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Corporate Social Responsibility: A Discussion with Examples from the Pulp and Paper Industry

Haiyan Qiu*, Dieu Hack-Polay**

ABSTRACT

Corporate social responsibility (CSR) involves multi-faceted concerns and interested parties. The theoretical paper argues that pursuing CSR policies creates value for sustainable economic prosperity for the pulp and paper sector. The pulp and paper industry is one of the largest industrial sectors worldwide and plays a critical role in global development. As the fourth largest energy user and CO2 emitter, the industry is subject to the vicissitudes of global society and environment. Irresponsible pulp and paper operations are now shunned by various stakeholders, which ultimately affect their economic bottom lines. Sustainable operations bring continuity and competitiveness along with innovation, efficiency and social recognition to the industry. Using the criteria of the triple-bottom-line theory (economic, environmental and social), this paper demonstrates that a strong CSR framework and proactive initiatives add value to the pulp and paper business.

Key words: CSR, pulp and paper industry, triple-bottom-line theory, migrant labour

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1. Introduction

This theoretical paper discusses how CSR brings value, though not always quantifiable, to business by employing the 'triple-bottom-line' theory and illustrates this value with reference to the pulp and paper industry. The acknowledgement of corporate social responsibility (CSR) as a business strategy has been seen at the highest corporate levels in recent years. A number of business gurus have taken positions in favour of the incorporation of CSR into overall business strategy. "Our fundamental belief is that doing good is great for business" said Sir Richard Branson (2009:289), the iconic entrepreneur and founder of Virgin Group. Sir Richard Branson's belief is the epitome of the mutually reinforcing relationship between corporate social responsibility and business values. Industry Canada also promotes corporate social responsibility, strongly believing it will bring innovation, productivity and competitiveness to its industry in the global arena (Industry Canada, 2013).

In her speech at the '11th Chinese People's Political Consultative Conference', Helen Clark, UNDP administrator and chair of the influential UN Development Group, spoke about their work with companies incorporating corporate social responsibility in business models about the benefits from improved efficiency, cost savings, stronger branding, etc. and the adverse risk of reputational loss for not engaging in CSR (Clark, 2012).

In academia, many authors have supported a positive standpoint about the validity of corporate social responsibility as a valuable aspect of a viable contemporary business model. Porter (1995), Davis (1999), McWilliams et al. (2006), Carroll (2012), to name just a few. Dr Olson, director of the Pulp and Paper Center at the University of British Columbia argues in his director's message that people, especially those working in the forest industry, understand clearly about the societies' need for true sustainability and the equilibrium it plays with economic affluence (University of British Columbia, 2013).

This pre-eminence of corporate involvement with society has been exemplified in contemporary definitions attributed to the term. One such definition is provided by Needle who contends that corporate social responsibility or CSR with the corporation's development and management of "its relationships with various stakeholders: employees, customers, suppliers, the community, society and government. It also has a responsibility towards the sustainability of the environment" (Needle, 2010: 300).

The rationality of CSR is no longer contentious. This was supported by a special report for the Economist in which only 4% of respondents thought that CSR was "a waste of time and money" (The Economist, 2008). Many business school academicians like John Ruggie of Harvard University's Kennedy School of Government concur that it is not whether there should be CSR but how corporations can best incorporate CSR to their advantage (Smith, 2003; The Economist, 2008; Rangan, Chase & Karim, 2012).

What impacts does CSR have on businesses? The impact of corporate social responsibility is multidimensional. "CSR enhances reputation and builds positive bridges to communities, customers and the public at large and in doing so affects the bottom line" (CSR Press Release, 2013). The point here

is that CSR is not only cogent in the business context but it can bring value and sustainable corporate development. The synergistic effect of CSR between business and its social and environmental stakeholders can bring about tremendous competitive advantages in terms of efficiency, reputation and innovation.

John Elkington (in Buchholtz & Carroll, 2012) described the triple-bottom-line analysis to sustainable development as including economic, environmental and social aspects. The aim is corporate sustainability, which is to create continuing long-term shareholder value by taking responsibilities for and initiatives in respect of the economy, environment and society.

According to Carroll's CSR Pyramid (2012), there are four facets of CSR, one of which is legal responsibilities. Considering that the fundamental aspect of being socially responsible germinates from abiding by laws and being responsive to regulatory changes, business would be suicidal if they only pursued the 'bottom-line'. Thus, this necessary conformity to law and regulation will not be further elaborated. The triple-bottom-line theory will be applied to discuss in detail why and how CSR brings sustainable competitive advantages via pursuing more than just the shareholder or the 'bottom-line' theory. It will also elaborate on the economic merits of proactive CSR approaches taken by pulp and paper operations (Needle, 2010).

