Research on Corporate Organizational Culture Construction and Optimization Strategy Based on CSR System—Taking H Corporation as an Example

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Abstract. With the progression of technological advancements and the evolution of globalization trends, the influence of enterprises in various domains, such as society and the environment, is expanding. Against this backdrop, there is a growing focus on Corporate Social Responsibility (CSR) among scholars and managers both domestically and internationally. Despite ongoing debates on certain issues, numerous instances from both domestic and international contexts affirm the positive impact of corporate CSR initiatives on the global community. Organizational culture is a culmination of the long-term existence of an organization, representing the highest goals, fundamental beliefs, value standards, and behavioral norms collectively followed by its members. Therefore, for an enterprise, its organizational culture is intricately linked to its corporate social behavior. However, there is currently a lack of research that establishes a connection between CSR and organizational culture both domestically and internationally. This paper takes the case of a Chinese mixed-ownership power company, referred to as Company H, as an example. Firstly, it provides definitions for Corporate Social Responsibility (CSR) and the essence of organizational culture. Secondly, it introduces the basic profile of the company, its current CSR practices, and the content of its organizational culture. Thirdly, it conducts a SWOT analysis based on Company H’s current CSR practices. Finally, the paper concludes by offering relevant optimization strategies based on the results of the SWOT analysis.

Keywords: Corporate Organizational Culture, Construction and Optimization Strategy, CSR System.

1. Introduction

In recent years, the influence of companies has extended beyond the economic sector to areas such as society and the environment due to technological advancements and globalization. This has led to the emergence of Corporate Social Responsibility (CSR), which has garnered attention from scholars and managers globally. Various theories, including Friedman’s, Carroll’s pyramid theory, and Freeman’s stakeholder theory, have been proposed. While debates continue regarding whether companies should prioritize their own interests and engage in CSR based on self-interest, numerous examples demonstrate the positive impact of CSR on the international community. Consequently, current research on CSR focuses on its impact rather than its causes and ways of implementation. Organizational culture is a crucial factor in this issue, as it is formed over time and represents the shared goals, beliefs, values, and norms of an organization. Therefore, a company’s organizational culture is closely linked to its corporate social behavior.

In recent years, scholars have increasingly studied the relationship between CSR and organizational culture. This research explores the impact and role of CSR in different organizational cultural backgrounds, providing insights into organizations’ sustainable development. Organizational culture is closely tied to the design and formation of corporate values. By studying the relationship between CSR and organizational culture, we can gain a deeper understanding of the challenges and opportunities companies face when implementing social responsibility. Different organizational cultures can influence the implementation of CSR, affecting a company’s social image and reputation. Therefore, company leaders should pay attention to research findings in this field to guide decision-making and strategy.
Furthermore, studying the relationship between CSR and organizational culture can help companies improve internal management and employee behavior standards. By fostering a positive organizational culture, companies can inspire employee enthusiasm and creativity, thereby enhancing overall organizational performance.

The relationship between Corporate Social Responsibility (CSR) and organizational culture has been elucidated from various perspectives by different scholars. Observable differences in CSR across diverse organizational cultures have been noted. Übius and Alas proposed that the CSR performance of a corporation can be inferred from its type of organizational culture. For instance, according to the typology proposed by Cameron and Quinn, team-oriented, hierarchical, and innovative cultures predict the extent to which a corporation respects the interests of stakeholders in the realm of CSR, while a market-oriented culture primarily predicts a corporation’s performance in addressing societal issues [1, 2].

Yu and Choi proposed the significance of fostering a CSR-oriented organizational culture within corporations. In the absence of a CSR-oriented culture internally, external pressures, even if present, are deemed challenging to translate into tangible CSR practices [3].

Scholars offer varying perspectives on the role of organizational culture in facilitating CSR. Lee and Kim proposed that organizational culture moderates the transformation of CSR into corporate performance [4]. Upadhaya et al. proposed that organizational culture mediates the integration of CSR into differential strategic formulations by corporations [5]. Pasricha et al. proposed that organizational culture serves as an intermediary in influencing CSR indirectly through its impact on managerial leadership [6]. Chen further highlights the mediating role of organizational culture between Business Model Innovation (BMI) and CSR [7].

