

# Determinants of CSR and EICC Promote Creating Shared Value: A Case Study of Solen Company

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**Abstract**—Corporate social responsibility is an issue that companies in the world have paid attention in recent years. The main purpose is to hope that enterprises can make good use of the power to give back to the society. The purpose of the study was to explore the determinants of Solen Company implementation of social corporate responsibility and electronic industry code of conduct policies, and to explore how it evolved into creating shared value. This study used interviews and secondary data to collect research data. The study found that Solen Company introduction of electronic industry code of conduct audit results and corporate social responsibility reports were in compliance with environmental protection, social responsibility, employee benefits and giving back to the local township standard. In addition, from the interview data to prove that the company changed and promoted from CSR to CSV, it also proposed interest to stakeholders, company's major issues and management strategies. Finally, the theoretical and practical implications are discussed, in the future research recommendations are proposed.

**Index Terms**—Corporate social responsibility, electronic industry code of conduct, creating shared value.

## I. INTRODUCTION

Corporate social responsibility (CSR) is a trend in the world in recent years and is one of the important issues for the sustainable development of enterprises. This study is based on the case study of the electronic industry code of conduct (EICC), which analyzes how its CSR evolved into creating shared value (CSV). The long-standing problems faced by enterprises and society should be based on shared values. When dealing with the needs and problems of society, it not only creates economic value but also creates value for society. The business of the company must reconnect the company's achievements with social progress. Shared value is not social responsibility, philanthropy, or even sustainable development, but a new way to achieve economic success. Shared value is at the core of business operations [1].

CSR is not only the best interests of the company in pursuit of shareholders, but also the interests of stakeholders, including employees, consumers, suppliers, communities and the environment. EICC is a standardized social responsibility code of conduct in the global supply chain of the electronics industry. The research object "Solen Company", although it is a small and medium-sized enterprise, has actively participated in social welfare in recent years, and has also introduced CSR and EICC policies. Under the adjustment of internal and

external stakeholders, it is necessary to develop CSR for sustainable development.

Research questions are as follows:

1. What is the CSR and EICC of Solen Company? What are the characteristics?
2. What are the determinants of CSR and EICC in Solen Company?
3. How does CSR and EICC promote CSV in Solen Company? What are the concerns and management strategies of stakeholders?

## II. LITERATURE REVIEW

### A. CSR and CSV

CSR means 'treating the stakeholders of the firm ethically or in a responsible manner' [2], best depicts the true concept of CSR. This definition allows CSR to be seen both as an ethical stance and as a business strategy. It also provides a means of seeing how CSR can or should work in practice. It conforms to the argument that CSR should be an ethical stance of the corporate without any expectation of getting rewards or payback as this definition does not put any emphasis on reaping benefits to the corporate. It also does not reject the notion that CSR should be aimed at enhancing profitability since by serving the needs of the stakeholders, the corporate surely stands more chance to gain more rewards [3]. Therefore, there is no strong consensus on the definition of CSR. Corporate social responsibility has been used as a synonym for business ethics and is defined as corporate philanthropy and is strictly viewed as related to environmental policy. The lack of consistency in the use of the term corporate social responsibility, we hope that they can produce an agreed definition of corporate social responsibility. A good definition of corporate social responsibility through a common term will help us simulate the role of organizational culture and leadership in determining the importance of corporate social responsibility in the organization [4].

The CSR field focuses on stakeholder dialogue, and participation and partnership have become mainstream concepts in international development policy. Some of the initiatives in the area of ethical trade and sustainability reporting are driven by Western NGOs, which big companies believe are viable and what consultants and accountants are seeking to provide. It describes how the resulting practices and discourses limit changes and marginalization of alternative methods developed by Southern stakeholders. Stakeholder dialogue, participation and partnership enthusiasm in corporate social responsibility issues need to be

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re-recognized in consideration of democratic principles [5].

