporate citizen. It is also not unethical for companies to not engage in these activities. Carroll argues that the four parts of CSR are not equal, and the weights he gives are 4-3-2-1 [8].

Modern social findings suggest that businesses must not only focus on the market but also the entire social environment if they are to survive and develop. They also believe that political and social forces, as well as economic forces, also play a role in determining an organization's survival and development. Businesses must also establish their own status by helping to address social problems, because doing so is both a byproduct of the modern social economy and a crucial component of social development.

There is currently no universally accepted definition of corporate social responsibility worldwide, but it is generally accepted that in addition to making money and looking out for the interests of shareholders, businesses also have social obligations to their workers, customers, communities, and the environment. These obligations include following business ethics, ensuring the safety of production processes, maintaining employee health, and defending the legal rights of individuals.

### **1.1 Stakeholder theory**

Carroll (1991) states that "there is a natural link between corporate social responsibility and the stakeholders of an organization". Although stakeholder theory exists as a derivative of CSR, from the perspective of CSR evaluation, stakeholder theory is actually an important part of CSR performance. Therefore, this section will introduce stakeholder theory in detail and indicate the direction of the content of social responsibility evaluation.

To understand the concept of "stakeholder," you first need to understand the stake. An interest is the possession of an interest or a certain stake in an activity or an organization, and an interest is also a right. A right is a claim to have or have the right to something; a requirement for something that corresponds to something that you have or think you deserve. Obviously, being a landlord or shareholder means having an interest in and an ownership stake in a business[9].

Thus, on the one hand, it is an interest in the matter of responsibility, and on the other hand, it is a legitimate claim of ownership. Between these two are "rights" to something, which can be considered a right. On this basis, it is not difficult to understand Freeman's definition of stakeholders in *Strategic Management: A Stakeholder Perspective* "Any individual or group of people that a business can influence through actions, decisions, policies, practices, or goals[10]."

On the other hand, these people or organisations can have an impact on the company's plans, choices, rules, procedures, or objectives. The stakeholder view of the enterprise advocates that management should not understand its stakeholders only as those owned by the enterprise. Groups with a certain interest should also regard those who think they have a certain interest in the enterprise as their stakeholders.

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social environment is in the outer circle and is still developing.(e.g., to address poverty). Archie B. Carroll, professor at the University of Georgia (1979)[11]. Developed the theory, which maintains that a company's economic, legal, ethical, and philanthropic obligations all make up total corporate social responsibility. Business has an obligation to produce goods, make a profit, and satisfy consumer demands[12]. The legal responsibility is to abide by the provisions of the code containing basic ethics and morality and to fulfil the economic mission under the requirements of the law. Although not elevated to law, ethical responsibility is an obligation that a company is required to fulfill, although not elevated to law, which contends that a company's overall corporate social responsibility is comprised of its economic, legal, ethical, and charitable duties[13]. Producing goods, turning a profit, and meeting customer expectations are all obligations of the company. Charitable responsibility is not required by law and ethics, and the company can decide to participate in the obligation, reflecting society's desire to become a good corporate citizen[14]. It is also not unethical for companies to not engage in these activities. Carroll argues that the four parts of CSR are not equal, and the weights he gives are 4-3-2-1.

