

Status Quo and Improvement Path of Social Responsibility Information Disclosure in Corporate Development Management

Zhengxiong Lin^{1,a,*}

¹Southwest University, Chongqing 400715, China

a. LinZhengxiong430@163.com

*corresponding author

Abstract: Fundamental is a sound social responsibility information disclosure mechanism to prosper large-scale businesses. This paper dissected the correction between Fosun Pharma's performance of corporate social responsibility and its advances, as corporate social responsibility now has jostled for public attention at home and abroad. Efforts were invested in analyzing the disclosure of social responsibility accounting information by the representative Fosun Pharma on the basis of the theory of corporate social responsibility and stakeholder theory. The company failed to prepare a well-functioning strategic CSR in the process of fulfilling its social responsibility, and showed certain deficiencies such as insufficient disclosure of social responsibility quantitative information, delayed disclosure of negative information, onefold disclosure form, and defective control environment, revealed the investigation. Meanwhile, it suggested that progress should be made in cultivating the awareness of corporate social responsibility information disclosure, quantifying indicators as much as possible, enriching information disclosure form, and shaping a good control environment for social responsibility performance. This research not only enriches the research literature on the relationship between CSR and corporate development, but enlarges the variable scope of corporate social responsibility, which is of certain practical significance for corporate development management and the establishment of a sound social responsibility management mechanism.

Keywords: CSR, Fosun Pharma, Information disclosure, Corporate management, Corporate development.

1. Introduction

Corporate social responsibility was originally defined during the economic crisis of European countries and gradually expanded to the international community. Disputes over the topic have been remained unsolved since its emergence in the early 20th century. The academic community has not yet reached a unified cognition on whether enterprises should undertake social responsibility, specific contents they should bear, and how to assume them. It is not an easy move to make an authoritative and clear definition [1]. In principle, enterprises, as a form of social organization, thrive on the realization of economic goals. However, the increasingly significant impact it earns on the economy, society, environment and many other aspects as a business develops to a certain scale, making it

particularly important to fulfill its social responsibility. In the meantime, these growing enterprises are shaping the overall community in a more direct manner, as the international financial market embraces daily expansion. A case in point is that cross-border enterprises have developed the corresponding advantages and positively affect society as they speed up exploiting overseas financial markets and make use of a large number of local resources and low-cost labor services. Corporate social responsibility awareness now constitutes an important indicator for assessing the development of an enterprise amid global economic integration. In addition, how to fulfill social responsibilities has become an essential requirement for sustainable development, and its importance is standing out as social institutions continue to perfect the supervision.

Nothing short of performing its social responsibilities in real earnest would aid an enterprise in building a world brand with international influence, enlarging the international market, and strengthening its core competitiveness. Only in this way can be born a responsible world-class enterprise with global competitiveness. Consciously fulfilling social responsibilities wins enterprises the trust of the public and enhances the corporate image and brand effect of products. Safeguarding the rights and interests of stakeholders is conducive to recruit and retain outstanding employees, create a good social atmosphere and competitive environment centering on outstanding entrepreneurship, and avoid and reduce internal corruption and waste. Fulfillment of corporate social responsibility encourages enterprises to protect the natural environment, adopt green production, save energy and reduce emissions, and invest more enthusiasm in the development of new energy fields. So that they can make more effective use of resources and reduce operating costs as much as possible, enhance the profitability and core competitiveness at a deeper level, and promote the sustainable and stable development of its own social economy.

In that case, this paper interpreted and rated the corporate social responsibility information disclosure situation, located its deficiencies and offered improvement directions, which is of great reference value assisting enterprises in understanding CSR and strategy design, taking representative "Fosun Pharma" as the research object and applying corporate social responsibility theory and stakeholder theory.

