

Study in Corporate Social Responsibility
and Employee Commitment:

the case for small manufacturing companies
in China

By

(Customer inserts name)

1. INTRODUCTION

1.1 Background of the problem

China has one of the world's largest labour resources, and utilising this labour pool so as to drive the economy and boost its GDP is an important agenda. However China has been experiencing problems in environmental and labour issues for the past 10 years. This has been characterised by strikes and environmental issues. The sector that is most affected is the SME sector. Incidentally the SME sector has minimal concern of CSR and how it affects or aids a company's operations (Chinese CSR Accountability, 2009).

1.1.1 Performance of Chinese SMEs

Many Chinese small to medium sized enterprises have been greatly affected by the global financial crisis. This is particularly true when it comes to export oriented enterprises that rely on exports to Europe, part of Asia and Africa. The global economic crunch has reduced the sales / exports and thus overall revenue for China's small to medium sized enterprises (SME). Many Chinese SMEs have gone bankrupt as they have been unable to meet operation costs (China World Trade organisation tribune., 2009).

The financial crisis has challenged many SMEs to survive through the harsh times. This has lead to budget cuts on CSR projects and in some cases the companies abandoning their CSR projects on a whole. This is a common trend that cuts across SMEs in all sectors of the industry. According to the WTO tribune (2009), the effect of the global financial crisis can be felt in all sectors of the Chinese economy, and has had a significant effect on the progress of CSR.

The CSR movement in China has been on a growing trend since 2008. This trend has been slowed down by the financial crisis but is still on an increasing trend. In 2008, 169 Chinese companies issued CSR reports to the movement. By 2009, more than 330 companies had complied to and issued reports on CSR policies (CSR in China-building responsible competitiveness in global supply chains, 2009).

1.1.2 Employee commitment in China

In any organization the employees are the most valuable factor of production. Managing people is also the hardest task in an organization unlike management of resources and other factors. Training and improvement of employee skills is a very expensive and time consuming process. Chinese SMEs spend huge costs in training their staff and this makes it very expensive for the company to lose its employees. Since people are the major factor of production it is important to keep them happy and motivated (CSR in China-building responsible competitiveness in global supply chains, 2009).

Various steps have been taken by the Chinese SMEs in an attempt to retain their employees. One step is by giving the employees a right to decision making. This makes each employee feel empowered and in charge of his own work and duties. By according each worker a right to make some of his / her decisions it gives room for invention and generation of new methods of doing work. This leads improved job satisfaction by the employee (China centre for land labour and environment, 2009).

.According to the China Center for Land and Labour (2009), Motivation can be enhanced by achievement and recognition this is because all human beings yearn to be appreciated and to attain higher status in life. The institute also states that the higher a person's desire to

achieve a certain goal the higher the motivation. The institute further advises that companies can increase their employee motivation by the implementation of reward schemes that allow for a platform of recognition and compensation of hard working employees. This could include programs such as employee of the month reward programs.

Job attractiveness, salaries and benefits take a fourth place in the order of employee motivation factors (see Table.1). Employee pay schemes and compensation have an effect on employee motivation; but not as pronounced as those factors that appeal to the ego and create sense of fulfilment. Thus Chinese SMEs are advised to create an environment where the employee feels that the management is fair, has the employee's interests at heart, there exists an opportunity for fulfilment, there is great leadership, good company reputation, opportunities for growth, and career advancement opportunities (A. Howard, 2007).

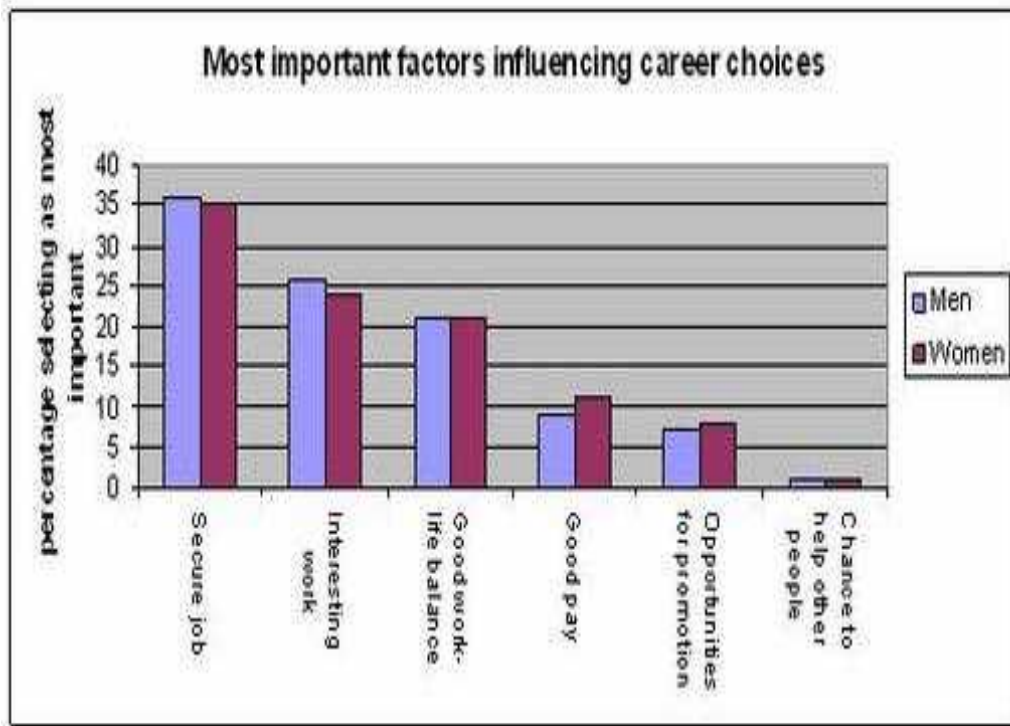


Fig 1: Factors affecting career and employee motivation, (The British Social Attitudes survey, 2004)

According to Howard et al (2007) China has a very high employee turnover rate as compared to other developed countries. The statistics show that 73% of all employees interviewed have worked for more than two companies in their careers, despite being young and new in the employment work force, with 23% having worked for more than three companies. Chinese SMEs also overestimate the ability of good pay in ensuring employee retention and invest a lot of effort in ensuring that the key employees are well paid. However, this has proven not effective as there is a significantly high turnover of top and middle level management in Chinese companies; they are highly paid. The Chinese SME business society has not yet embraced the importance of appealing to the subtle and primitive human needs such as self fulfilment and recognition. According to the interviews 60% of the respondents

claimed to find other job offers due to the lack of growth opportunities in their current jobs. CSR initiatives are said to be effective means of motivating the employees' psyche and improving the employee commitment to the organisation and can be used to improve the operations of many Chinese companies and reduce the employee turnover problem.

1.1.3 Small manufacturing industries in China

There are over 120, 000 SMEs in China. Most of these enterprises are owned by private Chinese owners and are manufacturing based. Profiles indicate that most owners of these small manufacturing industries are males over the age of 35 years. These small manufacturing enterprises have been beneficial to the Chinese economy as they are a major source of foreign income in China. Statistics show that 80% of innovative products and 65% of patents in China are created by the small manufacturing companies (Liang, 2009).



Fig.2: Wenzhou in China, (Finkelstein, 2008).

Most of these manufacturing industries are located in Wenzhou, China; and have greatly improved the economies and employment rates of the local communities. The government of China has greatly assisted the small manufacturing industries (SMI) by providing subsidies and funds to support them. An example is the Innovation Fund for Technology (IFT) that the government provides for the SMIs. The Chinese government has taken this step so as to encourage many local and foreign investors to set up small businesses. This emphasis has been due to the fact that SMEs serve as stepping stones for small enterprises to mature into huge multinationals. The IFT funds have served as a stimulus for the once slow economy of China and have enabled the Chinese economy to grow over the years (Liang, 2005)

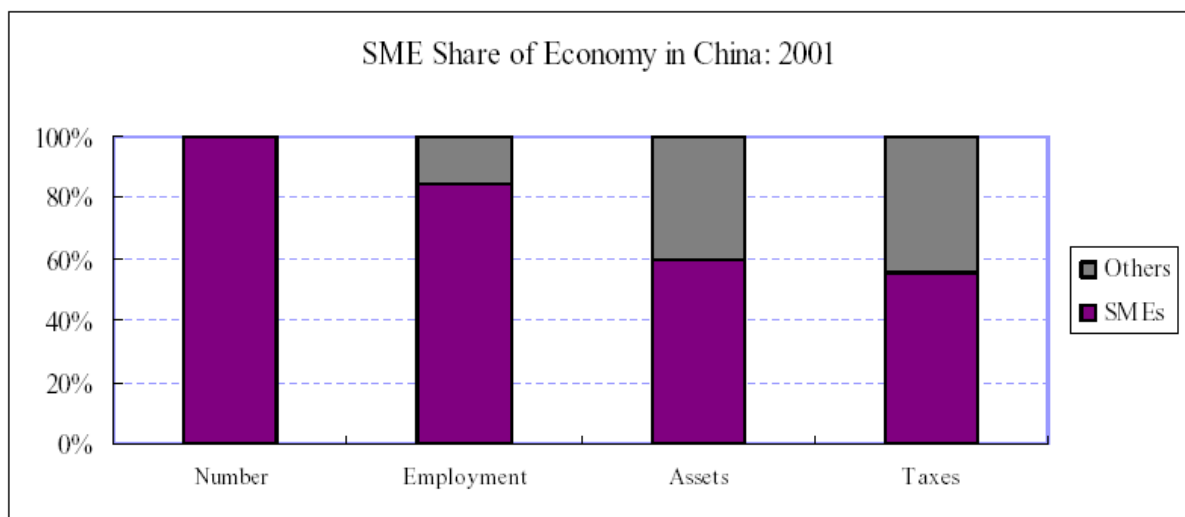


Figure. 3: SME share of China's economy (Yao, 2006)

Human capital is still a major problem that SMIs are facing in China. This is because the SMIs lack a rational business model, poor corporate governance and low technical abilities. The above factors are caused by a lack of trust between the SMIs and their employees (Yao, 2006). Analysts such as Yao 2006, advise that; the SMI in China should take up responsibility

of their actions to both the environment and to the society. A hypothesis of this study is: If the Chinese SMEs adopt CSR policies it will result in a reduction of the human capital problem since the SMEs will become more responsible and in tune with their employees.

