

Analysis of the Impact of Corporate Social Responsibility on Corporate Competitiveness

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ABSTRACT

In today's societal context, corporate development faces new opportunities and challenges, with competition among businesses shifting from talent, products, and economic strength to corporate social responsibility (CSR). This change brings new demands for business development. CSR originated in Western countries, but initially did not significantly impact corporate growth. In recent years, the concept of social responsibility has gradually been recognized by society and has gained influence internationally. Current research, both domestically and internationally, mainly focuses on how CSR fulfillment affects corporate competitiveness. To maintain a strong position in the highly competitive market, companies must actively fulfill their social responsibilities. Only by doing so can they gain customer recognition and wield better market influence. Therefore, this paper comprehensively analyzes the impact of CSR on corporate competitiveness, clarifies the role of CSR in enhancing market competitiveness, and ensures that companies actively fulfill social responsibilities while developing economically.

KEYWORDS

Corporate Social Responsibility; Market Competitiveness; Influencing Factors

1. THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON MARKET COMPETITIVENESS

1.1. The Impact of CSR Awareness

In the context of rapid social development, the importance of CSR has become increasingly prominent. However, there is a significant gap in the understanding of CSR between companies and the public. At present, companies primarily view CSR as fulfilling legal and philanthropic obligations, with little awareness of environmental responsibilities. CSR efforts tend to be formalistic, with limited consideration for public interest [1-3]. The public, on the other hand, expects CSR to encompass environmental, employee, and consumer responsibilities. However, most companies have failed to fulfill these environmental responsibilities, indicating a lack of understanding and awareness of CSR. When a company's understanding of CSR diverges from that of the public, it can negatively affect its market competitiveness. Conversely, if a company correctly understands and fulfills its social responsibilities while developing economically, it will achieve better results.

1.2. The Impact of CSR Practices

In recent years, China's rapid economic growth and rising societal awareness have brought CSR into the spotlight. More and more companies realize that fulfilling CSR is not only a moral and legal obligation but also an important way to enhance brand image and market competitiveness. However, challenges persist in practice. First, some companies deliberately delay wage payments, violating

employees' rights [4]. Second, they neglect workplace safety, especially in high-risk industries such as construction, where safety measures are often inadequate. Such problems severely harm employees' rights, reduce morale and creativity, and directly damage the company's reputation and ability to sustain growth.

2. THE ROLE OF CSR IN ENHANCING CORPORATE COMPETITIVENESS

2.1. Enhancing Customer Loyalty

With the progress of human civilization and changing consumer values, modern consumers not only focus on the basic functions and performance of products and services but also place greater emphasis on the CSR and ethical considerations behind them. Consumers are more inclined to support companies that respect human rights, care for the environment, and give back to society [5-6]. For instance, after reports surfaced about a clothing company using child labor, its market share plummeted as consumers stopped buying its products. Surveys show that over 90% of consumers would cease purchasing from companies they know to be neglecting CSR, and around 85% would inform friends or family about the issue. This underscores the critical importance of CSR in maintaining a company's market influence and consumer acceptance.

2.2. Building a Positive Corporate Image

With the acceleration of globalization and the rise of consumer awareness, the international community is increasingly scrutinizing corporate behavior, leading to the emergence of new trade standards like Social Accountability (SA8000). This marks a shift toward a fairer, more sustainable global trade system, significantly influencing corporate operations and competition. For companies involved in international trade, CSR is akin to a passport for entering global markets. Coastal regions in China have over 8,000 companies subject to CSR standards, and 15% of companies nationwide have obtained CSR certification. Although opinions on CSR standards vary, the certification system effectively demonstrates a company's social image, making it easier to gain consumer and public approval.

2.3. Enhancing Talent Competitiveness

In today's fast-changing world, talent has become a company's most valuable resource and a key driver of sustainable growth. As workplace culture becomes more diverse and personalized, employees increasingly consider a company's values, culture, and social image in addition to salary and career development opportunities. Companies that maintain a strong social image foster a sense of belonging among employees, resulting in more positive workplace behavior. By actively fulfilling CSR and building a good social image, companies can attract top talent and even reduce management costs. In the U.S., employees often leave companies whose values conflict with their own, even if it means accepting a lower salary from a new employer that aligns better with their personal beliefs.

