

Research on Corporate Social Responsibility Incentive System - Based on New Institutional Economics Enterprise Theory

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Abstract: Corporate social responsibility is a responsibility that enterprises must undertake, but all kinds of problems often arise when they fulfill their responsibilities, this paper combines the new institutional economics enterprise theory, explores the corporate social responsibility and proposes a social responsibility incentive system, hoping to provide some theoretical basis for relevant practitioners.

Keywords: corporate social responsibility; incentive system; new system economics

Introduction

The ultimate goal of an enterprise is to maximize its profits, but in order to obtain the maximum benefits, the enterprise has to bear social responsibility while ensuring its own operation. CSR is the constraints or rules generated by the expectations of all stakeholder groups on the benign behavior of enterprises in the process of profit maximization. Corporate social responsibility has rich content, which has the need to consciously abide by the moral responsibility, but also has the mandatory legal responsibility, at the same time, corporate social responsibility is also the enterprise must take responsibility for the community, in the new institutional economics enterprise theory, we need to design a feasible system to incentivize enterprises to take the initiative to complete the social responsibility, so as to ensure that the performance of the corporate responsibility effect to safeguard the legitimate rights and interests of all stakeholders. The new institutional economics theory of enterprise needs to design a feasible system to incentivize enterprises to fulfill their social responsibility on their own initiative, so as to guarantee the effectiveness of corporate responsibility and the legitimate rights and interests of all stakeholders.

1. Reasons for the inability of enterprises to assume social responsibility

1.1 Short-termization of business objectives

Almost all enterprises have set short-term business objectives and long-term business objectives, whether to achieve the goals reflect the business ability of business managers, but also has a close relationship with the business benefits, which makes some business managers in order to chase profits, to complete the short-term goals of the enterprise, the use of some unstandardized means. And once the enterprise managers appear this kind of impatience, it will be quickly transmitted to all departments of the enterprise, which will have an impact on the operation of the enterprise, and make the enterprise's business objectives gradually short-termization. Under the guidance of this concept, enterprise managers will gradually change their original intention, their sense of social responsibility gradually disappeared, and enterprises will gradually begin to ignore social responsibility. Although this way of chasing short-term interests improves the economic benefits of the enterprise in the short term, due to the failure to undertake the social responsibility, the efficiency and quality of the enterprise staff will gradually decline, and even lead to a large-scale brain drain, the social reputation of the enterprise will gradually be damaged, the competitiveness of the enterprise in the market will gradually decline, and the enterprise's economic benefits will rapidly decline, and face the risk of bankruptcy^[1].

1.2 Insufficient market competitiveness of enterprises

Although some enterprises have a sound sense of social responsibility, they lack sufficient strength to shoulder their social responsibility due to insufficient economic strength and market competitiveness. Most of the funds of these enterprises have been utilized to enhance their market competitiveness and operation, and although the managers of these enterprises attach great importance to their social responsi-

bility, the extent to which they have fulfilled their social responsibility has been extremely limited due to the strength of the enterprises.

For example, a small enterprise, in order to enhance its productiveness and obtain more economic benefits, has invested all its funds in product research and development. This makes the enterprise lack of sufficient funds to protect the welfare of staff and fulfill all kinds of social responsibilities, which may lead to the gradual loss of employees, and may even lead to some illegal behaviors, bringing great operational risks to the enterprise.

1.3 Local protective policy interference

Some regions pay too much attention to the local GDP growth rate and tax revenue, thinking that it is enough to ensure economic development, which makes some organs and departments pay insufficient attention to whether the enterprise fulfills its social responsibility, and even introduce some local policies to provide protection for the enterprise, so that the enterprise can invest all the funds to improve economic efficiency, and this short-term benefit will gradually make the enterprise's operating structure change and lead to a large number of risks in the operation of the enterprise. This short-term benefit will gradually lead to changes in the operating structure of the enterprise and result in a large number of risks in the operation of the enterprise.

2. Strategies for Motivating Corporate Social Responsibility

2.1 Creating a favorable environment

In order for enterprises to develop a sense of social responsibility, it is necessary first to strengthen the guidance of enterprises, establish a standardized enterprise market, build up a society of integrity, and give praise to enterprises actively fulfilling their social responsibility, and penalize enterprises that are unwilling to fulfill their social responsibility.