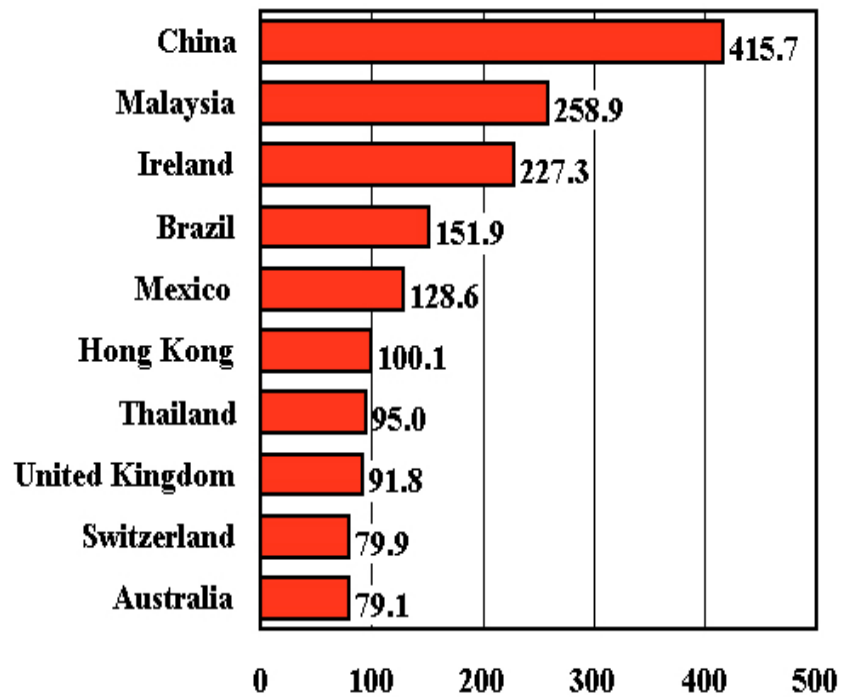


Fig. 4: Number of SMEs, (U.S department of Commerce, 2010)

1.2 Statement of the problem

China has one of the world's highest employee turnover rates. Despite having a very large labour market, Chinese SMIs have a problem with retention and motivation of staff. This study attempts to provide a solution for this problem using CSR as a means of improving employee commitment and motivation.

1.3 Statement of the purpose

This study will address the various problems that Chinese SMIs face in the implementation of CSR in the Chinese economy. The study will also highlight the advantages of CSR in Chinese SMIs and recommendations for Chinese managers will be given based on the study, so as to help them solve the human capital problem.

1.4 Aims and Objectives

The aim of the objective is to acquire knowledge on key elements of CSR and employee commitment in both domestic and international private companies in China, which will help the Chinese managers in the running and operation of their organisations. These are

- To identify the effect of CSR on employee commitment
- To assess the applicability of CSR in Chinese SMIs
- To suggest a solution that will involve the use of CSR to improve employee commitment in Chinese SMIs
- To assess the Chinese SMI business environment and suggest appropriate models

1.5 Justification

The issue of CSR and employee commitment in China has not been widely covered by many studies. There is a gap exists as to the state of CSR in China and its effects on the society and particularly on the employees. This study attempts to fill this gap and provide facts on the current state of CSR in the Chinese business environment and the effects it has on human capital. The study will also give practical recommendations that can be applied by Chinese managers.

1.6 Research questions

This study aims to establish a relationship between CSR and employee commitment in China.

A set of questions are answered throughout the work

- To what extent do small manufacturing companies engaged in CSR activities?
- Can these companies adopt the CSR models carried out by Western countries?
- Is there any correlation between CSR and employee commitment?
- If yes, how does CSR of the company impact their employee's commitment?
- What are the limitations of the models?
- What are the difficulties of embarking on CSR in China?
- How does employee commitment change?

1.7 Hypothesis testing

1. The initial stage of testing the hypothesis is to state the Accept and Reject hypotheses, namely:

The null hypothesis (Ho) is: CSR does not increase employee motivation and improves performance.

The alternative null hypothesis (H1) is: CSR increases employee motivation and improve performance.

2. After the hypotheses have been formulated all assumptions in the research are listed.
 - Data collected from different interviews and questionnaires is independent.

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- Errors made in the data collection process do not have a compounding effect.
 - All data collected is accurate and true and the respondents are truthful in their responses
 - The respondents have an adequate understanding of CSR.
 - The opinions of the chosen respondents represent the general opinions of the majority population.
 - Motivation can be measured and its increase can be recognised with an increase in CSR activities.

1.7 Structure of study

This work involves an in depth study of CSR and employee commitment in China. A literature review section is included in the work. In this section the researchers have provided an analytical review of the study materials that have been used in the work. The key questions will be addressed so as to give the reader a hint of the main concerns of the work. A methodology section will describe the methods used to collect data for the study and the measures taken to ensure that the data is accurate are also presented. Presentations of the data collected from the study are done; the data is presented using graphs and diagrams that enable a trend to be established. After the presentation section a discussion section is included and this section contains an evaluation of the results acquired from the presentation. In the discussion section findings from the literature review section are compared to the empirical work, an analysis is developed and the main findings are presented. The conclusion summarises the whole document and assesses the strength of the

findings of the work. A bibliography and appendices; where an interview transcript and questionnaires sample, follow the conclusion.

2. LITERATURE REVIEW

In the study current and relevant source materials are used. Data is collected from books, journals, articles and from previous meetings. The use of previous works is beneficial to the study as it enables the researchers to give ideas and principles. A platform is also provided through which the theories stated by the source materials can be compared to each other. This section will involve the analysis of concepts that relate to CSR and employee motivation by other authors. The data will be collected from select materials / authors who have a clear understanding of CSR in china. The methods and techniques used to collect information in the previous studies will also be analysed. From these materials a sober analysis of the strengths and weaknesses of previous CSR studies is made. Information will be borrowed where the previous studies endeavour and improvements will be made where they lack.

2.1 CSR and employee commitment

According to Davis (1960), CSR is "*the businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest... which need to be commensurate with the company's social power*". CSR arose from the need of corporate bodies to govern themselves and give back to the societies that they work in. CSR was brought about by the inability of many governments to meet their obligations to the citizens as well as monitor and control businessmen. There are three tier levels of corporate responsibility namely, institutional, organizational and individual. Firms with good CSR policies tend to create a good relationship with government bodies, investors, suppliers, banks and tend to attract better and more qualified employees (Davis, 1960, 1973). The Davis model brought forward 5 major propositions:

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- Once a business or organisations assumes social power it must also assume social responsibility
 - A business must be willing to listen and have concern for the society and the society must also have a concern for the company's issues.
 - Before undertaking an operation its effects, profitability and benefits to both the firm and society must be analysed
 - The social costs incurred by any organisation should be passed to the consumer in the long run and not cushioned by the organisation
 - Business institutions are citizens of a country and they should be actively involved in social activities even those that are outside its operation circle.

However the Davis model had a few limitations:

- CSR has been claimed to be a way in which corporations use to market themselves and improve the status in the society; not to benefit the society in any way.
- CSR is seen as a sales booster and not a way to benefit the society or employee relations
- CSR is used by some corporations to evade government labour laws by creating a false public relations image.

According to Carroll (1979), CSR refers to those obligations that a company has to the society that are not legal or economic in nature. CSR refers to those voluntary and philanthropic acts that a corporate organization extends to the society in which it operates in. Businessmen are obligated to be responsible of their actions to the society based on the values and principles that the society holds.

The social responsibility of a business encompasses the economic, legal, ethical and discretionary aspirations that society has of organizations at a given time (Schwartz and Carroll, 2008)

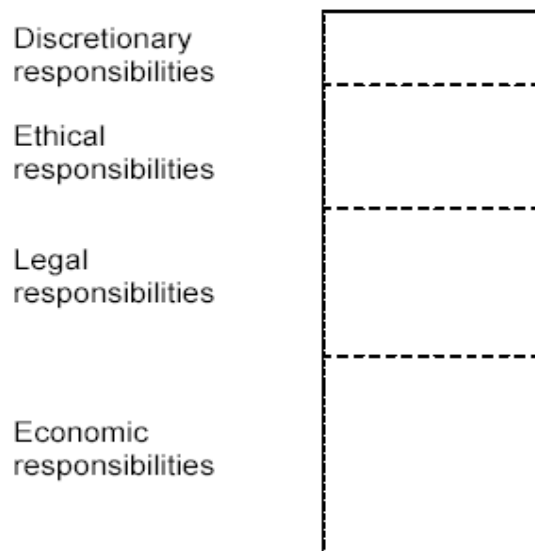


Figure. 5: Categories of social responsibility (Carroll, 1979)

Relationship between the corporation and the society must be maintained so as to create a healthy and balanced working environment. Such a balance affects how a company is perceived by its employees and clients thus affect its profitability. A company that has poor relations with the society will most likely have poor relations with its staff and thus have a lower turnover. Carroll designed a pyramid that outlines the four types of responsibility that a business has namely philanthropic, legal, ethical and economic. The pyramid levels are however not exclusive but are interrelated; they only serve to demonstrate to the manager the different levels in an organisation.



Figure. 6: The pyramid of corporate social responsibility (Carroll, 1991)

Carroll obtained the pyramid by interviewing 241 managers in the 'Forbes 500' and asking them a set of 171 questions. Data was tallied from these answers and the four levels of responsibilities appeared clearly from the data.