2. Literature Review

2.1 Theory of Corporate Social Responsibility

Oliver Shelton firstly raised the theory in 1923. Since then accompanying explorations of many respects were made by relevant scholars [2]. The World Business Council for Sustainable Development has received the greatest social recognition for its say on the theory. Simply put, companies must behave ethically to ensure that employees (including their families) and society grow as the economy develops, thus extending the corporate responsibility from a single responsible shareholder to stakeholders within the group. From a certain perspective, the company needs to take full responsibility for the interests of shareholders, employees and consumers, and actively undertake social and environmental responsibilities while making profits, ranging from the protection of workers' legitimate rights and interests, protecting the environment, abiding by honesty and mutual trust, to safeguard production and occupational health, support charities, welfare, and protect vulnerable groups. That is, as a social entity, an enterprise should assume social responsibilities in the process of its development [2].

2.2 Stakeholder Theory

Social responsibility theory now targets "stakeholders" instead of former from "shareholder-centered", including shareholders, suppliers, employees, customers, communities, governments, social groups,

etc. [2]. What needs to be pointed out is that stakeholders cover two main groups. The first refers to individuals or groups affecting the achievement of organizational goals. The second follows individuals or groups involved in the goal-achieving process. Stakeholders are companies or individuals and groups that are affected by the company. The stakeholder theory makes it clear at a deeper level that the organization must communicate, cooperate and interact with stakeholders during the development, thus gaining the support of stakeholders, effectively solving difficulties encountered, and sharing the benefits with stakeholders. For instance, stakeholders believe that the company fulfills its social responsibility to meet the level of stakeholders. The lower the satisfaction of stakeholders, the poorer the performance of the company [3]. Clark, basing previous research by experts and scholars, conceived the first quantitative analysis model to analyze the relationship between stakeholders and social responsibility, that is, the stakeholder management model, which enables existing companies to implement growth strategies, encourages companies to take social responsibility, and meets the needs of relevant stakeholders. In reality, the stakeholder theory permeates all aspects of social and economic activities. Balance of the interests and needs of stakeholders is also regarded as one of the elements to shape a harmonious development environment [3].

3. Status Quo of Fosun Pharma

3.1 Introduction of Fosun Pharma

Fosun Pharma, the current largest Tibetan medicine manufacturer in China, specializes in the R&D, production and sales of new Tibetan medicines, and owns seven fully controlled subsidiaries, including the GMP pharmaceutical factory and the marketing company GSP. The topical analgesic series developed by the group have reported ideal sales and won popular support over the years. Its clinical efficacy has been certified as relatively good, and is favored by nearly 200 million users in mainland China. This fundamental brand of non-prescription drugs has ranked first in the industry for six consecutive years. However, efforts need to be redoubled by Fosun Pharma in research and implementation of social responsibility, amid the explosive growth of the social economy. As a leading company in traditional Chinese medicine surgery, Fosun Pharma still suffers from poor quantitative information disclosure, onefold disclosure forms and other issues despite its achievements of actively undertaking its responsibilities to shareholders, employees and suppliers, and doing its best to realize the corporate value in social welfare and poverty alleviation projects.

Table 1: Comparison of Social Responsibility Reports of Fosun Pharma in Recent Years.

Year	2015	2016	2017	2018	2019	2020
Report	Social Responsibility Report	Social Responsibility Report	Social Responsibility Report	Social Responsibility Report	Social Responsibility Report	Social Responsibility Report
Release Date	04/24/2015	04/27/2016	04/25/2017	04/28/2018	04/29/2019	2020-04-29
Length	26 Pages	14 Pages	21Pages	49 Pages	36 Pages	36 Pages
Release Method	Independent	Independent	Independent	Independent	Independent	Independent
Language	Chinese	Chinese	Chinese	Chinese	Chinese	Chinese
Reference	Shenzhen Stock Exchange "Guidelines for Social Responsibility of Listed Companies"	Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) Chinese Academy of Social Sciences "Guidelines for Compilation of Corporate Social Responsibility Reports" Shenzhen Stock Exchange "Guidelines for Social Responsibility of Listed Companies" and other documents				
Announced	Yes	Yes	Yes	Yes	Yes	Yes