CSV is an important method to reflect and practice CSR. By re-imagining products and markets, redefining productivity in the value chain, and promoting local cluster development. CSV is based on the economic path and hopes to solve the gap between the rich and the poor, improve the consumption of vulnerable groups, environmental pollution, and sustainable development of the earth. It can enhance the disadvantages while creating corporate profits. Therefore satisfied with the consumption of groups, reducing environmental pollution, promoting sustainable development of the earth, etc., it can achieve the shared value of economic gains and social gains. CSV is not just about pursuing profits. This concept will drive the next wave of innovation in the global economy and the growth of productivity. It will reshape the capital system and the relationship between this system and society. Perhaps the most important thing is to learn how to create shared value. CSV is not a philanthropy, but a self-interested act that creates economic value by creating social value. If every company is committed to creating shared value associated with its own business, the overall benefits of society will benefit. In addition, in the eyes of the public, companies will also be justified; because when the government formulates policies to support and support enterprises, the democratic system can also operate smoothly. The rule of survival of the fittest is still valid, but market competition will benefit the society. CSV is a strategy to address social challenges through a business model that delivers profitability. For a company with a commitment, this is a new business model that promotes the economic and social development of the place where it is located while expanding the market and improving profitability. This means creating economic value and creating value for society while dealing with the needs and problems of society. The business of the company must reconnect the company's achievements with social progress and share value is not social responsibility, philanthropy, or even sustainable development, but a new way to achieve economic success [1].

### B. EICC

There are many ways to evaluate the value of an enterprise in the CSR field. The Global Reporting Initiative (GRI) focuses on accountability reports, especially if the existence of these reports provides further explanation for corporate value. Communication through GRI Responsibility Reports is an important explanatory factor in the market value of an enterprise. Responsibility reporting is part of a corporate communication tool to enable a more accurate market valuation of the business [6].

In October 2004, HP, DELL, and IBM jointly published the Electronic Motor Industry Code of Conduct (EICC), which aims to establish standardized social responsibility behavioral norms in the global supply chain of the electronics industry. The EICC deals with labor and recruitment, health and safety, environmental responsibility, management systems and ethics. Cisco, Intel, Microsoft and SONY have also joined the alliance. HP, DELL and IBM have jointly established a supply chain working group to implement the EICC to develop a comprehensive implementation plan. It is expected that EICC suppliers will meet the highest ethical

standards. In order to reduce the two audits and three audits for the electronics industry suppliers, to save costs. EICC standards are shown in Table I [7].

TABLE I: EICC

Commitment	Description
LABOR	Freely Chosen Employment, Young Workers, Working Hours, Wages and Benefits, Humane Treatment, Non-Discrimination, Freedom of Association
	Occupational Safety, Emergency Preparedness, Occupational Injury and Illness, Industrial Hygiene, Physically Demanding Work, Machine Safeguarding, Sanitation, Food, and Housing, Health and Safety Communication
HEALTH and SAFETY	Environmental Permits and Reporting, Pollution Prevention and Resource Reduction, Hazardous Substances, Wastewater and Solid Waste, Air Emissions, Materials Restrictions, Storm Water Management, Energy Consumption and Greenhouse Gas Emissions
ENVIRONMENTAL	Business Integrity, No Improper Advantage, Disclosure of Information, Intellectual Property, Fair Business, Advertising and Competition, Protection of Identity and Non-Retaliation, Responsible Sourcing of Minerals, Privacy
ETHICS	Company Commitment, Management Accountability and Responsibility, Legal and Customer Requirements, Risk Assessment and Risk Management, Improvement Objectives, Training, Communication, Worker Feedback and Participation, Audits and Assessments, Corrective Action Process, Documentation and Records, Supplier Responsibility
MANAGEMENT SYSTEM	

Ref: EICC Code of Conduct Version 5.0 (2014) [7]

In the research of Taiwan's computer industry Green Supply Chain Management (GSCM), most companies have adopted the EICC Code of Conduct to identify and manage social and environmental responsibilities throughout the supply chain, testing results to determine product types, geographic regions and suppliers. Whether the difference in scale is related to different levels of environmental performance. The results show that the supplier's feature classification can be used to improve the efficiency of GSCM [8].

