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The Function of Corporate Social Responsibility Strategy in Preventing Corporate Corruption

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Research Article

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Abstract

The purpose of this essay is to determine if a business that prioritizes corporate social responsibility would be better equipped to create an organizational culture that discourages corporate wrongdoing. The case study technique is used. We look at how Taiwan Semiconductor Manufacturing manufacturer (TSMC), a Taiwanese semiconductor manufacturer, has developed corporate social responsibility. As the biggest specialized semiconductor foundry in the world, TSMC is well-positioned to maintain its stellar reputation for technical innovation and social responsibility. TSMC has put in place a number of measures to satisfy its corporate social responsibility, such as upholding the highest standards of professional ethics, concentrating on sustainable development and environmental management, strengthening corporate governance, and making social contributions. The article examines TSMC's corporate social responsibility framework and talks about how it relates to preventing corporate wrongdoing. The results show that there are two ways that corporate social responsibility prevents and regulates corporate corruption: internal motives that prioritize integrity and self-monitoring, and extrinsic laws that stress surveillance and punishment.

Keywords: Corporate governance, corporate social responsibility, corporate corruption prevention, and intrinsic motivation

Introduction

In both public and academic discourse, corporate corruption has been a significant topic. It is widely acknowledged as being very undesirable for any society and is defined as the misuse of organizational resources or public authority for private or personal gain (Doh, Rodriguez, Uhlenbruck, Collins & Eden, 2003; Lange, 2008). Corporate corruption causes a great deal of harm, including inefficient resource allocation, market and incentive distortion, and an increase in poverty and inequality (O'Higgins, 2006; Osuji, 2011). It is difficult to find a solution for effectively preventing corporate corruption. Policymakers, business executives, and academics are increasingly focusing on the origins, consequences, and preventative measures of corruption. Over the last several decades, many research on corporate corruption have been carried out, and a broad range of corporate corruption prevention and control solutions have been suggested (Ashforth, Gioia, Robinson & Trevino, 2008). Some are compliance-based and concentrate on external rules and incentives, such legal and regulatory penalties, codes of conduct, and bureaucratic controls. Others are integrity-based and concentrate on internal motivation, including self-control, corporate ethics, and business values (Lange, 2008). In order to combat corporate corruption via the fulfillment of corporate social duties, this article will examine how a corporation combines intrinsic motives with extrinsic requirements.

Businesses worldwide are being held more and more responsible for taking socially conscious acts and making constructive contributions to the communities in which they operate. Corporate social responsibility (CSR) is the term used to describe this company conduct in the past (McWilliams & Siegel, 2011; Spreitzer & Sonenshein, 2004). CSR seems to be the fundamental idea for today's fiercely competitive firms, despite the fact that corporations may embrace it for a number of reasons. Researchers have found a connection between company financial success and corporate social responsibility. By enhancing consumers' ethical view of the business, CSR may increase sales revenue and market share. A business may consistently support CSR choices and practices that promote equality, liberty, and fairness of opportunity for its diverse partners and associates based on organizational ethics (Jo & Harjoto, 2011; Swanson, 1995). One element that affects an organization's ethical culture is social responsibility (Peterson, 2002). The common beliefs about what constitutes moral conduct and how moral dilemmas should be resolved inside the company are referred to as the ethical environment. Researchers have shown that workers' unethical conduct may be accurately predicted by an organization's ethical atmosphere (Robinson & Bennett, 1995). Therefore, this paper proposes that CSR fulfillment is an effective way to stop corporate wrongdoing.

To illustrate the role of CSR plays in preventing corporate corruption prevention, this article takes Taiwan Semiconductor Manufacturing Company (TSMC) as the research subject. TSMC is the world's largest dedicated semiconductor foundry, and is well positioned to retain its excellent reputation with technological achievement and social responsibility. TSMC has been rated as the corporation that has the best reputation for its CSR and honesty in Taiwan. To fulfill corporate social responsibility, TSMC has implemented several strategies, including corporate governance, integrity value, and many others. Accordingly, it is worthwhile to illustrate the CSR practices implemented by TSMC. The next section gives an introduction of CSR concept and corporate corruption prevention. The third section describes TSMC's CSR strategies, and the fourth section addresses what we can learn from the case. The final section gives conclusions.