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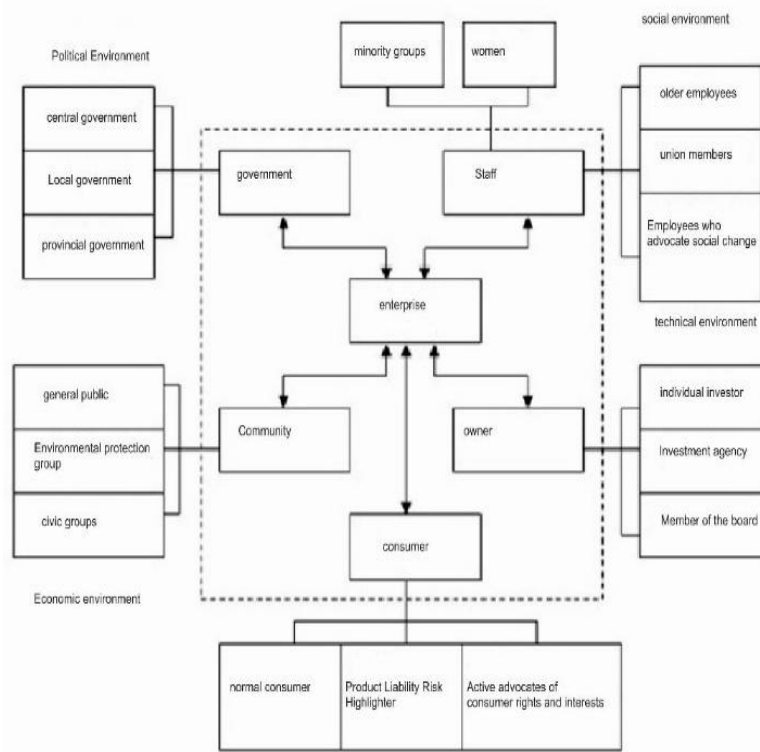


Figure 1 :Stakeholder diagram of an enterprise

From R.Edward Freeman's Strategy Management : A Stakeholder Approach, Pitman Publishing Company

## 2. Corporate Social Responsibility Evaluation

We divide corporate social responsibility into four parts, namely economic responsibility, legal responsibility, ethical responsibility, and environmental responsibility[17-18]. These responsibilities are ranked in practise by the firm according to their importance and frequency of occurrence. However, for an enterprise that pursues excellence and sustainable development, any aspect of corporate social responsibility cannot be ignored, or that the sense of social responsibility of the enterprise should be reflected in all aspects and links of enterprise management[19].

## **2.1. Financial responsibility**

The responsibility of enterprises to society is first and foremost economic responsibility [20]. This is because enterprises are basic economic units, and their duty is to provide marketable and quality products and services to society as much as possible. At the same time, make profits for owners and shareholders as much as possible. The extreme form of economic responsibility is what Nobel laureate Friedman advocated: "maximizing interests [21]." According to this view, the operation of the enterprise should be for the purpose of profit, as long as the only goal of the enterprise is to increase profits [22]. This point of view frequently encourages businesses to look out for their own "higher interests" as opposed to the interests of society as a whole. Two scenarios will arise as a result of this: one is the adoption of dishonest or violent methods in order to maximise interests, without hesitation harming the interests of others and society; the other is the paradox of "economic failure" concealed in the exchange process that is generally thought to be reasonable and mutually beneficial [23]. It is clear that the straightforward pursuit of profit maximisation is unethical and at odds with the principles of liberty, equality, and humanity in the market economy [24]. As a result, profit maximisation is transformed into avaricious and self-interested utilitarianism, which alienates people and leads to conflicts of interest and hostility between people, businesses, society, and nations. Due to the "making money at any cost" corporate mentality of its previous chairman of the board, John Gutfreund, Salomon Brothers, a once-famous corporation in the United States, attempted to dominate the market for U.S. Treasury bills, which resulted in a record \$280 million fine and significant losses. Therefore, we should ethically maximise profits rather than just use profit maximisation as the benchmark for assessing an enterprise's economic responsibility.

## **2.2 Legal Liability**

Modern society has developed a number of processes, rules, and regulations to control how businesses behave, and these restrictions must be followed by businesses [25]. Legal responsibility suggests that an organization's action should be in line with the concerns and advocacy of the community, not just to know which activities are against the law but also to know which behaviours the law supports and advocates. Businesses should accomplish their economic objectives within the legal bounds. Those enterprises that blatantly violate the law, only care about the interests of enterprises, recklessly, do not hesitate to forge and defraud customers of money, and harm the interests of consumers are obviously losers. Due to the lag, abstraction, imperfection and other characteristics of the law itself, it is decided that when evaluating the legal responsibility of the enterprise, we must not only look at the fact that the enterprise has not violated the behaviors that are clearly prohibited by the law, but also look at the behavior that the enterprise consciously performs what laws advocate and support, and whether the enterprise consciously makes ethical choices in the behavior that the law cannot stipulate for the time being [26].

