

Analysis of the Impact of Internet Corporate Social Responsibility and Corporate Competitiveness

Shengyu Tian*, Wei Gao, Jiatong Han

Department of Accounting, Harbin Institute of Finance, Harbin, Heilongjiang, China

**Corresponding Author.*

Abstract: In traditional industry, the form is at the bottom of the "smile" curve, with abundant human resources and low labor costs, which can generate ultra-high profits. With the rise of labor costs, we have to choose to move towards both ends of the "smile" curve. High tech technology is undoubtedly the answer to this challenge. Technological progress and possessing the core of technology will comprehensively promote the country's economic development. There are frequent incidents of lack of social responsibility among internet companies. Actively fulfilling social responsibility by internet companies is of great significance for social development and sustainable development of enterprises. This article is based on stakeholder theory to study the impact of fulfilling social responsibility by internet companies on their competitiveness. Exploring the impact on corporate competitiveness from four dimensions: shareholders, creditors, government, and employees. Furthermore, it can be concluded that corporate social responsibility has a positive impact on corporate competitiveness, ultimately achieving sustainable development. Furthermore, by examining the impact of the Internet economy on business operation models, platform based corporate social responsibility in the new economy, and the spillover effects of corporate social responsibility, we will analyze new measures of corporate social responsibility in the Internet economy.

Keywords: Social Responsibility; Enterprise Competitiveness; Internet platform; Stakeholders; Sustainable development

1. Introduction

Under the influence of economic globalization, the rapid development of the economy and the

progress of social productivity have brought welfare to people's lives. However, the crises behind welfare continue to emerge, such as food safety, information leakage from internet users, and negative phenomena such as air pollution [1]. On the one hand, these phenomena have an impact on the survival and development of enterprises, and on the other hand, the accompanying social costs are a constraint on social and economic progress. In order to achieve the common development of social economy and enterprises, it is necessary to provide relevant instructions and requirements for enterprises to fulfill their social responsibilities, and social responsibility has become a trend for enterprises to be included in their business management. Since 2005, companies have started to disclose corporate social responsibility information, and now there is a consensus in the business community to disclose corporate social responsibility in annual reports.

Today, the information technology revolution based on information has influenced traditional enterprises and daily life from different depths and breadth with internet technology. With the development of the internet, the lack of social responsibility among some internet companies has become a hot topic of concern. For example, the leakage of 360 account information and the malicious spread of rumors by self-media, the Internet itself has the characteristics of fast dissemination and timely communication. In the absence of social responsibility, undoubtedly its own advantages have a negative impact on society [2].

Since the 21st century, the rapid progress and popularization of internet technology have had a great impact on the lives and economy of the public. From the transmission of information, e-commerce cooperation models, to people's daily entertainment, the internet is no longer an impact on local traditional industries, but a comprehensive impact on traditional industries.

The operation and management of enterprises should be examined from a new perspective of the Internet economy.

This article analyzes the impact of internet corporate social responsibility on corporate competitiveness, explores the impact of internet fulfilling corporate social responsibility on corporate resources, capital, and capabilities from the perspective of stakeholders, and infers its impact on corporate competitiveness.

2. Overview of Corporate Social Responsibility and Competitiveness

2.1 Overview of Corporate Social Responsibility

In the early days of corporate social responsibility, Carroll measured it from four aspects and three dimensions: legal, economic, charitable, and ethical. The three dimensions were corporate social response, types of corporate social responsibility, and social issues. A corporate social responsibility model was constructed from four aspects and three dimensions. Based on the Carroll model, Wood proposes a new research system that manages corporate social responsibility from three levels: institutional, organizational, and individual. The factors influencing corporate social responsibility are summarized, as shown in Figure 1. The pyramid model can quantify social responsibility and improve the research system on social responsibility^[3]. In the 1990s, research on corporate social responsibility was combined with stakeholder theory. From the perspective of stakeholders, companies not only maintained and increased the value of capital invested by shareholders, but also took responsibility for creditors, consumers, employees, and the social environment, providing as much social welfare as possible. The different classification of stakeholders can affect research on corporate social responsibility^[4].