1. CSR and Corporate Corruption Prevention

Within the CSR literature, there are a variety of definitions of CSR. CSR along with the related notions of corporate social performance, corporate social responsiveness, and corporate social responses have been the subject of many conceptualizations originating mainly from the management literature over the past decades. Defining socially responsible corporate behavior is not a easy work. It involves comparing corporate behavior with some standard, such as those posed by the law or international organizations. It involves specifying the type of corporate behavior with which we are concerned. There are many possibilities, such as how a firm treats the environment, its employees, its customers, and so on. No single conceptualization of CSR has dominated past research (Montiel, 2008; Schreck, 2011; Taneja, Taneja & Gupta, 2011).

Davis (1973) defines CSR as "the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm". The most often cited definition is Carroll's (1979) statement that "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Montiel, 2008). CSR refers to the notion of responsibility for the impact of corporate activities on the society. It is beyond obeying the law. CSR focuses on furthering some social good, beyond the interests of the firm and that which is required by law (McWilliams & Siegel, 2001).

CSR activities that companies carry out include monitoring and assessing environmental

conditions (e.g., environmentally friendly manufacturing processes), attending to stakeholder demands (e.g., donations to charities), and designing plans and policies aimed at enhancing the firm's positive impacts (e.g., human rights programs, and corporate governance) (Schreck, 2011; Spreitzer & Sonenshein, 2004; Taneja et al., 2011). Carroll (1991) proposes a four-level hierarchy of CSR activities: (1) economic responsibilities which aim to translate business and provide needed products and services in a market economy;
(2) legal responsibilities which aim to obey laws which represent a form of codified ethics;
(3) ethical responsibilities which aim to transact business in a manner expected and viewed by society as being fair and reasonable, even though not legally required; and (4) voluntary/discretionary responsibilities which aim to conduct activities which are more guided by business's discretion than actual responsibility or expectation.

CSR is a new competitive strategy for companies in the 21st century. Companies themselves increasingly recognize that their future profitability depends on their willingness to assume responsibility for the social and environmental consequences of their business operations (McWilliams & Siegel, 2011). From the perspective of an investor, the goal of most companies is to pursue maximum return. However, intangible costs of the society are also being consumed at the same time when companies seeks for profits, While such costs are not reflected on the financial statements, companies should keep in mind the need to put social responsibilities into practice. Otherwise, the companies may face rejection of their products by the consumers and create a negative image if they fail to fulfill their social responsibilities. The banking industry may evaluate the companies on the issue of CSR when extending loans, as well as to encourage big domestic companies to participate more in global CSR evaluation programs. Moreover, the Financial Times and Dow Jones have also developed social responsibility index for the development of financial markets in Europe and the United States. As a result, CSR is no longer a heavy cost to the operations of companies. The realization and fulfillment of social responsibilities as a core operational strategy is already a topic that calls for serious consideration for companies seeking sustainable development and profits.

In addition to acquiring the "licence to operate" in the society, employees' willingness to engage in ethical behaviors is also related to companies' willingness to fulfill CSR (Jo & Harjoto, 2011). Several researchers argue that organizational environment is a good predictor of employees' negative deviant workplace behaviors (Taneja et al., 2011). Social learning theory (Bandura, 1977) suggests that an employee's ethical behavior is influenced by internal aspects of the employee and the ethical environment of organization. Appelbaum, Iaconi and Matousek (2007) suggest that it is the workplace environment characteristics rather than individual personality characteristics that are a good predictor of workplace violence, an extreme form of deviance. Employees in a workplace environment with good ethical climate are less likely to engage in deviant behaviors. Peterson (2002) addresses that the factors influencing the ethical climate of an organization include social responsibility, rules, laws and professional codes, personal morality, personal self-interest, company profit, operating efficiency, team interests, and friendships. The creation and maintenance of ethical climate depend on how ethics is embedded in the company. Business ethics is a key dimension of corporate social responsibility (Carroll, 1991; Llewellyn, 1998). Fulfillment of CSR can foster positive ethical climate in a company.

