



Research on the Ways and Effects of Corporate Social Responsibility – Based on COSCO Shipping

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Abstract. Taking COSCO Shipping as an example, this paper starts from the influencing factors and stakeholders of corporate social responsibility. It analyzes enterprises' commitment to social responsibility and concern for stakeholders' interests from the aspects of government, customers, society, environment and employees. Finally, it is concluded that the active undertaking of social responsibility is conducive to the improvement of enterprise economic performance and brand establishment, and has a good impact on the long-term development and strategy implementation of enterprises.

Keywords: Corporate Social Responsibility · Financial performance · brand influence · Implementation effect · stakeholders

1 Introduction

In recent years, food safety, air pollution and environmental quality have gradually become hot issues of public concern. Nowadays the economic development has reached a certain stage, the focus of public attention has gradually shifted to how much benefits the enterprises can bring to the sustainable development of society, government and environment. However, most enterprises tend to excessively pursue economic benefits while ignoring social benefits. Through research, it is found that enterprises can not only improve economic performance and financial performance, but also enhance their own brand effect by actively undertaking social responsibilities.

There are many ways for enterprises to assume social responsibility. From the existing research, enterprises should consider many stakeholders, such as shareholders, creditors, consumers, suppliers, government, environment and the public, in order to better assume their social responsibilities.

In view of this, this paper takes COSCO Shipping as an example to further consider its stakeholders, influencing factors and corresponding indicator data from the perspective of corporate social responsibility. By analyzing the impact of corporate social responsibility on financial performance indicators and corporate value, we can finally assess the role of corporate social responsibility in the process of corporate development.



Fig. 1. Strategic implementation.

2 Methods

2.1 Enterprise Overview

COSCO Shipping Co., Ltd. is a super-large state-owned enterprise under the direct management of the central government, formed by the reorganization of China Ocean Shipping Corporation and China Shipping Corporation. COSCO Shipping takes shipping, port and logistics as its foundation and core industries, and shipping finance, equipment manufacturing, value-added services and digital innovation as its enabling and value-added industries. We will strive to build a “3 + 4” industrial ecosystem and a world-class global integrated logistics supply chain service ecosystem. A Shipping ranked third in the list of China’s top 500 corporate social responsibility companies in 2019. The Ship Hold follows up and supervises relevant functional departments to follow up the implementation requirements of the new environmental protection regulations, strengthen technical research and development cooperation, build green transportation service solutions, and urge the effective implementation of the “double carbon” strategy.

COSCO Shipping adheres to the mission of “maintaining an honest and mutual trust relationship with customers, employees and partners, and maximizing the return to shareholders, society and the environment”, carries out effective communication with customers, employees, communities and other stakeholders, spreads corporate philosophy and performance dynamics, and enhances the understanding and support of stakeholders to the company. It can be seen that both inside and outside the enterprise reflect COSCO Shipping’s attitude of actively undertaking corporate social responsibility and being responsible for stakeholders.

2.2 Analysis of COSCO Shipping’s Corporate Social Responsibility

Through research, the motivation of COSCO Shipping which actively assume corporate social responsibility is mainly to serve the development strategy of the enterprise, adapt

to the changes in the external economic environment of the enterprise, reduce the risk of enterprise operation and development, and improve the economic and social benefits of the enterprise. The realization of sustainable development strategy and active social responsibility of enterprises coordinate and promote each other.

In 2004, A formally joined the United Nations Global Compact, the world's largest international organization for social responsibility, and actively implemented the principles and requirements of human rights, labor, environmental protection and anti-corruption put forward by the United Nations, making efforts to achieve sustainable development. At the same time, COSCO Shipping will take social responsibility as the basis of corporate values and culture, win the trust and support of customers, employees, communities and other stakeholders, and work together to make the shipping central enterprises stronger, better and bigger, and finally achieve green development and sustainable development.

2.3 Ways for Enterprises to Undertake Social Responsibility

COSCO Shipping adheres to the concept of "innovation, coordination, green, openness and sharing", takes into account the interests of all parties, actively assumes social responsibilities, and promotes the harmonious and sustainable development of economy, environment and society. And aspire to become "the outstanding leader of world shipping, the firm executor of national strategy, the outstanding executor of social responsibility, the considerate service provider of global customers and the best supporter of employee growth".

(1) Government

The government requires enterprises to comply with laws and regulations to serve the implementation of national strategies, and enterprises should be in a state of fair competition. The company also responded positively to this issue by means of official letters, policy implementation, information disclosure and investigation and exchange. COSCO Shipping also resolutely implemented the decision and deployment of the Party Central Committee and the national development strategy, and entered a new pattern of "double cycle" development in 2021.

