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Transnational Comparison of Corporate Social Responsibility

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Abstract: Corporate Social Responsibility (CSR) encompasses the obligations that businesses have towards consumers, communities, and the environment, in addition to generating profits and meeting legal obligations to shareholders and employees. The appropriate use of it can improve the reputation of a company and the value of its brand, making it a perfect environment for thorough and precise research. This paper utilizes a literature review methodology to examine the substance of CSR policies implemented by multinational firms. The study uncovers worldwide patterns, trends, and exemplary instances of CSR practices, offering direction and insights for future research and advocating for improved CSR practices. Moreover, it facilitates individuals in comprehending the variations across nations and the impact of cultural factors, so boosting their understanding of how corporate social responsibility (CSR) ideas and actions are developed in diverse countries. Moreover, it facilitates the formulation of policies and regulations, so enhancing compliance with corporate social responsibility (CSR) and transparency, and fostering sustainable growth.

Keywords: Corporate Social Responsibility, business, transnational comparison.

1. Introduction

Corporate Social Responsibility (CSR), a burgeoning business ideology and ethical framework on a worldwide level, has gained significant traction. As business activities increasingly affect society, the importance of CSR has grown. This has prompted firms to broaden their disclosure efforts, specifically in relation to the societal impact of their policies and operations [1]. Researchers have performed comparative studies on CSR activities in distinct countries and areas to get insight into their global performance and variations. Those studies provide insights into the advantages, difficulties, and patterns in CSR practices in various countries and areas.

Additionally, some researchers have conducted comparative studies on the CSR performance of multinational corporations in different countries to understand the variations in their CSR strategies and practices across different environments. These studies help to elucidate how multinational companies adjust their CSR practices according to the specific requirements and market conditions of different countries, fostering learning and improvement among enterprises. Michael Porter and Mark Kramer: They introduced the concept of "Creating Shared Value," highlighting that companies should create economic value by addressing social issues. They argue that CSR should be closely integrated with business strategy to achieve mutual economic and social benefits [2]. This paper employs a literature review method to study the CSR practices of French multinational corporations. This research may promote international cooperation to some extent, as cross-national comparative

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studies provide a foundation for collaboration between companies and countries. By comparing CSR practices in different countries, enterprises can identify partners to jointly address global social and environmental issues. Moreover, international organizations and governments can use the results of comparative studies to formulate more coordinated and consistent CSR policies and standards.

2. Overview of CSR

2.1. Definition and current status

Corporate Social Responsibility (CSR) encompasses the obligations that businesses have towards consumers, communities, and the environment, in addition to generating profits and meeting legal obligations to shareholders and employees. It requires companies to go beyond the traditional notion of profit as the sole objective, and emphasizes the importance of valuing people throughout the production process and highlights the need to contribute to the environment, consumers, and society.

Since the term CSR was introduced, its scope and meaning have gradually become richer and more completed, but scholars' evaluations of it remain diverse. The uncertainty of the CSR concept has led to the emergence of other terms with similar meanings but different perspectives on the same timeline, such as "corporate citizenship" and "sustainable development," which can be seen as siblings of CSR.

Initially, CSR primarily involved giving back to society through philanthropy and charitable donations. Companies would allocate a portion of their profits to charitable causes, education, healthcare, and community development. In the mid-20th century, with societal development and regulatory improvements, companies began to focus on compliance and ethical issues, adhering to legal requirements and ethical standards. By the end of the 20th century, businesses started to consider the interests of a broader range of stakeholders. Entrepreneurs realized that, in addition to shareholders, employees, customers, suppliers, communities, and the environment were also crucial stakeholders whose interests needed attention. Companies began actively collaborating with stakeholders to jointly address social and environmental issues.

Entering the 21st century, CSR has further evolved into the concept of sustainable development. Companies began integrating social, environmental, and economic sustainability into their strategic and operational decisions. Through measures such as environmental protection, resource management, human rights protection, and employee welfare, businesses pursued the dual goals of economic benefit and social responsibility.

While recently, companies have focused on the concept of creating economic value by addressing social issues. Businesses have realized that by innovating and solving social problems, they can achieve a sustainable competitive advantage. Companies are incorporating social issues into their business models, creating shared value, and simultaneously achieving economic growth and social well-being.

2.2. The importance

The importance of CSR primarily lies in enhancing corporate reputation and brand value, strengthening stakeholder relationships, reducing operational risks, increasing employee engagement and loyalty, and promoting sustainable development. CSR can enhance corporate reputation and brand value. By actively fulfilling social responsibilities, companies can build a good reputation and brand image. Consumers, investors, and other stakeholders increasingly value a company's CSR performance and tend to support socially responsible businesses. A good reputation and brand image help improve a company's market competitiveness and long-term sustainable development. CSR also helps in establishing positive stakeholder relationships. By collaborating with stakeholders such as employees, customers, suppliers, communities, and the environment, companies can strengthen

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cooperation, build trust, and meet their expectations and needs. Good stakeholder relationships contribute to a stable operational environment and reduce potential risks on company reputation.