### **2.3. Ethical responsibility**

The ethical responsibility of an enterprise includes acts that are not stipulated in the provisions of the law and are not directly related to the direct economic interests of the enterprise and are the ethical and moral responsibilities of the enterprise to society [27]. Corporate ethical responsibility is open to the entire enterprise and every employee in it. Ethical responsibility is an important parameter of corporate social benefits. According to the "freedom of responsibility" corporate ethics view of who is accountable, what is responsible, and who is responsible are all components of corporate ethical responsibility [28]. Who is accountable refers to the object of the enterprise's ethical duty, which is really its legal entity and each employee; What is accountable refers to the core of the enterprise's ethical responsibility, or the duties and obligations that the subject should uphold.

When the interests of individuals or businesses are exchanged for the benefit of individuals or businesses at the expense of the interests of society as a whole, immoral behaviour is bound to arise. For example, a company disregards social controversies and corporate ethics, creates a children's website to hunt for market information from children with some games or entertainment programs, and some of them are only four years old. On the other hand, some businesses place a high value on enterprise management ethics. For example, Haier Group has always regarded quality as the lifeblood of the company and the consumer as God, with the factory director breaking down in tears to smash unqualified products in the name of "Haier sincerity to forever." [29]

The corporate ethics concept has today developed into a world-renowned trustworthy enterprise. The non-mandatory, intrinsic, slow, long-term, and other characteristics of enterprise ethics determine the complexity of evaluating the ethical responsibility of enterprises, so the evaluation of corporate ethical responsibility should emphasise connotation, effect, and construction [30]. It is necessary to take whether it is conducive to the all-round development of enterprise employees, whether it is conducive to meeting the growing reasonable needs of consumers and other stakeholders, if it supports the development of corporate cultures with ethics at their heart and the implementation of social integrity systems.

### **2.4 Environmental responsibility**

Environmental responsibility is a crucial and essential component in assessing an enterprise's effectiveness. First off, the enterprise is, in some ways, also a part of nature, which is intrinsically and unavoidably categorised as nature. Whatever choices and actions businesses undertake are related to the "environment" and have an effect on both the use of natural resources and the rise in environmental burden. The World Commission on Environment and Development defines "sustainability" as "fulfilling the demands of the contemporary generation without compromising the ability of the future generation to fulfil their own needs" as the general standard for environmental health that is now universally accepted (August 1978) [31]. The United Nations Conference on Environment and Development, which was held in Rio de Janeiro in 1992, finally established this standard, which has since become the focal point of environmental issues. More and more businesses can influence environmental responsibility and other areas as "sustainable development" becomes more widely understood [32].

In addition to the obligations listed above, excellent businesses have higher goals. That is the self-aware duty that is willing to be accepted in exchange for the vast majority of people being able to live freely. The recognition and selection of moral activity that reflects necessity is true freedom in a moral existence. "Freedom is the knowledge of necessity," stated Engels once (in the narrow sense) [33]. People tend to behave in ways that are "arbitrary" because they have a stronger knowledge of moral necessity, which increases the certainty of their behaviour choice and their ability to uphold moral standards. It is a conscious contribution to society regardless of returns, and it is the understanding of the moral necessity of enterprise as a moral subject. "Freedom" responsibility is also known as "conscious behaviour responsibility." It is an uncompromised responsibility that is not entirely promoted by economic, legal, ethical, environmental, and other factors [34]. For instance, a business actively fulfils any non-utilitarian obligations for the rehiring of local laid-off employees and consciously resolves the issue of housing difficulties for these individuals. Another example is a business ceasing to produce goods with high rates of return and potential environmental pollution. Although it goes above and beyond what society expects from businesses in terms of ethics, this high level of corporate responsibility to not seek returns can still be used to assess a sustainable business in the future.

