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THE MORAL INQUIRY INTO THE LACK OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

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Abstract: The corporate social responsibilities (CSR) can neither be detached from the consideration of profit-making, nor only confined to that. The CSR, only if explained from an inner perspective of an enterprise, can be regarded as a moral one. The moral CSR means that an enterprise, having its ethical personality, is an ethical player in economic activities and also a player to fulfill social responsibilities. An enterprise's ethical personality is incessantly and closely related with its economic activities, and is the pursuit and manifestation of human nature herein. It is the ethical personality of an enterprise that keeps it sticking to the life principle and sharing social responsibilities. An enterprise's ethical personality can be built up only when it harmonizes its economic commitment and social commitment and unifies its profit-oriented activities and ethical-personality-oriented activities.

Currently, the lack of corporate responsibility has become an ethical concern perplexing the sound development of society. In China the news of "Sanlu's Poisonous Milk Powder" and "Clenobuterol Hydrochloride of Shuanghui" has once again brought the problem of food safety into people's consideration; the famous mining corporate "Zi Jin" discharged wastewater, which made river creatures dead and caused a drinking water crisis for the nearby residents; the nuclear leak in Fukushima nuclear plant and the failure of conducting effective counter-measures brought the Fukushima residents under nuclear threat and posed a disastrous consequence upon its economy, what's more, this leak also affected the neighboring countries with a nuclear shadow. The events mentioned above demonstrate the lack of responsibility on the part of enterprise for the sake of its self-interest. What is more terrible, their pursuit of self-interest is based on the expenses of others' life. This paper is going to discuss why the enterprise must shoulder responsibilities, what the ethic reasons behind this phenomenon are, and how to reinforce the corporate social responsibility.

I

The social responsibility has always been a research priority in the field of economy ethics. Most of scholars adopt a "consequence approach" to study the corporate responsibility, i.e. the consequences caused by the enterprise's activities; some scholars understand the corporate social responsibility from the perspective of profit-pursuit, for example, Milton Friedman argued that the social responsibility of corporate was maximization of profit. He said: "in an open and free competition", the unique social responsibility for corporate is "to make a full use of resources and energy to increase the profit"; some scholars measure the corporate social responsibility with the impacts posed by enterprise's activities upon society. P. Robins claimed: "corporate social responsibilities refers to those, not required by law or economy demands, shouldered by corporate for a long-term aim that is conducive to the society". Besides, some scholars interpret the corporate social responsibility from the commitment made by corporate to society. For instance, the World Bank defines corporate social responsibility as: a promise upon sustainable development made by enterprise in order to improve the shareholders' living standard. This definition is still kept in the track of "consequence approach".

It is reasonable, to certain degree, to study CSR from the perspective of the consequences of the enterprise's activities, because fulfillment of responsibility is always derived from the consequences of activities. However, the problem lies in the fact that the "consequence approach" is far from ethical integrity. Firstly, the word "consequence" suggests that something has already happened. If it is a positive consequence, that is all right; but if it is a negative one, the damage brought by it can never be remedied, especially damage to the ethical responsibility. Secondly, the "consequence approach" will easily trick the enterprise to speculate on the ethics. Actually, the consequences of an enterprise's activities are sometimes accidental and unpredictable. An enterprise, as an activity entity, is unaware of to what degree its activities bring positive or negative consequences to the society, because the consequences of an enterprise are diversified, and are subject to many causes, some of which are unimaginable. Thus, some enterprises will probably develop a fluke mind to their activities and have an inaccurate judgment of the

consequences of their activities. For example, the earthquake and tsunami are among the unpredictable elements in the nuclear accident of Japan. People may well think that without the earthquake and tsunami there would not have been the nuclear leakage. Thirdly, the “consequence approach” mainly comes from the utilitarianism; however, the utilitarianism alone can never foster the CSR.