Companies are social systems where the collective creation of shared meanings socializes employees as they strive to make sense of their environment. Social exchange theory suggests that the commitment of employees to the organization will be contingent on their perception of the values and benefits they receive from the organization (Wayne, Shore & Liden, 1997). Therefore, it is reasonable to assume that the extent to which a company engages in CSR will

influence the effectiveness of corporate corruption prevention. Companies that uphold adherence to their CSR policies are at the lowest risk for organizational corruption.

A wide variety of corporate corruption control mechanisms on the organizational level have been studied in the literature. Recently, Lange (2008) proposes a circumplex typology including eight organizational corruption control types. The typology suggests that each of the eight different types to corruption control serves one of the four dominant functions: (1) autonomy reduction which focuses on the organizational circumscription on the member's freedom to perform certain actions; (2) consequence systems which focuses on the influences of formal organizational reward and punishment systems on the member' behaviors; (3) environmental sanctioning which focuses on how the organizational interprets and transmits to the member external pressures for legal/regulatory compliance and social conformity; and (4) intrinsically-oriented controls which focuses on how the organization fosters and facilitates the member's own inclinations to reject corrupt behavior (Lange, 2008). The first three functions can be regarded as extrinsic regulations that emphasize surveillance and penalty, and the last function can be regarded as intrinsic motivations that emphasize integrity and self-monitoring. Therefore, this article argues that CSR prevents and controls organizational corruption in two ways: extrinsic regulations and intrinsic motivations, as shown in Figure 1.

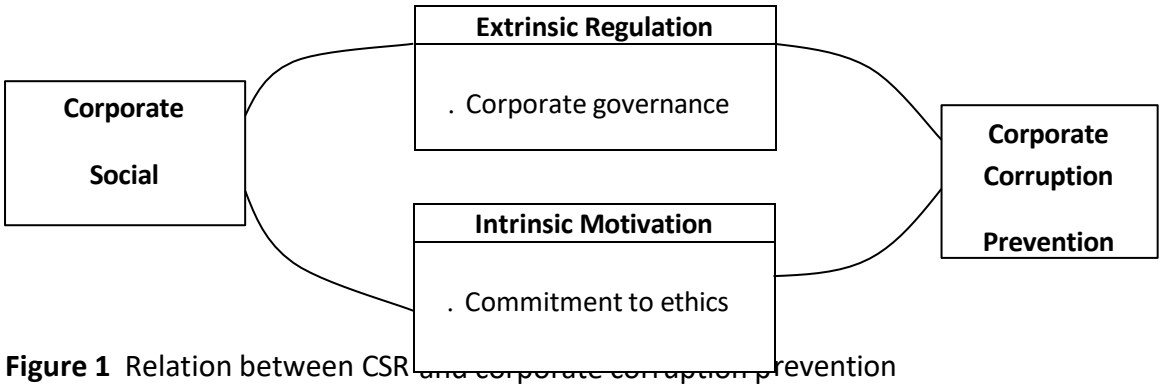


Figure 1 Relation between CSR and corporate corruption prevention

Case Study

To illustrate the relation between corruption prevention and CSR fulfillment, this paper analyzes the CSR practices implemented by Taiwan Semiconductor Manufacturing Company (TSMC) by interviewing some managers in the company and collecting secondary data from newspapers, magazines and the Internet. TSMC was founded in 1987, and currently is the world's largest dedicated semiconductor foundry. TSMC is headquartered in Hsinchu, Taiwan, and provides customer services through its account management and engineering service offices in North America, Europe, Japan, China, South Korea, and India. The company employed more than 20,000 people worldwide (TSMC, 2011).