While numerous domestic and international studies analyze CSR and organizational culture through corporate case studies, few scholars have examined the connection between the two. The relationship between CSR and organizational culture is closely intertwined, with the latter being an influential factor for the former. To further investigate how companies can better fulfill their CSR, organizational culture can serve as a valuable starting point for research.

This paper will employ China’s mixed-ownership power corporation, referred to as Company H, as a case study. Firstly, it will provide definitions for corporate social responsibility (CSR) and organizational cultural connotations. Secondly, it will introduce the basic profile of the company, its current CSR practices, and the content of its organizational culture. Thirdly, it will conduct a SWOT analysis based on the CSR performance of Company H. Finally, relevant optimization strategies will be proposed according to the results of the SWOT analysis.

2. Definition of Corporate Social Responsibility (CSR)

Corporate Social Responsibility, abbreviated as CSR, is a concept continually evolving, with scholars engaged in its study emphasizing its complexity and diversity. The definition of CSR is closely intertwined with the contemporary context, societal forms, and cultural backgrounds, necessitating its definition to be contextualized. Moreover, scholars approach CSR definitions from varying perspectives, notably focusing on external influences and internal factors.

Numerous scholars trace the concept of CSR back to its societal impacts. Khan and Ahmed propose a definition of CSR based on its significance in influencing modern society. Key impacts include environmental protection, poverty alleviation through employment opportunities and support for local businesses, and the creation of employment. Additionally, labor practices that enhance employee satisfaction and loyalty are emphasized [8].

Some scholars derive CSR definitions from internal factors. Sheehy reveals the intrinsic motivations and principles of CSR through specific behaviors, considering it a socio-political movement involving international private law. CSR, in his perspective, acts as a form of self-regulation for international private enterprises. It extends beyond charity or philanthropy, involving
internal organizational practices, changes in management systems, and structures aimed at enhancing stakeholder factors and social relationships to drive overall organizational performance [9].

3. Definition of Organizational Culture

Alvesson defines organizational culture as the shared philosophy, ideology, values, assumptions, beliefs, expectations, attitudes, and norms within an organization, collectively constituting the spiritual bond of a group. It not only functions as a subsystem within the organization but also pervades various aspects of organizational life, influencing its structure, processes, and performance. Alvesson further emphasizes that organizational culture profoundly affects both the behavior and cognition of employees, albeit often unconsciously and resistant to change [10]. Organizational culture is not merely a static framework; rather, it is continuously evolving. Tharp highlights the dynamism of organizational culture, conceptualizing it as a set of shared fundamental assumptions. Organizations learn these assumptions in addressing external adaptation and internal integration issues and have proven effective enough to be considered valid, thus transmitted to new members as the correct way to understand, think about, and feel about these issues. This implies that organizational culture is a process of learning and adaptation, serving as a medium to help members of the organization understand and respond to internal and external environments [11].

One of the most classic classifications of organizational culture is the Competing Values Framework proposed by Cameron and Quinn. This framework, widely used in organizational development, leadership, and organizational change, offers a structured approach to understanding and assessing organizational culture and suggests strategies for improving and developing it. The Competing Values Framework divides cultures into four types derived from two dimensions: stability-flexibility and internal focus-external focus. These cultures are innovative, team, hierarchical, and market cultures [2].

4. Corporate Overview Analysis

4.1. Company Introduction

Established on June 30, 1994, H Corporation primarily engages in the development, construction, and operation management of large thermal power plants and renewable energy facilities, utilizing modern technology and equipment along with domestic and foreign capital. It also provides comprehensive energy services, positioning itself as one of China’s largest publicly listed power generation companies.

Dedicated to becoming a world-class publicly listed power generation company, H Corporation consistently adheres to delivering abundant, reliable, and environmentally friendly electrical energy, as well as high-quality energy services to society. The company remains committed to institutional, technological, and managerial innovation, achieving numerous domestic industry firsts and milestone projects in power technology advancement, power plant construction, and management practices. These endeavors have played a pivotal role in advancing China’s power industry and enhancing the technological and managerial capabilities of domestic power generation enterprises.