Strengths of the Carroll's pyramid;

- It is logical and easy to comprehend
- It has been empirically tested by previous researchers and proven to be valid
- It acknowledges that profitability is the major objective on which all business operations are based on.
- It can be incorporated in to many business and CSR processes of an organisation

Weaknesses of Carroll's pyramid:

- It refuses to acknowledge that there are other responsibilities outside the four used in the model such as religious, cultural etc.

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- It is based on the opinions of top level managers and assumes that their opinions represent those of lower level employees.

Maclagan (1999, pp. 67 - 68), states that CSR is a process whereby the moral values and concerns of various stakeholders and individuals are articulated and the means by which those concerns are addressed by companies. The way in which employees perceive their firm affects how they identify with the firm and their commitment to its goals. Maclagan (1999, pp 78 - 81), further states that it is important to involve the employees in CSR initiatives as this contributes to their personal growth and development. The opinions of Maclagan support and verify those held by Carroll and Schwartz. Maclagan's study came after Carroll's and served only to verify Carroll's claims.

The Confederation of British Industry (CBI), states that CSR is whereby companies accept that they hold some accountability for the effects of their activities to the environment and the society. CSR should be voluntary and goes further than what is in the legislation. There are various guidelines that direct companies on their CSR policies on matters such as waste management, human resources, work place safety, employee health, environment issues and sustainable development. Companies should be given space to invent and come up with custom CSR policies based on their own unique circumstances (CBI, 2010). The CBI discourages the use of standard measures that define what and how CSR should be done but fronts for a flexible approach towards CSR whereby each company defines its own CSR. The use of standard measures and guidelines for CSR by companies hinder competition and innovation (CBI, 2010).

Companies that engage in corporate responsibility experience various advantages such as; they have the ability to attract more and better qualified / skilled employees. These companies benefit from a much wider applicant pool compared to those that do not engage in corporate responsibility issues. Employees who work for organizations that have appropriate CSR policies are more committed to their work as they have pride in being associated with their organization. Studies show that employees consider aspects such as the firm's values and ethics codes when deciding which company to work for (Turban and Greening, 2000). The behaviour of employees varies with gender with women placing more emphasis on CSR and behaviour of a firm. Figure 5 below show how CSR functions in an organisation.

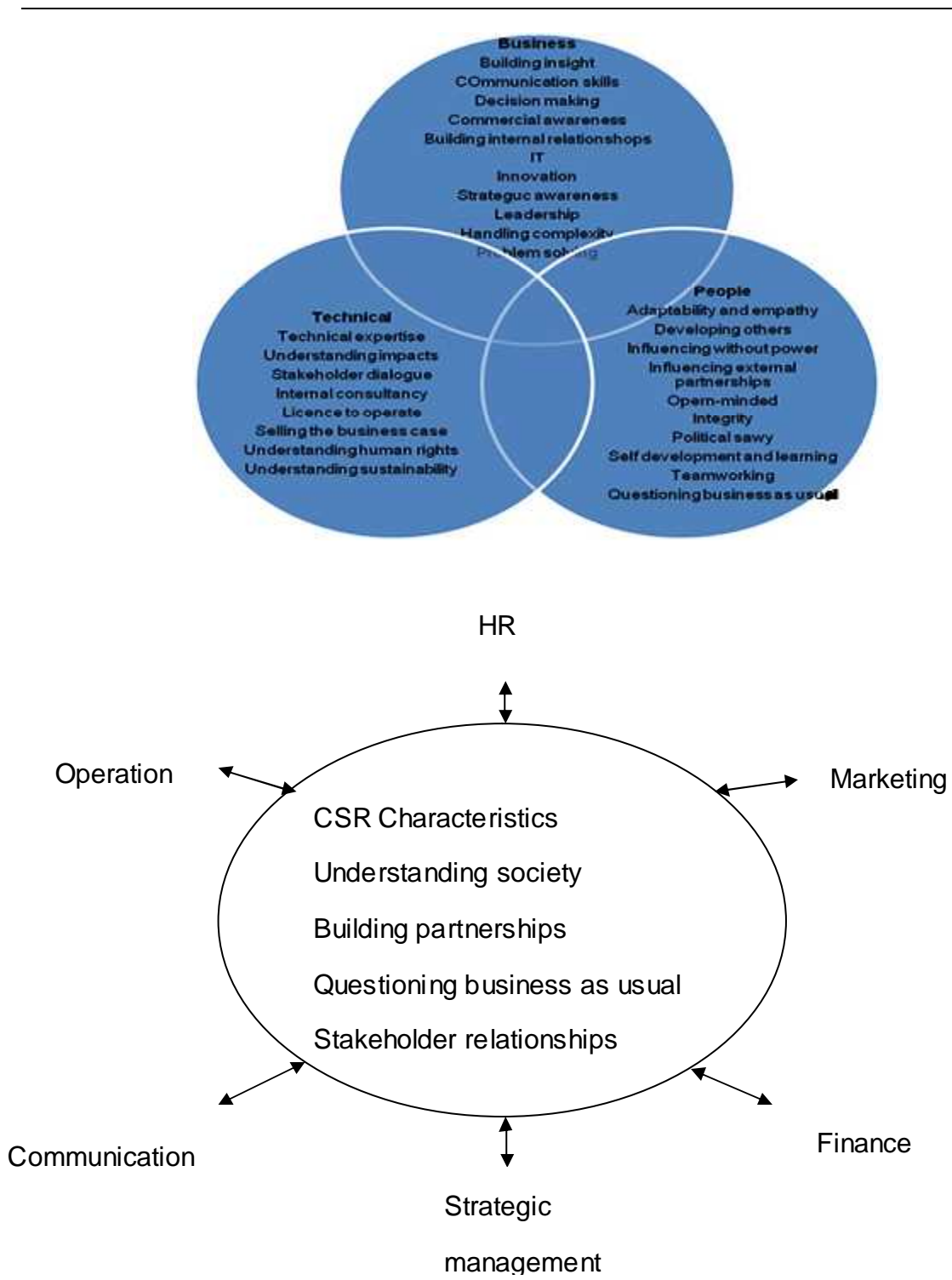


Figure. 7: Integration of CSR with the functions of an organization (Bevan et al, 2004)

2.2 The three domain model

This model was formed from the early Carroll model of CSR formulated in 1979. The first Carroll model was evolved by Carroll together with Schwartz who formed the modern three domain model. This model unlike the first has 6 levels. Of these levels, there are three main levels: economic domain, the legal domain and the ethical domain (Schwartz and Carroll, 2003). The economic domain deals with those activities that lead to financial gain for the company. This involves activities that aim at maximizing the company's profits and increasing its share value. Such activities include advertisement, budgeting etc. The legal domain deals with all the activities that handle legislative issues of the company. Legislation governs the relationship of the company with the state, its clients, its employees and other businesses. In the legal domain the company tries to avoid civil cases and adheres to the set laws of the country to avoid legal action by the Chinese state. The ethical domain deals with the expectations that society has for the business, and the obligations that the company has towards the society and the environment that it operates in (Schwartz and Carroll, 2003).

Ethical domains are divided into three i.e. conventional, consequentialist and deontological. Conventional ethical domains refer to the common expectations that the society has of a company. Consequentialist ethical domains are those responsibilities that a company has to the society or environment by virtue of the result of its actions. The deontological approach to ethics is based on the legality and conformity of the organization's actions to the set rules and regulations (Schwartz and Carroll, 2003).

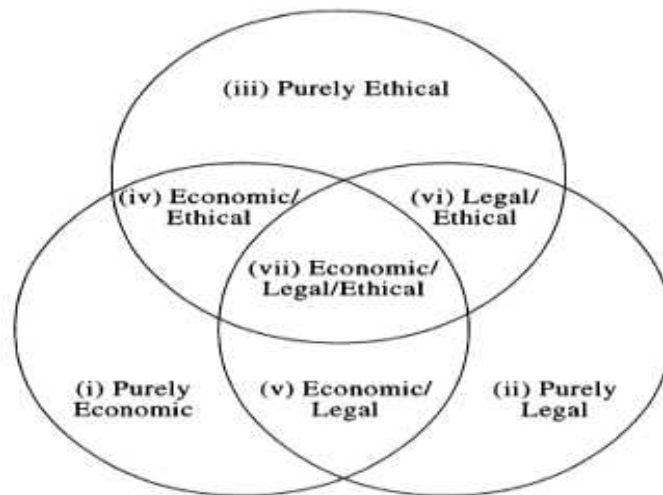


Figure. 8: Three domain models (Schwartz and Carroll, 2003)

The other levels of the domain model include economic/ ethical that categorises situations whereby the company has both economic and legal responsibility such as in the sponsorship of art programs (Moir, 2006). Legal / ethical level deals with the legislative and ethical responsibilities of a company such as the obligation of manufacturing firms in China to clean up the environment / dispose their wastes appropriately and economic / legal that addresses both the money making and legislative aspects of a business (Schwartz and Carroll, 2003).

Limitations of the three domain model:

- The three domain model is academic in nature and not managerial. There is a distinct line between academic concepts and practical concepts.
- This approach fronts CSR as a drain to business rather than a means to enhancing business operations.

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- It does award order of importance to the three domains.

Strengths of the three domain model:

- Integrates the major spheres of a businesses operations
- It recognised the importance of ethics and social responsibilities of an organisation
- It is easy to apply and integrate into the management of an organisation

2.3 Stakeholder theory

According to the stakeholder theory, the management body of a company should only be concerned with the people or things that are of important to the company. Later versions of the theory state that companies not only need to address the needs of customers, employees investors and suppliers but should also address the needs of the society, the government, trade unions and other movements. A stakeholder is any person or party that is directly or indirectly affected by the actions of a business. The stakeholders of a company include the employees, the immediate community, the government, the suppliers, the investors, the shareholders, the creditors, the customers. Some definitions of the theory have broader categories of stakeholders; to include the general public (Freeman, 1984).