We usually measure the contribution of enterprises to the government by how much tax they pay to the government. Here we introduce the comprehensive tax rate indicator.

Comprehensive tax rate = tax paid by the enterprise for the government/total business income

After calculation, the comprehensive tax rate of COSCO Shipping will increase from 0.99% in 2019 to 3.08% in 2021.

(2) Customer

In the process of development, COSCO Shipping is committed to building a customer-oriented, world-leading integrated port operator.

COSCO Shipping Hold actively carries out global customer service improvement actions to ensure the safety and stability of the logistics supply chain. A Shipping provides coal transportation services for more than 100 power plants, of which as many as 70 home appliance plants are responsible for the entire transportation. In the future, in order to ensure customer satisfaction and understand the logistics progress, A Shipping has

established the SynConHub visual e-commerce platform to provide customers with full-process, multi-channel and visual online shipping services. In terms of quality control, COSCO Shipping strictly controls quality and adheres to the principle of “quality first”. From the perspective of customers, COSCO Shipping is committed to providing high-quality products and life-cycle services throughout the industry chain to ensure product quality delivery.

COSCO Shipping continued to promote the development and cooperation of strategic customers, signed strategic cooperation agreements with 8 customers including National Energy, China Communications Ship Hold, Sinochem Ship Hold and China Grain Storage Ship Hold, and further promoted the cooperation between the two sides in container transportation, bulk transportation, oil transportation and the entire supply chain. The Ship Hold has signed agreements with 51 strategic customers. From January to October 2021, the Ship Hold’s fleet completed 224 million tons of strategic customers, up 9% year on year. A Offshore Energy launched the "Captain Energy" customer service APP in August 2021, becoming the first company in the industry to provide the port ship queuing information query service, providing the domestic tanker terminal ship queuing query service for customers.

We can also see from the data that the R&D investment increased from 1.583 billion yuan in 2019 to 4.246 billion yuan in 2021. The number of research patents is also increasing year by year, from 229 applications and 167 approvals in 2019 to 550 applications and 305 approvals in 2021. It can be seen that in order to ensure customer experience and satisfaction, A Shipping has invested a lot of research work in product establishment, process arrangement and service quality improvement.

(3) Society

COSCO Shipping is committed to becoming an excellent practitioner of social responsibility, paying attention to the world environment, caring for underdeveloped regions, participating in international assistance, and promoting the coordinated development of enterprises and society. During the 16 years from 2005 to 2021, the Ship Hold sent 241 seafarers and 1171 manufacturing workers to help the population in underdeveloped areas transfer 1539 jobs, effectively solving the problem of income increase for poor families.

At the level of responsibility fulfillment, A Shipping earnestly fulfilled its social responsibilities and practiced the humanitarian spirit. In 2021, the Ship Hold actively participated in maritime search and rescue 13 times, and successfully or assisted in rescuing 10 people in distress. By the end of 2021, A Maritime Charity Foundation has implemented six external donation projects in the fields of relief, education, social assistance, etc., with an annual public welfare expenditure of about 149 million yuan.

	2019	2020	2021
R&D investment amount (one billion)	15.83	24.43	42.46
Number of patent applications accepted	229	387	550
Number of patent licenses	167	194	304

Fig. 2. Research patents.

	2019	2020	2021
Total accumulated funds for poverty alleviation/rural revitalization	9064.97	12147.82	11300.83
Investment in education and assistance	1446.6	2014	3345
Charity Foundation raises social donations	7849	8250	80508
COSCO Shipping and its subordinate units invested assistance funds	6932.82	11264.82	10898.83

Fig. 3. Total amount of funds.

The data shows that the total amount of funds to support poverty alleviation/rural revitalization, investment in education and assistance, social donations raised by charitable foundations, and investment in assistance from A Shipping and its subordinate units have shown an increasing trend year by year. COSCO Shipping can not only focus on the development of its own industry, but also invest profits in the construction of society and poor villages. It has not only established A Maritime Charity Foundation, but also actively participated in epidemic prevention, flood relief, voluntary services, public welfare activities and rural revitalization, making its own contribution to social development.