### **3. Corporate Social Responsibility Evaluation Indicators**

Based on stakeholder theory and social responsibility management research, combined with practical work experience, this paper proposes to design four types of indicators and 10 sub-indicators [35]. In order, the business philosophy of social responsibility awareness, social responsibility report, labour relations, trade union, employee working environment, SA8000 standard, legal business financial statements, tax payment according to regulations, global compact organization, ISO14000 certification of environmental impact, environmental protection, etc [36].

#### **3.1 Awareness of social responsibility**

##### **3.1.1 Business philosophy**

The company philosophy and theory of business, known as the "common language" of international management, are the foundation of a company and are the core part of corporate image shaping [37]. The determination of a distinct corporate philosophy and business philosophy is an important identification and evaluation criterion. Mr. Konosuke Matsushita, the leader of Panasonic Corporation, has developed twenty management philosophies in practice. Panasonic's management philosophy is to establish a correct business philosophy; See everything from the point of view of generative development; Have a correct view of people [38]. correct understanding of the mission of the enterprise; Conformity to the laws of nature; Profit is the prize; Implement the idea of coexistence and common prosperity; the public should be considered just; Create a strong belief in your ability to succeed; Never forget to operate independently. Implementation of "reservoir management"; Conducting moderate operations; Implementing specialization; Talent development; brainstorming; both antagonistic and coordinated; The operation and management of an enterprise is an art [39]. To adapt to the changes of the times; Be concerned about politics; be honest. A business philosophy has three



components. A fundamental understanding of the organisational environment is covered in the first section, along with future expectations for society and its structure, markets, customers, and technology.

A fundamental knowledge of the organization's specific mission is covered in the second section. For instance, the American Telephone Corporation stated that its goal was "to make every American home and company own a computer" during and after the two World Wars[40].The third section provides a fundamental grasp of the core competitiveness of carrying out the organization's objective. Therefore, West Point's fundamental competitiveness was to "Cultivate the ability to be trusted by others to lead" when it was created in 1802.1920 At that time, AT & T said this to be the definition of its core competencies: "Establish technical leadership that enables the company to continuously improve its services while continuing to lower costs [41]."

The ability to disengage leadership positions from the changing economic and social environment is, in essence, the fundamental concept of mission. Business philosophy can only be formed after many years of reflection, effort, and practise. Some business ideas have proven to be powerful and enduring, and they can remain unchanged for decades. But today, it is no longer possible to continue to maintain the old business philosophy. This is especially true for large enterprises, which are entering a new era of business operations.

### **3.1.2 Social Responsibility Report**

What contribution should enterprises make to society? How can companies contribute to society? The contribution of enterprises to society should first and foremost be their products and services. If you can't provide valuable products and services, there are questions about whether the enterprise has value.

A business philosophy has three components. The first section is an introduction. On the basis of this contribution, businesses might make passive donations of money for the good of society. Companies also If banks can figure out how to lend to impoverished areas so that they can be sustainable, if PC companies can create \$100 ultra-cheap computers to bridge the "digital divide" in underdeveloped areas, and if oil companies can find new energy possibilities beyond oil, the ability to contribute one's own intellectual assets and actively participate may have a more profound impact on social progress. Therefore, they have a stronger impact than simple financial contributions and a wider range of effects. The majority of MNCs include social responsibility columns on their websites that discuss various corporate social initiatives they have undertaken in their home nations or abroad [42].

## **3.2 Laborrelations**

### **3.2.1 Trade union**

On September 29, 2006, Wal-Mart Chinese mainland all 62 branches to establish the association, which set a model for the formation of trade unions of foreign-funded enterprises and will surely set off a boom in the establishment of foreign-funded enterprises [43]. However, the formation of trade unions to organise employees is not the purpose. The goal is to give trade unions the tools they need to effectively defend the legal rights and interests of workers and create positive working conditions. The Trade Union Law stipulates that "trade unions must abide by and uphold the Constitution, with the Constitution as the fundamental norm of activity [44]." This requirement's main points are that trade unions must continue to put economic building at the centre, follow the four guiding principles, and continue to reform and open up. The core is to adhere to the party's leadership and consciously accept the party's leadership. This is the glorious tradition of trade unions and the fundamental guarantee for trade union work to adhere to the correct political direction. At the same time, the Trade Union Law also clearly stipulates that "trade unions work independently and autonomously in accordance with the trade union charter." This is because only when trade unions work creatively and independently under the norms of the law can they integrate the Party's line, principles, and policies with the will of the broad masses of workers.