The pulp and paper industry is one of the largest industrial sectors worldwide, and plays an important role in global economic and social development (Food and Agriculture Organization of the United Nations, 2013; WWF, 2014). However, unsustainable pulp and paper operations have caused great losses to the world's ecosystem and incurred issues like illegal logging, human rights and social conflicts. Responsible pulp and paper operations can contribute to sustainable forest plantations, world economies and employment (WWF, 2014).

This discussion will proceed from these three interwoven constructive aspects of CSR: economic, environmental and social.

2. CSR and the Pulp & Paper Industry

2.1. Economic Aspects of CSR for the Pulp & Paper Industry

Being socially responsible in business brings more gain and risks little loss. Arguably, taking CSR approach is not cost free, however, the long term benefits outweigh the foreseeable costs. CSR is an inevitable socio-economic force and a proactive CSR approach can augment business's economic bottom line. According to CEPI (Confederation of European Paper Industries), the pulp and paper industry is a European strategic sector which is vital for Europe's sustainable industrial development. However, the pulp and paper sector faces strong competition from other countries as well as plastic and digital substitutes. The strategy employed by CEPI is to incorporate sustainability into the industry which contributes to reduced production costs and environmental footprints. The focus on sustainability by the European pulp and paper industry brings greater competitiveness and profitability, which is critical

for the industry to adjust to tougher global competition and stricter regulations (Sustain, 2013). Potential investors are increasingly using CSR performance as an indicator when making capital investment decisions on whether to invest in a business (Chartered Management Institute, 2012).

Easy and instant dissemination of news globally, reinforced by courageous whistle-blowers, leave no hiding room for unethical and unlawful corporate practices. They act as a 'yellow traffic light' warning for business operations. Irresponsible corporate behaviour dilutes the soundness of the company's reputation and eventually leads to economic anguish. The unfortunate case of the Republic of Iceland demonstrates that irresponsible and unethical corporate behaviour is powerful enough to bring down a country.

Too many antecedent scandals like The Gunns Limited caused investors to be stricter about a firm's responsible reputation. The Gunns, once the dominant timber corporation in Australia went into administration in 2012 due to poor financial management and relentless community campaigns against its unsustainable pulp business operations (The Sydney Morning Herald, 2012; ABC News, 2014). With growing concerns over business sustainability, investment bodies and shareholders seek to put their money into reliable and responsible recipients. Social watchdogs and reporting venues, e.g. social auditing, CSR reporting, social performance reporting, make it impossible to attract investment and funding with an irresponsible and unsustainable social image. Stora Enso, a leading Finnish pulp and papermaking group, lost funding support from Nordea bank and SPP due to its irresponsible and unsustainable operations in Guangxi, China. Conversely, a firm with a good CSR reputation can attract external investment and retain shareholder confidence, e.g. a responsible and sustainable image can permeate through social screening and win social responsibility investments (SRI). "A January 2005 survey of mainstream investment managers found that 73% predicted that socially responsible investment indicators will become commonplace in mainstream investing within 10 years" (As You Sow, 2013).

CSR is a social force that can bring a corporation down or elevate it depending on its strategic approaches to the CSR agenda. Japanese paper industry's recycling scandal rendered the industry's reputation in tatters. The scandal involving several of Japan's leading papermakers like Nippon Paper and Oji Paper, the country's biggest paper and pulp producer, have been exposed for lying about the real percentage of recycled content in their paper products. This incident affected the companies' 'bottom line' which has seen drastic drops in shares (The Guardian, 2008; Environment Graffiti, 2008). This scandalous concealment led to the realization that such whitewashing approach in business operations eventually bring about fatal backlash.

