

Expansion of connotation of corporate social responsibility cost

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ABSTRACT: In order to strengthen corporate fulfillment of social responsibility, and carry out effective management, this paper summarizes and explores the connotation of existing corporate social responsibility cost through an inductive analysis method. To expand the connotation of corporate social responsibility cost from the stakeholders, full life cycle theory, compulsory execution or voluntary choice, it is believed that the connotation of corporate social responsibility cost should be the cost paid by the corporate for the stakeholder fulfillment of social responsibility in full life cycle of products combined with its own demand, including the cost of compulsory execution and voluntary choice, thus laying a foundation for the research of corporate social responsibility cost accounting and management.

Keywords: corporate social responsibility cost; stakeholders; full life cycle; compulsory execution or voluntary choice

1 INTRODUCTION

Currently, there are different views on the connotation of corporate social responsibility cost; the differences are shown in Table 1.

For the main views of foreign countries, the non-economic responsibility theory and multivariate responsibility theory are conducive to analyzing the connotation of corporate social responsibility cost from independent and comprehensive perspectives. The mode of classification based on broad and narrow meanings is proposed on the basis of the foreign research, with a relatively strong theoretical foundation. The classification based on the actual purpose of corporate social responsibility cost emphasizes the purposefulness of the fulfillment of corporate social responsibility, with a relatively simple understanding. If it is included in the corporate social responsibility accounting, it is more in line with the existing theoretical and practical level. The classification based on corporate social responsibility is superior to the former in terms of integrity and comprehensiveness. However, there is lack of deep thinking of the responsibility objects, perspective of content classification and fulfillment manner of responsibility behavior, that is, the

research of corporate social responsibility cost should clarify three basic questions: for whom do you assume social responsibility, what kind of social responsibility do you assume and how to assume social responsibility, this paper intends to analyze corporate social responsibility cost from the stakeholders, full life cycle theory, compulsory execution or voluntary choice, in order to expand the connotation of corporate social responsibility cost.

2 PROBLEMS OF CONNOTATION OF EXISTING CORPORATE SOCIAL RESPONSIBILITY COST

2.1 *Responsibility object is lack of comprehensiveness*

“For whom do you assume social responsibility”, that is a question of social responsibility object. The responsibility object in existing views is more general and vague, which belongs to a part of generalized society, and is often a part of object extracted from society, without comprehensive and systematic induction, because of the lack of relevant theoretical support. At present, the theoretical foundation of the connotation of corporate social responsibility cost is

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Table 1. Summary of connotation of existing corporate social responsibility cost