(4) Environment

In 2021, COSCO Shipping will implement China's "3060" emission reduction commitment with green development, build a high standard green development system, do a good job in ecological environment protection, actively play its professional advantages, carry out research and application of green technology, and continuously improve the quality of ecological environment; Research and develop the "carbon peak, carbon neutral" action plan to promote the green transformation of the Ship Hold's service supply chain. In order to protect the marine environment, A Shipping also actively takes measures such as ship ballast water management, waste management and waste water management.

According to the sustainable development report, the total investment in energy-saving technology transformation also shows a trend of increasing year by year, with a large increase. It can be seen that the company has invested a lot of financial, material and human resources in energy-saving technical transformation. The company's total investment in energy conservation and technological transformation has increased from 76 million yuan in 2019 to 242 million yuan in 2020 and 853 million yuan in 2021, reflecting the importance the Ship Hold attaches to environmental protection in the development process.

(5) Employees

In terms of staff construction and training, COSCO Shipping adheres to the principle of "people-oriented" and fully protects the physical and mental health of employees. In order to ensure the safety of employees, the Ship Hold's publicity and education intuitively displayed the theme of "implementing safety responsibilities and promoting safety development" to improve the safety literacy of employees and create a strong safety culture atmosphere.

The Ship Hold strictly abides by the Labor Law, Contract Law and other laws and regulations, adheres to the principle of equal and fair employment, and ensures that employees are not treated differently due to factors such as gender, age, nationality, race, religious belief, family and health status. At the same time, the Ship Hold has issued an employee promotion plan to strengthen the training of the cadre team and focus on improving the overall quality of the team. The Ship Hold also provides employees with a warm and optimistic cultural atmosphere. As of October 2021, the Ship Hold has held 733 labor competitions with 41170 participants. By October 2021, the Ship Hold had visited 310000 front-line employees and paid 68.2 million yuan of condolence.

It can be seen from the data in the table that the labor contract signing rate and insurance payment rate of COSCO Shipping are 100%. And the total investment in safe production also increased from 437 million yuan in 2019 to 654 million yuan in 2021. It fully reflects A's attention to employee safety, employee happiness index and welfare.

3 Results

3.1 Financial Performance

1) Profitability

It can be seen from the data that COSCO Shipping is becoming more and more profitable. Return on net assets, return on total assets, gross profit margin on sales and net profit margin on sales all showed an upward trend. The return on net assets increased from 21.57% in 2019 to 101.11% in 2021, reflecting that enterprises have created more and more benefits for shareholders and the unit income of investors has also increased. This also reflects the positive attitude of enterprises towards stakeholders and the rationality of their business model.

The improvement of the return on net assets will attract more investors to invest, and also lay the foundation for COSCO Shipping to achieve the ultimate corporate value and corporate objectives. The return on total assets increased from 4.22% in 2019 to 30.30% in 2021, reflecting the continuous improvement of the company's profitability. It reflects the strong competitiveness, development ability, comprehensive stability and sustainability of COSCO Shipping.

2) Operating Capacity

The total asset turnover rate of A Holdings in 2021 was improved compared with that of the previous year, and the overall turnover rate of accounts receivable and transfer showed an upward trend, indicating that the management ability of accounts receivable was enhanced, the asset liquidity was good, and the overall amount of bad debt losses was small. The inventory turnover rate shows an upward trend. The turnover rate of fixed

	2019	2020	2021
Return on net assets	21.57%	25.05%	101.11%
Return on total assets	4.22%	4.94%	30.30%
Gross sales margin	10.74%	14.21%	42.30%
Net sales rate	6.85%	7.70%	31.12%

Fig. 4. Profitability analysis.

	2019	2020	2021
Total asset turnover	0.62	0.64	0.97
Inventory turnover rate	33.07	40.33	44.57
Accounts receivable turnover rate	17.51	19.2	32.42
Fixed assets turnover rate	1.43	1.71	3.36

Fig. 5. Turnover rate.

assets showed an upward trend, from 1.43 in 2019 to 3.36 in 2021. It shows that the turnover of fixed assets of COSCO Shipping is good, and the utilization efficiency of fixed assets is also getting higher and higher.

3) Solvency

Debt repayment ability is to analyze the long-term debt repayment ability and short-term debt repayment ability of an enterprise. From 2019 to 2021, the current ratio, quick ratio and cash ratio of A Offshore Holdings were on the rise in general. Among them, the current ratio of the company was slightly lower than the industry average of 2.21%, indicating that the company's short-term debt repayment ability still needs to be improved. In the long run, the asset-liability ratio of COSCO Shipping has not fluctuated much, falling to 56.76% in 2021, slightly lower than the industry average asset-liability ratio of 58.65%. The property right ratio increased first and then decreased, indicating that the company's long-term debt repayment ability was continuously enhanced, and the company's financial structure was relatively stable and appropriate.