Referring to the research on corporate social responsibility by domestic and foreign scholars, and through understanding corporate social responsibility, this article starts from the perspective of stakeholders and emphasizes that in the pursuit of profit maximization, enterprises also need to consider taking responsibility towards other stakeholders such as employees, government, creditors, etc.^[5].

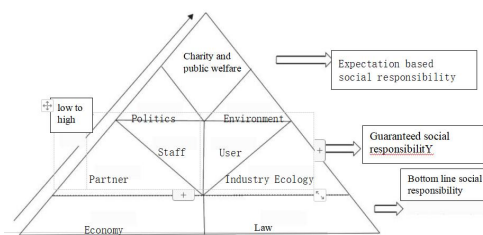


Figure 1. Pyramid of Corporate Social Responsibility

2.2 Overview of Enterprise Competitiveness

The World Economic Forum once pointed out that "enterprises have quality and price advantages in design, production, service, and sales, which gives them more opportunities and capabilities to compete in the current and future market competition compared to the same industry at home and abroad. This is the competitiveness of enterprises. Subsequently, the World Economic Forum reinterpreted the direction of enterprise competitiveness from the perspective of production and operation results. Enterprise competitiveness refers to the ability of enterprises to generate more profits compared to other enterprises in the same industry.

Domestic and foreign scholars have analyzed the competitiveness of enterprises from different perspectives. Considering the production and operation activities of the enterprise, the rational allocation of production resources and the ability to adapt to and control the external environment of the enterprise, that is, the competitiveness of the enterprise^[6]. From the analysis of market competition environment, as an independent economic entity, enterprises can achieve sustainable development in a limited external resource environment and continuously improve the quality of profits, which is the competitiveness of enterprises. From the perspective of market and customer demand, enterprises can effectively allocate various resources, meet the needs of market consumers, continuously increase their market share, and gain advantages in competition, that is, enterprise competitiveness.

3. The Meaning and Characteristics of Internet Enterprises

3.1 The Meaning of Internet Enterprises

Internet enterprises generally refer to enterprises based on computer technology,

utilizing network platforms to provide services and generate revenue as a result. The biggest difference compared to traditional enterprises is that internet companies mainly rely on internet technology. By providing technical and content services related to the development and maintenance of internet facilities [7]. Take Baidu, Tencent, Alibaba, JD and Byte Dance as examples. Baidu's main product is Baidu's search engine; Tencent's main products include internet information software (WeChat) and games; Alibaba's main products are through online trading platforms (Taobao); The main products of Byte Dance are Tiktok and Tou tiao. Internet companies have different products, but their products are achieved through internet technology, and then through products, the company's profits are realized. On the contrary, without internet technology, products cannot be realized, and enterprises cannot obtain profits.

3.2 Characteristics of Internet Enterprises

Internet enterprises have the attributes of new media enterprises. The Internet is a product of the technological information revolution, bringing revolutionary changes to the transmission of information. Compared to traditional media, the early transmission of social information relies on newspapers, radio, and television. Traditional media used to be in a monopolistic position, but the emergence of the Internet has broken the monopoly of traditional media. Deploying information platforms provides sufficient space on the one hand, and on the other hand, it can achieve timely and two-way communication. In the past, traditional media transmitted messages in one direction, changing consumers' passive reception of information and being able to provide feedback to enterprises, while achieving timely and comprehensive coverage of information. Internet companies can quickly spread information and have a greater impact on society through their own internet technology. Internet companies have a unique growth model. The benefits of internet enterprises are closely related to the number and scale of users. In the initial stage of the enterprise, preferential conditions are provided based on user preferences to attract users and seize the number of users. In the early stages of the enterprise, the cost investment of internet enterprises is relatively high; In the

second stage, the number of users increases in scale, costs decrease, and revenue increases; In the third stage, enterprises achieve economies of scale and turn losses into profits. The Internet emphasizes the "light asset" business model. Traditional enterprises generally operate with "heavy assets", supported by a large amount of fixed assets, and a large amount of production equipment and factories to support the entire enterprise operation. Compared to internet companies, fixed assets are not the focus of internet companies. The focus of internet companies is mainly on intangible assets, and providing intangible products and services is the core of internet companies. Tencent's fixed asset ratio is generally controlled within 10% and has shown a downward trend in recent years.