No.	Classification basis	Main views
1	Main views of foreign countries	Bowen, "father of corporate social responsibility", (1953) is a representative of a non-economic responsibility theory, which believes that, in addition to taking into account the economic responsibility, the corporate fulfillment of social responsibility shall also pay the appropriate costs for social progress and public welfare; Frideman (1970) is a representative of a sole economic responsibility theory, which just limits corporate social responsibility to economic responsibility, that is, corporate social responsibility cost is the cost paid by the corporate for fulfillment of economic responsibility; Caroll(1991) is a representative of a multivariate responsibility theory. Corporate social responsibility should include the economic responsibility cost, legal liability cost, moral responsibility cost and philanthropic responsibility cost.
2	Classification based on broad and narrow meanings	Chen Xujiang (2010) considers from the broad and narrow meanings, and believes that the broad corporate social responsibility cost includes operating responsibility cost, rights protection responsibility cost, environmental responsibility cost and system responsibility cost, while the narrow corporate social responsibility does not include operating responsibility cost. This classification perspective is mainly from the foreign research views.
3	Classification based on the actual purpose of social responsibility cost	He Jiangang (2001) believes that social responsibility cost should be comprised of seven categories, namely, environmental pollution cost, natural resources cost, re-employment training cost, human resources cost, social security cost, social management fee and other social costs. Yang Qiulin (2005) believes that social responsibility cost should list the following 13 items in the social responsibility accounting report: expenses for the improvement of staff benefits, taxes and surcharges, wages and welfare benefits, social security payments of staff co-ordination, mineral resource compensation, product after-sales service fee, sales return or repair cost, environment pollution control fee, environmental greening protection fee, community service fee, public welfare and public welfare donation, each period of amortization charge of social responsibility asset investment and other social responsibility costs. Yue Yanfang and Yuan Jinfang (2005) divide the corporate social responsibility cost into six categories, namely, environmental cost, resource cost, human resource cost, consumer responsibility cost, community welfare cost and other responsibility costs. Song Zaike (2007) believes that social responsibility cost refers to various expenses incurred by the corporate due to directly or indirectly assuming social responsibility in the duration, mainly including environmental recovery and management cost, incremental cost for improvement of staff benefits, donations and sponsors for social undertakings, product after-sales service cost. Gao Shuangxi (2012) believes that the social responsibility cost of coal enterprise includes safety responsibility cost, staff responsibility cost, environmental responsibility cost, resource responsibility cost, social welfare responsibility cost, market responsibility cost and government responsibility cost. Liu Guangsheng and Zhang Qidi (2013) propose that the social responsibility contains donation cost, labor cost, human resource cost and environmental cost.
4	Classification based on the content of social responsibility	Liu Hongxia (2008) believes that the social responsibility cost refers to the cost paid by the corporate for realization of maximizing shareholders' interests, and assuming economic responsibility, legal responsibility and ethical responsibility for the stakeholders, which should include the social human resource cost, natural resource consumption cost, land use cost, environmental expenditure cost, social welfare cost, external diseconomies cost and other responsibility costs. Yuan Min(2011) believes that the state-owned enterprise social responsibility cost includes the corporate social economic responsibility cost, corporate legal liability cost, environmental responsibility cost and public welfare responsibility cost. Yu Jingang et al. (2015) believe that the social responsibility cost of power generation enterprises should be comprised of economic responsibility cost, safety responsibility cost, environmental responsibility cost, labor responsibility cost, government responsibility cost and public interest responsibility cost.

very broad, which involves in the stakeholder theory, resource dependence theory, economic ethics theory, corporate citizenship theory, sustainable development theory and so on. Existing views just use one or more theories to discuss part of the content. For example, the environmental responsibility cost is based on the sustainable development theory, and the ethical responsibility cost refers to the economic ethic theory. Such research is lack of comprehensiveness, and lack of a principal line in the understanding of the connotation of corporate social responsibility cost. Someone

even directly views a part of social responsibility cost as a component of research, without theoretical foundation. Above two cases will make the connotation of social responsibility cost incomplete.

2.2 Perspective of content classification is free of systematicness

"What kind of social responsibility do you assume", that is the question of the specific content of social responsibility. The content of corporate social respon-

sibility cost in the existing views is messy and non-systematic. On the one hand, the existing views do not take into account the full life cycle of products, or longitudinally consider the long-term development of corporate; on the other hand, such a single division manner is likely to cause the phenomenon of content duplication and omission. In the discussion of connotation of corporate social responsibility cost, a large portion believes that, in the understanding of the connotation of corporate social responsibility cost, what incurs is the cost. For example, the corporate needs to govern environment in the process of continuing operation, so there is a need to set the environmental cost or the environmental responsibility cost. If there are staff training fees, welfare fees and so on, the staff responsibility cost is included in the corporate social responsibility cost. It certainly starts from reality, but it is easy to mistakenly consider that the content of corporate social responsibility cost, "existence is reasonable". In addition, such as the "product after-sales service fee" and "sales return or repair cost", the concept is overlapped. Therefore, the division of corporate social responsibility cost is not systemic, so it is difficult to form a system.

2.3 Behavior performance manner is lack of clarity

"How to assume social responsibility", that is the question of the fulfillment manner of social responsibility. Existing views are lack of clarity in definition of behavioral motive of fulfillment of social responsibility. The fulfillment manner depends on the behavioral motive of the corporate. Is it based on dependent choice for the development of corporate or compulsory execution by law? Existing views mainly define the social responsibility based on the corporate conditions. Due to the difference in the corporate nature, concept and scale, the corporate fulfillment manner of social responsibility is also different. Some scholars believe that the corporate social responsibility cost should include the social responsibility cost within the legal scope and beyond the law, but some scholars believe that the payment beyond the law is the corporate social responsibility cost. Such difference derives from failure in clearly defining the corporate fulfillment motive of social responsibility, which will also lead to the difference in connotation of corporate social responsibility cost.

