

An Analysis of the Application and Development of Corporate Social Responsibility in Chinese Human Resources Management: A Sustainable Development Theory Perspective

Jieying Liu *

Singapore Institute of Management, Singapore

* Corresponding Author Email: jliu049@mymail.sim.edu.sg

Abstract. The relationship between Corporate Social Responsibility (CSR) and Human Resources management (HRM) is raising researchers' awareness in business studies. CSR is a social science concept that considers social, economic, and human responsibilities. In China's automotive industry, the transformation to sustainable management is the most challenging and emerging issue. Based on this social issue, the article discusses sustainable HR practices through the case study of Toyota. Most research relevant to CSR is mainly focusing on the environment-oriented approaches. For this study, human-oriented practices are discussed to fill in the blanks in this region. The impact of CSR on organizations and individuals is equally discussed. The data collected is from some developing countries, so it is worth taking a leaf from China's situation. However, to date, very few CSR studies have considered such micro-level results, so people lack knowledge about the benefits of CSR to individuals. The results found that talent retention is the biggest strength of CSRHRM. As for the employee perspective, the phenomenon of psychological contract occurred based on the social exchange theory. Afterward, suggestions based on Chinese social backgrounds, such as digital transformation and cultural integration, are provided. This study indicates the relationship and combination of CSR and HRM, which is a meaningful discussion in the HRM region.

Keywords: Human resources management, corporate social responsibility, Sustainable development, developing countries, psychological contract.

1. Introduction

CSR is the strategy used to develop the performance and positive social influence of an organization. CSR is considered to reflect the company culture and long-term development outlook [1]. Therefore, the concern based on CSR to organizations rose in consumers' perceptions. In the past few decades, CSR has already become the superior consideration in most countries and a representation of organizational competitive advantage and sustainability. The recent research focused on the main issues that Chinese human resource management (HRM) would face in implementing CSR practices. Further, the positive results gained from CSR from organizations to individuals are emphasized. The main issue of China was indicated in the study of CSR applied in the HRM model; the main issues in the Chinese context are lack of CSR understanding and practice, corruption, poor enforcement of Labor Laws and the absence of digital literacy during digitalized transformation [2]. Therefore, CSR is limited by the negative influences brought from the Chinese background. The research gap summarized from recent literature is that the CSR-relevant research based on Chinese international firms is insufficient. In addition, the image of Chinese international firms is negative, with some leaders suffering through political repression [3]. Based on the background introduced, the review will focus on the CSR practice of Chinese overseas businesses. The purpose is to fill the research gap and provide the guideline for international firm's further development. In addition, gender and religion affect employees' opinions toward CSR and lack of consideration [2]. For the macro views of the entire Chinese CSR management, the general concept of CSR with the determining factors will be outlined.

Furthermore, this essay will analyze the effect of sustainable HRM from the organizational level to the individual level through a case study of Japanese MNCs to reflect the purpose of social, political,

and organizational research. Afterward, the advantages of sustainable HRM will be indicated. Finally, suggestions will be provided for the irresponsible business to refer.

2. Literature Review

2.1. Overview of CSR Concepts

Since the increase of scandals, financial crises and environmental threats, no matter whether the business organizations have enough social responsibility practices or a sense of ethical compass, society has become more sensitive than before. Most people realize that the responsibility carried by enterprises is more than just profitability [4]. Following the rising awareness of goal-oriented management and sustainability, CSR increased the considerations from academics. Therefore, the debates towards CSR from different researchers have also increased. For instance, some researchers analyzed CSR based on five dimensions: stakeholders, society, economy, environment and voluntary [4]. However, some analyses have categorized CSR theory into six parts: classic perspectives, agency theory, institutions, legitimacy, stakeholders, and religion-relevant CSR [5]. Some investigators also agreed with the six dimensions during the explanations of CSR definition by quantitative research [6].