Based on what has been discussed above, the author argues that although CSR can not stand alone without the utilitarian consideration, it can nor be confined within the utilitarian consideration. Thus, CSR must be discussed from a broader perspective.

What first comes under discussion is the source of CSR, that is, the basis for enterprises to undertake social responsibilities. According to the modernism of enterprises, division of labor is the source of CSR. As an organization of modern activities, the enterprise has derived from the division of labor in the society. The tradition workshop-a kind of economic organization- mobilizes the society, however, it is small in scale and simple in operation; what’s more, it is self-confined, leading to a narrow social network and imposing a limited influence upon the society. After the modernization of economy, the further division of labor has damaged the self-reliance and self-confinement of the economic organizations, and made each economic entity an interconnected part of the social division, as a result, each economic organization has developed a close relationship with the whole society. On the one hand, an individual economic organization will place its existence and development on the support of other economic organizations, but at the same time, it has to compete with the other market participants. Thus, corporate planning has become an indispensable part of decision-making of the modern economic organization-this is why the modern economic organization is called enterprise. On the other hand, the development of society, in particular the economic development, brings each organization into a full play and each enterprise’s activities will affect the whole society. The interrelationship among each individual enterprise and that between enterprise and society has made an enterprise’s activities not only its own operation, but also a social activity relating to the others. Consequently, an enterprise’s activities have caused a question of justifiability and reasonability upon others in the society. The social correlation of enterprise’s activities is the natural basis of CSR.

However, an enterprise’s selfishness and nature of profitability often drive it to maximize its self-interest by means of social correlations rather than the joint-interest. Sometimes the pursuit of self-interest will be at the cost of the others. Thus, in order to avoid the fact that the nature of profitability does harm to the others, it is necessary to check this nature so that a reasonable order will be maintained. It is laws that check the consequences of an enterprise’s activities. Laws offer boundary to an enterprise’s activities, i.e. to decide CSR. The CSR stipulated by laws can only be retroactive to the consequences of an enterprise’s activities, although the legal powers will affect an enterprise’s selection of activities. As has been analyzed before, to some extent, loopholes exist in the consequential responsibility retroaction and these loopholes will be amplified in a society which does not respect the principle of ruling by law.

So other perspectives are needed to discuss CSR. An enterprise operates to obtain profit- this is decided by its inner nature, but it also needs to ponder, for what is its profitability and on which conditions it can obtain profit. These questions are, in fact, concerned with an enterprise’s value and with its CSR. As for the first question, an enterprise, after making profit for survival in its prime stage, will take being conducive to social causes as its value. This indicates that an enterprise operates not only for its own interest, but also for the well-being of the whole society. Only when an enterprise realize and work for the altruism of its activities can it incorporate the ethical social responsibilities into its business goals. For the second question, an enterprise must be aware that it obtains profit from the society, from the business conditions supplied by the other enterprises, although these conditions are always reciprocal, and from the consumers buying the products or services. It is not completely on an enterprise itself that it relies its profitability, but the good wills from the society are also indispensable. So an enterprise must take the responsibility of appreciating and contributing interests to the society.

The moral CSR is the responsibility probed from the inner perspective of an enterprise. It means that an enterprise, having its ethical personality, is an ethical player in economic activities and also a player to fulfill social responsibilities. Thus, an enterprise operates for certain value goals which can be categorized into “good” or “bad”. The moral CSR helps an enterprise to form its benevolence and sense of social responsibility, to constrain its possibilities of damaging society in its profit-making activities, to look into

the social effects of its activities during its operation, and to avoid any malevolent consequences caused by its activities.

II

According to Part I, we can separate legal CSR from moral CSR, the former of which means the legal responsibility of the consequence and the latter of which is intentional prior to an action. This day, the absence of CSR in China is mainly ethical but legal because the intention of an enterprise in question is not examined in determining its legal liability and it is not the enterprise's job to determine. If the Sword of Damocles is of some intimidation or of binding force upon the enterprise, its role is still ethical but legal. The legal CSR deals with the consequence.