Companies have a duty of satisfying the needs of their stakeholders (Freeman, 1984). The basis of this principle is founded on moral and philosophical principles of the operation of a business (Donaldson and Preston, 1995). The main function of a company as well as keep its stakeholders happy is to maximize its long-term market value. Improvements of this theory provide a measure by which the management of a company can be assessed; because the long-term market value allows the management to make appropriate decisions and be

accountable for those decisions, as their actions will be judged against the market values (Jensen, 2002).

Internal Stakeholders	External Stakeholders
<ul style="list-style-type: none"> • Hierarchy (formal power) e.g. authority, senior position • Influence (informal power) e.g. leadership style • Control of strategic resources e.g. responsibility for strategic products • Possession of knowledge and skills e.g. expert knowledge that forms the organizations core competence • Control of the environment e.g. network of relationships to external stakeholders • Involvement in strategy implementation e.g. as a change agent or responsibility for strategic projects 	<ul style="list-style-type: none"> • Control of strategic resources e.g. monopolistic supplier • Involvement in strategy implementation e.g. strategic partners in distribution channels • Possession of knowledge and skills e.g. cooperation partners, subcontractors • Through internal links e.g. networking

Figure. 9: Internal stakeholders versus external stakeholders (Mintzberg, 1999)

The stakeholder theory addresses two issues; what are the goals of the firm, what obligations does the firm have towards its stakeholders (Freeman, 1994). The stakeholder theory assumes that ethics and social values are responsibilities of an organization and rejects any other principles that against it.

Stakeholder management is an aspect the stakeholder theory and involves the management of the expectations and needs of a company's stakeholders. This involves the methods and techniques used to keep the stakeholders informed on the workings and operations of a company. The stakeholder management principles advocate for proper communication and involvement of the stakeholders in the company; the stakeholders feel closer and more involved in the company's activities (Mintzberg, 1999). If a proper stakeholder management policy is applied to Chinese SMIs it will make the employees feel involved and part of their organisations (Foster and Jonker, 2002).

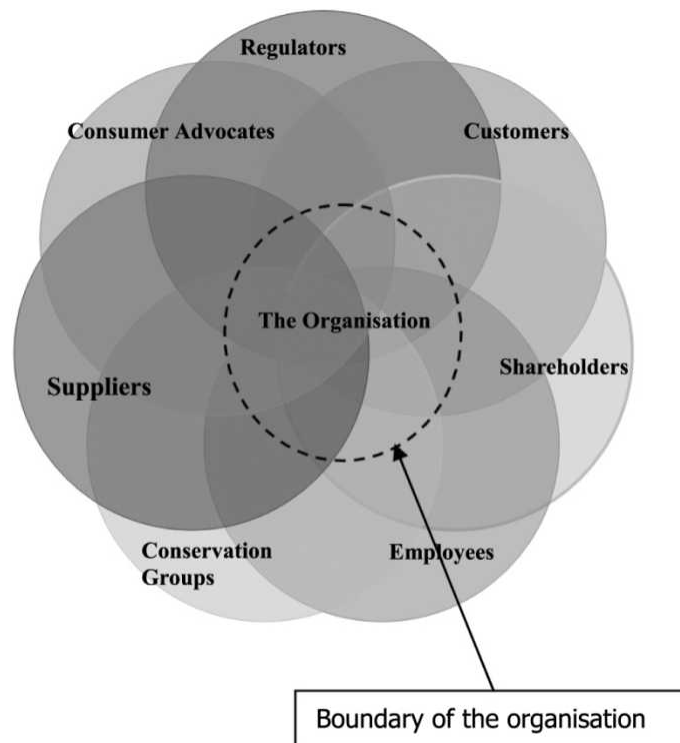


Figure. 10 The stakeholder relationship (Foster and Jonker, 2002)

Strengths of the stakeholder theory:

- Emphasises the role of a business in satisfying its stakeholders
- It recognises competitors, government and institutions as stakeholders
- It integrates market, resource, political and social aspects that affect a business

Limitations of the stakeholder theory

- Not all stakeholders can be equally satisfied and some have to be given preference over the others (Blattberg, 2004).
- It claims that negotiation is the major means of resolving conflicts instead of conversation (Blattberg, 2004).

2.4 3C – SR (Three 3s Social Responsibility) model

This model was formed as a result of the study of previous works by CSR authors. Works by Davis, Carroll, Schwartz, Waddock and Crane were reviewed. In total work from 25 authors was used in the formulation of the theory. This model unlike other CSR models claims that corporate responsibility is a tool to profitability and not a hindrance to it. Corporate responsibility is a facilitator of profit making and not a channel for reducing a company's revenue (Meehan et al, 2005.). This model blends the corporate responsibilities of a company to the three conditions that a CSR conscious customer requires in a good or service; social resources (SR).

Social commitments are the promises that the organisation makes to its stakeholders and expresses in its missions, goals and vision. These commitments are similar to those made by the Carroll and Schwartz model. The corporate performance of a company does not go well if it neglects in executing its ethical and social commitments. Consumers tend to cut spending on companies with poor corporate morals (Meehan et al., 2005.). Chinese SMIs that do not employ CSR in their organisations are likely to lose sales revenues in markets that have become CSR conscious i.e. Europe. The sensitivity of companies to CSR has been enhanced by the fast and easy flow of information due to improvement in communication i.e. internet and television. This implies that companies that have poor CSR policies may receive poor media coverage that will in turn affect their image and sales.

Value networks are the social and technical resources that a company owns. According to Clayton Christensen (1997) a value network is,

"The collection of upstream suppliers, downstream channels to market, and ancillary providers that support a common business model within an industry. When would-be disruptors enter into existing value networks, they must adapt their business models to conform to the value network and therefore fail that disruption because they become co-opted."

The 3C – SR approach to value networks strives to ensure equal commitment and the mutuality of interests throughout the entire value network. This model states that there is an importance of companies to exhibit consistent social responsibility behaviour. Customers are very keen on companies that do not fulfil to their CSR promises. Inconsistent CSR behaviour of a company will cause criticism from the public and this will greatly affect the company's reputation (Meehan et al., 2005.). The main assumption of this model is that the customer is keen on CSR and will favour Chinese companies with good CSR policies and reputations.

It is from the above mentioned principles that the 3C model is based on; value network connections, consistency of behaviour and equal commitments plus mutuality of interests.

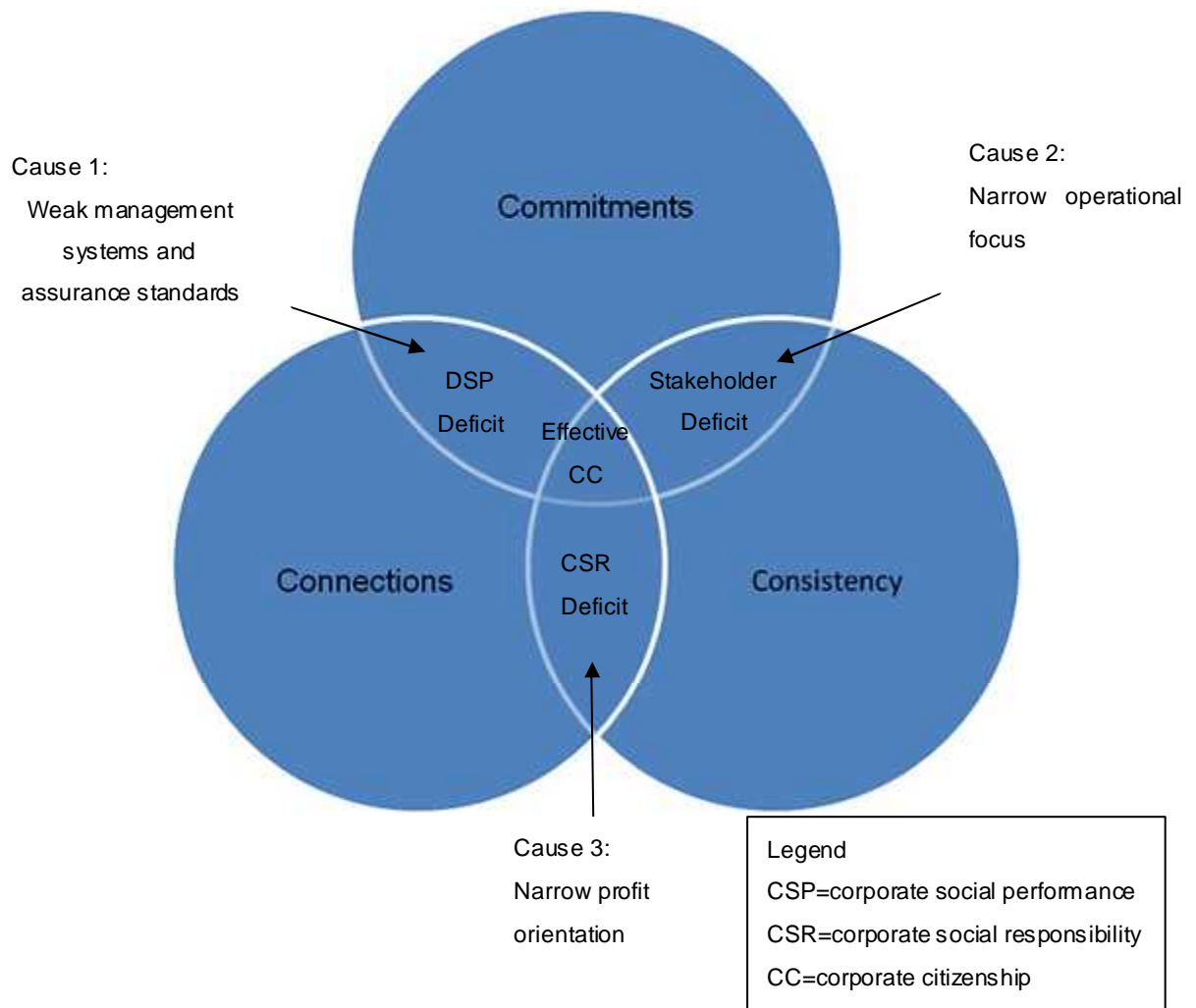


Figure. 11: The 3C- SR model (Meehan et al., 2005.)