3.2 Brand Influence

COSCO Shipping has built its own unique brand advantages by adhering to the concept of pilot, escort, endurance, long-distance and co-navigation. COSCO Shipping has been committed to building a world-class shipping logistics enterprise with international competitiveness, brand influence and customer reputation, and forming a complete global business chain. We will better allocate global resources, serve global trade, spread business civilization, promote global connectivity, and bring convenience and happiness to human life.

In terms of building the employer's brand, COSCO Shipping respects the self-worth pursuit of employees, builds a growth and development platform for employees' work and entrepreneurship, creates a rich material foundation and a good cultural environment, and realizes the unity of "personal dream" and "corporate dream".

In terms of building characteristic brands. COSCO Shipping has given full play to the global network advantages and platform resources of central enterprises, enhanced the influence of local brands with local characteristics by virtue of the customer Ship Holds and cooperation circle resources of central enterprises' industrial chains, and established a long-term e-commerce assistance mechanism through e-commerce empowerment by

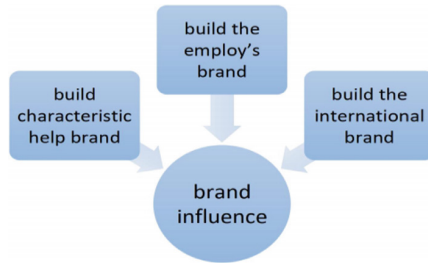


Fig. 6. Brand influence.

taking advantage of the “Internet plus” platform advantages of central enterprises. Promote the establishment of dual-brand route network planning center (NPC) and dual-brand procurement management center (PMC), further unify the capacity management and layout, improve the capacity control, and optimize the route products.

At the level of international exchange and international brand building, COSCO Shipping adheres to the mission of “creating value and connecting dreams” and the new development concept of open sharing, builds comprehensive and diversified communication channels, actively organizes and participates in industrial and international forums, completes external exchange and brand management, and promotes the sustainable development of the Ship Hold.

4 Conclusion

Taking COSCO Shipping as an example, this paper analyzes the way of undertaking corporate social responsibility and the impact of actively undertaking corporate social responsibility on the strategic transformation and development of enterprises. The study found that enterprises can meet the needs of stakeholders by actively undertaking social responsibilities, and improve the economic benefits, social benefits and brand influence of enterprises, which is a wise decision in the process of enterprise development. The

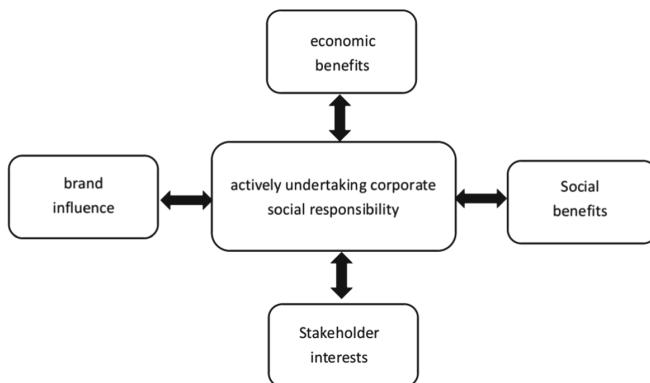


Fig. 7. Undertaking corporate.

initiative of COSCO Shipping to actively assume corporate social responsibility has also laid a foundation for the company to achieve its strategic objectives of “actively supporting the dual-carbon goal” and “accelerating the green pace”.

Bearing certain social responsibilities will increase the operating costs of the enterprise in the short term, but over time, it will help the enterprise establish a good corporate image and brand, and ultimately form a unique competitive advantage for the enterprise, bringing long-term potential benefits to the enterprise. At the same time, enterprises’ attention to social responsibility will promote enterprises to innovate in products, design, processes, management and systems, improve the management efficiency and production efficiency of enterprises, and win a good external environment for the sustainable development of enterprises. Corporate social responsibility is the unity of corporate interests and social interests. Corporate social responsibility is a “mutually beneficial” behavior to safeguard the long-term interests of enterprises and meet the requirements of social development, which can create a broader living space for themselves.

This study enriches and develops the existing literature on the impact of corporate social responsibility on enterprises, and provides relevant references for Chinese enterprises to undertake social responsibility, be responsible for stakeholders and improve economic and social benefits at the same time.

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