As of December 31, 2022, the company’s controllable installed power generation capacity reached 12,723 megawatts. Its domestic power plants are strategically distributed across 26 provinces, autonomous regions, and municipalities in China. Additionally, H Corporation wholly owns an operational power company in Singapore and has invested in another operational power company in Pakistan.

4.2. CSR Performance

4.2.1 Operational responsibility

The soaring coal prices present a significant challenge to the domestic power supply industry. Despite this unfavorable market environment, H Corporation strives to ensure energy supply security,
provide products aligned with societal and public needs, and maximize value creation for shareholders.

Embracing a human-centric development philosophy, H Corporation actively shoulders its political responsibility to secure energy and power supply. The company ensures stable electricity and thermal power supply, overcoming adverse conditions such as high temperatures, heavy rainfall, typhoons, and elevated coal and gas prices during crucial periods like the Party’s 20th National Congress and the Winter (Paralympic) Games.

The company enhances its understanding of the power market, synergizing marketing, production, and fuel procurement efforts to increase the generation of efficient and profitable electricity. Priority is given to ensuring the generation of electricity from clean energy sources like wind, solar, and hydropower. This results in strengthened power sales and increased domestic revenue. Additionally, the company actively utilizes national support and green financial policies, issuing the first batch of domestic transition bonds to facilitate its green and low-carbon transformation.

Apart from domestic operations, H Corporation maintains robust operational performance in overseas projects located in Singapore, Pakistan, and other areas.

4.2.2 Safety responsibility

H Corporation continually refines its safety production governance system, reinforcing the foundation of safety to provide society with a secure and stable power supply. This is manifested through initiatives such as promoting safety production improvement activities, implementing a dual-prevention mechanism of risk classification control, and investigating hidden dangers and governance to address natural disasters. Simultaneously, the company elevates the levels of safety management, equipment management, and production management at power plants, enhancing awareness of safety responsibility and improving equipment reliability.

4.2.3 Environmental responsibility

Adhering to the new development concept, H Corporation constructs a new power system primarily based on new energy, aligning with the national dual-carbon strategy to contribute to achieving harmonious coexistence between humanity and nature.

Firstly, the company continuously optimizes thermal power development, constructing efficient and flexible coal-fired projects, retrofitting coal-fired units, enhancing the heating area and flexibility capacity, and establishing a power quality control system. Through technical optimization, coal consumption of thermal power supply has decreased significantly. Simultaneously, it advances the development of “zero-carbon” power projects, steadily increasing the capacity of new energy installations.

Table 1. Coal consumption for thermal power supply of H Corporation from 2017 to 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal Consumption (Tons)</th>
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<tbody>
<tr>
<td>2017</td>
<td>300</td>
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<tr>
<td>2018</td>
<td>295</td>
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<td>2019</td>
<td>290</td>
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<td>285</td>
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<td>2021</td>
<td>280</td>
</tr>
<tr>
<td>2022</td>
<td>275</td>
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</tbody>
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Secondly, H Corporation actively enhances its energy management system, prioritizing research and application of new technologies to improve energy efficiency.
In terms of technological innovation, the company focuses on key core technology research in line with national strategic needs, accelerating the achievement of technological self-sufficiency. The success of the “liquid slag boiler full-burn high-alkali coal technology” has been recognized as internationally leading, with Beijing Thermal Power Plant successfully converting liquid ash slag into high-value-added products, yielding substantial economic benefits.

Regarding emissions management, H Corporation strengthens the safe and stable operation management of environmental protection facilities in units, emphasizing ecological environmental risk control and strictly controlling pollutant emissions to meet standards. Additionally, the company ensures air quality during critical periods and diligently calculates greenhouse gas emissions data.

4.2.4 Employee responsibility

H Corporation places significant emphasis on its talent resources, rigorously guiding recruitment policies and continuously optimizing its human resources management system to cultivate a high-quality and specialized workforce.

In terms of employee rights, H Corporation adheres to a fair and just employment policy, strictly abiding by laws and regulations such as the “Labor Contract Law” and “Trade Union Law.” The company encourages employee participation in democratic management, establishes a sound compensation distribution system, and ensures employees’ rights to social insurance and welfare.