Further pieces of evidence prove that there is a correlation between organizations' social factors, environmental factors, financial statements, and performance based on CSR studies. Therefore, the conclusion is that CSR is frequently demonstrated in three areas: economy, society and environment [7]. In most results, the common point is tested as CSR relies highly on social factors. The theory is based on the macro environment issues that involve various stakeholders. Therefore, organizations are looking for balance in the dynamic environment by adopting the structure of CSR.

Meanwhile, some researchers have criticized CSR. Some say that CSR is fickle, hollow, or completely meaningless. The reason is the lack of a recognized basis for CSR norms [6]. This review argues that CSR can be considered a guideline for actions and strategic plans combined with recent HRM theories to improve the practicability and efficiency of management.

2.2. CSR Affect Organizations Performance

The relationship between CSR and organizational performance is argued differently in the CSR of business practice region. A paper claimed that CSR practices with the participation of employees will benefit the development of both organizations and individuals. CSR assists the responsible organization in gaining a reputation, maintaining talents and receiving better performance in a long-term way [2]. In the theoretical research of this region, the result claimed that the impact of CSR on firms' performance depends on the strategy taken by companies. In addition, irresponsible business practices will enrage the customers and have a negative impact on the company's performance [8]. Based on the argument of these researches, there is no direct relationship between CSR and organizational performance. The adoption of CSR only affects the performance of long-term vision. However, CSR was improved, having negative impacts on financial performance. According to a study of organizations in Bangladesh, the competitive requirements for scientific and technological compliance with CSR practice are inversely related to firms' financial performance. Since the financial performance is evaluated by profit and ROI [9], the Negative impact of profits decreases the motivation to practice CSR in business activities. In addition, the evidence supported that the organizational structure in Bengal is family-led ownership. Therefore, tax evasion, bribery and human rights violations are the common phenomenon [9]. Under this organizational cultural background and the consideration of corporate profits, the investors and relevant stakeholders are not willing to support CSR practices in Bengali and other developing countries. The same is the case in China, a developing country, where similar issues are also faced, such as pressure from politics and corruption [2]. Thus, Bangladesh's research is helpful for China's CSR studies.

3. CSR & HRM practice: Case Study of Chinese Auto Industry

3.1. Sustainable Operation

The case study will be brought by this review is Toyota MNC in China. The secondary resources found that Toyota's main green HR management practices are performance management and employee training with semi-structure interviews. Firstly, to manage the productivity and performance, the subsidiaries of TFTM in China adopting the same CSR strategies as parent company did. In addition, the fair KPI will be used to evaluate the performance of employees based on the information provided by the interviewees [10]. Indeed, Toyota from Japan is doing clear KPI management during operation. The employee's evaluation is solely based on performance without the considerations of gender, age and race. The interviews will be required. The tests for internal workers are expanded to maintain the capabilities of the employees [11]. As this result, Toyota is maximizing the efficient of HR management and making the process transparent for both parents and subsidiary companies. Further, the employee training could be a main practice implemented by Toyota. For example, seminars and training sessions are held to improve the job and technical skills of employees. To be more specific, the opportunities of long-term development and shaping was provided for employees. The corporation decided to exchange the employees from parents and subsidiary to train them [11]. The mixture of the PCN and HCN approaches challenged the problem-solving skills and learning capacities of subordinates. These two strategies are ensuring the organizational culture can be delivered properly and the performance based on the comprehension to local market, policy and culture [12]. Therefore, the employees will learn to overcome the culture and language barriers with completing the goals. Some soft skills will be gaining during this way such as communication skills and problem-solving skills.

3.2. Welfare Strategy

The second competitive advantage of Toyota is the welfare policies it sets for its employees. The research indicates that the salaries and bonuses have never been cut. Additionally, welfare committees were set up to discuss the improvements to the employee reward system. Based on the interviews collected, the employees at Toyota claimed that their reward system is the most attractive compared to other companies with the same business type in this region. The reward provided can satisfy all kinds of employees. Thus, the interviewee expressed a sense of pride in working at this company [10]. The social recognition theory will be applied in this case. The research from Axel Honneth expands the thought based on Tylor's argument. The theory suggested the importance of self-achievement with social integration. The individuals will gain confidence and social recognition, which are vital to their autonomy and agency [13]. According to the research, the social recognition phenomenon is increasing the support for climate actions. The acknowledgment and rewards of some actions will increase the motivation of individuals to participate in sustainable actions [14]. The complete reward system helps the organization motivate the employees to do efficient work and perform well. Furthermore, the CSR concepts could be adopted in the organization's long-term development. The individuals seem to repeat the practices with the stimulation of rewards.

