A Comparative Analysis of CSR in Developed and Developing Countries- A Qualitative Case Study of Walmart and JD.com

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Abstract. CSR originated in western developed countries and is deeply rooted in their corporate culture. It was only in recent years that companies in developing countries realized the important role of CSR in business practice. Now, CSR has become an integral part of corporate development. Through a comparative case study of the CSR activities in Walmart and JD.com, this paper explores the similarities and differences between CSR in developed and developing countries and the reasons for the differences by analyzing the companies' official websites, annual CSR reports, and sustainability reports. In addition, there is a SWOT analysis of the CSR activities of the two companies, the deficiencies and challenges of CSR activities at the current stage are discussed. The result shows that the similarities and differences of CSR are influenced by the political, economic, social and cultural factors. Developed countries should focus more on specific CSR activities in response to internal and external environment changes to save CSR expenses and improve efficiency for future CSR activities. As for developing countries, governments should play a role in improving the regulatory environment and raising awareness and participation in CSR. The functions of community and media are also significant.

Keywords: Corporate social responsibility, Walmart, JD.com, SWOT analysis.

1. Introduction

Corporate Social Responsibility (CSR) is a comprehensive management concept which incorporates environmental and social concerns into company operation and stakeholder’s interaction. According to Sheehy [1], CSR is a self-regulation form with the purpose of contributing to philanthropy by participating in volunteering activities and ethical practices. Du et al. define CSR as a company’s commitment that guarantees the well-being of stakeholders through discretionary business practices [2]. Carroll classified CSR activities into four categories, economic, legal, ethical, and philanthropic responsibilities [3]. Economic responsibility is to maximize shareholders’ profit, and it is the base of company survival. Legal responsibility refers to strictly obeying the regulations and rules. Ethical responsibility means companies should do what is ethically right, even though there may not be legal restraint. Philanthropic responsibility is the obligation that extends beyond the daily operations of the company, such as investing in community infrastructure, volunteering work, etc.

The stakeholder theory is one of the representative CSR theories. It explains that a company is a series of contracts which are formed with various stakeholders and it is the result of negotiations and transactions among these stakeholders [4]. Business entities such as investors, employees, customers, suppliers, government, communities, etc., all of them will affect and be affected by the company. For the purpose of ensuring the sustainable development of the company, in addition to shareholders, companies should also be responsible to other stakeholders. CSR plays a vital role in business practices and can benefit stakeholders. From an economic perspective, CSR activities can help companies reduce costs and risks, increasing competitive advantages [5]. CSR could become a critical corporate strategy to help companies gain reputation and customer trust [6]. For employees, CSR activities can make them perceive the concern from the company, and motivate them to work harder. Many job seekers regard CSR performance as a significant element of their target job position. For customers, CSR can improve their loyalty and satisfaction. They will be willing to pay a premium, bringing more profits to the company. There are also benefits to communities, many companies take active parts in the construction of the local communities, donating to local schools and hospitals and
providing job opportunities to local residents. Today, managers and scholars have started to pay more attention to CSR practices, and CSR has become an integral part of company success.

While recent CSR research mostly concentrate on the analysis of CSR practices in developing countries or developed countries solely, there are limited studies on exploring the differences between the CSR activities in developed and developing countries. There are numbers of elements which may affect the CSR practices such as political, economic, social and cultural factors. Therefore, this paper will conduct a comparative analysis of CSR in developing and developed countries through a qualitative case study of Walmart and JD.com. Firstly, there will be a description of each company and their major CSR practices, and a SWOT analysis will be adopted to analyze their CSR activities. Secondly, this paper will discuss the similarities and differences between the CSR activities in two companies, which can reflect the differences in developed and developing countries to some extent. Then, the reasons why there will be differences between CSR practices will be discussed. Finally, we will explore how to convert weaknesses into strengths, threats into opportunities, and enhance CSR practices in developing and developed countries to improve corporate performance. Companies in developed and developing countries need to find a balance between pursuing their own development and fulfilling their social responsibilities.