In employee training, the company conducts practical and professional training, enhances communication within the company’s system, actively expands employee development channels, strengthens practical experience, broadens career experiences, and facilitates growth opportunities.

4.2.5 Social responsibility

H Corporation actively implements national assistance policies, contributing to the development of rural revitalization. The company extensively engages in various public welfare activities to support people in achieving a better quality of life. This involves active participation in charitable and public welfare activities in rural areas. Leveraging its core strengths, the company invests in and constructs photovoltaic assistance projects tailored to local conditions, improving electricity conditions in rural areas. Furthermore, H Corporation provides funding for the construction of public infrastructure, implements consumption assistance, carries out educational assistance activities, and promotes the modernization of assisted areas and residents’ living standards.

Moreover, H Corporation establishes a volunteer service platform, conducts brand public welfare activities, and actively participates in education, healthcare, environmental protection, and various other fields.

The company’s overseas project enterprises also extensively engage in public welfare activities, including children’s welfare assistance, improvement of food welfare, and donations to disaster-stricken areas.

4.3. Organizational Culture in Corporation

H Corporation characterizes its organizational culture as the “Three-Color” concept, which serves its strategic goals and constitutes a succinct representation of the company’s core values. It also encapsulates the extensive experiences derived from the enterprise’s years of reform and development practices.

4.3.1 “Red” culture

The “Red” culture stands as the foremost core organizational culture of H Corporation, primarily manifested in the service of national strategies, ensuring energy security, and contributing to the cause of socialism with Chinese characteristics. It serves as a concentrated reflection of the enterprise’s historical mission to strive for the development of the national economy, social progress, and improvement in people’s living standards. This cultural layer also forms the basis and guiding ideology for H Corporation to prioritize social responsibility over economic profit.
4.3.2 “Blue” culture
The “Blue” culture represents H Corporation’s commitment to maintaining its own advancement. This is notably demonstrated through participation in global energy governance, contributing to the “Belt and Road” initiative, and steadfastly adhering to progress, learning, and innovation. This cultural layer is founded on H Corporation’s continuous engagement in learning and researching cutting-edge global technologies and cultures while widely incorporating theoretical foundations from various fields and attracting talent.

4.3.3 “Green” culture
The “Green” culture primarily manifests in H Corporation’s approach to the relationship between humanity and nature. It is characterized by the practice of energy revolution, support for ecological civilization, and the provision of clean energy electricity to meet the needs of the people. This cultural layer serves as the theoretical foundation for H Corporation to promote sustainable environmental development, uphold a human-centric philosophy, and propel the coordinated development of humanity and nature.

5. SWOT Analysis of H Corporation’s CSR Performance

5.1. Strengths
Primarily, H Corporation’s organizational culture, centered around the “Three Colors” philosophy, is closely aligned with the company’s commitment to corporate social responsibility (CSR) and provides valuable guidance for its fulfillment. The pivotal “Red” cultural aspect within the “Three Colors” philosophy stems from H Corporation’s industrial involvement in critical national sectors, addressing basic national livelihood needs. Moreover, the substantial proportion of public capital in its capital structure mandates prioritizing social responsibility over economic profits in its operational activities. This underscores H Corporation’s significant emphasis on monitoring and fulfilling its social responsibility obligations. Empirical observations indicate that the company diligently adheres to CSR principles within its organizational culture, supported by comprehensive internal communication, education efforts, and effective outcomes.

Furthermore, H Corporation, through years of operation and brand development, has evolved into a major player in the domestic power industry, commanding substantial market share, high recognition, and a favorable reputation both nationally and internationally. Additionally, the company places a strong emphasis on innovation in power technology, leading in areas such as optimization of thermal power generation, development of clean energy, and intelligent power grids. The proportion of clean energy, which is crucial to the transformation of H Corporation, is increasing year by year. These innovations not only diversify H Corporation’s internal energy structure but also position it as a leading entity in industry technological advancements, with innovations significantly contributing to national power technology initiatives and the quality of national electricity supply.