TSMC is well positioned to retain its excellent reputation with technological achievement and social responsibility. It has received several awards because of its excellent corportate social performance. In 2007, *Common Wealth Magazine* awarded TSMC "Most Admired Company in Taiwan" for 11 consecutive years as well as "Excellence in Corporate Social Responsibility First Prize". TSMC has also been recognized for "Best Corporate Governance Award" for the Hong Kong and Taiwan regions from the *IR magazine*, "The Best in Taiwan of Asset Governance Awards 2007" from *The Asset Magazine*, "Corporate Governance Asia Recognition in Taiwan" from *Corporate Governance Asia*, and the "Most Committed to Corporate Governance" for the Taiwan region by the *Finance Asia Magazine*.

TSMC has also been privileged to be a member of the Dow Jones Sustainability Indexes (DJSI) since 2001, and is the only Taiwanese companies to have been accredited with the honor from 2003 to 2007. DJSI selects the top 10% of sustainability-driven companies in the Dow Jones Indexes (approximately 3000 companies) as constituents. These indexes serve as a benchmark for socially responsible investors. In addition, as of today, TSMC has never been subject to significant monetary fines and non-monetary sanctions for noncompliance with statutory laws and regulations.

TSMC's corporate core values consist of integrity, commitment, innovation, and customer partnership. Its business philosophy includes integrity, maintaining a consistent focus on core business, globalization, long-term vision and strategies, treating customers as partners, building quality into all aspects of our business, constant innovation, fostering a dynamic and fun work environment, keeping communication channels open, caring for employees and shareholders, and being a good corporate citizen. Based on corporate core values, TSMC's CSR strategy includes (1) committing to the highest professional ethics, (2) focusing on environmental management and sustainable development, (3) reinforcing corporate governance, and (4) engaging in social contribution.

1.1 Committing to the highest professional ethics

Corporate values have been recognized as one potential precursor to ethical behavior in organizations. Integrity is the most basic and most important core value of TSMC, and is at the top of the 10 business values of TSMC. In the 2004 Corporate Ethics survey, 20% of those surveyed rated Morris Chang, Chairman of TSMC as the corporate leader with the most integrity, and TSMC as the corporation that has the best integrity reputation. According to Morris Chang, one of the core corporate values of TSMC is the commitment to the highest professional ethics. Following the integrity value, TSMC does not tolerate any form of corruption behavior. This includes truth-telling, no exaggeration and showmanship, promise-keeping, compete within the confines of law, prohibiting vicious attack on competitors, and objectively and fairly selecting suppliers. When selecting new employees, TSMC places emphasis on the candidates' qualifications and character, not connections or access. Character and talent, not the widely practiced guanxi, are the two key criteria for recruiting new staff. When a choice is to be made between character and talent, character is always chosen over talent. In TSMC, a very talented person who is deficient in character will never be recruited. The company also facilitates employees' self-controls with practical ethical education and training to encourage monitoring and correcting their own behaviors.

TSMC has established an Ethics Code that guides employees, officers and non-employee directors. The Ethics Code is designed to promote honest and ethical conduct and deter wrongdoing, as well as support compliance with applicable laws and regulations. The principles embodied in the code express TSMC's policies regarding discrimination, bribery and corruption, conflicts of interests, protection of company assets and reputation, and so on. TSMC requires that employees should comply with all applicable laws, rules, regulations, and in-house regulations in every aspect of corporate activities at all times, should strive to ensure that all corporate activities are in compliance with normal business practices and social ethics, and should maintain impartial, fair, and open relationships with all the stakeholders of the company and conduct business in a fair manner with them. To comply with the Ethics Code is the responsibility of every TSMC employee, and TSMC will take disciplinary action, including termination of employment, against employees who violate the Code.

The content of TSMC's Ethics Code (TSMC, 2011) includes (1) all employees must observe high business ethics standards when dealing with suppliers, vendors, subcontractors, customers, competitors, and other relevant parties, including the government; (2) all employees or their

family members and close relatives must not give or accept any gift, money, or entertainment to or from any TSMC suppliers, vendors, subcontractors, customers, competitors. Any form of bribery is strictly prohibited; (3) all employees much abide by the principles set forth in the code when it is a required courtesy to accept gifts, gratitude or any form of hospitality, or where it is in accordance with accepted courtesy to maintain and promote normal business relationships by giving gifts to relevant parties; (4) all employees should follow common business etiquette and refrain from frequent and excessive business hospitality when entertaining or being entertained; (5) all employees should not give customers or vendors the impression that any form of hospitality, or gift giving is required to establish or maintain a relationship with TSMC; and (6) gift giving and entertaining between managers and their subordinates should follow the above principles, and should be based on the principle of simplicity.