Acknowledging CSR as an unavoidable duty of "corporate citizenship" (Verbeke, 2013: 483) to contemporary society and instead of taking a reactive or defensive approaches, corporations can take initiatives to transfer it into unique firm specific advantages (FSAs) (Rugman, 2009) and gain first mover advantages. This strike-first-to-gain-initiative approach is a perfect fit with Machiavelli's strategic belief that knowing the inevitability of war, delaying it will only give advantages to its competitors (Clegg et al., 2012). A good example is Tralin Paper Co. Ltd., a top ten paper producer in China, and its new technology to produce pulp from wheat straw received approval from the Ministry of Environmental Protection of the People's Republic of China in 2011. With the pulp and paper industry under increasingly regulatory pressure to stop pulp making from agricultural straw and stalks due to a lack of

clean technologies, Tralin took initiatives to research and successfully developed a breakthrough technology for producing pulp from agricultural by-products. The success made Tralin the forerunner for profiting from sustainable technology in the pulp and paper industry in China. Tralin's innovative technology of producing pulp from agricultural waste has not only received governmental applause as a milestone in the development of pulp and paper industry in China, but has also brought economic gains to itself and farmers supplying these resources that were left to waste in the field or were burned causing smog pollution (Ministry of Environmental Protection of the People's Republic of China, 2011; National Development and Reform Commission, 2011).

A proactive CSR brings economic returns through efficiency and innovation seeking in both operating and resource utilization, e.g. much successful entrepreneurship initiated from seeking green and alternative energy. A proactive CSR mindset keeps business responsive and innovative. For example, Siemens pursues the economic bottom line by creating portfolios of efficient energy-saving technologies like SIPAPER Reject Paper which can be beneficial to the environment and its customers in the global pulp and paper industry by reducing energy consumption and CO₂ emissions (Siemens, 2014). Furthermore, proactive CSR can create innovative ways to improve profitability, within environmental and social constraints (Chartered Management Institute, 2012). A good example in the pulp and paper industry is Ashland Water Technologies, a leading global producer of papermaking chemicals. With the objective of improving sustainability in the pulp and paper industry, Ashland endeavours to work towards practical innovations. For instance, the company's latest innovation, 'Biobond technology', this won the 2013 'Breakthrough Technology of the Year' award from Pulp & Paper International and made it the desirable choice for paperboard producers internationally. This technology brings efficiency and improved quality to its customers by decreasing the loss of starch and improving mechanical properties in the papermaking process. The technology also improves the sustainability of paper production by reducing water consumption and levels of COD (Chemical Oxygen Demand) (RISI, 2013). Both of these technologies generate profits and reinforce the cogency of Ashland's innovative and sustainable business models at the same time as bringing benefits to their pulp and paper customers.

Proactive CSR efforts can bring about cross-industry cooperation to create synergy for achieving business development and social sustainability. Nippon Paper Industries Co., Ltd and Coca-Cola (Japan) Co., Ltd joined forces to create benefits for their local communities. Each company has committed to social and environmental development when doing business using their respective strengths and focuses. Nippon's experience in biodiversity and Coca-Cola's in water preservation led to a collaboration which will allow the synergetic use of both companies' assets and experience to create business value and benefits to a wider community (RISI, 2013).

Succinctly, CSR initiatives create value for sustainable economic prosperity in business beyond the level of statutory obligations.

2.2. Environmental Aspects of CSR for the Pulp & Paper Industry

Unfortunately, some solely economic bottom-line seeking opportunists advocate CSR only rhetorically to gain regulatory favour or to be on the trend wagon. Society is not ignorant and will not tolerate such

'green wash' practices. Business needs to practise what it preaches through simultaneous economic and social action in order to sustain its competitive advantage (Verbeke, 2013).

Shareholder theory or the 'bottom-line' theory contends that a corporation's ultimate goal is to augment economic profits, arguing that environmental issues are not its responsibility. In contrast, the 'triple-bottom-line' theory sees the environment as a main stakeholder, advocating that being responsible to environment is essential to business. This perspective is supported by Needle (2010) who claims that the environment attracts the most public attention and holds the highest cost risks. Discussions here examine why corporations need to look beyond the 'bottom-line' to the economic impacts of environmental sustainability.

There are studies which corroborate the existence of a positive relationship between environmental and economic performance. Unsustainable environmental performance is negatively correlated with the intangible asset values of firms, e.g. reputation, brand equity, etc. (Wagner, 2005; Konar & Cohen, 2001).

Shrivelling world distances and shrinking resources put business under high-pressure for green operations. Consequently, corporate environmental activities receive increasing attention and scrutiny from the public which requires corporations to treat sustainable environment management as a priority. Indonesia's joining the Voluntary Partnership Agreement with the European Union in September 2013 highlights the importance of sustainable environment management. The Forestry products made in Indonesia had been banned from entering European markets for many years because of the country's unsustainable use of tropical forests. Without Indonesia's commitment to following sustainable operations, the European market would remain inaccessible to the country's forestry products while commitment could convey unprecedented trading opportunities for its forestry industry (Lesprom, 2013).