4. Stakeholder Analysis of the Impact of Internet Corporate Social Responsibility on Corporate Competitiveness

Based on the previous literature review and theoretical foundation, this article is based on stakeholder theory and China's internet industry. The actual situation of the industry divides the social responsibility of internet companies into four dimensions: being responsible to shareholders, Responsible to creditors, employees, government. As shown in Figure 2.

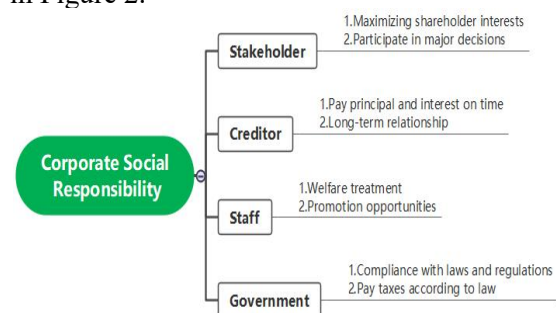


Figure 2. The Impact of Various Stakeholders in Enterprises on their Competitiveness

4.1 The Impact of Corporate Fulfillment of Shareholder Social Responsibility on Corporate Competitiveness

Fulfilling shareholder responsibilities is the core of corporate social responsibility and the main source of financing for the survival of enterprises. For internet companies with high risks, the preferences of shareholders are particularly important. Shareholders invest capital based on their trust in the company's

managers, and the company should take responsibility for shareholders, effectively use capital, and earn more profits through reasonable capital allocation to ensure shareholder capital appreciation or preservation. From this perspective, shareholder financing can only last for a long time. For high-risk internet companies, shareholder financing is undoubtedly the material guarantee for their survival and the foundation of their competitiveness. Actively fulfilling shareholder social responsibility can increase the competitiveness of enterprises.

4.2 The Impact of Fulfilling the Social Responsibility of Creditors on the Competitiveness of Enterprises

Enterprises and creditors are a special long-term cooperative relationship. For high-risk internet companies, their initial financing sources rely more on corporate shareholders and are more inclined towards equity financing, making it difficult to find stable bank loans or corporate bond style financing. During the maturity period of internet enterprises, financing methods are diversified, and fulfilling the social responsibility of creditors is a guarantee for corporate financing. The capital cost of debt financing is reduced, and income tax expenses can also be reduced through interest. Therefore, actively fulfilling the social responsibility of creditors is a guarantee for corporate financing, sustainable development, and improving corporate competitiveness.

4.3 The Impact of Fulfilling Employee Social Responsibility on the Competitiveness of Enterprises

The high turnover rate of employees in internet companies is a common phenomenon. The underlying reasons are partly due to the fact that technical employees have worked for 3-4 years, and their salaries will double in the face of job hopping. On the other hand, is it because the company has failed to protect employee rights, employees lack a sense of belonging, or there is no clear upward path for their job positions. For frequent employee resignations in internet companies, finding suitable employees undoubtedly incurs higher human capital costs, and there is also a time factor in the familiarity of recruited employees with the position^[8]. So companies fulfill their

employees' social responsibilities, reduce human resource costs, while retaining core personnel and improving their competitiveness.

4.4 The Impact of Enterprises Fulfilling Government Social Responsibility on their Competitiveness

The rapid development of internet enterprises in recent years is closely related to the government's support for the industry and related welfare policies. Internet companies should actively pay taxes, participate in public utilities, provide employment opportunities, maintain friendly cooperative relationships with the government, and obtain more welfare policies and resources from them, thereby improving their competitiveness.