### **3.2.2 Employee work environment**

According to a survey by the "Rural Migrant Women" research group of the Institute of SRCA of Social Sciences, there are 4 corporate social responsibility issues : "low wages" and "long working hours" "Poor working environment" and "workers have no opportunity to participate in management". These issues must be taken care to seek productivity and social development [45].

### **3.2.3 SA8000 standardization**

The SA8000 specification is The first international standard for emerging management systems, created by Social Accountability International (SAI), can be used to certify CSR management systems. The standard addresses nine requirements in the areas of child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, punitive measures, working hours, wage remuneration, and management systems [46]. It is based on the International Labor Organization Convention, the United Nations Convention on the Rights of the Child, and the Universal Declaration of Human Rights. Its goal is to guarantee that CSR performance and management capabilities satisfy societal and stakeholder expectations for CSR.

The SA8000 standard's inception and the current economic globalisation are closely tied. There is steady reduction in both tariffs and general non-tariff barriers. Protectionists now use labour standards as a potent tool to limit the export of labor-intensive goods from developing nations, and they have teamed up with human rights organisations to impose extensive restrictions on exports of textiles and clothing, footwear, toys and leather goods, small household appliances, and other industries in developing nations under the name of SA8000. For instance, some foreign human rights organisations have used this to put pressure on importers to bring in goods made by SA8000-certified businesses; other social groups have called for social anti-dumping duties to be placed on businesses that don't adhere to labour standards; and similar

stories can be found all over the news media. Currently, SA8000 is being taken seriously by a number of developed nations and the international community. SA8000 is having an increasing effect on businesses' ability to compete globally.

### **3.3 Lawful business operations**

#### **3.3.1 Financial statement**

To measure whether an enterprise is responsible for society, it is necessary to refer to whether its operations, finances, etc. are transparent and can withstand public scrutiny. Many businesses enjoy playing tricks in operations, hiding in finances, and daring to show their true faces; there may be some unavoidable factors, but in the end, it is irresponsible performance. On the one hand, it has hoodwinked the public, the government, investors, and small and medium-sized shareholders, causing everyone to "vote with their feet" and make investments without getting a reasonable return. On the other hand, once the truth is revealed, he will also bear the notoriety of cheating and lose moral support, resulting in "the wall falling down and everyone pushing," and he can no longer turn over [47].

Euromoney is an internationally renowned financial magazine that measures and examines a company's governance level from five aspects: equity transparency, financial transparency, board structure and operation, investor relations, and the relevance of management performance incentives.

#### **3.3.2 Pay taxes according to regulations.**

According to the rules In terms of the criteria for evaluating the tax collection and management system, Western scholars believe that assessment indicators such as collection costs and tax costs should be abandoned. They argue that both the cost of collection and the cost of taxation have a fatal flaw: only the relevant data of taxpayers who comply with the tax law are considered, and taxpayers who evade taxes are not taken into account.

The late Japanese Emperor Hirohito left behind a considerable amount of property. On August 21, 1989, a tax office in the Tokyo area of Japan officially announced for the first time that it would pay a total of 428 million yen (299.3) to the current Emperor Akihito inheritance tax. The tax on the emperor's estate was the first time in Japanese history that the tax was obstructed by some Japanese right-wingers, but the tax was still transferred to the Japanese national treasury in full and at one time [48].