3.2 Overview of Fosun Pharma's Corporate Social Responsibility Report

Listed companies should disclose social responsibility information to enable different stakeholders to understand the specific development of the company, reduce the consequences of information asymmetry, and maximize corporate social benefits, stipulate relevant laws and regulations. Fosun Pharma has been releasing an independent CSR report for ten years since 2011. Referring to a series of social responsibility reports, the corresponding reports are released in a timely manner according to the following table. The length of the report is on the rise, the information disclosure is gradually refined, the quality is getting better, and the content covers wider.

4. Corporate Social Responsibility Problems of Fosun Pharma

4.1 Poor Quantitative Information Disclosure

Existing social responsibility reports released are all text-based and lack quantitative information. The entire length is difficult to the eye although the shareholder and investor responsibility section uses explains and discloses the company's dividend distribution over the years, and pictures and a

small amount of data in other aspects. The quantitative information is insufficiently disclosed. It is difficult for stakeholders to objectively evaluate the performance of their social responsibility. For instance, a mass of professional terms fills up the product development, environmental protection technology research and development, etc. Neglected are the specific amount of product research and development investment, sales ratio of new products, and the emission reduction contribution rate of environmental protection projects; the responsibility part illustrated the superior working and living environment of employees, but overlooked the promotion rate, employee satisfaction, and the number of paid vacation days per capita that employees are concerned about, so did the annual and prior-year tax and contribution amounts.

4.2 Fail to Disclose Negative Information

The social responsibility report should disclose to stakeholders the information they really care about, and disclose their behaviors in a fair and objective manner. Crucially, shortcomings and improvement measures should be mentioned rather than refraining from talking about its negative information. For example, no disclosure was given to the employee turnover rate and work-related accident rate. In terms of environmental protection and sustainable development, it only stressed that the company attached great importance to environmental protection management, and introduced the emission reduced by the current energy conservation and emission reduction renovation project. However, it described no disposal of waste medicines, and the corresponding corporate environmental concerns [4]. That is, Fosun Pharma needs to further disclose all aspects concerning its social responsibility.

4.3 Onefold Disclosure Form

A qualitative improvement is seen in reports released by Fosun Pharma, from the Word version to current PDFs, former plain text to the combination of pictures and texts, and to the mutual assistance of pictures, texts and tables. Social responsibility reports over the years reveal its deficiency of lacking design [5]. Current social responsibility reports text-oriented and aided by forms, pictures, photos and other visual materials, enriching the presentation form. CSR report is a carrier for relevant stakeholders to obtain information, and a "business card" for the company to conduct external publicity. Diversification of CSR disclosure will make the report more convincing and readable. Most importantly, a high-standard social responsibility report indirectly mirrors the high level and high requirements of the enterprise.

4.4 Defective Control Environment of Corporate Social Responsibility

A good corporate social responsibility compliance environment is crucial to the healthy and long-term development of modern enterprises. Specifically, it is essential to develop a correct view of business management and business ethics, run business in an innovative manner, actively engage in product development and production, uphold good business ethics, maintain integrity, and always assume the responsibility of protecting the consumer's rights [6]. The annual report clearly pointed out that the company attached great importance to balance its business activities and society, economy and natural resources, emphasized social responsibility as much as possible, and fulfilled its due obligations. Pursuing the interests of the company and protecting the rights and interests of shareholders aims at protecting vulnerable groups, actively promoting the protection of labor rights and interests, ensuring coordination with the environment as much as possible, acting by the law, and paying taxes fairly.