3.3. Accountability Ensuring

The first key point of staying accountable is emphasizing leadership to gain employee trust. Toyota's boarding team will not "find" successful leaders to serve the team because they need leaders who fully comprehend the organization's culture and philosophy. Therefore, they take time to shape the leaders. According to the internal reports from Toyota, they defined excellent leaders as inspiring, promoting and responsible. Further, the managerial structure of Toyota is different from that of the traditional management structure. The top-down approach has already become a part of Toyota's culture. The managers are adopting servant leadership, and the whole structure is like a reverse pyramid [15]. Under the managing approach, the employees will be fully respected and empowered. Therefore, the progress of decision-making is becoming democratic. The role of the leader is to

encourage workers and support them. To develop the participation and the traits of ownership of employees, Toyota set “Kaizen” practices as the core value of human resources management by encouraging their engagement in reforms and improvements [11]. The productivity and sense of responsibility will be improved based on the strategy. Toyota has a complete employee development program to monitor the stability of the hierarchy and enhance accountability. The feedback was collected in regular periods. The system ensures that the contribution of employees is recognized.

Additionally, they are motivated to meet the expectations [11]. This system could help to understand the relationship between performance and the objectives of the company. In summary, accountability is seen as part of organizational values in Toyota’s long-term developments.

4. Advantages of Sustainable HR Development

4.1. Competitive Advantages

In this dynamic and globalized world, the most important factor for productivity is the human resources of organizations. It has been proven that efficient recruitment and training are key practices to ensure and develop economic competition. Human resources have the greatest role in the functioning of an economic organization. Process quality and process orientation reduce costs, increase profitability, and improve processes to meet growing demand. This study believed that human factors could be the most competitive factors for strategic management. Based on the arguments established above, human-oriented management increased Toyota's competitive advantages because of the empowerment and complete welfare provided for employees. Certainly, the research proved that empowerment plays a significant role in achieving a sustainable HR process. Employees are the key players in the transformational process. Barney and Wright highlight the fact that sustained competitive advantage comes more from teams than individuals, so the importance of employee engagement is essentially through empowerment and teamwork [16].

Therefore, the organizations are providing a responsible image and culture for positive influence and development. Further research supported the idea that sustainable HRM demonstrates a responsible organizational culture. Since employees are more likely to stay with companies that align with their values, their talents will be more likely to be maintained, and the turnover rates will be reduced simultaneously [17]. In the overview of the whole automotive industry, responsible businesses promote sustainable practices to the whole industry and stimulate competitors to adopt them [18]. As a result, Toyota's reputation is also a key aspect of its competitive advantage.

4.2. Individual Perspective and Development

The economy and behavior are both affected by the employer-employee relationship, which in turn is influenced by human resource management practices. An employee's psychological state is an important factor in determining an employee's behavior and reaction at work. An emerging area of contract research in psychology is the expansion of resource exchange, which includes intrinsic rewards in addition to financial rewards. Blau named this "ideological reward". This concept enables those employees who have an ideological component in their psychological contract to think that, as part of a reciprocal exchange, the organization provides employees with a means to contribute to that cause [19]. This paragraph discusses the sustainable practices affecting individuals, especially from a psychological perspective. Because the previous research focuses on the advantages to organizations, it is necessary to consider how CSRHRM affects employees.