The pulp and paper industry has a plethora of real cases that demonstrate the above statement. Take Domtar Inc. and Resolute Forest Products Inc., two Ontario-based pulp and paper producers in Canada for example. The Ontario Provincial Court sentenced Domtar to pay 75,000 USD for violating the Fisheries Act. Following this incident, Greenpeace reported the suspension of FSC (Forest Stewardship Council) certificates for Resolute Forest Products for not following environmental and strict logging rules. The loss of the FSC certification hurt the company's image and marketability in a marketplace increasingly concerned with sustainability (RISI, 2013; Ravensbergen, 2013).

Additionally, the ever-growing influence of standards-setting bodies like the ISO (International Organization for Standardization) and FSC are significant for business. In June 2013, APRIL (Asia Pacific Resources International), the second largest Indonesian paper and pulp producer, withdrew from FSC certification trying to avoid scrutiny for violations of FSC standards (Maitar, 2013). The move marked it as a notorious pulp and paper producer and forest destroyer. It is not difficult to imagine the economic losses, considering that FSC certification is a must have in the international pulp and paper market.

Unlike APRIL, APP (Asia Pulp and Pulp), the largest pulp and paper producer in Asia, metamorphosed itself from irresponsible resources exploiter to a leader in implementing CSR (Greenpeace, 2013).

Persistent campaigns by large NGOs against APP's deforestation of tropical and endangered forests caused APP to lose some major customers and also brought a negative image to APP's brand and reputation which only long-term environmental commitment could repair.

The evolution of social, economic, and global environmental issues has resulted in the environmental performance to become an inseparable component of a company's reputation which is an intangible asset that influences marketing and financial performance (Miles & Covin, 2000). APP's environmental reputation has made it a target for green pressure groups that have successfully persuaded some American companies not to buy its products and also caused obstacles to its business acquisitions in the United States and Canada (Forest Business Network, 2011).

APP learned its lessons quickly and took action involving social media to communicate its CSR commitment and carbon footprint. One prominent commitment was its introduction of the "Zero Deforestation" policy" (Mongabay, 2013). Such a policy from APP is seen as a transformation for sustainable forest utilization in that the company's clout will force other producers to follow suit, which can lead to positive spill over effects in the industry. As part of responsible supply chain management—APP requires its suppliers to hold international certifications, e.g. FSC, PEFC (Programme for the Endorsement of Forest Certification), and strictly pursue sustainable and responsible criteria. APP's social and environmental activities are available to society on many media channels with frequent updates. Its open communication and proactive CSR approach has already started to regain confidence from social media and environmental pressure groups. However, the public remain sceptical of APP's long term commitment. APP will be under continuing and close scrutiny by environmental watchdogs. A good strategy for APP is to take long term environmental responsibility and turn the close supervision into positive promotion for itself. APP's mixed experience with Greenpeace and other environmental groups showcases the gains and losses that can occur.

2.3. Social Aspects of CSR for the Pulp & Paper Industry

As opposed to Milton Friedman's shareholder theory, business is more than just business. According to the Economist, "Even capitalist Mr. Jack Welch has expressed doubts: 'on the face of it, shareholder value is the dumbest idea in the world'". Admittedly, Friedman is not completely wrong about a business's goal being to maximise profit (Cadbury, 2006), which falls in the framework of the narrow and myopic shareholder theory. This discussion views it as a part of the 'triple-bottom-line' because shareholders are only one part of the business's stakeholder composition and profit-making is only one aspect of modern business. For example, the Brazilian pulp and paper industry strives for industrial competitiveness by pursuing benefits for and involvement of various economic, environmental and social stakeholders (National Confederation of Industry, 2012).

An exclusive shareholder approach gives rise to a divorce between business and its community or society. "In some cases, businesses fail because of their lack of engagement with society. Involvement in social and community action has emerged as a survival tactic" (Hack-Polay, 2013: 11). This section discusses and emphasises how being responsible to social stakeholders brings value to the business, from the perspectives of human resource management (HRM), supply chain management, and China's migrant workforce in the pulp and paper industry.