5. Countermeasures and Suggestions

5.1 Cultivate the Awareness of Corporate Social Responsibility Information Disclosure

The public attaches increasing attention to corporate social responsibility, and the trust of stakeholders in domestic enterprises seems to declining as the economy develops rapidly since the reform and opening up. Chinese enterprises are striding into the world amid the smooth implementation of the "Belt and Road" and "Internet +" strategies. The quality of China's corporate social responsibility information disclosure directly affects international competitiveness and sustainable development. In this regard, to effectively weaken the barrier, the first and essential is to effectively cultivate the awareness of corporate social responsibility information disclosure. On the one hand, the management level needs to realize the importance of fulfilling social responsibility at a deeper level, cultivate the correct awareness of releasing social responsibility information, and understand the positive effect on company performance [7]. On the other hand, the company should integrate the concept of fulfilling social responsibility into daily operations and business of every employee, cultivate their awareness of corporate social responsibility to ensure the effective fulfillment of social responsibility through effective means such as lectures and training.

5.2 Quantify indicators as much as possible

Most of the social responsibility reports in the pharmaceutical industry are based on qualitative indicators. Only a few introduced quantitative indicators such as tables and data. In terms of market responsibility, profit performance indicators should be adopted to explain the company's operating conditions and protect the rights and interests of investors. In addition, it should understand whether the company pays attention to the needs of consumers by disclosing indicators such as technological investment and new product sales. In terms of social responsibility, employees foresee their future careers by publishing promotion data. Disclosure of tax amount enables the government and the public to understand their tax situation, and promote the harmonious development of the relationship between government and enterprises [8]. In terms of environmental responsibility, total investment in the environment revealed how much the enterprise cared about the environmental protection. Companies should aim for high-level reporting and increase quantitative indicators. In the meantime, efforts should be invested in disclosing the data of the company's similar indicators in previous years, and adding relevant quantitative indicators of different companies in the same industry or the average level of the same industry for horizontal comparison, thus to reflect the company's true performance in the pharmaceutical industry in a more intuitive manner and understand the actual situation of the enterprise.

5.3 Enrich information disclosure form

Analysis of relevant content revealed that the disclosure is still mainly text-based, and some companies only disclose in the form of simple Word. The written expression often lacks intuition and aesthetic feeling. In addition, the incorrect expression sometimes is difficult to understand because it is too cumbersome and complicated. Therefore, diversified expressions, careful planning and design of the layout of each section, more descriptive information, monetary and non-monetary information should be combined to enrich the content, under the assistance of pictures, photographs, tables, data and cases. Qualitative and quantitative information should be intertwined to improve the level and quality of report disclosure, and improve the understandability and readability of published information at a deeper level, thus to help companies effectively disclose the practice of social responsibility, better the company's image, and enhance the public's confidence and support [9].

5.4 Foster a good social responsibility fulfillment control environment

Progress should be seen in clarifying functions and work areas, establishing a system and relationship of checks and balances among shareholders' general meetings, the board of directors, the board of supervisors, independent directors, and the senior management of each company. A sound responsibility system is crucial to improve the social responsibility of pharmaceutical companies. A temporary licensing system is suggested when necessary, thus to mainly meet social obligations that may arise unexpectedly. Enterprises also need to avoid as much as possible the situation where executives are concurrently held, in order to prevent the scientificity and effectiveness of leadership decisions from being affected by excessive personal authority and disrespect for the division of tasks. To create a feasible system for all employees, internal controls need to eliminate any overlap [6]. This largely reduces the impact of non-compliance at the top of the company.