5. Measures to Enhance Internet Social Responsibility

In traditional supply chains, enterprises often focus more on the fulfillment of corporate social responsibility as downstream enterprises. With the development of Internet plus, people are stepping into the era of platform economy. In terms of platform construction, the platform links both parties in the market, providing a platform for transactions between enterprises and consumers in the bilateral market, and also linking the supply side and demand side. Platform based enterprises bear corporate social responsibility for both parties, while also influencing society or playing a role in regulating the industry. For example, Dangdang has always been fighting against pirated books; Ding Xiangyuan's article on the "Quanjian" incident highlights the government's strong supervision and inspection of health products. Compared to traditional enterprises, platform-based enterprises also bear corporate social responsibility for the privacy of user data. So, how can we balance the use and protection of user privacy data, or measure it well? Under big data, user data is of utmost importance for platform-based enterprises, using median and mean to quantify user preferences. Therefore, there are some differences in corporate social responsibility between platform based enterprises and traditional enterprises. Enhance the social responsibility awareness of internet companies and actively incorporate it into corporate strategic planning. Enterprises should shift their awareness from passive to

proactive social responsibility, and combine corporate social responsibility with their development strategies to gain advantages in long-term resources and enhance competitiveness. The cost of fulfilling social responsibility is relatively high, and appropriate government subsidies and related support policies can effectively guide enterprises to fulfill their social responsibility before long-term benefits are obtained^[9]. Under the Internet economy, it is proposed to elevate corporate social responsibility to strategic corporate social responsibility. In the future internet economy, corporate social responsibility is no longer a burden for enterprises, but gradually evolves into the core competitiveness of enterprises. Require enterprises to combine their own resources, conduct strategic thinking, find entry points for the community of interests between enterprises and society, achieve innovation in enterprise products and services, and improve social economy to achieve corporate social value. For example, the use of network technology on taxi platforms can solve the difficulty of consumers taking taxis and meet their travel needs; On the other hand, to solve green travel, reduce environmental pollution, and alleviate congestion problems, through technological innovation, develop valuable products, and solve social problems. The single financial value of an enterprise extends to social value, comprehensively considering its long-term value, and encouraging it to create social welfare.

Establish and improve a supervision and evaluation system for corporate social responsibility. At present, the government has established relevant social responsibility research centers, but has not established an evaluation of the performance of corporate social responsibility. The corporate social responsibility disclosure report that we have access to is voluntarily disclosed by enterprises, and the actual performance has not been investigated. The social work carried out by enterprises is still unclear. Can we strengthen coordination to promote enterprises to actively fulfill their social responsibilities^[10]. On the other hand, in response to the special characteristics of enterprises fulfilling their social responsibilities, especially internet enterprises, such as fast information dissemination and large user numbers, it is

necessary to establish multi-level and multi-directional supervision of internet enterprises fulfilling their social responsibilities.

Scientifically and reasonably design a social responsibility assessment system to comprehensively evaluate the performance of corporate social responsibility, and preferably to quantitatively analyze the performance of the enterprise. Evaluating the performance of corporate social responsibility cannot be separated from the social responsibility reports released by enterprises. Advocating for high-quality social responsibility reports to be released by enterprises can detail the contributions made to various stakeholders and also urge enterprises to actively fulfill their relevant responsibilities in all aspects.

6. Conclusions

Nowadays, with the rapid development of internet platforms, the impact of social responsibility on enterprises plays an important role in their sustainable development. Through literature review at home and abroad, it is not difficult to find that social responsibility has a positive impact on corporate financial performance and competitiveness. The focus of this article is to analyze internet platform enterprises, briefly analyzing the commonalities and differences in social responsibility between internet platform enterprises and non internet enterprises. This article analyzes the current situation of internet platform enterprises fulfilling social responsibility, which helps to deepen their understanding of social responsibility. The analysis of corporate social responsibility reports on internet platforms in this article is not comprehensive, and further exploration and analysis will be conducted through quantitative analysis methods in the future.

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