Strengths of the 3C – SR model:

- It acknowledges that companies should be consistent in their CSR activities
- Emphasizes the importance of commitment to the CSR policies of a company

Limitations of the 3C – SR model:

- It has not been empirically tested or criticized by other scholars
- It is subjective and not well supported

2.5 Stakeholder responsibility matrix

The stakeholder responsibility matrix was developed in 1991 by Carroll. This is a tool that outlines the major steps of an organisation in applying CSR goals and outlines the responsibilities of each stakeholder towards reaching the goals. It can provide a check system for the Chinese manager on what needs to be done and has been done as pertains CSR and the responsibility of each stakeholder.

The first step with a responsibility matrix on CSR is to list the various types of responsibilities that the firm has, the second step is to list a set of relevant stakeholders, the third step is to specify the responsibility of each stakeholder and the last step of the process is to incorporate the responsibility matrix into the running of the company (Carroll, 1991).

Table 1 CSR stakeholder responsibility matrix (Carroll, 1991)

Stakeholders	Types of CSR			
	Economic	Legal	Ethical	Philanthropic
Owners	-	-	-	-
Customers	-	-	-	-
Employees	-	-	-	-
Community	-	-	-	-
Competitors	-	-	-	-
Suppliers	-	-	-	-
Social Activist Groups	-	-	-	-

Public at larger	-	-	-	-
Others	-	-	-	-

The challenge the Chinese manager will face in preparing the matrix will be in deciding which stakeholders to put in the matrix. There are two recommended methods of determining the appropriate stakeholders, one is stakeholder legitimacy and the other is power. Legitimacy is the inherent right of a particular category of stakeholders to be heard and considered. Power is the ability of the stakeholder to influence the management or the running of the organisation. For example; a businessman who owns 60% of shares in a Chinese company has more power than one who owns 10%. The information acquired as result of analysis of the matrix is used to make important decisions on behalf of the Chinese stakeholder (Carroll, 1991).

Advantages of the stakeholder responsibility matrix:

- Enables a manager to have a clear vision of the responsibilities of each stakeholder
- It provides a platform in which all stakeholders are considered by a firm's management

Disadvantage of the stakeholder responsibility matrix:

- It is tedious and time consuming as it requires careful selection and allotment of stakeholders in the matrix
- It is relative and dependent on the view of the person preparing the matrix and his opinions of the stakeholders and the responsibilities.

2.6 Motivation and commitment in relation to CSR

Motivation is a force that causes employees to react and behave in a certain way. Motivation involves the setting of goals and the pursuit of these goals, the outcome of the pursuit determines the amount of satisfaction the employee attains (Locke, 1997). According to Pinder (1998):

“Employee motivation is a set of energetic forces that originate from within as well as beyond an individual’s being, to initiate work related behaviour and to determine its form direction intensity and duration.”

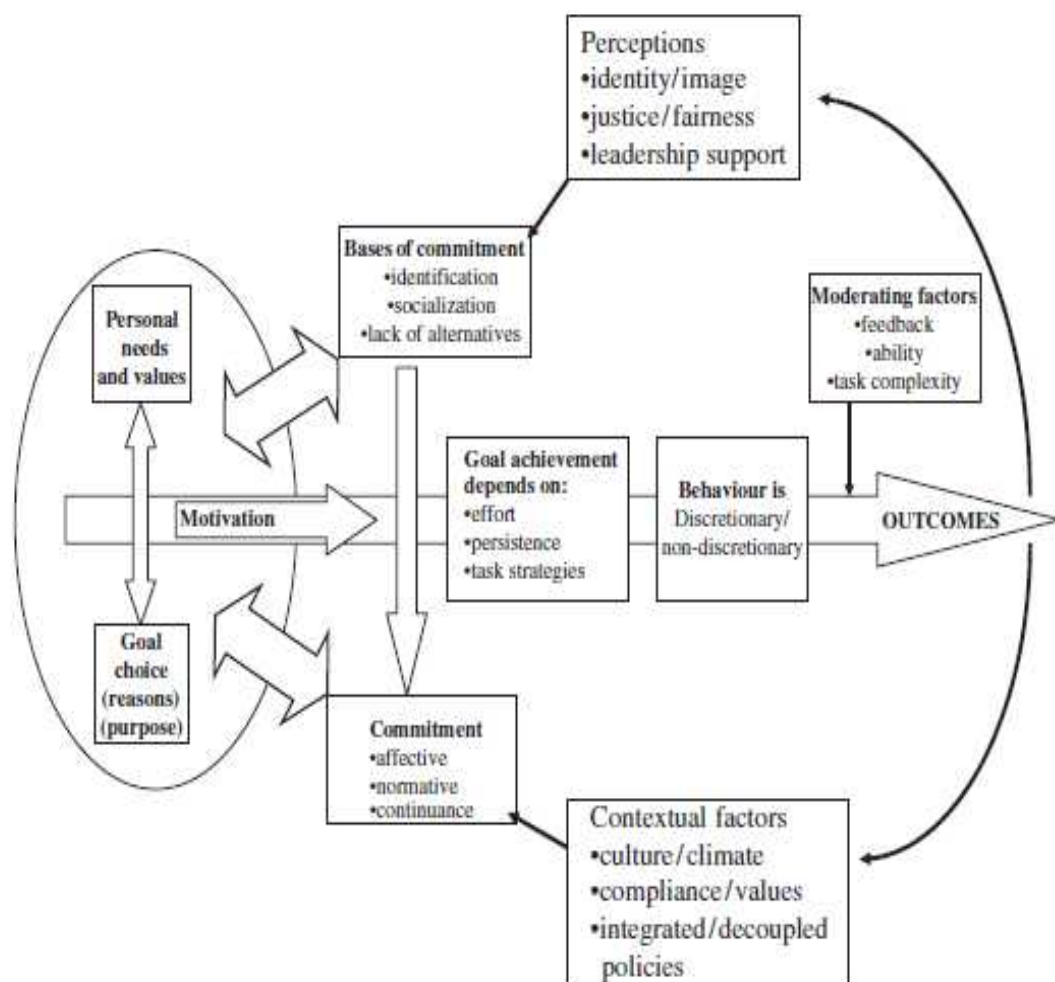


Figure. 12: Employee motivation and commitment (Collier J., 2007).

Commitment is a force that influences an individual to pursue a certain course of action (Meyer and Allen, 1991). Commitment can assume different forms and can be directed to different sources. For an employee to show commitment to an organisation, he / she must display positive attachment to his / her company, must have the responsibility of sacrificing themselves fully for the company and should have a perceived loss in case of termination of their employment (Meyer and Allen, 1991). The commitment principle states that there are three types of commitment; 'affective commitments', 'normative commitments' and, 'continuance commitments'. These three types of commitment bind an individual to his obligations towards the commitments themselves.

If a Chinese manager is able to gain his employees' commitment the company will benefit from the gains of such a relationship as the employees by virtue of their commitment will carry out their duties with determination. The employees will be more punctual and productive as it is in their terms of commitment and at the same time speak well and praise the organisation; not in the terms of commitment.

The Chinese organisation can choose three types of commitment from the employee; normative motivation by offering cultural or social benefits to the employee and the employee in turn feels the need to pay back the organisations and continuance motivation which is as a result of gradual and prolonged benefits accrued from the company and thus the employee becomes committed to the company.

Commitment and motivation work hand in hand; as commitment of an employee increases, the motivation also increases. However the main differences between the motivation and

commitment theories is that, the commitment theory focuses on employee retention and the motivation theories focus on task performance (Locke, 1997)

From the literature review it can be concluded that; the levels of employee motivation and commitment are affected by the CSR policies of the organisation. These policies create a sense of pride and ownership of the organisation in the employees. The employees of an organisation judge the attitudes and actions taken by the top management of an organisation; and from this judgement form an opinion of the organisation. Management that seems not to be keen on CSR issues or that has no regard to these issues will attract a negative opinion from the employees; reduced motivation and commitment (Collier, 2007). The Chinese manager should therefore take concerns for CSR issues and should also involve the employees in the CSR initiatives so as to build a committed and motivated employee base.

3. RESEARCH DESIGN

3.1 Methodology

The aim of the research design is to answer and provide data on all the research questions. This will involve the use of both deductive and inductive approaches in the research methodology. The deductive approach will be used to find answers on, the extent to which small manufacturing companies engage in CSR activities, the existence of a room for adoption of the CSR models as carried out by Western countries, whether there is any correlation between CSR and employee commitment and how CSR programs affect employee motivation. This approach of research starts from a general point and narrows down to a specific point. It involves the formulation of a general theory. Hypotheses are formed based on the theory, relevant data is then collected, analysed, interpreted and then used to confirm the theory (Schutt, 2006).

An inductive approach will be used to assess the difficulties and challenges that the Chinese SMEs face, reasons why Chinese SMEs do not favour CSR and government policies / politics that hinder the implementation of CSR in Chinese SMEs.

Data in this study will be collected in a series of steps as listed below:

- The first step is to observe the available data,
- The second is to come up with a recognisable and logical pattern,
- The third step involves the preparation of a hypothesis based on this pattern
- The last step is the formulation of a theory based on the hypotheses.