In the research of corporate social responsibility in the global value chain, the driving factors, main features and conceptual basis of the cooperation paradigm in cooperation with CSR in the global value chain, the measures proposed in the new cooperation paradigm are unlikely to change the power relations in the global value chain. And can continue to improve the status of workers in the export industries of developing countries. In developing countries, it is necessary to improve purchasing and labor standard noncompliance, CSR capacity building among local suppliers, and CSR monitoring [9].

### III. RESEARCH DESIGN

This study use case study to explore the situation of CSR and EICC in Solen Company. The research framework adopts the "CSR→CSV" model [1] to explore the influencing factors of the evolution of Solen Company CSR and CSV, as shown in Fig. 1. This picture is from six items to explore the company's change from CSR to CSV and analyze how CSR promotes CSV. These six aspects include value, internal and external changes, profit and agenda, etc.



Fig. 1. CSR to CSV [1, p12].

This study used interviews and secondary data to collect research data.

The interviewee was the manager responsible for the introduction of CSR. The interview questions are as follows:

1. What is the value of the company from CSR to CSV?
2. What are the practical examples of the company's CSR Citizenship, philanthropy and sustainability to CSV for both the company and community?
3. CSR: discretionary or in response to external pressure. CSV: integral to competing. What is the company's example?
4. Regarding the profit CSR is separate from maximization, CSV is integral to maximization. What is the situation of the company?
5. CSR: agenda is determined by external reporting and personal preferences. CSV: agenda is company specific and internally generated. What is the situation of the company?
6. Impact limited by corporate footprint and CSR budget, but CSV realigns the entire company budget. What is the situation of the company?
7. Is there an example of the evolution of the company's CSR and CSV?

Secondary data includes: Solen Company's CSR report, EICC audit plan, EHS audit report, Japanese and American companies such as: Xerox, Orbit audit report.

The data analysis method uses interview data and content analysis.

The interview materials are mainly based on the CSR/ CSV interview answer, as shown in Table II. The content analysis is based on the report collected by the secondary data, and

analyzes the current status and related characteristics of Solen Company's CSR.

Finally, in the data analysis part, this study uses the stakeholder's attention to the issue's major analysis chart to understand the company's performance in CSR. This analysis chart uses the EXCEL chart method to score the company's "interested interest level" and "the degree of impact on business operations". The scoring standard is based on the company's senior executives (according to the company's operating status). Pictured. Finally, the results are divided into three groups to facilitate the company's reference to improve CSR.

### IV. FINDING

#### A. Analysis of Solen Company

The Xerox Managed EICC Code of Conduct Audit report in Vietnam in July 2015: No exception management or integrity issues were encountered during the Audit. It can be proved that Solen Company has complied with the EICC regulations.

Solen Company's CSR analyzes environmental protection, social responsibility, employee benefits and giving back to the local township.

##### 1. Environmental protection

- (1) Implementing the ISO14001 Environmental Policy
- (2) Implementation Environmental Management Policy/Objective: REACH/ROHS Regulations
- (3) Green design
  - a. Material selection
  - b. Energy-saving design
  - c. The product is easy to dismantle and recoverable: at the same time, it cooperates with international trends and stakeholders and customers to carry out environmentally friendly design to achieve the best ecological benefits.

##### 2. Social responsibility

- (1) Job creation: Company's principle is that Taiwan's priority and overseas subsidiaries complement each other, allowing the Group to continue to operate, to stay in Taiwan, to protect the working rights of Taiwanese employees, and to create more job opportunities.
- (2) Actively adopting the body and heart disorder employees: At present, the company has 3 mental retardation and 1 statutory entry standard.
3. Employee benefits / care
  - (1) Establish a clean, comfortable and high-quality work environment.
  - (2) Free of charge for breakfast, lunch, dinner, transportation, health checkups.
  - (3) Three gifts or gifts, birthday gifts, year-end bonuses, etc.
  - (4) Activities inside and outside the factory: barbecue, drama performance, travel, etc.
  - (5) Old employees: Do not take the initiative to dismiss the retired employees of the age.
  - (6) Re-entry: Resignation after resignation, re-entry after retirement, more than 10 people.
  - (7) Parental leave without pay: There are already four cases

of reinstatement after the baby has been detained.