Table 2. Proportion of clean energy in H Corporation from 2014 to 2022
5.2. Weaknesses

Primarily, despite recent efforts to transition to clean energy, H Corporation is still far from achieving its transformation goal, maintaining a considerable dependence on coal, with over 70% of energy derived from thermal power generation. Additionally, as clean energy development progresses, the importance of peak load regulation technology in ensuring energy security has increased. However, due to the company’s long operational history and the presence of outdated equipment, deficiencies in peak load capabilities and basic energy consumption pose challenges. This results in increased coal consumption, heightened maintenance difficulties, and consequently, elevated costs and financial strain.

Moreover, the historical focus on thermal power development has led to an uneven regional distribution and market share for H Corporation, with power plants concentrated in economically developed areas like Jiangsu, Zhejiang, Shanghai, the Pearl River Delta, and the Yangtze River Basin. This situation exposes the company to operational risks, limiting its nationwide supply coverage. As a power generation entity, H Corporation inherently impacts the environment negatively, primarily through substantial carbon dioxide emissions from coal-fired power generation. In the context of global warming and governmental policies advocating “dual carbon” and sustainable development strategies, this disadvantage becomes more pronounced.

5.3. Opportunities

China’s industrial foundation, coupled with trends in transformation, upgrading, and high-quality development, presents a natural market advantage for the country’s power enterprises. Concurrently, the expanding market for clean energy aligns with H Corporation’s development trajectory, offering substantial opportunities for investment in wind and solar energy.

Recognizing the challenges in the power industry, including high coal prices and volatility, the government has enacted policies such as environmental electricity pricing, coal-electricity linkage, capacity pricing, and green finance. These policies facilitate cost reduction and financing and alleviate financial constraints, fostering a favorable policy environment for H Corporation to advance its power transformation initiatives further.

Internationally, H Corporation’s overseas projects, such as the Tuas Energy project in Singapore and the Sahiwal project in Pakistan, show promising development trends. Aligned with the national “Belt and Road” initiative, the company has opportunities to expand its international presence and engage in more collaborative projects.

5.4. Threats

The power industry faces intense competition domestically and internationally, not only among domestic peers but also from foreign-funded power enterprises, introducing heightened uncertainty for H Corporation’s future development.

Policy-wise, escalating global concerns, especially related to global warming, are prompting more stringent environmental protection regulations for power enterprises, particularly those involved in thermal power projects. While this fundamentally encourages H Corporation to fulfill its corporate social responsibility, it simultaneously intensifies developmental pressures.

Furthermore, the increasing occurrences of extreme weather events in various regions in recent years pose substantial challenges to H Corporation’s safety and energy supply reliability.

6. Future optimization strategies for organizational culture development in H Corporation

In light of strategic analysis, the following strategies are recommended for enhancing the organizational culture development of H Enterprise:
6.1. Strengths-Opportunities (SO) Strategy

Strengthening the education of Corporate Social Responsibility (CSR) principles among internal personnel, emphasizing the updating and optimization of corporate cultural content to align with contemporary trends and better serve CSR objectives. Furthermore, it fosters increased engagement in philanthropic endeavors within society. It encourages employees to participate in charitable initiatives and volunteer activities, such as advancing rural revitalization efforts and contributing to agricultural assistance and disaster relief programs.

Embracing transitional incentives by vigorously pursuing the development of clean energy sources. Leveraging the company’s brand influence and social impact to penetrate further into the clean energy market while vigilantly monitoring market dynamics to seize all viable opportunities.

Expanding into international markets and seeking additional international partners.

6.2. Strengths-Threats (ST) Strategy

Addressing restrictions imposed by policies and regulations on coal-fired power generation by further developing clean energy alternatives to diversify the company’s energy portfolio. However, recognizing the limited flexibility of clean energy generation, it is prudent to maintain a balanced approach by not entirely abandoning thermal power generation to ensure uninterrupted power supply. Proactive measures such as optimizing unit maintenance, operational adjustments, and technical oversight should be pursued to reduce coal consumption further.

Confronting intense competition in domestic and international electricity markets by intensifying efforts in key core technological breakthroughs, accelerating research and development processes, and enhancing independent innovation capabilities. Leveraging technological advantages and accumulated social influence to cultivate the company’s core competitiveness.

Implementing safety production responsibilities and establishing preventive mechanisms for risk classification control and identification and rectification of hazards to mitigate extreme weather conditions.