Then what are the reasons for the absence of moral CSR? In Ethic of Responsibility the term CSR at least includes: 1) economic responsibility, 2) legal responsibility, 3) ethical responsibility and 4) responsibility of freedom (or philanthropic responsibility). In fact, the 4th responsibility is still ethical. The pluralism of responsibility produces different research angles in one sense, but weakens the internal links between them in another and shapes an opposable-selective culture. Each responsibility is seen as opposed to others and the enterprise chooses to take one while avoid others. Usually, it will make the choice by nature to take the economic responsibility at the sacrifice of the ethical one. However, we can find ethical elements in both the economic and the legal responsibility. For example, although profit motive is natural for any enterprises, this motive is nevertheless a fruit of social ethics. To oppose one responsibility against another is one of the reasons why the enterprises give up their ethic CSR and loosen their control over greed.

Another reason for the absence of CSR lies in the disregard of human nature. What merits special mention is that the moral CSR contains rich connotation. Drawn from previous researches, the objects of the moral CSR may include employees, shareholders, partners, the interest groups, consumers and environment. But obviously, in addition to its objects, the relationship between the enterprise and other sides involved should also be included in this study: 1) profit distribution within the unit (including the distribution among shareholders), 2) between the unit and the state or the society (which means paying tax and philanthropy), 3) between the unit and other enterprises 4.between the unit and its operation object (namely the consumers). The CSR in these relationships means the enterprise's observing the law, distributing its profit rationally, providing qualified products or services and cooperating with others. In addition, the CSR in terms of safety should also be taken into consideration, which is mainly seen in the relationship between the unit and its employees, consumers and the public. However, CSR in safety is usually overwhelmed by that in money. In some cases, life and responsibility are traded for money. With the life of modern people more highly and frequently intertwined, the lack of CSR is dealing heavier and wider damage and outraged the public in the end.

To ignore life derives from the indifferent attitude toward human nature, which also constitutes the reason for the ignorance of CSR. It has long been the case that the responsibility for life lies with doctors in the hospital, and an enterprise assumes the sole job of making profit which is also its highest pursuit (some economists say economic activities have nothing to do with morality). Thus, the moral side of the CSR is avoided and muddled with.

It is morally unquestionable for the modern enterprise to assume responsibility for life. It would mean that moral elements must be incorporated in its economic activities. An enterprise is more than an economic machine, to be the social condition on which life and its continuation depend. Marx and Engles saw material production as the generation of life, which means it produces human life as it produces value. If, however, it does not incorporate moral elements in its operation to enhance livelihood, if not worse, then its operation is total alienation. It was on defending the life value of the working class that Marx's theory was based, which includes the capitalist exploitation and the liberation of the working class. The liberation is an enterprise so great that enlivens many souls. As the enterprise in a socialist country, we should assume this moral responsibility and make the energy and value of life seen and enjoyed in the process of labor.

III

The lack of CSR for life indicates the lack of corporate morality. Materialistic pursuits instead of humanistic care deprive corporations of their corporate integrity, and thus corporations hardly assume social responsibilities. The lack of corporate morality can be attributed to multiple external factors such as social trends and the influence of market, but the most essential one is the inadequacy in moral culture construction inside the corporation. Hence corporate social responsibility can only be strengthened with the development of corporate moral culture, especially the cultivation of corporate morality.

People questioning the development of corporate moral culture or corporate morality can be divided into two groups. One group holds that the main responsibility of corporations is conducting economic activities or making profits. An overemphasis on corporate morality blurs the main social responsibility of corporations. It argues against the intervention of morality into economic activities. This view however does not hold water. The positive influence of moral culture on economic activities has been elaborated in Max Weber's *The Protestant Ethic and the Spirit of Capitalism*. Scholars in China have also discussed this issue from the perspective of functions of morality. The other group doubts whether corporations as economic units can have morality, which is actually a property of a natural person. They query in which aspects is corporate morality manifested if it does exist.