- (8) Parenting: full-pay maternity leave, abortion leave, maternity leave, and paternity leave. There is a nursery Room. Special Kindergarten Service.

#### 4. Giving back to the local township

Community watch and help; village environment maintenance; cold support; emergency assistance; temple donation; school donations; religious activities, art and cultural activities sponsorship, co-organizers.

- (1) NT\$80,000 per month (about NT\$960,000 per year): the village environment, the elderly living alone, the home of the elderly.
- (2) Spring and autumn every year: respect for the elderly.
- (3) NT\$50,000 per year: student Clearance Scholarship.
- (4) NT\$30,000 per year: community support.
- (5) Three sections per year: donation of love home materials.
- (6) Vietnam: NT\$70,000 per year: Orphanage, correctional institutions, donation of food.
- (7) Other non-scheduled temple donations; school donations; religious activities, art and cultural activities sponsorship, and co-organizers.

Not only the two factories in Taoyuan and Kaohsiung in Taiwan, but also the use of Vietnamese resources, the local feedback to Vietnam is also regarded as one of the company's social responsibilities.

#### B. Solen Company CSR and CSV

According to the respondent's response to the company's CSR/CSV status, as shown in Table II.

The company's change from CSR to CSV is based on Fig. 1. It proves that the company's performance in CSR has been partially shared.

TABLE II: SOLEN COMPANY CSV

CSR	CSV
Company policy to make suppliers profitable	Company needs to grow with the supplier (example: ISO certification)
Student internship, international social responsibility (Vietnamese factory), assisting human resource development	Recruiting disabled employees and providing student scholarships
Donations, supply chain requirements as early as 2002 United States (GE) company	As a qualified supplier chain member evaluation standard
Initially unrelated to profit maximization	Company introduced the EHS and CANON GREEN certifications in the supply chain and began to be related to the maximization of profits
CSR Report Specification	Company will indicate the implementation of CSR by specific circumstances
Company does not have a specific CSR budget, but there are fixed CSR activities every year	The budget will increase every year, after the provisional proposal

Fig. 2 is an analysis of the stakeholder's concern issues. The impact degree of the company's operations is on the horizontal axis, and the stakeholder's concern is the axis. The distribution map of the company's stakeholders is analyzed to establish effective relationships with internal and external

stakeholders. The conduit for communication. The various stakeholders of Solen Company and the issues that have produced the following are as follows:

1. New products and technologies
2. Regulatory compliance
3. Company operations
4. Product quality
5. Order continuity
6. Occupational safety and health
7. Risk management
8. Implementation of environmental management
9. Staff development
10. Product features
11. Product Price
12. Environmental protection
13. Supplier assessment
14. Financial performance
15. Patent rights
16. Performance of social responsibility
17. Compensation and benefits
18. Community care
19. Anti-terrorism security
20. Policy cooperation
21. Scale of operations
22. Fulfillment of tax obligations
23. Equal pay
24. Non-discrimination

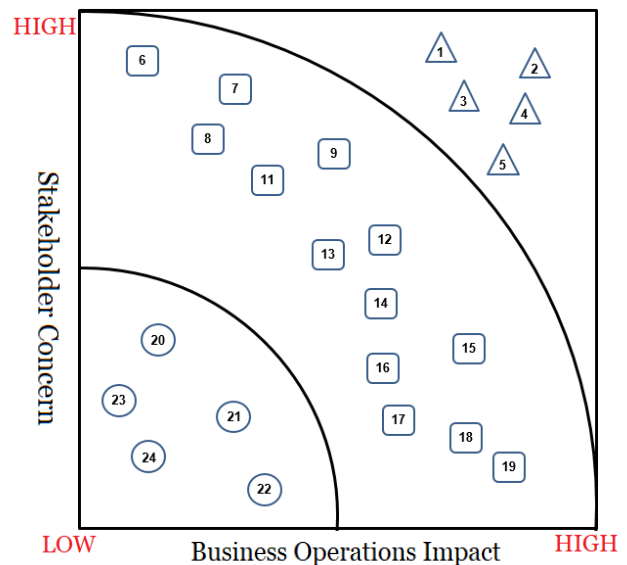


Fig. 2. Analysis chart of interested parties pay attention to the issue.