Furthermore, by addressing social and environmental issues, companies can reduce operational risks. For example, proactively adopting environmental protection measures can mitigate the negative impacts of environmental accidents and pollution on the company. Similarly, focusing on the health and safety of employees and complying with labor laws can reduce the risks of labor disputes and employee turnover. Practicing social responsibility helps companies better manage risks and protect their long-term interests. In addition, CSR can enhance employee engagement and loyalty. Employees are increasingly concerned about their work environment, corporate values, and social impact, and they prefer to work for socially responsible companies. By providing development opportunities, focusing on employee welfare, and participating in community projects, companies can attract and retain top talent, improving employee job satisfaction and loyalty.

Finally, CSR has the potential to drive sustainable development and is a key factor in achieving it. By focusing on environmental protection, social justice, and economic prosperity, companies can achieve balance and long-term sustainable development in economic, social, and environmental aspects. Practicing CSR helps in realizing the United Nations Sustainable Development Goals and promotes social and environmental improvements.

3. The Impact of Multinational Corporations on CSR

3.1. Positive Effects

Multinational corporations typically operate in multiple countries or regions, bringing more opportunities for local economic development. Their business activities and employment opportunities can stimulate local economic growth and improve the living standards of residents. Multinational corporations usually possess advanced technology and management experience, which, through collaboration with local businesses and institutions, can facilitate technology transfer and knowledge sharing. This helps enhance the technical capabilities of local enterprises and talent, driving innovation and economic development. Many multinational corporations actively engage in social investment and charitable activities, providing support to local communities. Through donations, sponsoring community projects, and offering volunteer services, community infrastructure, education, healthcare, and the environment are improved.

3.2. Negative Effects

Large-scale production and business activities of multinational corporations can negatively impact the environment. Resource extraction and industrial manufacturing may lead to issues such as water pollution, land degradation, and air pollution. Some multinational corporations produce in low-cost regions, where lax environmental regulations can result in environmental deterioration. Moreover, these corporations may face labor rights issues in low-cost regions, including violations of labor laws and unfair working conditions. Some companies might suppress labor organization activities, restricting workers' rights to voice their concerns and engage in collective bargaining. Business activities of multinational corporations can also exacerbate social inequality. Their economic activities in certain countries or regions can lead to unfair distribution of resources and widening income gaps. Furthermore, some companies may engage in tax avoidance practices, reducing their financial contributions to local societies.

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4. Strategies of Multinational Companies' CSR

4.1. Strategies of Companies in the United Kingdom

The United Kingdom has a relatively comprehensive legal framework in the field of CSR, with laws and regulations such as the Companies Act and the Reporting Standards Initiative (RSI) mandating social responsibility disclosures. These regulations encourage UK companies to place a strong emphasis on social responsibility and actively disclose relevant information. Companies should fulfill their social responsibilities in business operations by adhering to laws and social and business ethics, respecting public interests, protecting the environment, safeguarding consumer rights, and ensuring the legal rights of employees. Companies should protect national interests, public interests, and the legitimate rights of consumers. They should not harm the interests of the state, society, or others for personal gain. Additionally, enterprises should actively fulfill their social responsibilities [3].

In terms of gender equality, UK companies generally prioritize the status and rights of women in the workplace, promoting a corporate culture of gender equality, diversity and inclusion. Regarding pollution prevention, UK companies typically adopt strict environmental measures, increase environmental investments, and reduce environmental pollution during production processes. The UK enacted the Equal Pay Act in 1970 to ensure that male and female employees receive equal payment and benefits for the same or similar work, and free from gender discrimination [4]. If investigations reveal wage disparities between male and female employees, the law requires employers to provide reasonable explanations, such as the differences of the nature of the work, of employees' experience, and of the cost of training. Wage differences based solely on gender are not permitted according to the law [4].

4.2. Strategies of Companies in France

France has a comprehensive legislative framework in the realm of social responsibility, including the Nouvelles Régulations Économiques. The regulations stipulate explicit criteria for CSR reporting, thereby motivating French corporations to aggressively discharge their social obligations. Since 2002, it has been mandatory for all publicly traded firms to provide details regarding their engagement with the community, adherence to human rights, handling of social issues, impact on the environment, measures for health and safety, and conditions of labor in their annual financial reports [5].

French enterprises typically uphold and safeguard employees' human rights, fostering harmonious and stable labor relations. French enterprises likewise implement stringent environmental measures in order to prevent pollution and promote sustainable development. Non-standard working hours refer to the period between 6 PM and 9 AM, when the legal working week consists of only thirty-five hours. In addition, employees have the right to a minimum of five weeks of paid vacation each year [5].

