

Corporate social
responsibility
practices of china
sinopec commerce
essay



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During last several decades, more and more pressure is received by international firms to persuade them to dedicate more and more resources in social responsibility. These pressures are always come from customers, governments, employees, suppliers, community groups. Also, there is increasing interest among managers of business especially those CEOs at multi-national or multi-divisional companies in the antecedents and consequences of CSR. These business leaders are realized the fact that nowadays the social standards for the business are not only restricted in the aspect of earning profits, the demand for CSR can vary substantially across the whole world on many issues. Nowadays, the demand for the social responsibility of large business is growing when the some important issues such as the global warming, poverty, scarce of resources which faces by those business firms.

The definitions of Corporate Social Responsibility

The definition of Corporate Social Responsibility (CSR) is not clear as a result of so many conflicting goals and objectives. McWilliams and Siegel(2011) argue that the CSR are measures taken by those business corporations for the benefits of the whole community, beyond the interests of the firm and that which is required by law and some social pressures. Meanwhile, Corporate Social Responsibility involves “ achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment” (Clark, 2006; Porter & Kramer, 2006). And Ademosu(2008) claims that CSR is what an organization does to contribute to the development of the community in areas such as economy, the education and so on.

The history of CSR is as long as the company. After Industrial Revolution some large business organizations are emerged and the owners of these business organizations have become the most powerful and richest man in this world and these rich businessman began to implant a kind of ideas called ' Social Darwinism' which means the corporations should focus more on the development of their own business instead of caring more about the consequences caused by the big business organizations on the employees, the community, even the whole society. But at the beginning of the twentyish century the power against these ideas of those big corporations began to rise. In 1970s Milton Friedman argued that the only social responsibility of an enterprise is to increase profits within the scope of the business rules, profit maximization is only the second goal of corporations and the first goal is to ensure the survival of them. In order to achieve this point, they must bear some social responsibilities and the cost caused by them, they must protect the social welfare through the advertisements of them about no pollutions, no discriminations or something else. They must blend themselves into the community and fund more for the charity organizations in order to play a more active role in the society. From 1980s the movement of CSR began to rise in the western developed countries, it includes the contents of environment protecting, labor and human rights which leads to the concerns of customers changed from about only care about the quality of products to quality, environment, occupation health and so on. Meanwhile some governments, green peaces organizations and NGOs also continually called the business corporations to connect the trade to their social responsibilities. Under the increasing pressure and their own

development needs. Many multinational companies in Europe and America are formulating to make commitments of social responsibility.

Why business corporations should engage in CSR

According to Ralph Hamann(2010) the evolving CSR agenda is driven by a global shift in the way the role of business is perceived. Under the circumstance of globalization and the challenges of sustainable development, the business firms are increasingly seen as an important element in the process of social transformation, for the benefit of society in general, as well as business itself.

Customers and society have more expectations for the corporations where the products they buy from. This sense has increased as results of recent corporate scandals, which reduced public trust of business corporations. And under the trend of globalization, the increasing influences of media can explode all the mistakes such as pollution, decimations of female workers, or something made by the corporations to the entire world. These force the business organizations to build a harmony relationship with the outside world

Corporate social responsibility comes from its social power. Enterprises should be a two-way open system that is open to accept the information of society, and help public understanding its operation. Each activity, product and service of enterprises, must consider the social costs and benefits at the same time of considering cost-effectiveness because all the social costs linked to each activity, product and service should transfer to consumers ultimately. So the enterprises as legal persons should be the same as other

individuals involved in resolving some of social problems beyond their normal range.

The benefits of Corporate Social Responsibility

To the business corporations, business ethics and social responsibility have become important factors to improve the competitiveness of enterprises, when the business leaders try to develop the company, they should not only focus on economic indicators such as revenues, turnover, profits but also the attentions to humanities index resources index and environmental indicators. Clark (2006) reports showed these companies which pay more attention to CSR have done better financially performance than all of the other companies. The CSR policy can enhance the reputation of a business corporation and improve the relationship between the community and them. The CSR programs can not only help a company's to earn a good reputation in the society, and improve revenues of their business actions (Afiya, 2005), CSR programs can actually improve the company's ability to achieve the goal of sustainable development. For example, if a company can use modern technology to achieve the goal of waste recycling, the operating cost may be reduced hugely(Clark, 2006).