6. Conclusion

This paper analyzed the status quo of Fosun Pharma's fulfillment of social responsibility referring to theoretical research on corporate social responsibility. Specific outcomes revealed that Fosun Pharma's protection of employees' rights and interests and positive returns to society are worthy of other companies to learn. However, Fosun Pharma still suffers from deficiencies in the performance of social responsibility, and departmental problems in information disclosure. It has not yet achieved a more complete strategic CSR, despite its efforts made in taking the initiative to assume social activities to the better corporate image or optimize the competitive environment, which, however, is generally reflected in medium and long-term, non-financial results. To implement more effective CSR and achieve sustainable development, it is necessary to engage in social contribution activities, and achieve financial results through social innovation brought about by the combination of CSR strategy and corporate management strategy. Enterprises should apply CSR to create products that share value between enterprises and society, innovate the value chain, and devote themselves to the coordination of economic profits and social contributions [10]. In addition, Fosun Pharma needs to further deepen its understanding on social responsibility. In the current era, we need to improve the corporate social responsibility awareness within the company at a deeper level, cultivate a corporate social responsibility culture, and improve the corporate social responsibility awareness of employees within the company. Service quality, energy-saving and emission reduction, improving resource utilization efficiency, and lasting protection of employees' rights and interests require full participation. From a certain perspective, it will comprehensively enhance the sense of responsibility of employees at all levels, departments and positions in the company, and improve the company's ability to fulfill social responsibilities as much as possible, adding a real guarantee for the company's sustainable development. In conclusion, Fosun Pharma has areas in corporate social responsibility that other companies in the same industry can learn from, and areas that need to be improved urgently. Fosun Pharma should continue to strengthen the management of social responsibility in addition to maintaining its excellent performance.

References

- [1] Dong Shulan & Liu Hao. (2018). *Knowledge Map of Corporate Social Responsibility Research: Bibliometric Analysis Based on CSSCI Source Journals (2007-2016)*. *Journal of Xi'an University of Finance and Economics* (05), 54-60. doi:10.19331/j.cnki.jxufe.2018.05.008.
- [2] Cai Yu. (2018). *Research on the problems and countermeasures of Z Petrochemical Company's fulfillment of social responsibility* (Master's thesis, Nanjing University of Science and Technology). <https://kns.cnki.net/KCMS/detail/detail.aspx?dbname=CMFD201901&filename=1019019078.nh>

- [3] DOUANGKHAM VANXAY. (2018). *Research on the Development of Economic and Trade Relations between Laos and China* (PhD dissertation, Shandong University). <https://kns.cnki.net/KCMS/detail/detail.aspx?dbname=CDFDLAST2019&filename=1019008607.nh>
- [4] Wu Jingchao. (2021). *Research on the problems and countermeasures of accounting information disclosure of listed companies in my country. Modernization of shopping malls* (18), 159-161. doi: 10.14013/j.cnki.scxdh.2021.18.058.
- [5] Chen Getao. (2011). *A Study on Influencing Factors of Social Responsibility Information Disclosure of Listed Companies in my country* (Master's Thesis, Southwest Jiaotong University). <https://kns.cnki.net/KCMS/detail/detail.aspx?dbname=CMFD201301&filename=1012390191.nh>
- [6] Yang Biqing. (2019). *Research on Internal Control of Longevity Biological Social Responsibility* (Master's Thesis, Hebei University of Economics and Business). <https://kns.cnki.net/KCMS/detail/detail.aspx?dbname=CMFD201902&filename=1019150097.nh>
- [7] Li Xinyan. (2009). *Corporate Sustainable Development and Environmental Information Disclosure. Corporate Research* (12), 63-65. doi:
- [8] Du Shuyingzi. (2019). *Research on Social Responsibility Information Disclosure of Food and Beverage Listed Companies in my country* (Master's Thesis, Yunnan University of Finance and Economics). <https://kns.cnki.net/KCMS/detail/detail.aspx?dbname=CMFD202001&filename=1019052087.nh>
- [9] Pan Mengbei. (2019). *A case study of social responsibility information disclosure of agricultural and sideline food processing industry. China Collective Economy* (14), 66-67. doi:
- [10] Wu Xiaochen. (2015). *Research on Social Responsibility Evaluation of Automobile Manufacturing Enterprises* (Master's Thesis, Shandong University of Finance and Economics). <https://kns.cnki.net/KCMS/detail/detail.aspx?dbname=CMFD201502&filename=1015384717.nh>