CSR improves organizational buy-in for employees. The study empirically found that SRHRM used to assist in the implementation of CSR programs also increased organizational buy-in, which in turn influenced employees' work behaviors. The researchers argued that employees' workplace behavior is influenced by the organization's focus on the atmosphere of the employee. In fact, employees may perceive SRHRM as a threat if they feel they have been treated unfairly or are not getting the support they need from the organization. The results suggest that adequate organizational support can minimize the perceived potential threat to SRHRM practices [20]. This research is based

on the Chinese social backgrounds. The debates are made that Chinese culture is affecting the employee's perspective and attitude toward sustainable responsibility. In organizations that implement socially responsible management, it is easier for employees to align with corporate values, thus achieving a personal and organizational fit [21]. Psychological satisfaction could be seen as a benefit to employees, as it includes diligence, job satisfaction, and emotional well-being.

5. Suggestion

The automotive industry in China needs more talent and high turnover rates, especially in the position of mid-level management. The HR problem is partly due to the boost of economic and foreign investment. Therefore, the requirements for experienced managers are rising demands in the human resources market. The statistics demonstrated that about 80% of laborers are not willing to stay in their current occupation for more than two years, and 55% of laborers changed their jobs within three years [20]. The high turnover rates have already interrupted the continuity and increased the cost for HR management. In addition, this industry is also facing communication issues during management. The research pointed out that the issues also include poor employee engagement [21]. Based on the description of the research, lacking managerial skills is a common weakness of the Chinese automotive industry.

5.1. Digital Transformation

The researchers investigate a company in Brazil's automotive industry. Because hybrid working is adopted in this company, the decision to adopt their IT products is made to implement the HRM practices. The digital performance management platform maximizes profit, increases efficiency, and promotes innovation. Moreover, the research considered that controlling employees' working hours (timecards) contributes to the sustainable development of the company and society. This case study can encourage organizations to integrate sustainability into their processes, as this brings economic, social, and environmental benefits. As a result, the digital transformation carried out by these companies affects large markets [22]. In the macro-environment of China, efficiency is the issue that is looking to be settled. Therefore, the case can also be applied to Chinese HRM. Digital communication could be applied to improve productivity.

5.2. Culture Integration

Increasing number of Chinese firms are doing cross-border acquisitions. However, only a few firms could integrate the culture in MNCs [23]. Therefore, the culture integration is considered as a weakness in Chinese multinational industries. To overcome the burden brought by culture difference, the first recommendation given is increasing training of the employees from subsidiaries. The opportunities of exchanging employees from headquarters and subsidiaries like Toyota could help them to experience the different values from different regions. To better understand the local practices, the education sensitivity training is suggested to be adopted in this process. Second, the deeper communication is supposed be enhanced during the management processes. Evidence shows that face-to-face communication is one of the most important channels for cross-border knowledge sharing, so communication within multinational organizations needs to be strengthened. Cross-border knowledge sharing can shorten the distance between two cultures. In addition, the researchers also suggested that when the subsidiary gains more autonomy, more knowledge will be transferred from the subsidiary back to the headquarters and other peers [24]. As this result, the empowerment of subsidiaries is expected to be done to improve the culture fluence between the headquarters and subsidiary.

6. Conclusion

In conclusion, this review mainly focuses on sustainable HR in the Chinese cross-cultural automotive industry. There is limited literature existing in this region, so this review is gathering the relevant information and discussing the applicable theories with the case study of the remote company Toyota. The research means clarifying the sustainable operations of HRM practices with suggestions for improving irresponsible management. There are a few key findings during the discussion:

1) CSR refers to the strategic goals and practices of companies to maintain key competitive advantages.

2) The theories of CSR are aligned with HRM theories to achieve sustainable results.

3) CSRHRM is beneficial for both internal and external environments and has long-term development advantages for organizations.

4) Communication is important to ensure the internal information flows and the connection between headquarters and subsidiaries.

However, the limitations of this review are also essential for discussion. The discussion is highly reliant on developing countries' resources and East Asian cultural backgrounds. The same methods are not considered applicable to firms with different cultural backgrounds.

Additionally, the research only focuses on qualitative research, such as case studies, which needs more objectivity. Therefore, the potential bias that will occur in these scenarios is a lack of consideration. The researchers could study the consequentialism and bias in this region in future research.

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