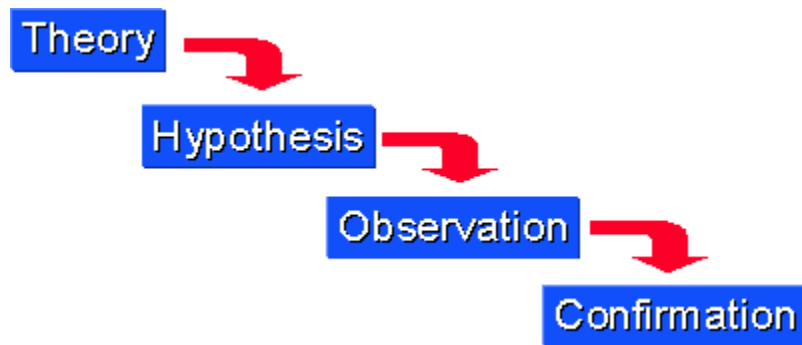


Fig. 13: Deductive reasoning, (Social Research Methods, 2010).

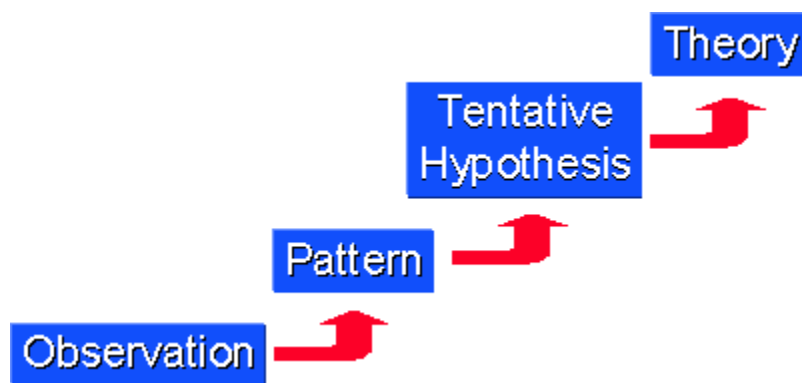


Fig. 14: Inductive reasoning, (Social Research Methods, 2010)

Primary and secondary research methods are used in this research. Primary research methods are those that aim at generating new knowledge and breaking new ground in CSR in China. This type of research involves the collection of new data and information that does not already exist. Secondary research methods will involve the use and compilation of already existing data prepared by other researchers. This type of research will focus on the synthesis of already existing data on CSR and employee commitment (Bryan 2007). Both primary research and secondary research have their inherent limitations. Primary research avails data in its raw form and thus does not aid the researcher in any way unless it is

evaluated and refined into meaningful data. Secondary data on the other hand tends to be vague and not specific, inaccurate as the errors and mistakes of previous researchers on CSR will be propagated and adopted into the research, may use outdated data and may be generated from samples of inappropriate sizes. According to Bryman (2007), the limitations of secondary research are: lack of familiarity with data, complexity of data, no control over data quality and absence of key variables.

According to Creswell (2008), two approaches are used in this research, namely qualitative and quantitative. The qualitative approach is used to assess human behaviour to certain stimuli and the reasons behind this behaviour. In this research the qualitative approach will be used to assess the behaviour of employees as a result of implementation of CSR by the Chinese SMEs. The quantitative approach makes use of mathematical and empirical models so as to provide a measurable relationship of the data constituents. Qualitative methods are used to come up with general hypotheses and these hypotheses are later verified by quantitative methods. Quantitative methods in the research are statistical data charts and graphs.

3.2 Methods of data collection

3.2.1 Interviews

The main method of primary data collection in this research is through interviews. There are three types of interviews structured, unstructured and semi-structured (Thorpe, 2008). Structured interviews follow a strict, fixed and organised format, unstructured interviews are open ended and take the course of whatever interests the researcher and correspondent, while semi-structured ones are a blend of both types. This research will involve the use of structured interviews.

Twenty respondents were interviewed on a face to face basis.. These interviews are arranged on a prior basis and a suitable date and time set. The location and time of the interview depends on the preferences of the correspondents. At the time of the interview data is collected by noting down and by filling in of an interview sheet by the researcher. Telephone interviews are also used in cases where the correspondent is not able to avail some time for a face to face meeting or in cases where there are limitations of distance between the researcher and the correspondent. The telephone interviews are recorded and stored so as to be used in the analysis of the data. Telephone interviews are growing in popularity due to their convenience, advance in technology and ability to create a comfortable environment where the correspondent feels that his / her personal space has not been intruded (Worth, 2002)

The questions used in the researcher's sheet are based on the findings and data collected from the literature review section of the work. The researchers try to create a comfortable atmosphere so as to allow the respondents to express their opinions and answers openly. In the interview the researcher collects quantifiable and measurable data, data that can be used to ascertain or form a hypothesis. Certain ethical and moral requirements of research conducting are adhered to such as unintrusive behaviour towards the respondents, sympathy, empathy, warmth towards the respondents and avoiding of leading questions. The ability to gauge the behaviour of respondents and the skill of differentiating the truth from a lie is also important do as to avoid the collection of false data (Thorpe, 2008).

The questions asked in then interview were geared towards creating an understanding of:

- Employee awareness of CSR

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- CSR activities that most companies favoured
 - Job attitudes among employees
 - Length of time the respondents had worked with their respective companies
 - Employee involvement in CSR activities of their companies
 - Employee turnover rates in respective companies
 - Factors that affect employee motivation

Advantages of interviews in CSR research

- Interviews provide an immediate feedback.
- Vague and unclear answers can be clarified.
- Can be used to cover complex topics that would be hard to explain on a questionnaire sheet.
- The researcher has control of the interview and can later its course to suit the research.
- It can be used where there is minimal time for distribution and collection of questionnaires.
- Respondents who cannot read such as illiterate company employees can be interviewed and their opinions recorded.

Disadvantage of interviews in CSR research

- An interview session is time consuming and needs adequate planning and arrangements so as to be made possible.
- The researcher may ask leading questions or manipulate the response to his / her desire

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- Only a limited number of respondents can be interviewed.
 - It is expensive and resource demanding as the interviewer needs to travel to different destinations at different times.

Source: Bryan (2007)

3.2.2 Questionnaires

Questionnaires will also be used to collect first hand information from respondents who work in areas that are not easily accessible and who do not find telephone interviews suitable. The questionnaire includes open ended questions and multiple choice questions. The questions are set based on data collected from the literature review section. Printing of the questionnaires is done by the researchers and distributed to the chosen respondents. Forty seven respondents from managerial and lower levels are given a time of one week to fill in the questionnaires. Collection of the questionnaires is done by post; in areas that are easily accessible manual collection is done.

The effectiveness of any questionnaire can be measured by its response rates (Benson, 1946). The questionnaires are geared towards increasing the response rates of the respondents, avoiding bias and false data. When the response rates are low the data collected is often unreliable and falls low on the credibility scale (Robinson, 1952). The response rates of the questionnaires on CSR are improved by the use simple and easy to fill forms and monetary motivation in some instances; low salary scale employees of SMEs.

In the course of the week allocated for the questionnaire reminders will be sent to the respondents. This is geared towards increasing the response rates and the number of properly filled questionnaires. In cases where the respondent has not sent back a filled copy

of the questionnaire within a week, a second copy of the questionnaire is sent so as to try and seek for a response. Reminders and follow-up questionnaires serve as effective tools in increasing the response rates for questionnaires (Babbie, 2009).

The performance of the questionnaires on CSR in China is affected by the general layout and design of the questionnaire. Various measures have been taken so as to ensure the questionnaires are effective tools for data collection. The goals of the questionnaire will be to highlight the various opinions and practices of employees, employers, management and general public involved in Chinese SMEs on CSR either in a direct or indirect way. The physical outlook and layout of the questionnaire is appealing so as to encourage the respondents to cooperate; services of expert type setters are used in the preparation of the questionnaires. Another element is the order of questions; the questionnaire should begin with simple and important questions. This is because of the fact that the order of questions in a questionnaire affects the respondent's feedback (Tourangeau and Rasinski, 1988). The questions should be arranged into sections of questions that tend to create a similar logical pattern.

The correspondents are notified of the anonymity of the questionnaires and that their privacy is guaranteed. Self addressed envelopes and whose stamp is paid are sent to the respondents. This is to ensure that the respondents feel easier to send back the completed questionnaires. A cover letter is then enclosed into the questionnaire and this serves to explain the purpose of the study, acknowledge the sponsors of the study, quote the incentive, give the contact address of the relevant researcher, mention the confidentiality policy, state the completion deadline and inform the respondent of the enclosed envelope.

Advantages of questionnaires in CSR research

- They are easy to interpret and analyse.
- Statistical softwares can be used to interpret the data.
- Cheaper as travelling costs are eliminated.
- Questionnaires are a common method of data collection
- There is less bias as the researcher is not able to direct or lead the responses

Disadvantages of questionnaires in CSR research

- Do not provide immediate feedback
- Questionnaires have the least response rates among all data collection methods (Robinson, 1952)
- 10% of questionnaires are filled up by unintended persons (Scott, 1961)

3.3 Sampling methods

3.3.1 Target population

In the data collection process a target population is selected. This population is selected on the basis of knowledge on CSR in Chinese SMEs. The importance of selecting an appropriate target population is because the researcher cannot interview all the concerned personnel and thus a small population that could yield highest results is selected. This reduces the cost of data collection and homogeneity of the data can be ensured by selecting an appropriate population (Babbie, 2009).

The research focuses on CEOs, managers and employees of Chinese SMEs. A large target population will be selected since the larger the population the smaller the margin of error. In total 10 SME companies will be selected for the research. For each company 5 respondents

from the management team and 10 employee respondents will be selected. In total 67 respondents are interviewed. Of these 15 are in managerial positions while 52 are employees working in different sectors of their companies.

The criteria for selecting the companies are based on:

- Number of employees in the company; only companies with more than 50 employees are considered.
- The extent of implementation of CSR in the company
- The category of the company; only small to medium sized enterprises are selected.
- Companies in the manufacturing sector are selected i.e. utensil manufacture, machinery manufacture, equipment and chemical manufacture.
- Companies with good public relations that have agreed to assist in the partaking of the research.