To the whole society, firstly, the business corporations fulfill their society responsibilities is good for solving the employment problems. Except through increasing investment to create more jobs, more importantly is to advocate the enterprises arrange labor force scientifically in order to avoid increasing the pressure of employment. The ISO8000 is an international authentication standard system which aims to ensure workers working conditions and environment, protecting their human rights. Many enterprises try get fulfill <https://assignbuster.com/corporate-social-responsibility-practices-of-china-sinopec-commerce-essay/>

their social responsibilities to get to the standard of ISO8000 which help them to attract more labor resources.

Secondly, to fulfill social responsibility help to protect natural resources and environment to achieve sustainable development. The enterprises as members of the society and the big consumers of the natural resources have unenviable responsibility for the sustainable development of the environment. By using technical innovations the enterprises can reduce the pollution caused by their production and decrease the consumption of the resources then save the resources. (Mele´, D. 2008)

Last but not the least, the CSR is a good method to ease the gap between the rich and poor. On the one hand, large and medium-sized enterprise could use their capital advantages, management advantages and human resource advantage of resources to invest in the poor area. The corporations can get new growth point of their business and help the poor area to solve the problems of poverty. On the other hand, the enterprises also can through charity to help the people of backward area in education, the development of social security and health care system

The CSR practice of Sinopec group of China

The Sinopec group of China is one of the largest state owned companies of China, functioning as a state-authorized investment organization in which the state holds the controlling share. Sinopec's business includes Sinopec's business includes oil and gas exploration, refining, and marketing; production and sales of petrochemicals, chemical fibers, chemical fertilizers, and other chemical products; storage and pipeline transportation of crude oil

and natural gas; import, export and import/export agency business of crude oil, natural gas, refined oil products, petrochemicals, and other chemicals. Sinopec Group ranked the 7th in Fortune Global 500 in 2010. The Sinopec is considered as one of pillar enterprises of the Chinese national economy and a giant in the energy industry, so in the last several years, there are continuously pressure put on this company about how it is to carry out its social responsibilities as an state-owned and the most profitable company in China. In fact, the Sinopec group does implement some CSR initiatives to enhance its global image and reputation.

Low-carbon development strategy

The climate change is an urgent issue which is for all mankind today, how to protect the environment from human activities and pollution is especially important for those energy and petrochemical company. About the global issues of global warming Sinopec claims that they carry out low-carbon development by finding and using more low-carbon energy resources and promoting energy saving and consumption reduction. The Sinopec is both a large energy production firm and a large consumption firm. This company is active in developing low-carbon energy and improving the structure of the energy consumption. They have built up a comprehensive low-carbon business chain which covering R&D, production and marketing. Meanwhile this company has taken planting trees to increase the carbon sink as a major way to fulfill its responsibility to protect the ecological environment and improving the conditions for the ordinary residents.

Saving energy resources is another immediate and effective way to reduce CO₂ emission today. Because of great importance to energy saving, they try <https://assignbuster.com/corporate-social-responsibility-practices-of-china-sinopec-commerce-essay/>

to develop into a resource-saving enterprise. During the last 5 years, while the production capacities kept growing, Sinopec got a good achievement in energy saving and consumption cut with more effective management, many modern and new technologies and equipments are used and more emphasis are put on energy saving in production process. According to reports in 2010, overall energy consumption of Sinopec went down by 3.8% and 0.8% respectively and saved 14.11 million tons of coals equivalent, equaling reducing 34.66 million tons of carbon dioxide emission.

They also try efforts to spread information about the damages of climate change among workers, consumers, suppliers, and other stakeholders, calling for changes in mode of production, way of life and habit of consumption, and for stronger sense of social responsibility and keener awareness to protect the environment.