#### **3.3.3 Global Compact Organization**

In light of economic globalisation and with an emphasis on corporate social responsibility, the "Global Compact" was proposed. The global economy is overheated. Ballification requires businesses to act as "corporate citizens," that all employees accept the limitations of social ethics, morality, and philosophical ideas, and that a new corporate culture be established in order to elevate the business's status and reputation and win society's widespread support and approval. The enterprise depends on society to exist, develop, and flourish. The society serves as

the enterprise's conscience, sense of duty, and a positive feedback loop between the enterprise and the society. Within their individual areas of influence, firms are required by the Global Compact to abide by, support, and implement a set of 10 core principles on human rights, labour standards, the environment, and anti-corruption. The following four areas are covered by these fundamental principles, which are derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the Rio Principles on Environment and Development: Human rights enterprises should respect and uphold internationally recognised human rights and never engage in any violation or abuse of human rights; enterprises with regard to labour standards should uphold Businesses that fight corruption should resist it in all of its forms, including extortion, extortion, and bribery.

### **3.4 Environmental Impact**

#### **3.4.1 ISO14000 Certification**

The International Organization for Standardization (ISO) was developed and promulgated on the basis of many years of environmental management experience in developed countries around the world. The benefits of establishing and implementing an environmental management system (EMS) according to the ISO14001:2004 standard are: meeting government legal requirements and obtaining a "green pass" for international trade; enhancing the competitiveness of enterprises and expanding market share; Establish an excellent corporate image. improve product performance and manufacture "green products"; restructure process equipment, reduce costs, and achieve energy savings and consumption reductions; Pollution prevention and environmental protection; Avoiding economic losses due to environmental problems; Improving employee environmental protection quality; Improving enterprise internal management level and lowering management costs; Reducing environmental risks and achieving sustainable business operations

#### **3.4.2 Environmental Protection**

The Decision of the State Council on Implementing the Scientific Outlook on Development and Strengthening Environmental Protection was published by the State Council on December 3, 2005. It is suggested that environmental conservation and economic and social growth be integrated, and that environmental protection be given a higher strategic priority. Figure 2 displays the relationship and content of the aforementioned indicator. This evaluation Price indicator is also the foundation for CSR evaluation forms for investment promotion initiatives [49].

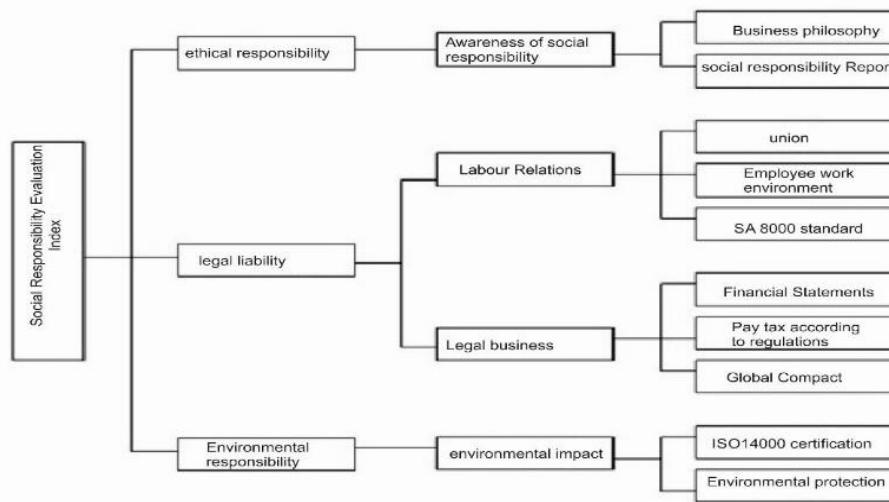


Figure 2 Csrbill evaluation index system diagram of investment promotion projects  
(Source: Compiled by the author)

#### 4. Conclusion

On the basis of drawing on and absorbing the theoretical achievements of social evaluation research of relevant projects at home and abroad, this paper makes a detailed and in-depth analysis and research on corporate social responsibility and its evaluation index system. Firstly, the theories related to social responsibility, such as stakeholders, are analyzed, and the scope of CSR evaluation is defined. Secondly, the necessity and content of CSR evaluation are studied and analyzed, laying the foundation for the establishment of a CSR evaluation index system.

Research explores ideal structured index systems and aims to establish a more practical and functional corporate social responsibility evaluation index system. On this basis, we can contribute to the development of society based on the principle of sustainability.

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