2. Research Design And Methodology

Case study is the base of most comparative research. A comparative case study includes the synthesis and analysis of similarities and differences in two or more cases which have the same objective and easier to summarize causal questions. This paper aims to explore the differences and causes of CSR activities between developed and developing countries through case studies of CSR activities in two companies. A comparative case study is suitable to this research since it focuses on words instead of numbers and concentrates more on particular people and situations [7]. A SWOT analysis will also be used in this case study which provides a theoretical framework for finding the differences and helps to analyze how developed and developing countries can develop their CSR. In summary, this essay will use the method of comparative case study integrated with SWOT analysis in the context of the CSR framework.

A qualitative case study can gather data from personal documentation, interviews, direct observation, participant observation, archival records and physical artifacts [8]. This paper selects two companies with high status and good CSR image in the retail industry, one from the United States (Walmart) and another from China (JD.com). The data are collected through their official websites, annual CSR reports, sustainability reports and news from web pages of high quality. The financial data will also be involved to understand how much they invest in CSR activities.

**WALMART**

Walmart is one of the largest multinational retail companies formed by Sam Walton in 1962. In the 1970s, Walmart became a publicly-traded company and was listed on New York Stock Exchange (WMT). Since the 1980s, Walmart has grown rapidly, constantly expanding its local market and entering the international market. Up to January 2022, Walmart established 10,593 stores in 24 countries. According to Fortune 500 list 2021 [Table 1], Walmart owns the largest amount of revenue with $571,962 billion [9]. It is also the largest private employer with around 2.3 million employees globally.

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Walmart has one of the largest distribution operations in the world, with 210 distribution centers in the United States, each could support 100 stores within a radius of over 150 miles. Walmart established a high-tech integration center in Colton, which aims to optimize the entire supply chain system through new technologies. “Every Day Low Price” is Walmart’s core strategy. Walmart is now committed to providing customers with a one-stop convenience service.

**JD.com**

JD.com is one of the biggest B2C retailers formed by Liu Qiangdong in Beijing, China. The company started as an online magneto-optical shop in 1998 and gradually expanded its business into electronics. In 2004, JD.com opened up an experimental field for entrepreneurship in the field of e-commerce, and its multimedia network was officially opened. In 2007, JD.com built three logistics systems in Beijing, Shanghai and Guangzhou, with a total logistics area of more than 50,000 square meters. On May 22, 2014, JD Group was listed on Nasdaq in the United States. The total revenue of JD.com last year was $138,395 million [Table 2] [10]. In the list of "Top 100 Retailers in China in 2020" jointly released by China Chamber of Commerce and China National Commercial Information Center, JD.com ranked the second place with a sales scale of 2.6 trillion yuan.

| Company Type | Public |
| Revenues ($M) | 571,962 |
| Profits ($M) | 8,020 |
| Market Value ($M) | 388,870 |
| Employees | 2,300,000 |

While developing e-commerce, JD.com also takes care of offline stores. In 2016, JD Home opened in Changsha, which is the carrier and experience store of JD.com’s offline services. Subsequently, JD Home gradually opened in the core business circles of first- and second-tier cities, focusing on 3C products such as digital products and mobile phones. At the same time, JD.com has also established convenience stores in major cities, selling food and daily necessities. As a technology-driven company, JD.com aims to bring value to its stakeholders through scalable and reliable platforms in different divisions such as e-commerce, cloud computing and logistics. Through its commitment to quality, authenticity, JD.com has set the standard for online shopping. JD.com’s products range from fresh food and vegetables to electronics and clothing. Its nationwide fulfillment network provides
standard same-day and next-day delivery to a population of over one billion, and the service levels and speeds are also unmatched worldwide.