3.3.2 Stratified random sampling

The method of sampling used in this research is known as stratified random sampling. This involves the division of the test units into groups that have common characteristics and selecting sample groups at random from each respective group (Black, 2009). The CSR samples have three strata namely, high level management; C.E.O.s, middle level managers and ordinary employees.

Stratified sampling is used when the sample population is heterogeneous in nature. Stratified sampling has some advantages of being used as a sampling technique such as reduced cost of sampling, improved accuracy of data and easier estimation of the parameters (Black, 2009).

Dividing the respondents into various groups enables the researcher to compare the opinions of C.E.Os, managers and employees on CSR in Chinese companies. This enables the researchers to get an insight of the held understanding of CSR among all company levels and thus prepare appropriate measures to address CSR. For this method to work effectively the variations within the strata should be put at minimum, variations between strata should be kept at maximum and there should be a correlation of the variables (Black, 2009)

3.3.3 Errors encountered in sampling

All sampling operations encounter some error occurrence. Bias is a term that refers to the degree of deviation of the sampling reading from the actual reading. This results in the decrease of the probability of some members of the research to be constituents of the data. Bias makes a sample unreliable and not a true representation of an entire population (Babbie, 2009)

There are various types of sampling bias such as the selection of samples from a specific area. In the research on CSR in China companies from different areas are selected so as to avoid this type of bias. No prior screening was done the respondents before selection; they were all selected at random. The researchers had no knowledge of any kind on the respondents before the research. This was done to avoid preferences and bias in choosing of respondents. No group of people or employees with relevant information on CSR and SMEs were excluded from the target population.

This research was done in full knowledge of the effects of bias on research such as errors in the collected data and imbalanced representation of the respondents and data. However

perfection in research sampling is not possible and very low percentages of bias were maintained in the research.

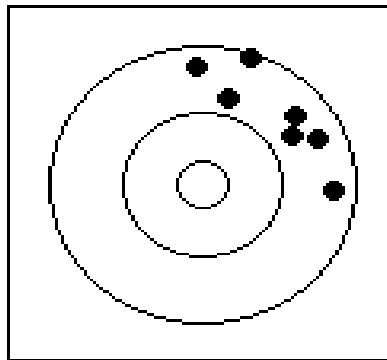


Fig 16. : Biased sampling (Statistics glossary, 2010).

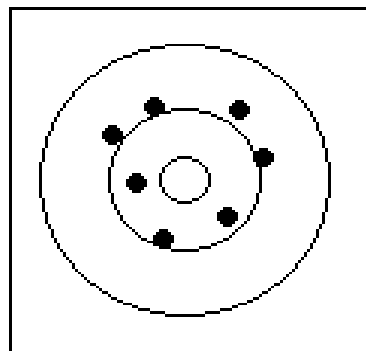


Fig 17. : Unbiased sampling (Statistics glossary, 2010).

Attrition bias can also result from the elimination of uncompleted questionnaires and interviews (Heckman, 1979). To avoid this error, assumed variables are used in incomplete samples so as to aid in the tallying and analysis of the data. The Heckman correction method will be used to correct the sampling data so as to minimise the bias levels of the CSR report.

Heckman correction formula:

$$\text{Prob}(D = 1|Z) = \Phi(Z\gamma),$$

$$E[w|X, D = 1] = X\beta + E[u|X, D = 1].$$

3.3.4 Measurement

In the data collection process of the research four levels of data were used namely nominal, interval, ordinal and ratio. Nominal data is data that has numerical value, ordinal data is data that is represented such as Yes = 1, No = 2 Maybe = 3, interval data is data that signifies a distance between two attributes and ratio data is data that is presented as a percentage of another variable (Social Research Methods, 2010).

The reliability of a measurement refers to the 'consistency' and uniformity of the data collected. This is very important so that a common criterion of measurement is used across all employees and companies so as to yield accurate and consistent results.

Four types of reliability tests are carried out in the research; inter-observer reliability that will be tested by the use of researchers to tally data, test-retest reliability whereby the researcher will carry out repeat tests on a sample to see if they tally, parallel- forms reliability test that will be done by assigning the same interviews and questionnaires to the same people at different times to see if their responses match, internal consistency test that will done by checking the responses of employees in the same companies to the same questions to gauge the similarity of the answers. From these tests a reliability ratio is calculated and the researchers can then use this ratio to standardise the data.

4.0 PRESENTATION OF EMPIRICAL DATA

2.1 Employee awareness of CSR

The research findings show that 60% of employees in Chinese SMEs are aware of what CSR is. This shows that there is an increasing awareness among the Chinese population on CSR. This is a good indicator as it signifies a progressive shift in the people's opinion and knowledge of CSR bearing in mind that CSR policies are still new in China.

5.0 ANALYSIS AND FINDINGS

6.0 PRACTICAL AND ETHICAL ISSUES

5.1 Practical issues

The main type of research used in this paper is qualitative research. Qualitative research is a subjective research method and its outcome is greatly dependent on the opinions and the understanding of the contributors (Rossman and Marshall, 2010). With the nature of qualitative analysis in mind it is not possible to accurately project the opinions of populations other than those tested. Neither quantitative nor qualitative research methods are completely accurate, but quantitative research gives results that can be used to more accurately predict the opinions of populations outside the test population.

Results gained from qualitative research are also not well tested and thus their statistical significance is not fully known. Due to the type of data collection the researchers also need to be well trained and extra keen so as to record the events and data in an accurate way. There is an inherent risk of incorrect data recording and entry if the researcher is not well averse with data collection. In qualitative research there is a very high risk of bias as the researcher is in direct control of the data outcome (Rossman and Marshall, 2010). Secondly, data is usually collected from relatively small populations and this does not necessarily reflect the opinions and thoughts of the general population on CSR. This is a major challenge faced by the qualitative data collection method. This is brought about by the fact that the researcher is the 'research instrument' and the data quality depends on him / her. It is due to the said factors that it becomes difficult at times to make a general conclusion from a case study.

Qualitative research methods are the best methods in carrying out research on complex issues in the social aspect of society. It enables the researchers to view and understand CSR through the eyes of the employees and managers of Chinese SMEs. Such an approach assists the researchers in attaining an all round understanding of CSR in China. Conclusions are thus drawn from the individual opinions of relevant people. The use of qualitative research methods on CSR in China, enables the formulation of a hypothesis and theory (Rossman and Marshall, 2010).

Qualitative research should never be done on a small test population as this would be seriously misleading (Rossman and Marshall, 2010). The researchers have thus ensured that a substantial amount of respondents is used in the data collection process to ensure good results.

The goal of qualitative research at all times is not to gain understanding; it is to make a discovery from a holistic aspect. It uses data that is subjective and can only fit into the test context (Rossman and Marshall, 2010). Several practical limitations are faced in the CSR research due to qualitative methods such as, high costs of research, labour intensive processes, limitation of scope due to the in depth study, and replication of the findings is difficult and unavoidable subjectivity.

5.2 Ethical issues

Any researcher has ethical responsibilities and obligations towards his test subjects. In the CSR research both the researcher and the respondent have an ethical responsibility towards each other. Certain international and stock measures are taken so as to ensure that research does not infringe any ethical rights of any person.

In the research no respondent was coerced or forced to participate. The researchers called for volunteers to participate in their research. Those who declined the offer had their wishes respected while those who accepted the offer made necessary arrangements on how the data was to be collected. All respondents whom volunteered for the research were required to fill in consent forms for future use. These forms serve as evidence that consultations have been made and a mutual agreement reached. The respondents are informed of the processes involved in the research, the time needed and other necessary requirements.

The researchers are responsible for the safety of the respondents and they are ethically compelled not to put the respondents in to situations where they are at risk of harm or injure. The interviews were scheduled at places and situations that are safe and free from harm either physical or psychological. The researchers are also required by ethics to be flexible with their time and procedural arrangements so as not to interfere with the usual work routines of the correspondents

A confidentiality agreement is signed between the interviewer and the interviewee. This agreement binds the researcher from exposing private details of the research data or the identity of the respondents to unauthorised personnel. This agreement assures the participant that they will remain anonymous and that the researcher can in no way reveal their true identity. The participants remained anonymous even to the researcher themselves and they were not required to give their names during the research.

Certain ethical issues were faced in the research process. In some instances proper feedback could not be attained as the employees had been trained on what to say by the managers and CEOs. This resulted in false data being collected as the participants were not expressing their personal opinions but were simply following instructions. It took convincing of some participants to get them to give honest opinions. Most companies interviewed tend to be secretive of their internal affairs. This led to poor cooperation and lack of feedback on some critical questions. The reason for this behaviour was that the companies were afraid that their reputations would be tarnished had they been found not to be implementing CSR policies and this in turn would greatly affect their sales.

Another ethical issue that was faced is in instances where a respondent issued an opinion and requested that the opinion would not be published but the data collection team went ahead and published the information. This led to a dispute that was eventually solved as the information was removed from the report so as to ensure the researchers adhered to their ethical responsibility towards the participant.

7.0 DISCUSSION

More than half of the employees and managers in Chinese companies had heard of CSR. This is a good indicator as it signifies that majority of the population working in SMEs is informed on CSR. From these findings it can be said that in the near future a very large percentage of employees working in Chinese SMEs will be well informed on CSR policies. The findings also brought to light the fact most employees who had heard of CSR knew the meaning of the term and this signifies that whenever CSR is mentioned to the employees it is followed by an explanation or description. A great majority of those who were not informed of what CSR is are from the employee test cluster. This shows that most managers are informed on CSR policies unlike their employees. A major contributing factor behind this would be due to lower literacy levels and access to information among the employees.