3 EXPANSION OF CONNOTATION OF CORPORATE SOCIAL RESPONSIBILITY COST

The author believes that, the connotation of corporate social responsibility cost should be the cost paid by the corporate for the stakeholder fulfillment of social responsibility in the full life cycle of products combined with its own demand, including the cost of

compulsory execution and voluntary choice. The grounds are based on the following points:

3.1 "Stakeholders" and "for whom do the corporate assume social responsibility"

The combination with "stakeholders" and "for whom do you assume social responsibility" can solve the lack of comprehensiveness to a certain extent. First, the "stakeholders" make the ambiguity of "society" more concrete and understandable. The connotation of corporate social responsibility cost is lack of comprehensiveness, mainly because we have a vague and uncertain understanding of the word of "society". What is society? We may be very difficult to define an extremely complex "society". But we must recognize that, in today's "people-oriented" society, we give more consideration to human interests, and the stakeholders' interests represent human interests to a certain extent. In this way, we can understand the word of "society", and make it specified. The "stakeholder" is unable to be equivalent to the concept of "society", but undeniably, to define the scope of "society" with "stakeholder" can make the connotation of corporate social responsibility cost more clear and comprehensive to a certain extent.

Second, the stakeholder theory has an important impact on the development of social responsibility cost. The stakeholder theory introduces the social responsibility, mainly because Sarbanes - Oxley Act is passed. Such an act raises a great concern by the corporate in terms of morality and stakeholders' responsibility. In China's *Listed Corporate Social Responsibility Guidelines*, the listed companies are encouraged and supported to assume responsibility for the stakeholders, creditors, suppliers, staffs and consumers. Thus, considering the corporate social responsibility cost from the perspective of stakeholders is recognized by many scholars to a certain extent.

Therefore, the corporate stakeholders horizontally divide the specific content of corporate social responsibility cost, which covers the entirety of connotation of corporate social responsibility cost, rather than a part. For the definition of stakeholders, this paper adopts the most classic Freeman's view that "the corporate stakeholders refer to the individuals and groups that can affect the realization of corporate objectives or are affected by the realization of corporate objectives". With the support of stakeholder theory, we can better answer the question of "for whom do you assume social responsibility".

3.2 "Full life cycle theory" and "what kind of social responsibility is assumed" by the corporate

"What kind of social responsibility is assumed" by the corporate should depend on the different stages of the corporate products. From the perspective of the full life cycle, the corporate products need to go through

development, design, production, sales, use, after sales repair, scrap recycling and other stages. If we do not subdivide these stages, but just roughly believe that, the corporate needs to assume social responsibility for different stakeholders at any stage, it is difficult for us to better optimize the value chain of the corporate, or reflect the real consumption objects condensed in the product costs, because the products are at different development stages, and the appropriate cost objects are also different.

The expanded connotation of corporate social responsibility is constructed with longitudinal full life cycle of corporate and horizontal stakeholders. Longitudinally, with the boundary of life cycle at different stages, we can better understand the development process of the products. Horizontally, to divide according to different stakeholders of the corporate and incorporate the corporate social responsibility cost into the responsibility cost of relevant objects, such accounting is also clearer and not likely to cause the phenomenon of duplication and omission. The corporate social responsibility cost system constructed in this way will help the corporate management layer to understand the fulfillment conditions of corporate social responsibility cost of the products at different stages, so that the corporate can stand on the concept of sustainable development to effectively weigh the interests of stakeholders and promote communications. Meanwhile, it also helps the public to recognize “who” accepts the corporate social responsibility cost and how much, thus establishing a good image in the public mind.

3.3 *“Compulsory execution or voluntary choice” and “what kind of social responsibility is assumed” by corporate*

The research of corporate social responsibility cost is closely related to the motive of corporate fulfillment manner. Currently, the scholars fail to reach a consensus on the question of “is the corporate social responsibility cost paid under compulsory execution or voluntary choice. The author believes that the compulsory execution or voluntary choice is related to the former two questions.