According to the British Chartered Management Institute, CSR is becoming a key factor in staff recruitment and retention. Responsible human resource management brings out initiatives and commitment from employees and that, in turn, engenders sustainable staff retention and promotes their initiatives. Staff training and development is a costly and time consuming investment. It returns the investment with high staff retention; otherwise, it would be a capital cost to the firm and a gain for competitors. Treating employees ethically and responsibly is a first step towards obtaining staff commitment. CSR in HRM can also add value by encouraging employees to take ownership of their work. This fosters employees' pride in being an important part of the firm by bringing personal initiatives to work. For instance, Peace River Pulp Division, a pulp producer located in Alberta, Canada, won 'the Achievers 50 Most Engaged Workplace™ Awards' by being a top leader in engaging employees in the workplace (Pulp and Paper Canada, 2014).

Nine Dragon Paper (Holdings) Limited (ND), a worldwide leading containerboard producer, built a papermaking empire based on the visionary belief in 'no environmental protection, no papermaking'. While ND is strong in promoting environmental sustainability, it regrettably neglected the social impact of CSR. This oversight brought the corporation an unfavourable public image which generated stock speculation and employee mistrust.

On the one hand, ND was hailed for its persistent commitment and adherence to its corporate mission in environmental protection and sustainable production. Such efforts won ND many awards, e.g. Awards for China Environmentally Friendly Enterprises in 2009 and 2010 (Ifeng Finance, 2009, 2010). On the other hand, ND has been in the spot light for notorious stakeholder misconducts which have attracted governmental investigations and decreased in stock prices, etc. Such misconducts also attracted public and media attention. Some exemplary media reports were the 'Sweat Shop' report, the Incident of Employee Suicide and the 4.12 Violence with social contractors (Ifeng Finance, 2008; Sinafinance, 2012; ChinaPaper, 2013). There are countless reports on ND's public behaviour due to its leading position in the industry, but ND has given no comment or response to these reports. Regardless of whether the allegations have any veracity, aside from the legal investigations and decreased stock prices, such negative social reports weaken ND's social image and its employer brand, employee retention and development. One escalating incident was that the S&P withdrew its rating on the company in January 2011 due to increasing concerns about the company's corporate governance and lack of response from the management. The withdrawal caused ND's shares to tumble 17% in mid-January 2011 (Cookson, 2011).

According to Davis (1999: 127), "a business which vacillates or chooses not to enter the arena of social responsibility may find that it will gradually sink into customer and public disfavour." Being socially responsible can earn a firm loyalty from existing customers. It is also positive for the potential to attract new customers, because recommendations from families and friends tend to be more convincing and effective than conventional corporate marketing. It is expected that 98% of consumers will be interested in sustainable lifestyles within five years, growing from the current 2%, new survey results released in September 2013 by [BSR](#) (The Business of a Better World) and [Futerra](#).

Stakeholders, inclusive of customers and buyers in the global marketplace, are increasingly conscious of the environmental and social impacts of the products and services they buy (Chartered Management Institute, 2012; National Resources Canada, 2013). Sources such as Together for Sustainability Initiatives

(TFS) and the Dow Jones Sustainability Index facilitate the dissemination of information on sustainable global suppliers.

Irresponsible operations will find themselves shunned by suppliers and buyers which can cause instability in production and supply. Nippon Paper, a major Japanese paper company, was also involved in the whitewashing recycling scandal illustrated in section 2.2. Aside from a drop in share value, Nippon experienced reluctance from its retailers to sell its products and at the same time buyers withdrew business due to the tainted brand (The Guardian, 2008; Whipp, 2008). Conversely, good business operations can attract stable cooperation with external forces augmenting value from a stable and reliable supply chain.

At the macro level, going beyond pursuing sole shareholder interest, CSR brings value to the giver and benefits to the recipients. An example of a CSR approach to treat migrant workers better in China is illustrative of this point. Migrant workers in China are an underlying force generating tremendous but unrecognized wealth for national and industrial development. There are 260 million migrant workers as of 2012, according to the statistics from the National Bureau of Statistics of China (Xinhua Daily Telegraph, 2013). This workforce builds the solid foundation without which the society could collapse. 18.4% and increasing number work in the construction sector and 34.5% in manufacturing. Their contributions are often underestimated and their basic needs are unmet. For example, 69.2% receive no training at all and 84.5% work over 44 hours per week (People, 2013).

Many of them are migrant parents working in factories, including those in the pulp and paper sector, and on construction sites. These migrants aspire to save money for a better life for the children they leave behind in their rural areas. There are about 61 million 'Left-Behind' Children of whom 70 per cent show signs of mental health symptoms like depression. These left-behind children are a latent source for economic damage and societal unrest in China (Browne, 2014; Wan, 2014).