2.4. Accelerating Business Model Optimization

Companies with a strong sense of social responsibility focus more on sustainable development, striving to innovate and optimize business models to reduce resource consumption and environmental impact. This not only saves costs and improves efficiency but also brings new business opportunities and competitiveness. As climate change intensifies and resource constraints become more pronounced, consumers increasingly favor green and environmentally friendly products. Companies should respond by integrating environmental technologies and concepts into their operations, developing eco-friendly products, and meeting consumer demand for a sustainable lifestyle.

Additionally, companies should remain attentive to social issues such as poverty, education, and health, which are closely tied to human well-being and offer substantial commercial potential [7]. By innovating business models and incorporating CSR into their core strategies, companies can achieve a win-win outcome of both economic and social benefits, enhancing long-term competitive advantage.

3. THE POTENTIAL CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY (CSR) TO CORPORATE COMPETITIVENESS

3.1. Resource Input Issues

In an increasingly resource-constrained market environment, companies encounter unprecedented challenges, particularly when it comes to balancing corporate social responsibility (CSR) efforts with the pursuit of economic benefits. As the global demand for sustainable development and environmental protection intensifies, organizations are compelled to critically reassess their resource allocation strategies. CSR initiatives, which encompass activities such as environmental conservation, enhancing employee welfare, and supporting local communities, often require substantial investments of human, material, and financial resources. However, these necessary inputs frequently clash with the pursuit of short-term economic gains, complicating decision-making processes for companies operating under limited resource conditions. Consequently, determining how to ensure economic benefits while effectively meeting social responsibilities has become a crucial concern for businesses, significantly influencing their long-term sustainability and directly impacting societal harmony and stability [8]. Companies must navigate this complex landscape to create a balance that promotes not only profitability but also social good, fostering a more responsible and sustainable business model.

3.2. Information Transparency Issues

In the context of the information explosion era, the authenticity and comprehensiveness of corporate social responsibility (CSR) disclosures play a pivotal role in shaping a company's future development trends. As consumers and investors increasingly prioritize CSR practices, their demand for transparent and accurate information regarding a company's social responsibility initiatives grows. However, some organizations may resort to selective disclosure, exaggerating their successes or concealing negative actions to uphold their public image. This tendency leads to a significant decline in transparency, which can erode public trust in the company. Insufficient transparency not only undermines consumer confidence but also creates market confusion and a broader crisis of faith in corporate accountability. Consequently, this situation can have detrimental effects on a company's long-term growth and sustainability [9]. To mitigate these risks, it is imperative to strengthen the supervision of CSR disclosures and enhance transparency. By doing so, companies can maintain market order, protect consumer rights, and foster a healthier business environment that supports their development and reinforces public trust in corporate practices. This proactive approach will ultimately benefit both businesses and society as a whole.

3.3. Challenges in Measurement and Evaluation

In today's rapidly evolving global and digital economy, CSR has emerged as a vital indicator of a company's overall competitiveness and sustainability. As consumers, investors, and regulatory bodies increasingly prioritize ethical business practices, the significance of CSR cannot be overstated. However, the lack of a unified and scientifically valid set of standards for measuring and evaluating CSR performance remains a significant challenge. The variation in focus areas and practices across different industries and companies has led to a fragmented landscape, leaving many organizations without clear direction or criteria to assess their CSR initiatives effectively. This situation complicates external stakeholders' ability to objectively evaluate and compare CSR performance, which is essential for informed decision-making. Therefore, establishing a comprehensive, scientific, and

operational CSR measurement and evaluation system is crucial. Such a system would not only encourage companies to actively fulfill their social responsibilities but also enhance their social image and improve market competitiveness [10-11]. Furthermore, achieving this goal necessitates collaborative efforts from governments, industry associations, and third-party institutions to develop and refine CSR evaluation standards through open dialogue and cooperation. This unified approach will ultimately lead to more accountable and transparent business practices, fostering a sustainable future for both companies and society at large.