Majority of the Chinese SMEs engage in CSR activities, this is a good sign as it signifies a progressive growth of CSR in China. CSR was introduced in China in 1990 and at that time very few companies wanted to implement CSR (Wu, 2009). This has been brought about by the changes in attitude among Chinese businessmen and by the drive to do business with the world (Rakowski, 2009). The study supports the view that China is part of the global market and for it to fit, for its products to be bought by the target consumers it has been forced to conform to the international business standards. Initially CSR in China was viewed as an unwanted requirement by the Chinese firms but it has gradually been embraced as apart of business and a way to give back to the society that a business exists in (Wu, 2009). The studies also show that new employees in the Chinese firms have little knowledge on CSR and that this knowledge is acquired with time. This shows that most SMEs do not make efforts of educating new employees on CSR but rather rely on experience to impart the

knowledge on CSR. According to the study, the most popular CSR activity that the Chinese SMEs involve in is environmental conservation. This is due to the direct impacts and effects that environmental programs have on the society. The least popular CSR activity was international programs which most Chinese SMEs are yet to involve in.

The data collected shows that most employees in the study had average opinions of their jobs. However, majority of those who disliked their jobs worked in companies that do not implement CSR policies, while those who were satisfied with their jobs worked in companies that implement CSR policies. This goes further to show that the engagement of a company in CSR has an effect on the employee's opinions of his / her work place. In some cases, those in managerial positions of companies that do not implement CSR gave good ratings of their jobs. This shows that the job ratings of those in managerial positions are not affected greatly by CSR unlike employees.

Majority of the interviewees wanted to work for their respective companies for a period of 1 to 3 years. This has been brought about by the new trend in China; where employees keep on looking for new and better job opportunities unlike in the past where generations of a family would pledge their loyalty to one company. A father would operate a machine for the whole of this life and leave the job for his son (Ching, 2009). The study shows that employees who work for companies that engage in CSR are more willing to work for their companies for longer compared to employees of companies that do not implement CSR policies. This shows that CSR has an effect on the job satisfaction of the employees and is a motivating factor that can assist a company to retain its well trained and experienced employees. The number of years of work that the employees were willing to give to a company depended on their job rating and the better the job rating the more the number of

years the employee was willing to give. The research also illuminated the trend; people in managerial positions are willing to work for more years compared to those in ordinary job positions. This is attributed to the fact that managers are more comfortable with the pay and security of their jobs compared to other employees.

The test results showed that less than half of all companies involved their employees in their CSR activities. This shows that most SMEs are not keen to integrate their employees in their CSR programs. An assumption by the researchers is that because CSR is still relatively new to most SMEs it is still in the implementation stage where most managers are striving to integrate CSR policies into their operations and that with time CSR will mature and trickle down to the employees. Involving the employees in CSR activities makes the employees feel in control and it boosts their morale and job ratings. This is seen from the tests that show a relationship between CSR involvement of the employees and job ratings; the more an employee is involved in CSR activities the more the employee is satisfied with his / her job.

The study also showed that work environment policies and CSR activities were the highest motivational factors in overall. The employees being made to feel part of a bigger picture, as important people and being given an opportunity to improve the society was by far the strongest driving force recorded. This was followed closely by good pay / benefits and job security. However a large proportion of managers and CEOs chose good pay as their highest motivational factor. This shows that the top levels in SMEs gain their motivation from the salaries and settlement packages that their companies offer; this is mainly due to the fact that most people in this level are in the upper class of the society.

According to the data collected, lack of corporate goodwill is the second largest hindrance to implementation of CSR in China. This can be owed to the fact that a significant percentage of managers still view CSR as an extra cost to a company's operation rather than a benefit. This makes CSR seem as a burden and hindrance to making profits (Rakowski, 2009). Huge costs of implementation were the most mentioned limitation of CSR based on the test data. Most Chinese companies are fuelled by the drive to make profits and any activities and operations that would hinder or minimise profits are usually kept at a minimum (Rakowski, 2009).

8.0 RECOMMENDATIONS

This study has made it understood that CSR activities have a great impact on the performance of an SME. This is because CSR policies affect how the employees view their jobs, their motivation levels and overall performance. If companies implement CSR they appeal to the subconscious mind of the employee and in turn the employee becomes of more benefit to the company.

Implementation of CSR also reduces the problem of employee turnover as employees become more comfortable and are willing to give more years of service to their companies. This will aid the companies to reduce the costs incurred in training and managing new employees.

The recommendations from this study are:

- Chinese SMEs should give more priority to CSR.
- Chinese SMEs should shift their focus from high salaries to better work conditions and environment so as to retain employees.
- Top level managers should be more serious and supportive of CSR policies.
- The employees should be well involved in the CSR activities of their companies.
- Educational workshops to educate the employees on CSR should be held by the companies.
- The companies should diversify the CSR activities that they engage in and they should not fear to tread on new ground.

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- Cheaper and effective means of implementing CSR should be unveiled and the companies should not stick to the European model of CSR but they should try to find methods that are adaptable to the Chinese business environment.
 - In the drive to attain better employee cooperation the Chinese SMEs should strive to appeal to the ego and self worth of their employees.
 - The top level management should stop being motivated by high pay and high profits but should focus more on employee satisfaction and CSR activities.

If implemented the recommendations of this study will surely boost production levels, minimise management costs, reduce work downtime, and in overall create a more motivated employee.

9.0 CONCLUSION

This case study on CSR in Chinese SMEs has borrowed a wealth of knowledge from past literature and works from authors in relevant fields. This knowledge has enabled the researchers to gain a theoretical understanding of SME performance in China, the employee commitment in China, the status of small manufacturing enterprises and industries SMEs / SMLs in China, the relationship between CSR and employee commitment, three domain models of CSR, stakeholder theories and the stakeholder responsibility matrix. Information was acquired from the works of specialists in CSR such as Davis Keith, Maclagan Patrick, Confederation of British Industry, Turban and Greening. The compilation and comparisons of findings from different researchers formed a solid foundation to base the study on.

First hand data was collected by the means in telephone interviews, live interviews and questionnaires from various correspondents working in Chinese SMEs. These correspondents were selected from various companies spread across China to avoid errors in data collection. The data was then collected, tallied, analysed and interpreted. The results show that CSR is indeed a vital aspect of employee morale and motivation. The effects of lack of appropriate CSR strategies in a company were easily identified from the results. This supported the literature review section of the study as the test results were in agreement to the theoretical findings of the work.

The overall conclusion that was reached is that CSR is still in its blossoming stage in China and that much growth and changes have been experienced over the years. CSR was found to be an important aspect of business that goes hand in hand with profit making and employee satisfaction. Thirdly the new global trends were found to be pressuring China to adopt to

international business policies since businesses that fail to adopt perform poorly in global markets. A mental and attitude shift in Chinese business has been noted and this is responsible for the recent changes in CSR in China. Benefits of employee involvement in CSR have been shown.

The general opinion acquired from the research is that CSR should be embraced especially by the SMEs as this will help boost their sales and improve product acceptance in target markets. The greatest challenge that China has is to improve the perception of its products and services to the outside world. This can be done by implementing both local and international CSR activities that will make the Chinese SMEs appear to be ethically and morally responsible. This will appeal to the European markets that have the highest purchasing power / potential.

The future of CSR in China looks rosy as Chinese SMEs are becoming more competent and well adapted to do business with the world. If at all China is to be the leader of world business its businesses must take up responsibility of their actions and pay their debts to society. Without responsibility no organisation on earth can have any moral authority (Wu, 2009). Bearing in mind that CSR was introduced in China in 1990, and twenty years later majority of the SMEs have embraced CSR; it can be predicted that almost all of Chinese SMEs will have implemented CSR policies in the next 5 years. This is because CSR has reached the optimum phase of growth and its growth rate will increase in the next 5 years (Researchers projection).

This study has fully highlighted the strengths and weaknesses of CSR in Chinese SMEs. Appropriate recommendations have been given on CSR operations and management.

However CSR like any other aspect of business is on a daily evolution process and companies must strive to change with it and adopt new means and ways that suit them. A rigid structure cannot be prescribed to the SMEs but each must strive to attain its own unique way of implementing its own custom CSR policies. Only through such measures will CSR enable the Chinese SMEs to realise gain.

Timetable

Action Plan	April	May	June	July	August
Literature review of CSR					
Literature review of employee commitment					
CSR model analysis					
Employee commitment model analysis					
CSR in China analysis					
Construct interview questions					
Interview with the companies					
Gather data from the companies					
Writing Literature review					
Writing the main theories analysis					
Writing the case in China					
Writing the limitation of the theories and exploration of issues					
Writing methodology					
Writing Conclusion					
Writing Introduction					
Writing Abstract					
Editing					

Meeting with supervisor					
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Appendix 1

Below is a sample questionnaire

QUESTIONNAIRE

Name: _____

Name of company: _____

Number of years worked in the company: _____

Occupation: _____

Have you heard of Corporate Social Responsibility?

Yes

No

Maybe

Don't know

If yes please describe what CSR is: _____

Please tick the CSR activities that your company engages in

Environmental conservation

Voluntary service

Charity and sponsorship programs

Cultural Artistic and sports programs

International welfare programs

Please describe in a little detail the categories that you have ticked above: _____

How do you feel about your job? Please tick one:

Very bad

Bad

Quite good

Good

Satisfactory

Excellent

How long do you intend to work with you company

1 to 3 years

3 to 5 years

5 to 10 years

10 to 15 years

15 to 20 years

20 years and for life

Does you company involve you in its CSR activities

Maybe

No

Yes

Don't know

Have you or do you recognise any growth of your company? Please tick one

Yes

Maybe

No

How many employees resign or change jobs from your company every year?

One in every five

Two in every five

One in every three

Two in every four

Three in every five

one in every four

None

What do you look for in a company the most?

Prestigious company with a good reputation

Work fulfilment

Job security

A good work environment with good employee and CSR policies

High salaries and allowances

Career growth and advancement

None of the above