When it comes to the issue of pollution, the energy producers like Sinopec are always accused for their pollution for the environment. They claim they have paid great efforts to making clean products and reducing the pollutant emission in consumption. Upgrading of gasoline and diesel quality is typically one of their efforts in this direction. From 2009 to 2010, Sinopec refining subsidiaries sped up development of gasoline upgrading plans and revamping of production facilities. By 1 May 2010, all automobile gasoline produced has met GB III standards or even higher. Given Sinopec's gasoline output in 2010, SO₂ emission in consumption can be cut by 25,000 metric tons. But the waste in the energy industry is inevitable, they still need to pay more attention to the treatment of waste gas, waste water and industrial residue (three wastes), try their best to meet discharge standards of the <https://assignbuster.com/corporate-social-responsibility-practices-of-china-sinopec-commerce-essay/>

government and mitigate their impact upon the environment to the minimum. By the end of 2010, they have completed desulfurization revamping of all 19 in-house power stations and 107 coal boilers. And we reduced SO₂ emission by 204, 000 metric tons, down by 35. 7%. The circular is another important aspect, increasing resource efficiency and recycling, and promoting comprehensive utilization of byproducts, with the goal of low energy consumption, low emission and high efficiency. For example, flare gas recovering technology was applied. All flares were extinguished and more than 800, 000 metric tons of gas can be recovered every year.

Aid Those in Need, Help Those in Difficulty

As one of the biggest company in China, the Sinopec still carry put some plans to help some poor areas in China. In 2010, they continue to follow the guidance of the central government about the development the rural poverty area, supporting the infrastructure construction, education development and industrial development in these areas, for example, Sinopec has invested RMB 100 million for poverty alleviation and disaster relief work in the four designated counties. During last several years, Sinopec has been paid great attention and engaged in constructing the “ Hope Schools” which is a famous charity plan in China. It is aimed to help those poverty children have the chance to receive education in impoverished areas. Sinopec have have built 15 Hope Primary Schools in Anqing area which is in Anhui Province in the past four years. The total investment was about RMB 7. 5 million.

Care for employees

The employees are the most important parts of a business organizations and care for the workers is an essential part of the CSR. By the end of 2010, <https://assignbuster.com/corporate-social-responsibility-practices-of-china-sinopec-commerce-essay/>

Sinopec has 1.06 million employees in total, including 9,185 fresh university graduates joining Sinopec in 2010. They have a considerable number of employees who have worked for Sinopec for more than decades. Closely following the state labor policies, Sinopec signs labor contract with each employee, welcomes collective bargaining and offers stable and competitive salaries. Sinopec honors its legal obligations to maintain endowment insurance, health insurance, occupational injury insurance, unemployment insurance, and maternity insurance and housing provident funds for all employees. In 2010, the Company launched corporate annuity plan, a valuable addition to the mandatory pension scheme.

Through the CSR activities above, the Sinopec earn a good reputation in China and the whole world. Through the activities of saving energy, help poverty people, this company improve their global image and do become the top business giant in the world. The Chinese government even awards the Sinopec with the title of "China Corporate Social Responsibility Research Base" and the Sinopec also become the most popular employer among job seekers in China. The Sinopec benefits the whole society and itself by fulfill its social responsibility.

But there are still many critics about the Social Responsibilities of Sinopec. For example, as a state-owned enterprise, there are many scandals about the corruption cases of the managers.

Conclusion

It has to admit that, although the practice of CSR is still debated among the world. Proponents argue that there is a strong business case for CSR, in that

corporations benefit in multiple ways by operating with a perspective broader and longer than their own immediate, short-term profits. Critics argue that CSR distracts from the fundamental economic role of businesses; others argue that it is nothing more than superficial window-dressing; others yet argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. However everything has two sides. Though some people do not love the CSR policy, increasingly, corporations are motivated to become more socially responsible because their most important stakeholders expect them to understand and address the social and community issues that are relevant to them. I believe that the CSR policy will develop to everyone's benefit.