Finally, this paper will integrate all the data collected, analyze each company's CSR activities using SWOT analysis, and explore the similarities and differences between the CSR activities. SWOT analysis is a situational analysis based on internal and external competitive environment which helps a person or companies to identify strengths (S), weaknesses (W), opportunities (O) and threats (T) [11]. Strengths and weaknesses are regarded as internal elements, which means business characteristics that give it an advantage/disadvantage over others. Opportunities and threats are external elements, opportunities are elements of the environment that a business can exploit, and threats are environmental factors that can cause trouble for a company. SWOT analysis is a practical tool that can be used in the initial stages of decision-making to assess the strategic position of various organizations. It helps individuals and companies analyze the internal and external factors for achieving corporate goals, so that problems can be classified according to their priorities and identify which problems the company urgently needs to solve and what are obstacles to strategic goals. Then use the idea of systematic analysis to match various factors, and draw a series of decision-making conclusions, which is conducive to individuals and companies to make more correct decisions and plans.

3. Result And Discussion

3.1 SWOT analysis of Walmart’s CSR

Walmart aims to become a regenerative company; its mission is to “helping people around the world save money and live better” [12]. Walmart’s CSR practices are based on three principles: Firstly, creating economic opportunities for Walmart’s employees and its suppliers. Secondly, improving the sustainability of the product supply chain. Thirdly, setting up strong communities in which retailers operate. For employees, Walmart encourages diversity in the workplace, which includes lowering the job entry barrier, providing more platforms such as Live Better U to develop their skills. Walmart even offers help to non-violent incarcerated applicants to re-enter the workplace. Since 2015, Walmart has raised its minimum starting salaries by over 65%. Although being affected by the epidemic, Walmart still distributes more than $2.8 billion bonus, adjusts its emergency leave policy and working hours. For the sustainable product supply chain, Walmart promised to develop and supervise supply chain and sourcing practices through risk assessment and auditing activities. Walmart resists practices such as forced labor, child labor and unsafe working conditions, it helps promote the dignity of women, empowering women in the supply chain [13]. Meanwhile, Walmart pays close attention to food safety issues in the supply chain, and through the use of a third-party data source THESIS, in which enables Walmart to gain reports of the main performance indicators on environmental and social issues from its suppliers. Walmart also strives to create value for the community, the prosperity of the store cannot be separated from strong communities. For decades, Walmart has helped communities through volunteer service and disaster relief programs. In 2020, Walmart made more than $65 million in cash donations to community service organizations, and around 56,000 employees in the US participated in a cumulative 630,000 hours of volunteer service [14].

**SWOT analysis**

**Strengths**

Walmart’s CSR practices are systematic and relatively complete, involving different levels, from internal employee welfare to external community and environment. Walmart's CSR activities take into account the interests of each stakeholder. For example, Walmart’s employees, from working environment, promotion and development, to medical security and their parents or children's concerns, Walmart has all relevant regulations to help its employees, which is difficult for ordinary enterprises to do. Meeting the requirements of stakeholders is the key to business success, the CSR practices in Walmart will improve their reputation as well as its financial performance. Stable profits are the
premise of ensuring CSR activities, and the scale of the company greatly enhances Walmart's CSR sustainability. In addition, Walmart's CSR activities have brought benefits to the society, and contributed to solving social employment issues, environmental protection issues, and equality issues.

**Weaknesses**

The complex CSR system may impede the implementation of Walmart’s CSR activities. Walmart has thousands of stores all over the world, and it is difficult to guarantee that every store can strictly abide by the CSR rules. In addition, Walmart's investment in CSR is a considerable expense, and the investment may not necessarily be proportional to the harvest. Sometimes, excessive investment in CSR will be regarded as "greenwashing" [15], that is, consumers may consider that Walmart selectively discloses information that benefits itself in order to cover its existing problems.