Government agencies should change their own concepts, overcome the short-sightedness of economic development, look to the long term, and formulate more appropriate policies to protect economic development, and while protecting enterprise development, they should also make enterprises realize the importance of fulfilling their social responsibilities, so as to ensure the comprehensive development of the economy and society. Government agencies can further improve laws and regulations, and hold business congresses, so that all business leaders are clear about the content of corporate responsibility and understand what can and cannot be done. Law enforcement departments, on the other hand, should strengthen supervision and develop a reasonable punishment system. When enterprises violate the law, they should be punished in a timely manner and issue event announcements, so that they can play a deterrent role for other enterprises. When enterprises have fulfilled their social responsibilities seriously and responsibly, the relevant departments should also carry out a moderate establishment for these enterprises and publicize their fulfillment in the whole society, which can also guide other enterprises to actively fulfill their social responsibilities.

According to Table 1, it can be learned that most of the large-scale enterprises in China began to pay attention to CSR after 2006 and disclosed the fulfillment of social responsibility.

Vint- age	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
rep-orti-ng vol-ume	19	42	369	459	530	582	642	671	704	743	792	856	942	992

Table 1 Number of CSR report disclosures by A-share listed companies, 2006-2019

2.2 Establishment of a rational system of incentives and penalties

Some members of the public believe that some enterprises have not assumed their corresponding social responsibilities, and this perception will lead to a crisis of public trust in enterprises, which will in turn affect social harmony and economic development. The main reason for this perception is that a small number of unscrupulous enterprises are unwilling to take the initiative to assume social responsibility and lack the value of assuming social responsibility, and they may even evade social responsibility through various means. This kind of en-

terprises will cause a serious impact on the whole society, which leads to some people's prejudice against the enterprises, thinking that most of the enterprises are not willing to undertake social responsibility, which will affect the development of the enterprises and the society, and gradually lead to more serious problems.

Therefore, in order to enable enterprises to take the initiative to assume social responsibility, it is necessary to establish a scientific and reasonable system of rewards and penalties. Some enterprises believe that their initiative to fulfill their social responsibility will gradually diminish when they have consumed a great deal of financial resources to fulfill all their social responsibilities, but fail to get the benefits they deserve. On the other hand, some enterprises believe that even if they do not fulfill their social responsibility, they will not be punished as long as they do not violate the law. Under the influence of the above thinking, the degree of enterprises' fulfillment of social responsibility is extremely low, and some enterprises may even directly fail to fulfill some social responsibilities that do not involve the law. In order for all enterprises to independently and proactively assume their social responsibilities, it is necessary to implement a system of rewards and penalties, and provide appropriate policy preferences for enterprises that proactively fulfill their social responsibilities, while penalizing enterprises that evade their social responsibilities^[2].

2.3 Clarifying the content of social responsibility

Some enterprises are not clear enough about the content of their social responsibility, and most of them think that they only need to be responsible for their employees and investors, and as long as they protect the interests of their employees and investors, they have fulfilled their social responsibility. But in fact, social responsibility covers more aspects and contents, if enterprises do not have a clear understanding of the content of social responsibility, they will not fulfill these responsibilities, which will bring risks to the operation of the enterprise.

For example, some enterprises do not realize that protecting the environment is also a social responsibility that enterprises need to fulfill when operating, and do not invest funds in environmental governance and energy saving and emission reduction when producing, which triggers serious environmental pollution. And this may lead to the enterprise being penalized by the relevant departments, bringing risks to the normal operation of the enterprise.

Conclusion

Corporate social responsibility is closely related to the enterprise's decision-making, in which the enterprise managers need to ensure that the decisions are beneficial to the enterprise stakeholders, that is to say, the enterprise's social responsibility is to protect the legitimate rights and interests of all stakeholders. However, in the actual fulfillment of the process, there will be enterprises can not fulfill, enterprises are reluctant to fulfill and other issues, which will lead to serious business and social problems. Therefore, the relevant departments should study the issue of the fulfillment of corporate social responsibility in the light of today's economic system and formulate a reasonable incentive system.

References

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