
On the Social Responsibility of Multinational Corporation's Direct Investment

Libin Wu

(Shanghai Polytechnic College)

Abstract: Since the beginning of the 21st century, there has been a new adjustment in the global business philosophy, and one of the major changes is the emphasis on the social responsibility of direct investment. Many multinational companies issue social responsibility reports while publishing annual financial reports.

Keywords: multinational corporations; Direct investment; social responsibility

1.The basic content of social responsibility in direct investment by multinational corporations

The basic content of social responsibility in direct investment by multinational corporations is to fulfill their basic economic functions, create profits, and be responsible for shareholder interests within a specific legal framework, social norms, and business environment. At the same time, from the perspective of long-term interests and stakeholders of the enterprise, various action plans that are in line with the social goals and public interests of the host country, and adapt to changes in the host country's society, contribute to the overall welfare of the host country's society.

2.The Economic Motivation and Related Evaluation of Multinational Companies Emphasizing International Business Social Responsibility

The social responsibility emphasized by multinational corporations in direct investment reflects not only their willingness to share the worries of global future development, as multinational corporations are not public organizations or charitable organizations. Profit is always the primary goal of the enterprise, and profit is also the foundation for it to undertake other social responsibilities. The emphasis on social responsibility in direct investment by multinational corporations is driven by profound economic factors.

3.Research on Strategies for Multinational Companies to Strengthen Social Responsibility

Understanding the rationality and inevitability of the social responsibility of multinational corporations is only the beginning. More importantly, multinational corporations should clarify how to effectively fulfill their social responsibilities and contribute to the development of the company itself and the overall welfare of society. In fact, some multinational corporations, after entering the host country's market, neglect their corporate social responsibility and even do things that violate the social responsibility concept and ethical standards of multinational corporations. Multinational corporations often engage in commercial bribery, illegal tax avoidance, market monopoly, low labor standards, and substandard product safety in host countries. Therefore, multinational corporations need to conduct strategic research on strengthening social responsibility measures.

Firstly, before conducting direct investment, it is necessary to develop detailed guidelines and assessment indicators for corporate social responsibility, which is a way of integrating corporate social responsibility into business processes. For example, a company can establish group codes of conduct and policies such as the Action Principles, Group Rules, Business Conduct Rules, and Group Management System, which can involve aspects such as business ethics, competition, employee policies, health and safety, environmental policies, and regional policies to regulate group behavior. These meticulous internal rules and regulations of enterprises, in fact,

mimic the legislative process of the government to fix moral concepts that are higher than legal requirements in the form of "corporate law", providing a basis for all employees to abide by rules.

Secondly, regularly release social responsibility reports on direct investment by multinational corporations, integrating social responsibility concepts into daily business process management. Many multinational companies now have similar corporate social responsibility reports, which undergo independent third-party audits every year, and the audit results are publicly disclosed to the outside world. Corporate social responsibility reports convey transparency and credibility to the public, and have become an important way for multinational corporations to gain recognition from the public for actively assuming social responsibility. They can also serve as a link between corporate performance and social commitment. Timely summarize the practices and performance of multinational corporations in social responsibility through their social responsibility reports, and indicate the behavioral norms of multinational corporations in the field of social responsibility. The social responsibility report of multinational corporations can be combined with traditional annual reports and environmental and social reports, integrating financial, environmental, social, and other business related content, including the most important information for the vast majority of stakeholders.

Thirdly, strengthen social responsibility in brand and product quality by managing suppliers in the host country. Multinational corporations can use their contracting rights to supervise and manage contractors and subcontractors in their commodity production chain, requiring suppliers to produce according to the company's social responsibility standards and environmental standards, extending the company's social responsibility from the traditional multinational corporation's home country system to all aspects of overseas production bases, and eliminating product liability arising from negligence in managing contractors.

Fourthly, strengthen the environmental responsibility of direct investment. Multinational corporations in host countries should strive to implement clean production, reduce emissions, lower environmental burdens, actively conserve resources, improve resource utilization, promote resource recycling, implement circular economy, and contribute to the sustainable development of the host country.

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