1.2 Focusing on environmental management and sustainable development

To pursue sustainable development, environmental issues have become critical concerns all over the world. Organizations are constantly under pressure to develop environmentally responsible and friendly operations. As a result, the increasing numbers of organizations are attentive to the concept of preserving the environment in recent years. Commitment to the natural environment has become an important variable within the current competitive scenarios. TSMC actively seeks to raise the environmental consciousness of all employees.

Through social engagement and dialogue with semiconductor trade organizations, TSMC also encourage the semiconductor industry to contribute to society and the world. TSMC acknowledges that all employees should take responsibility for environmental management, and leads its suppliers to establish a green supply chain. The company not only complies with the environmental regulations of the locations where TSMC operates, but also tracks new developments in global environmental issues, and takes the lead in adopting new environmentally-friendly measures. TSMC established its environmental accounting system in 2002 and integrated environmental accounting practices with its environmental management system in 2003. The integrated system not only helps each factory to implement environmental management programs, but also evaluates their economic efficiency at the same time.

1.3 Reinforcing corporate governance

Corporate governance plays an important role in TSMC's social responsibilities. TSMC is committed to the welfare of customers, suppliers, employees, shareholders, and society. One goal of TSMC is to earn a return on investment for shareholders above the industry average. To advocate and act upon the principles of operational transparency and respect for shareholder rights, TSMC believes that the basis for successful corporate governance is a sound and effective Board of Directors. In line with this principle, TSMC's Board of Directors set up an Audit Committee in 2002 and a Compensation Committee in 2003. The Board of Directors consists of eight members with rich experiences as world-class business leaders or scholars. Four of the eight members are independent directors. The Compensation Committee assists the Board in discharging its responsibilities related to the compensation and benefits policies, plans and programs, and in the evaluation and compensation of TSMC's executives. The committee is comprised of five members, and meets at least four times a year. All four independent directors serve as voting members of the Committee.

TSMC's Audit Committee assists the Board in carrying out its financial oversight responsibilities and other duties as set forth in Taiwan's Securities and Exchange Act, TSMC's company act, , and other applicable laws and regulations. The Audit Committee is empowered by its charter to conduct any study or investigation that the committee deems appropriate to

fulfill its mandate. The committee is authorized to retain and oversee special legal, accounting, or other consultants, and has the right to direct access to TSMC's internal auditors, the company's independent auditors, and all employees of the company. Matters required to be reviewed by the Audit Committee include the company's financial reports, internal control systems, auditing and accounting policies and procedures, material asset or derivative transactions, offering or issuance of any equity-type securities, hiring or dismissal of an attesting CPA, and appointment or discharge of financial, accounting, or internal auditing officers. The risk management division also needs to report to the Audit Committee on company's risk management activities on a regular basis. The Audit Committee is comprised of all four independent directors and has engaged a financial expert consultant. The committee meets at least four times a year.

The Audit Committee can consult with management and the company's internal auditors, concerning the integrity of the company's financial reporting processes and controls, and discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. The committee reviews major issues regarding the company's auditing and accounting principles and practices including changes suggested by the independent auditors, internal auditors or management, major issues as to adequacy of the company's internal controls and any special audit steps adopted in light of material control deficiencies, the significant reports to management prepared by the company's internal auditing department and management's responses, and the effect of regulatory and accounting initiatives. The committee also reviews with management the company's quarterly and annual audited financial statements, and any related press releases and earnings guidance, including major issues regarding accounting and auditing principles, practices, and judgments as well as the adequacy of internal controls that could significantly affect the company's financial statements.