Issue 1-5 is of interest to stakeholders and high impact on business operations, so these are important to the company. Issue 6-19 is both medium and must be prevented from becoming high. Issue 20-24 is of interest to stakeholders and low impact on business operations, although these issues are not very important, they are still one of the factors that are indispensable for the company's operations.

Based on the above factors, the company's major issues and management strategies are as follows:

1. Development of new product technology: This item is one of the main sources of interest for stakeholders in the future development of the company. The company needs to continuously absorb new technologies to cultivate

talents, and engage in the development of next-generation new products with high-quality professional technology, aiming at the company's sustainable development.

2. Compliance with regulations: The company's compliance with domestic and foreign regulations, and the company's business philosophy and social responsibility to show its integrity and responsibility, so that stakeholders have confidence in sustainable development.
3. Enhance of company operation and management: For the internal organization, in order to make the company's operation take into account all stakeholders, and at the same time implement the CSR, all colleagues trust the company's business policy and can take care of the interests of stakeholders. The company's mid-level management staff conducts work meetings every day, and immediately announces the company's latest policies and employees' opinions to promptly resolve feedback. For the outside of the organization, through the complete provision of information, stakeholders can fully grasp the company's operating results, and conduct regular review meetings for continuous improvement.
4. Product quality control: continuous improvement in the organization, the pursuit of 0 bad, in order to achieve world-class quality requirements, and with a variety of auditing system requirements, such as: IATF16949, and various product safety certification to continuously improve the quality, and thus enhance the company's overall gain Lee. Outside the organization: It can enhance the trust of the stakeholders and the protection of the customers, thereby expanding the overall global market share of the company, while reducing the cost of internal and external failures.

## V. DISCUSSION AND CONCLUSIONS

### A. Conclusions

According to the Solen Company CSR report of the study, the company continued to perform the audit of the EICC at the request of the international supply chain of the external supply chain and achieved good results. In the company's business management strategy, CSR is also considered as an important factor in the company's sustainable development.

Whatever, in the "CSV", in addition to the company's continuous research and development of the latest technology, the interview results also prove that the company has gradually moved from CSR to CSV. CSV is an important method to reflect CSR. Through re-imagining products and markets, the company develops next-generation technology and product integration services [11], redefines productivity in the value chain, promotes local cluster development, and participates in the Taoyuan Government Motor Park Project [12]. Because promoting local cluster development is also one of the most important ways to create shared value [1], the company's own motor manufacturing expertise, to help local community development to promote local prosperity. [1] pointed out that no enterprise is completely independent and self-sufficient. The achievements of each company are influenced by the companies that provide support and related infrastructure. Business productivity and innovation

capabilities are highly influenced by clusters. Clustering refers to the industry, related companies, suppliers, service providers and logistics infrastructure in a certain area, all concentrated in a certain area.

Finally, one of the important factors in CSR is stakeholder attention and management strategy. The company also proposed analysis chart of interested parties pay attention to the issue and also proposed management strategies and solutions for new product technology, compliance with regulations, company operation and management, product quality four aspects.

### B. Theoretical and Practical Implications

The case company's CSV, including international social responsibility, is a good example of a CSR transition to CSV. In terms of talent cultivation, because the company attaches importance to CSR, it must also meet the needs of different employees, encourage employees to identify and create with employees, because employees are the actual performers, the promotion of CSR is the most effective, the company acts as a promoter. CSR is a particularly complex strategic effort. [10]

CSR attaches importance to the green supply chain, and the green design of the case company integration service is one of the strategies for practicing CSR [8], [11].

### C. Study Limitation and Recommendations for Future Research

This research is based on Taiwanese SME companies. The company employs about 1,000 people and has factories in Taiwan and Vietnam. Therefore, the company has its innate conditions and restrictions in implementing CSR, and should not be inference or generalization.

Future research suggests that quantitative research methods can be used to study CSR and CSV.

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