Answering the fulfillment object of social responsibility cost determines the corporate motive of assuming social responsibility. We divide the corporate stakeholders into two categories, one is the stakeholders that have a direct legal relationship with corporate, including consumers, staffs, suppliers, government and so on, and their interests can be maintained through effective legal measures; the other is stakeholders that do not have a direct relationship with corporate, such as the general public, special social groups, communities, natural environment and so on. If the object of social responsibility cost only refers to the former, then the corporate motive of fulfillment of social responsibility may be compulsory execution. If

it only refers to the latter, the motive tends to be voluntary choice. However, if there is a must to distinguish compulsory execution and voluntary choice, in fact, it is very difficult. For example, staffs are protected by law, and the law regulates that the corporate maintains the staff interests, but at the same time, the corporate care outside the labor insurance of staff wage is beyond legal requirements.

For another instance, the occurrence of environmental responsibility cost tends to be the independent choice of corporate, but China’s relevant laws pay more and more attention to it. With increasingly improved social system, in fact, it is very difficult to distinguish whether the social responsibility of the corporate is compulsory or voluntary.

Different life cycles of products will also affect the corporate motive of fulfillment of social responsibility. When the product is at the design and production stages, the corporate tends to fulfill responsibility of stakeholders, staffs and consumers, and pays attention to the social responsibility under compulsory execution until the product maturity, and strengthens fulfillment of social responsibility under voluntary choice after stabilization of the sales volume. The corporate products should be in a constantly developing process. If the compulsory execution is separated from voluntary choice, it is very difficult to systematically evaluate the cost paid by the corporate for fulfillment of social responsibility.

The compulsory choice and voluntary choice sometimes have an interaction, and even have a dynamic development with the changes of legal requirements. The social responsibility cost under the compulsory execution or voluntary choice of the corporate belongs to the cost paid by the corporate for fulfillment of social responsibility.

Therefore, the author believes that, as direct stakeholders, the stakeholders and creditors are basic responsible person of corporate, who carry the basic production cost of the products. In addition, brief content of full life cycle of corporate social responsibility cost based on the stakeholders under compulsory execution or voluntary choice is shown in Table 2 and Table 3.

4 CONCLUSION

“For whom do the corporate assume social responsibility” is specific to various stakeholders, which is the expansion of horizontal scope of connotation of corporate social responsibility cost; “what kind of social responsibility is assumed” is considered from the perspective of full life cycle theory, which is longitudinal expansion of corporate social responsibility cost; to combine with compulsory execution and voluntary choice to interpret “what kind of social responsibility is assumed” clarifies the fulfillment manner of corporate social responsibility cost. The connotation of

Table 2. Full life cycle of corporate social responsibility cost based on stakeholders (compulsory execution)

Stages in full life cycle \ Stakeholders	Consumer responsibility cost	Staff responsibilities cost	Supplier responsibility cost	Government responsibility cost	
Design stage	Concept design fee	Staff compensation expense, social security payments of co-ordination, staff training expense, staff security expenditure, poverty subsidy expense, unemployment staffing expenditure, talent introduction expenditure, dismissal compensation and expenses	Tender audit and supervision expense, quality inspection expense, quality storage and maintenance expense	-	Property tax, urban land use tax, vehicle use tax
Production stage	Product quality and safety inspection fee		-	-	
Sales stage	Delivery service fee			VAT, business tax, urban construction tax and education surcharge, corporate income tax	
Service stage	Maintenance and repair fee, after-sales service fee, customer complaints and contract dispute			-	
Scrapping stage	-			-	

Table 3. Full life cycle of corporate social responsibility cost based on stakeholders (voluntary choice)

Stages in full life cycle \ Stakeholders	General public responsibility cost	Special group responsibility cost	Community responsibility cost	Environmental responsibility cost	
Design stage	Aid expenditure and educational and cultural construction expenditure to the general public	Charitable donations for the elderly, women, children, the disabled, victims, animals and other special social groups	Public infrastructure spending, expenses for increasing employment, Community environmental maintenance expenditure, historical and cultural heritage protection expenditure	Environmental protection research and development cost, test fee, design fee	Other expenses for environmental governance
Production stage				Environmental protection materials fee, environmental protection equipment investment	
Sales stage				Environmentally friendly package and shipping cost	
Service stage				Package handling fee, garbage processing fee	
Scrapping stage				Scrap disposal fee, environmental management fee, renewable cost	

corporate social responsibility cost is more comprehensive and systematic after expansion, so that the corporate social responsibility cost accounting and management can be further improved.

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