4. RESPONSE STRATEGIES AND RECOMMENDATIONS

4.1. Enhancing Corporate Social Responsibility Awareness

To meet the needs of sustainable development, companies must increase their awareness of CSR and integrate it into their development strategies. However, due to various objective factors, some companies still lack CSR awareness. This can be improved through the following steps (see Table 1). First, the government should establish relevant laws and regulations to guide companies in enhancing CSR awareness, mandating standardized CSR behaviors, and encouraging active participation in public welfare activities. Second, the media should increase publicity by praising CSR-compliant companies and criticizing those that undermine social norms, making corporate behavior public and transparent to foster a positive public opinion atmosphere. Third, the public should provide oversight, as their evaluations can influence a company's reputation, prompting companies to consider stakeholders' interests and promote CSR for sustainable and coordinated development. Through the joint efforts of the government, media, and the public, a favorable environment for CSR fulfillment can be built, driving companies toward healthier, more sustainable development.

Table 1. Key Points for Enhancing Corporate Social Responsibility Awareness

Entity	Action Points
Government	Formulate relevant laws and regulations
	Guide enterprises to enhance their awareness of social responsibility
	Enforce the standardization of corporate social responsibility practices
	Encourage enterprises to participate in public welfare activities
Media	Strengthen publicity efforts
	Praise socially responsible actions and criticize behaviors that undermine social norms
Public	Actively engage in supervision
	Provide rational evaluations of corporate actions
	Offer feedback and suggestions

4.2. Establishing a Scientific Evaluation System

In today's society, CSR fulfillment has become an essential indicator of a company's overall strength and sustainable development capacity. As global consumer attention to CSR continues to grow, companies urgently need to establish a scientific, reasonable, and quantifiable evaluation system to comprehensively and objectively showcase their CSR efforts and outcomes. Such a system can help companies identify weaknesses and shortcomings in their CSR activities and make targeted improvements [12]. It can also enhance CSR transparency and credibility, boosting brand image and market competitiveness. Therefore, building a scientific and systematic CSR evaluation system, in line with practical development needs, is crucial for encouraging companies to actively fulfill CSR and achieve sustainable development.

4.3. Fulfilling Social Responsibility to Stakeholders

In today's increasingly competitive global market, companies are no longer just economic entities but complex systems closely connected to various social sectors. A company's survival and development depend on the support and trust of all stakeholders, including shareholders and employees. Therefore, while pursuing economic benefits, companies must genuinely fulfill their social responsibilities to stakeholders. For shareholders, companies should improve corporate governance, enhance internal management, and ensure the efficient operation of shareholder meetings, boards of directors, and supervisory boards to serve shareholders institutionally. In addition to timely disclosure of financial status and operating results, companies should also disclose production and sales information to protect shareholders' right to know, allowing them to stay informed about the company's latest developments [13]. For employees, companies should provide fair compensation, create a safe working environment, offer regular training, establish fair hiring and promotion mechanisms, honor labor contracts, and contribute to social insurance programs to safeguard employees' legitimate rights and interests, laying a solid foundation of talent for the company's long-term development.

4.4. Building a Corporate Social Responsibility Management Mechanism

With changing market conditions and increasingly diverse consumer demands, companies must focus not only on economic benefits but also on actively fulfilling social responsibilities to gain the trust and support of society. However, Chinese companies still face significant shortcomings in establishing CSR management mechanisms, reflecting a lack of attention to CSR management. By setting up specialized management departments to handle relationships between the company and shareholders, employees, the government, creditors, and suppliers, companies can coordinate their relationships with society (see Figure 1). Establishing corresponding management rules and regulations can guarantee the fulfillment of CSR. Learning from successful foreign companies, rules such as the "Code of Conduct" can help promote the implementation of CSR. A well-developed CSR management mechanism can standardize company behavior, enhance its social image, and promote harmonious coexistence between the company and society, achieving sustainable development [14].



Figure 1. Process of Building a Corporate Social Responsibility Management Mechanism

5. CONCLUSION

In summary, there is a close relationship between CSR and corporate competitiveness. The extent of CSR fulfillment directly impacts a company's image. Companies that actively fulfill their CSR can occupy a larger market share, making CSR a key tool for improving market competitiveness. By fulfilling CSR, companies can build a strong brand image, attracting the support and recognition of consumers and employees, which strengthens competitiveness. At the same time, CSR brings business opportunities and innovations, enabling companies to maintain sustainable growth and competitive advantage. Therefore, more companies should recognize the importance of CSR and take

proactive steps to fulfill it to enhance their competitiveness and achieve sustainable development, ultimately generating more economic and social benefits.

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