A responsible and ethical approach to treating migrant workers in China would ensure these humble and hardworking people's ready commitment to the foundation for the country and industry. Long term commitment and retention of this force would bring undeniable production sustainability. China is the world's second largest paper and paperboard producer second to none but the United States (He & Barr, 20004). Europe among many countries and regions considers China as a particular competitor in the pulp and paper industry owing to China's capacity to produce low-cost and high-quality paper products (European Commission, 2013). However, according to Zhuang, Ding and Li (n.d.), China's pulp and paper industry has not fully explored the advantage of its low-labour cost. Presently, Das and Diaye (2013) find that China is losing its edge as a low-labour-cost production base due to a shrinking labour force, resulting partially from its unsustainable labour management practices.

A virtuous cycle can be achieved from proactive CSR efforts. Training given to migrant workers can alleviate skills shortages, and care and education given to their children could free them from family worries. This in turn contributes to social stability and industrial productivity. One possibility is for China's industries to take CSR initiatives in upgrading the skills of the vast migrant workforce and develop a new skilled-labour-intensive CSA (country-specific advantage).

The discrepancy between real CSR and social expectations is ever increasing (Buchholtz & Carroll, 2010). Levitt's (2010) argument is that it is government's responsibility, not business's. However, to narrow this gap, it requires synergistic efforts from all social actors. As part of a society, corporations need and must take responsibility for their activities.

3. Conclusion

The literature considered in our theoretical analysis of CSR and the pulp and paper industry has shown that corporate economic performance and environmental and societal responsibilities are inseparable. There is no demarcation between the three bottom lines. Pulp and paper companies involved in proactive CSR strategies reap profits through increased innovation, enhanced reputation and sustained customer loyalty, etc. in the long term.

A corporation taking a strategic CSR approach may not necessarily be guaranteed survival in marketplace but those that do not operate a systematic CSR agenda would be more vulnerable. Business models that pursue solely the economic 'bottom-line' for its exclusive shareholders could restrict their level of sustainable development. The manifold value created from CSR is illustrated from the triple-bottom-line perspective. Economically, proactive CSR brings sustainable competitive advantage from efficiency and innovation seeking. Environmentally, responsible and sustainable management of natural resources gains support and economic rewards from the public and governments. Socially, one step at a time, CSR brings benefits to businesses and society. The latter, in turn, rewards such efforts with committed employees, loyal customers and a peaceful environment to operate in. Most importantly, it is only through synchronous implementation of the three bottom lines that business can harness the vast benefits of CSR.

As the fourth largest energy user and CO₂ emitter, the pulp and paper industry is subject to the vicissitudes of the global society and environment. Pulp and paper operations have caused irrevocable damage to the world's ecology and social communities. A sustainably managed pulp and paper industry can bring numerous benefits to the industry per se, e.g. sustainable raw material and industrial reputation, as well as economic gains and social recognition to individual business. Pursuing the economic bottom line should go hand in hand with responsibilities to the society and environment. The problem is not whether but how to better embed CSR into business operations and create leverage over competitors. In the pulp and paper industry, is the level of CSR commitment the same from every country? Are pulp and paper products from countries promoting CSR more competitive in terms of prices and brand image? Does the pulp and paper industry pay equal attention to its environmental and social stakeholders? Questions like these need be further investigated.

Of further interest, the world's most populous country, China, sees the largest rural migration for employment. The nation faces a plethora of problems about the massive migrant force like the working conditions, social equity and 'left-behind' children. The International Labour Organization (ILO) established the ILO Decent Work Country Programme for China focusing on reducing inequalities and improving employability for Chinese rural migrants. To obtain such grand goals, commitment and measures from both social institutes and business sectors are necessary to explore how to achieve preventive and proactive CSR. One possibility is to establish sound mechanisms for sustainable CSR

composed of mandate regulations, institutional infrastructure for implementation, supervision, and evaluation as well as motivation and reward systems.

Presently, CSR is largely a discretionary option, thus more governmental enforcement and supervision from NGOs are needed. Most importantly, corporate initiatives are urgently needed to work toward a sustainable world. Taking a transparent and proactive CSR approach can bring strategic advantages *vis-à-vis* competitors that are vital to the survival of the corporation. CSR must be more than just a plaque on the wall, if its values are to be realized by business.

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