6.3. Weaknesses-Opportunities (WO) Strategy

Aligning with national strategies for rural revitalization by shifting development focus towards underdeveloped regions, even if it entails significant acquisitions of existing electricity enterprises in these areas. It is leveraging the company’s technological advantages, such as photovoltaic power generation, to support infrastructure development in underdeveloped regions. Many of these regions, such as the Northwest, possess abundant clean energy resources like solar and wind power, which, although they entail substantial development costs, promise lucrative returns. Expanding operations into these regions not only creates employment opportunities and stimulates local economies but also generates significant economic profits for the company, thereby consolidating its financial base and facilitating long-term structural transformation of its energy portfolio.

Leveraging national green finance policies to issue transition bonds to society, thereby facilitating the company’s green and low-carbon transformation while also addressing funding gaps. In addressing the carbon drop problem, besides clean energy development, emphasis should also be placed on structural adjustments and energy conservation in thermal power generation to achieve carbon peak targets as soon as possible.

6.4. Weaknesses-Threats (WT) Strategy

Maintaining vigilance on the progress of cutting-edge technological developments such as low-carbon fuel transformation, unit flexibility improvements, and integration of new energy sources by rival companies in the electricity market. Keeping abreast of research progress, engaging relevant technical consultants, and ensuring the preservation of core competitiveness through adequate investment in research and development. Exploring collaborations with other research institutions or individuals for patent acquisition or outsourcing research activities if faced with excessive research expenditures. Simultaneously, diversifying financing channels and leveraging government-supported
financial instruments. Furthermore, attention should be directed towards equipment upgrades to enhance production efficiency and promote energy conservation initiatives.

7. Conclusion

This paper presents a detailed analysis of the current corporate social responsibility (CSR) practices of Company H. Through systematic categorization, the primary stakeholders are identified as investors, customers, employees, suppliers, communities, regulatory bodies, and industry peers. It is evident that different stakeholders have varying expectations of Company H and employ distinct communication channels. For instance, investors expect an increase in market value and profitability from Company H, primarily communicated through shareholder meetings and disclosure of information. Conversely, Company H responds to these expectations by striving to improve operational efficiency, enhance performance, and consequently generate higher profits through CSR initiatives. Community expectations encompass the improvement of infrastructure, assurance of livelihood, and cultivation of a civilized societal ethos, which Company H addresses by actively engaging in philanthropic endeavors and creating local employment opportunities.

Overall, as a longstanding and socially influential electricity enterprise in China, considering both internal constraints and external circumstances, Company H demonstrates commendable performance in CSR, thus satisfying its stakeholders and serving as a positive example within its industry.

Furthermore, this study employs SWOT analysis to comprehensively analyze Company H’s CSR performance from internal and external perspectives. The analysis reveals Company H’s substantial competitiveness and influence in the electricity market, its emphasis on technological innovation, and its active involvement in charitable activities. However, without prompt adjustment of its energy structure, the increasing emphasis on issues like sustainable development by the government and the expansion of the clean energy market may severely limit not only Company H’s environmental responsibilities but also its future development prospects. Therefore, the development of clean energy should be Company H’s primary concern, with initiatives such as shifting regional development focus, issuing transition bonds, and developing peak-shifting technologies being essential components of its transformation.

While this research covers various aspects of corporate CSR performance, several limitations remain. Firstly, inadequate data availability due to the recent introduction of the CSR concept in Chinese corporate culture resulted in limited reference data spanning approximately the last five years. Secondly, although the paper provides optimization suggestions for Company H’s CSR practices, further research is needed on how these suggestions can be more deeply integrated into its corporate culture. Lastly, the author’s limited expertise in the power industry, particularly in disciplines such as thermodynamics and automation, leads to vague descriptions of certain details, diminishing the overall professionalism of the article.

Corporate social responsibility is closely intertwined with organizational culture, mutually influencing, and constituting key factors for corporate success. Organizational culture, manifested in core values, impacts a company’s perception and attitude toward CSR. Conversely, successful CSR initiatives contribute positively to organizational culture, fostering an environment conducive to innovation, enhancing employee cohesion, and ensuring the longevity of the enterprise.

References