In addition to the Audit Committee, TSMC sets up the Internal Audit division to support corporate governance. TSMC's Internal Audit function is an independent unit that reports directly to the Board of Directors. It briefs the Chairman, the Audit Committee, and the CEO on a monthly and on as needed basis in addition to informing the Board during its ordinary meetings. The mission of the Internal Audit is to review the internal controls in the company's operational processes, and to report on those controls with respect to the adequacy, effectiveness, and efficiency of their design as well as their actual functioning on day-to-day basis.

All parts of the company and its subsidiaries are open for audit and review by the Internal Audit. The majority of the audit work is executed according to an annual plan, which needs to be approved by the Board of Directors. The annual plan takes into account risks that have been identified. If needed, the Internal Audit is allowed to conduct special audits or reviews. The combination of the regular audits and special projects provide TSMC's managers with feedback on the functioning of the internal control system. It gives managers an additional channel to learn about existing or possible future weaknesses in the system, and address them in a timely manner.

TSMC also supplements the Internal Audit's review activities with self-assessments documented by the departments and operational units. The Internal Audit reviews the submissions to ensure the quality of the process, and consolidates the results of the self-assessments for the CEO and the Board of Directors. TSMC also implements an open-style management system designed to keep all lines of communication open. Employees openly cooperate with one another, while treating each other with honesty and sincerity. The codes of open communication include provisions to report illegal activities as well as unethical conduct, and to assure employees that reporting illegal and unethical conduct would not be harassed,

threatened, and retaliated against. The code also contains norms for the behaviors of directors, managers towards customers, traders, competitors, including prohibiting them to engage in corruptive activities.

Engaging in social contribution

To make commitment to the welfare of the society, TSMC established the Education and Culture Foundation in 1998 to coordinate the company's sponsorship of cultural and educational activities as part of the comprehensive CSR effort. The foundation's sponsorships aim to engage the public activities of the whole society and emphasize education and culture. As a leader of Taiwan's knowledge-based industry, TSMC is committed to the development of Taiwan's knowledge economy. Helping develop talented people for the society is one of TSMC's social responsibilities as a corporate citizen. TSMC has continued to donate more than one hundred million NT dollars to the foundation every year. The foundation manages, organizes and monitors the sponsorships to ensure the most efficient utilization of our resources. Over the years, the foundation pioneered several original approaches and the positive feedback from the public has prompted many companies to join our efforts.

In 2004, the Education and Culture Foundation initiated the TSMC employee volunteer program. It is the first corporate volunteer group in Taiwan at large scale and on a regular basis. TSMC recognizes that the most valuable asset a company can offer to the society is the talents and enthusiasm of its employees. Employee volunteers and their family members served either as guides at the National Museum of Natural Science or joined the TSMC Book Reading Volunteer Program to read stories to elementary school children in remote townships. The Reading program aims to narrow the gap in educational resources between rural and urban areas caused by disparities in wealth. By offering books to children in remote and underprivileged areas of Taiwan, TSMC hopes to promote literacy and inspire interest in reading among these children so that they can have good books to read and the opportunity to leave poverty behind through education. The volunteer program is a continued success. Employees try to help and serve the society, and they also come back from their service to some extent with a positive feeling of mutual growth.

What can we learn from the Case?

In addition to its technological achievement, TSMC is famous for its excellent corporate social performance. Most people in Taiwan view TSMC as an enterprise of honesty and integrity. The company has not yet been subject to significant monetary fines and non-monetary sanctions for noncompliance with laws and regulations. According to above illustration of TSMC's implementation of CSR practices, we can find that CSR prevents and controls organizational corruption in two ways: extrinsic regulations and intrinsic motivations.

1.4 Extrinsic regulations

Extrinsic regulations include bureaucratic controls, punishment, legal and regulatory sanctions, and as social sanctioning (Lange, 2008). In TSMC, corporate governance is the major extrinsic regulation mechanism of corruption prevention. To make commitment to the welfare of shareholders, TSMC controls corruption by elaborating the functions of the Audit Committee and the Internal Audit, which are two major elements of TSMC's corporate governance system. The Audit Committee reviews the company's internal control systems, auditing and accounting policies and procedures, and financial reports. The Internal Audit reviews the internal controls in company's daily operational processes. In addition, the Compensation Committee reviews the company's profit-sharing plans and stock-option grants which may provide incentives for controlling employees' corruption against the company. It can be concluded that TSMC's corporate governance system circumscribes employees' freedom to perform certain actions,

establishes reward and punishment systems influencing employees' behaviors, and transmits to employees external pressures for legal/regulatory compliance and social conformity.