Furthermore, the Paris Agreement mandates that firms must establish specific short- and medium-term objectives and allocate financial resources strategically to attain net-zero emissions targets in the long run [6].

4.3. Strategies of Companies in Germany

While Germany lacks specific regulatory mandates for CSR similar to the UK and France, German companies often prioritize social responsibility by incorporating it into their company strategy and day-to-day activities.

German corporations extensively adopt employee participation, which enables employees to actively engage in corporate decision-making and management, thereby safeguarding their rights and benefits. German corporations also implement stringent environmental measures to minimize environmental contamination in their production processes, therefore contributing to environmental

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protection. Employee involvement is a prominent aspect of the German Company Law, which mandates that either one-third or half of the members of the supervisory board must be elected by employees. This provision enables employees to actively engage in corporate governance and management [7].

4.4. Summary

Based on the aforementioned information, it is clear that the UK, France, and Germany have all achieved significant accomplishments in implementing corporate social responsibility within multinational firms. Companies in these three countries prioritize social responsibility and diligently execute their disclosure requirements within their regulatory frameworks.

UK companies excel in promoting gender equality by placing a strong emphasis on the status and rights of women in the workplace. French enterprises demonstrate exceptional proficiency in upholding human rights, showcasing a resolute dedication to respecting and safeguarding the rights of their employees. Companies in all three countries implement rigorous environmental procedures in order to achieve sustainable development, with a focus on pollution avoidance.

5. Chances and Challenges of Multinational Companies

5.1. Challenges

Multinational firms must engage in business operations across diverse countries and regions, each characterized by its distinct culture, language, customs, and values. The presence of cultural disparities can result in obstacles to effective communication, hence impacting the ability of teams to collaborate and execute projects. For instance, certain cultures may place a strong emphasis on individual accountability and power, whilst others may encourage collaboration and agreement. Hence, it is imperative for organizations to cultivate their employees' cross-cultural communication abilities in order to effectively navigate many cultural contexts.

The legal and regulatory framework differs greatly between countries and regions, which presents difficulties for the functioning and administration of international enterprises. Companies must possess a comprehensive understanding of and adhere to local rules and regulations, encompassing labor laws, tax laws, and intellectual property laws. In addition, it is imperative for them to be updated on alterations in global legislations and regulations, including trade agreements and anti-corruption laws.

As globalization and information transmission technologies progress, customers are becoming more interested in the performance of CSR. They typically back companies that exhibit robust CSR, in line with their values and ethical convictions. On the other hand, firms may receive criticism or negative reactions if their CSR performance is inadequate. Social activists and NGOs frequently oversee corporate conduct to ensure adherence to regulations and ethical standards. They employ strategies such as publicizing and demonstrations to compel firms to enhance and actively perform their social obligations. Their activities have the potential to garner public notice, generate public pressure, and influence the reputation and image of multinational corporations.

5.2. Chances

Engaging in proactive fulfillment of social responsibility can assist multinational firms in establishing a favorable company reputation and brand image. Companies that prioritize environmental protection, employee rights, and community development gain public recognition and respect. Creating a favorable perception not only aids organizations in establishing a robust market standing but also bolsters consumer confidence, consequently drawing in a larger clientele and investors. Engaging in

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social responsibility efforts also helps to decrease environmental hazards, decrease resource usage, and alleviate environmental harm, thereby guaranteeing the long-term viability of the firm. Furthermore, by giving importance to the well-being of employees and the advancement of the community, organizations can cultivate employee allegiance and innovation, thereby improving staff productivity and contentment. These endeavors aid organizations in distinguishing themselves in competitive markets and attaining enduring competitive advantages.

6. Conclusion

An effective legal framework is essential for promoting corporate social responsibility (CSR). The UK and France have enforced obligatory legislation on CSR disclosure, pushing firms to prioritize and fulfill their social duties. Hence, it is imperative for developing nations to enhance their legislative endeavors in order to establish legal protections for corporate social responsibility.

An inherent constraint of our work is the absence of surveys and extensive investigation. To address this issue, one might do thorough searches and utilize techniques such as logical deduction and formulaic reasoning to increase persuasiveness. In addition, doing a comparative analysis of the corporate social responsibility (CSR) initiatives of other European countries might mitigate the influence of chance on the precision of research findings.

The integration of corporate culture and social responsibility will continue to grow. Companies must build a company culture that conforms to corporate social responsibility (CSR) regulations by incorporating CSR ideas into their fundamental values and business philosophies. This will foster employees' awareness of social responsibility and promote the thorough and extensive integration of CSR throughout the organization.

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