

# Chapter 57

## Corporate Social Responsibility in the West (U.S. and West Europe) vs. East (China)

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### ABSTRACT

*This chapter explains why Corporate Social Responsibility (CSR) is not widespread in some of countries, such as China, and how little effort towards CSR can create problems regarding a country's ability to trade with other countries that have national CSR policies and regulations. The chapter shows the strengths of organizations through the point of view of ethical social responsibility that actualizes itself in CSR. There is no doubt that the contribution to a community regarding the community's social, economic, and natural environment is impacted by different factors. A community is impacted by national policies as well as by the social perspectives and practices that exist in that nation. This chapter highlights the need to revive ethical values in the fields of society, economics, and the natural environment in correlation with the social and cultural norms in each given country.*

*Wherever there is a human being, there is an opportunity for kindness. – Seneca*

### INTRODUCTION

Corporate Social Responsibility (CSR) is accepted among many of the western societies. There are certain countries in which it is mandatory and set in law, for example in the United Kingdom (“UK corporate Governance Code of 2010”, 2010).

However, CSR is not a priority in some countries (Kolk & Lenfant, 2013; Ramasamy et al., 2013; Fernandez-Feijoo et al., 2012).

This chapter will examine and discuss why CSR is not as widespread in some of the countries, such as China, and how China's lack of CSR policies and regulations may create problems for China's ability to export products in countries with CSR policies and regulations such as the U.S. and West Europe (Lu, 2008 ;Fassin et al., 2010; Park, 2008; Shafer et al. 2006).

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## **Why Organizations Want to Conduct CSR**

In the past couple of years, it is clear that donations to the community are not enough. While philanthropy and non-monetary donations to the community help weaker groups in society, you can't call an organization "ethical" if they donate money to children at risk while employing underage children. In the same matter, you cannot praise a company that examines its impact on the natural environment and does not take care of its own employees. CSR encompasses a broader view of a company that practices ethical behavior and acts with transparency towards the natural environment and to society.

Generally, CSR is actualized by actions in three dimensions: social, economic, and the natural environment. These actions are known as the "Triple Bottom line" (Ellington, 1998; Fry & Slocum, 2008). Today firms try to conduct CSR for their own empowerment and they only commit to CSR because of the legislation that gives the motivation to preserve.

## **Firms' Responsibility According to CSR**

There are a number of reasons that led to more interest of CSR in organizations, such as the additional use of internet and the openness of media communications which raised the interest of the population to report ethical conduct in organizations (Carroll, 1999; Carroll & Shabana, 2010). To practice CSR principles today means to be more successful and get to more business opportunities. Through CSR, firms enhance their economic strengths (Shafer et al., 2006; Ramasamy et al., 2013; Griesse, 2011).

Responsible conduct today is one of the factors that make a company more attractive because it presents a feeling of an ethical organization, which cares not only about their profits but about the

society and the environment as well. Responsible conduct also drives SRI (Socially Responsible Investment). Investors are interested not only in the profits of the company, but also in their responsible investments. Investors understand that companies with CSR, 'green' companies, are more successful and sustainable to entice the investors, and therefore companies today are focused on the branding as well as empowering a good name in the framework of CSR (Ratner, 2004; Dietz et al. 2005, Baumgartner et al., 2010; Blackburn, 2007; Magee et al., 2013). Currently, most companies are concerned about their reputation by stakeholders. Moreover, all companies prefer to be known by stakeholders as a reliable company that is responsible towards society and the natural environment.

Likewise, climate changes and the heating of the world need the firms to pay attention to their sustainability and on sustaining the ecology. Today companies introduce CSR and sustainability in their reports (Cahill, 2013; Magee et al. 2013; Scarcy & Elkhawas, 2005; Siegel, 2009; Artiach et al., 2010; Magee et al., 2013; Seacy & Elkhawas, 2012). John Morelli (2011) emphasizes in his work about how to define sustainability. He brings the usual definition of sustainability: "as meeting the resource and services needs of current and future generations without compromising the health of the ecosystems that provide them". (p.2) in this definition there are CSR principles about having a fair work environment as well as keeping to human rights, keeping to work laws and taking care of the well-being of the employees and citizens (Morengenson et al., 2013; Schawartz & Carroll, 2003; Wolf, 2008, 2011a). It is important to say that there are governments, which obligate their organizations and employees to report at least on only one of the fields of CSR or to give a general review.

The idea of preserving the natural environment is important to many countries. In many countries, it is mandatory to report CSR to the government,

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