1.5 Intrinsic Motivation

Implementing extrinsic regulation programs to prevent, detect, and punish legal violations is not enough to prevent corruption. What is required is a culture that embeds support for ethical conduct throughout the formal and informal corporate governance systems (Trevino, Weaver, Gibson, & Toffler, 1999). Providing managers with a rule book will do little to address the problems underlying illegal practices. Particularly important are a perceived values orientation to the formal extrinsic regulation programs, as well as employees' perceptions of fair treatment in the organization, their perceptions that ethics is not just window dressing but is integrated into daily action, and the extent to which leaders support ethical behavior while discouraging misconduct (Weaver, Trevino, & Cochran, 1999).

One of TSMC's core values is the commitment to the highest professional ethics. To foster organizational ethical climate, integrity and ethics programs exist in parallel with the corporate governance system in TSMC. Integrity and commitment are reflected in the company's critical business activities, and integrated into the regular management decision making processes. To reinforce employees' perceptions of integrity and commitment, TSMC encourages employees engaging in volunteer social contribution programs. To be loyal not only to the company but also to the company's various stakeholders, TSMC also educates and trains employees to be aware of global ethical norms that may be different from the local norms for behavior in the company. Managers and employees at all levels take these ethics programs seriously and have a concrete understanding of their practical importance.

Lange (2008) suggests that organizational leaders can maximize self-control against corruption by inspiring employees to voluntarily and continually monitor and correct their own behavior in accordance with ethical norms. To do so, company leaders should be personally committed, credible, and willing to take action on the values they support. The chairman of TSMC, Morris Chang, has been rated as the corporate leader with the most integrity in Taiwan. TSMC also establishes an open-style management system that allows employees appreciate that the company leaders clearly communicates and manages corruption prevention efforts. Emergent corporate corruption can be controlled by giving employees the autonomy to raise objections to corruption after it appears.

By enthusiastic sponsorship for a number of cultural and educational activities, TSMC wins excellent reputation for its social contribution, and consequently strengthens employees' organizational identification. One salient factor for organizational identification is the way in which the organization is seen by outsiders (Collier & Esteban, 2007). When that identity-relevant information is favorable, employees will be motivated to act in ways that help the company. Employees' commitment to the company, to its values and its policies, will be earned by signifiers of company excellence as reflected in internal and external perceptions (Tyler, 1999). Strong organizational identification can increase the degree to which employees are inspired to self-control against corruption (Lange, 2008). As managers and employees in TSMC identify strongly with their company because of the company's good reputation, they have a sincere commitment to the company's core values and are willing to the company's policies.

Conclusion

Two key concerns in today's business world are corporate social responsibility and the avoidance of corporate corruption. It is difficult to find a solution for effectively preventing and controlling corporate corruption. By examining the CSR approach of TSMC, a Taiwanese semiconductor business with outstanding corporate social performance and corruption

prevention, this essay aims to provide some hints as to the solution. We may infer from a research on TSMC's CSR practices that a company's commitment to social responsibility and its efforts to avoid corruption are positively correlated. The efficiency of a company's efforts to avoid corporate corruption will depend on how committed it is to social responsibility. By upholding the highest standards of professional ethics, emphasizing sustainable development and environmental management, strengthening corporate governance, and making social contributions, TSMC satisfies its social obligations. By using both intrinsic incentives and extrinsic restrictions, TSMC effectively prevents and regulates corporate corruption in accordance with the CSR strategy. The results indicate that both intrinsic and extrinsic CSR strategies should be included into a stronger corruption prevention system. Companies may avoid corruption by cultivating an organizational environment that naturally motivates workers' ethics and integrity, in addition to bureaucratic oversight, discipline, and legal/regular consequence.

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