As to the second view, the author believes that although corporate morality is a personified concept, it does exist. It is required by corporate morality that the production, marketing and service activities in corporations should serve for the aim of satisfying people's needs and promoting human health and development. Corporate morality is a moral orientation that cares for people and humanity. It is the manifestation of corporate social conscientiousness. With this aim, corporations would carry out activities that avoid or keep away from hurting people, which would become a principle that corporations always hold fast to. There would be neither products like "poisonous milk powder", Clenbuterol or Sudan red, nor accidents like blasts in coal mines or Foxconn suicides if corporations have corporate morality. Corporate morality urges corporations to cherish people's lives and assume social responsibilities.

However, different from morality of a person, corporate morality is closely linked with corporate economic activities. It is the humanistic pursuit in economic activities. Thus responsibilities called for by corporate morality put moral requirements on corporations' innate activities (economic activities per se), different from external activities such as philanthropic donations. These donations are manifestations of corporate morality, but they are not essential moral responsibilities and are only taken by corporations which are in surplus. But corporate morality in economic activities requires essential moral responsibilities. Even under circumstances of profit reduction or running a deficit, corporations must shoulder these responsibilities. Of course, the boundary and extent of corporations' acceptance of such responsibilities vary with their social conditions and tolerance. Shunning from responsibilities, however, is under no circumstances tolerated by corporate morality.

That some corporations in China lack corporate morality is an undisputable fact and this is where the problem lies. Three points need to be underscored. Firstly, the truth that the corporate morality of many corporations is still under development needs to be taken objectively. Modern Chinese corporations in the real sense only came into existence 20 years ago when the socialist market economy system was established. Corporations are not familiar with all the necessary moral qualities of a modern corporation, not to mention the construction of corporate morality. Secondly, in face of fierce competition in a fast growing economy, corporations would neglect fostering moral spirits. Thirdly, lack of research into corporate morality in the field of ethics and inconsistency between theory and practice in business ethics prevent corporations from assuming ethic responsibilities and strengthening corporate morality timely. But successive staggering events in reality point to the urgent need for constructing Chinese corporations' morality and responsibilities. The work cannot be neglected or postponed.

Recently the construction of corporate ethical responsibilities in China mainly focuses on the construction of corporate responsibility standards. The construction is carried out in two respects. One is the formulation of corporate responsibility standards, i.e. to establish Chinese corporate social responsibility evaluation system by drawing on social responsibility standard certifications like SA8000. This is necessary but for questions such as how to implement such a system, or should it be promoted by the government, the chamber of commerce or the corporation, we are still feeling our way. The other is to provide entrepreneurs with MBA or EMBA education about corporate ethical responsibilities, especially

about corporate ethical responsibility standards, so that at least the entrepreneurs, who have received education about business ethics, understand what corporate social responsibility is and thus identify with and gradually establish the value of corporate social responsibility.

However it is far from enough to limit education about corporate responsibility standards to the management level although it is of vital importance for managers to have such consciousness. It is still hard for corporations to assume social responsibilities if most employees do not have the consciousness. What is more, either is it enough to limit the construction of ethical responsibilities to education about corporate social responsibility standards only. Ethical education about corporate morality should be added. Corporations should not only know their social responsibilities, but consider questions such as “What are the pursuits of a corporation” and “What makes a good corporation”. They need to establish an ethical concept of “What can a corporation offer for the society”. Corporations should combine economic endeavors with moral pursuits and link activities for profit with those for morality so as to strengthen the construction of a corporate morality culture. Some corporations have made impressive attempts in this respect. Shanghai Fuda Group promotes “nice person culture”. It sets the ethic goal of “Being a nice person is the first step to success”, combining the nice person culture with corporate culture and integrating the morality of its employees with that of the corporation. It establishes an image of a responsible company. The construction of corporate morality in Fuda Group is inspiring and can be promoted.