**Opportunities**

Western developed countries have always attached great importance to the sustainable development of enterprises. With the substantial support of the US government, there will be more room for the development of Walmart’s CSR practices. In addition, consumers, partners and media in developed countries have strong CSR awareness and always maintain a high level of attention and participation in CSR activities. Therefore, the efficiency and completion of CSR activities will be higher. At the same time, Walmart has a series of rich CSR activities, which can help those stakeholders better understand the company's efforts in environmental protection and humanistic care, thereby enhancing the company's reputation and improving customer satisfaction.

**Threats**

Since Walmart's subsidiaries and stores are established worldwide, the CSR guidelines will be different in distinct country and policy backgrounds. Such differences may cause doubts and psychological imbalance among employees or customers. Moreover, currently all industries are not so prosperous due to the influence of the epidemic. Walmart's large investment in CSR will inevitably affect the company's profit. However, if the CSR expenditure is greatly reduced due to the epidemic, it will harm the company's reputation.

3.2 SWOT analysis of JD.com’s CSR

Liu Qiangdong, the CEO of JD.com said that “The success is unsustainable if a company offers no additional value to society”. JD.com creates an ecosystem [16], which refers to sustainable consumption. From product creation to package, selling and delivery, JD.com aims to impact society and environment positively. JD.com’s CSR strategy focuses on four sectors: Sustainability, Innovation, Empowerment and Governance. Sustainability includes green supply chain and green consumption [17]. JD.com is the first e-commerce company to go paperless, which saved more than 1,820 tons of paper invoices in the past five years. In 2017, JD.com started to use recyclable delivery boxes and “slim” tape which reduce the material used in the packaging process. Since 2018, a photovoltaic power generation system has been used on the roof of JD.com’s Shanghai Asia No.1 logistics park, which helps reduce CO2 emissions. Also, JD.com decided to upgrade its delivery trucks to new energy vehicles. Innovation comprises social and technological innovation [18], JD.com builds an online donation platform through its own e-commerce network and ensures that donations reach the target through its supply chain and distribution network. JD.com created the first mobile clinic, which used drones to deliver medical supplies to villagers in Liangshan, Sichuan Province. In terms of empowerment [19], JD.com established an exceptional platform to sell products from rural areas which benefits more than 300,000 people living in poverty-stricken areas. Currently, about 25,000 people are employed by JD.com from rural areas. Finally, JD.com’s internal social and governance programs consist of staff development, privacy protection and compliance [20]. Specialized funds were set up for house loans and major illnesses. The program “Go to College with JD” also helps thousands of JD.com employees gained undergraduate degrees. For senior and middle level managers, JD.com will sponsor them to join EMBA programs. Furthermore, JD.com uses intelligent technology and manual inspection to identify fraudulent and illegal merchants, protects personal information through data security technology and management measures.
**SWOT analysis**

**Strengths**

As the largest retail company in China, the CSR efforts in JD.com are tangible. For example, there are ubiquitous new energy vehicles, recyclable delivery boxes and convenient electronic invoices. Therefore, JD.com’s has been maintaining a higher level of customer satisfaction and its corporate image has been relatively positive. In recent years, JD.com has vigorously supported the development of impoverished areas and contributed to improving the lives of people in impoverished areas constantly, which also corresponds to the policy of the Chinese government to improve the living standard of the people in rural areas. Moreover, JD.com insists on producing and using "recyclable products" and "environmentally friendly products", which helps society to control environmental damage caused by pollution. In addition, JD.com’s massive investment in technology, innovative technology and the application of artificial intelligence can increase its competitive advantage.

**Weaknesses**

Firstly, like Walmart, as a leading company in the retail industry, JD.com has invested a lot on CSR, but may not obtain desired results. Secondly, JD.com has difficulty in carrying out CSR activities in poverty-stricken areas. Local communities lack knowledge and awareness of CSR activities, and people lack interest in participating in those activities, so the implementation of CSR activities is difficult and time-consuming. Sometimes, there are discrepancies in the publicity and practice of CSR activities, which may lead to consumers suspicious and bring a negative reputation to the company. In addition, the supervision system of JD.com is incomplete. Within the company, especially towards employees, the working environment and work intensity are not completely as promised by JD.com. Many young employees often work overtime and may work for more than 10 hours a day.

**Opportunities**

The Chinese government's poverty alleviation policies and environmental policies provide policy support for JD.com's CSR activities. The CSR practices in poverty-stricken areas have also started in recent years, JD.com has established a special platform for the people in rural areas to sell their products, which opens up a new business model and new markets for JD.com. The application of new technologies in JD.com, which not only facilitates the people, but also helps JD.com to attract new customers, which contributes to the growth of market share and enhances JD.com’s corporate competitiveness. The new technology can also reduce transportation costs, allowing JD.com to continue investing in high-tech research and development.

**Threats**

At present, the public policy and legislative framework for promoting CSR is relatively weak in China. In addition, due to the social and economic condition of the society, some NGOs and communities lack CSR-related knowledge, therefore the cooperation in CSR activities may be at risk. During the epidemic, JD.com, like many large Chinese companies, is facing layoffs, making CSR practices become more difficult.

3.3 Similarities and differences between the CSR practices in the two companies.

3.3.1 Similarities and Differences

Through the comparison between Walmart and JD.com, it could be found that there are many similarities and differences between their CSR practices. Both companies regard sustainable development as a mission, attaching importance to CSR activities, and increasing their investment in CSR by year. They also concentrate on sustainable technological innovation in the supply chain. Both companies have introduced drones and artificial intelligence in their e-commerce and supply chain, which is designed to enhance efficiency and save costs.

With regards to the differences, it can be found that Walmart's CSR activities are more abundant and cover a wide range of fields, such as laws and regulations, employee rights, environmental protection, community responsibility, philanthropy and so on. While JD.com’s main CSR activities focus on four aspects, with clear focus, and it cannot take into account all aspects. Through the various
CSR activities held by the two companies, it seems that Walmart has made more efforts in environmental protection while JD.com has invested more in poverty alleviation projects. Another notable difference is the participation level of CSR activities in the two companies. The attention from all sectors of the society to Walmart's CSR activities is significantly higher than that of JD.com. The CSR policy system in developed countries is relatively mature, and the public has a deep understanding of CSR. Therefore, compared with companies in developing countries, citizens, governments, NGOs, and media in developed countries are more involved in CSR practices, and there is also a higher degree of discussion on related topics in society.

3.3.2 Why CSR practices are different in developing and developed countries?

By analyzing the two retail companies in the United States and China, it is not difficult to find that there are many differences in CSR activities in the context of developed and developing countries, there might be many influencing factors such as political factors, economic factors and social factors.

Firstly, political factors, CSR activities started early in developed countries. Governments have continuously enriched and adjusted the legal content to restrict and standardize corporate behavior from all directions. However, in developing countries such as China, there is a lack of coercive force to implement CSR activities. Moreover, according to Chao, Liang and Wang, the motivation of CSR in developed countries is mainly divided into two types: pressure-driven and interest-driven [21]. Pressure-driven comes from stakeholders such as the government, the public, the media and consumers. Interest-driven is the long-term profitability of the company. However, the motivation of CSR in developing countries could be ambiguous and complicated, and the role of government in promoting CSR is not prominent. Most managers fulfill social responsibilities due to external factors, such as improving reputation and maintaining competitive advantages, rather than internal factors such as CSR policies and employee benefits.

Secondly, economic factors, companies in developing countries tend to focus more on profit and ignore the significance of CSR due to the economical level. Although large companies such as JD.com have increased their investment in CSR activities in recent years, compared with companies in developed countries, many CSR activities are just superficial, and the company does not completely devote itself to real practices.

In terms of social and cultural factors, the concept of CSR originated in western developed countries and was introduced by Oliver Sheldon in 1924, while China has gradually realized the importance of CSR in recent years. The level of awareness of CSR among enterprises and citizens is far lower than that in developed countries. Furthermore, after World War II, in order to recover the economy, most companies in developed countries encouraged the pursuit of profit maximization, but ignored environmental issues, and the phenomenon of environmental pollution and resource scarcity intensified. Therefore, companies in developed countries are required to assume social responsibilities, especially environmental responsibilities. In developing countries, especially countries with a large gap between the rich and the poor like China, they pay more attention to "people". The country has been calling for the establishment of a well-off society and solving the problem of food and clothing for the poor. This also explains why Walmart and JD.com have different CSR focuses.

4. Conclusion

In conclusion, this research aims to comprehensively explore the similarities and differences of CSR in developing and developed countries through a case study of CSR practices in Walmart and JD.com. There are many similarities and differences through the data analysis and comparison of the official websites, annual CSR reports, sustainability reports, and news of the two companies. For similarities, both companies recognize the critical role of CSR in business success and invest heavily in CSR. Sustainable technological development is also the focus of company development at this stage, with artificial intelligence and drones increasingly used in e-commerce and supply chains. In terms of differences, Walmart pays more attention to environmental protection issues and JD.com
focuses more on improving the lives of people in poor areas. In addition, people in the two countries have different understandings of CSR, and stakeholders have a higher degree of participation and cooperation in Walmart's CSR activities. There are three main factors that lead to the differences. Firstly, political factors, the emerging time of CSR in developed and developing countries are quite different. Developed countries have begun to attach importance to the development of CSR in companies since the last century, but CSR has only started to receive attention in developed countries in recent years. In addition, the motivations behind CSR are also different. The driving force of CSR in developed countries can be classified into pressure-driven (stakeholders) and interest-driven (long-term profitability), while most managers in developing countries conduct CSR only to maintain competitive advantages and improve companies’ reputation. Secondly, economic factor refers to the different economic levels. Companies in developing countries pay more attention to profit rather than CSR. Finally, social and cultural factors are also significant, the differences are related to the level of awareness of CSR among stakeholders and their willingness to participate in CSR activities.

Through the SWOT analysis, some weaknesses and threats can be found in both companies. It is important for companies to have the ability to turn weaknesses into strengths, threats into opportunities. For companies in developed countries, due to the large investment in CSR in developed countries, the CSR activities of many large companies will be numerous and complex, which may lead to excessive investment and be suspected of having a tendency to "greenwashing". Therefore, these companies can focus on CSR activities that are only suitable for themselves in response to internal and external environment changes. For example, during the COVID-19 pandemic, companies can increase investment in CSR activities in the medical field, encourage employees to participate in community medical volunteer services, and raise money to purchase medical supplies and testing tools for the community. In addition, large companies like Walmart need to adapt to local conditions when carrying out CSR activities in different countries. Instead of blindly imitating the CSR activities of the US headquarters, it is necessary to understand the local culture and discover CSR activities with regional characteristics that can be accepted by stakeholders. With regard to companies in developing countries, policymakers in developing countries should focus on improving the regulatory environment, with stricter laws and severe penalties for companies that fail to comply with CSR regulations. The government should play an active role in corporate CSR reporting. Since people's awareness of CSR is generally weak, the government should introduce a CSR publicity program to integrate the concept of CSR into the national culture [22]. CSR information about companies in developing countries is mostly discretionary, and CSR information is often subjective. The government should require companies to conduct external assurance of CSR activities to improve the reliability of information. In addition to the efforts from the government, improving CSR also requires cooperation, supervision and guidance of forces from all walks of life. It is significant to strengthen dialogue among government, industry and consumers. The media should also play a supervisory function, using the advantages of public opinion to disseminate outstanding companies and warn against violations of ethics and morality in CSR practices.

References


