

CSR, Sustainability, Ethics & Governance

Series Editors: Samuel O. Idowu · René Schmidpeter

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Haifeng Huang *Editors*

Sustainable Development and CSR in China

A Multi-Perspective Approach

 Springer

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Series Editors

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Christopher Stehr • Haifeng Huang
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ISSN 2196-7075

ISSN 2196-7083 (electronic)

CSR, Sustainability, Ethics & Governance

ISBN 978-3-319-17370-2

ISBN 978-3-319-17371-9 (eBook)

DOI 10.1007/978-3-319-17371-9

Library of Congress Control Number: 2015939833

Springer Cham Heidelberg New York Dordrecht London

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Printed on acid-free paper

Springer International Publishing AG Switzerland is part of Springer Science+Business Media (www.springer.com)

Preface

Corporate Social Responsibility is a phenomenon becoming more and more popular worldwide. It is concerned with the achievement of not only economic goals—i.e. profitability of a company—but also environmental and social objectives. It can be seen as a proof of the awareness by business of the serious consequences that their activities can cause in a globalized World. The concept was promoted against the belief that creating products and services is the very reason for any organization's existence, whether that organization be large or small, manufacturing or service. Nowadays, many companies have now come to understand the importance of CSR and business sustainability. However, that tendency proves to be different in developing countries, whose growth rates and need of resources are significantly high—especially China.

Nevertheless, there is evidence that organizations are increasingly promoting CSR in China. Either because the main stakeholders—such as the government—ask or encourage them to do it or because Western companies investing in China order their suppliers and subsidiaries to follow their green strategies and business sustainability policies. This is probably because organizations have realized that effective CSR strategies and sustainable projects are not a burden but a necessary part of their success and reputation—which could indeed lead to the improvement of revenues and, at the same time, a more efficient production of goods and services.

CSR is also an exciting phenomenon. In a time when business must be quicker, more flexible, more open and international, it becomes a concept which creates strong ties with innovation. Sometimes it even becomes the centre of the strategies of a company. But CSR can also be challenging. It fosters the creativity needed to respond to so many changes in this fast-changing world. Through CSR practices, managers who seek business success must find the solutions to technological and environmental challenges, as well as contribute to bringing benefits for the community.

The Aim of This Book

The aim of this book is to provide a clear, well-structured and interesting treatment of Corporate Social Responsibility and Business Sustainability in the Popular Republic of China thanks to the different visions and perspectives offered by the authors—who are based in different countries and have different expertise.

More specifically, this text aims to be comprehensive in its coverage of the significant ideas and issues which are relevant to CSR and Business Sustainability. It also wishes to be practical considering that the issues and doubts when applying CSR within business strategies are deeply discussed. Generally, the treatment reflects actual CSR practices and is based on quality research. Furthermore, the book aims to be international thanks to the examples provided by researchers from all over the World, especially Chinese and Western scientists.

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Nanjing, China
Heilbronn, Germany
Shenzen, China

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Introduction

A History of Research on CSR in China: A Leader in Emerging Markets. The Case of Apple (Prof. Dr. Christopher Stehr, Prof. Dr. René Schmidpeter)

This chapter combines a collection of research on CSR in China from a theoretical point of view with a report on the actual performance of a top Western company carrying out its production in China: Apple. With this chapter, the authors provide both theory and practice of a phenomenon in a country where it is not so institutionalized as in Western societies, thus introducing the study of CSR and sustainability in one of the leading emerging markets today. CSR is seen as being influenced not only by the political, the economic or the cultural system but also by the philosophical tradition in China which has always played an important role in its society. By comparing theory and actual performance of CSR in the Chinese manufacturing industry, the authors present a complete study of the concept and define the scope of the rest of contributions of the book.

Chinese Private Enterprises Implement CSR: Why, What and How: A Case Study on ‘Wenzhou PPP Project on CSR’ (Prof. Dr. Zhe Ru)

The author warns about the main problem arising from private companies, namely the lack of CSR activities, and how they fall far behind state-owned companies in sustainability performance. He provides the problems Chinese private enterprises face when committing to CSR. Thus, he suggests what private companies can do to get motivated to adopt CSR practices. This chapter also reports the current status of CSR in China and evaluates the CSR implementation of ten Wenzhou pilot companies following the Wenzhou CSR Public Private Partnership Project, launched by Sino-German CSR Project of GIZ in partnership with Wenzhou Economic and Information Technology Commission (WEITC).

Opportunities and Challenges of Sino-German CSR Cooperation (Prof. Chunhong Sheng, Prof. Dr. Huang Haifeng)

This chapter focuses on the relationships between Chinese and German enterprises in the CSR field, and the stakeholders involved in their cooperation are mentioned and described. The background of environmental regulation in both countries and

the differences in German and Chinese companies are provided—plus the differences in the understanding of the concepts of CSR and sustainability. After describing the current situation of the stakeholders, the author comments the opportunities and challenges of the partnerships between companies of both countries and gives suggestions for their future cooperations.

Social Responsibility Towards More Balanced Urban–Rural Development in China (David Ness)

The author proposes that social responsibility is not only confined to the corporate World but to wider society, because approaches to CSR are supposed to gain more support and influence behaviours. Thus, citizens, communities and businesses can become aware of social challenges. He mentions the big gap between the urban and the rural worlds and suggests that urban communities could take advantage of the emissions trading by buying carbon credits from plantations in rural communities. According to the author, this could lead to more investment opportunities for people in rural areas. The author also collects declarations and conclusions made during the Education Forum for Asia in 2013, including remarks on China’s philosophy and ancient traditions. In addition, he provides an example of set of values based upon ancient Chinese philosophies. He also proposes to assess results in actions by seeing if they conform to the values he establishes. Finally, he explains the concept of creating shared value (CSV) and shares the different forms of CSR.

Chinese Firm CSR Adoption for Global Competitiveness: An AMC Perspective (Sai Lan)

This chapter reports the evolution of research around CSR, and how it has grown in the past years. And how that research has been focusing more on concrete aspects. Nevertheless, the author affirms that the real CSR boost has only been in theory and research, given that the average firm is a beginner when it comes to CSR practices. Moreover, he gives us an explanation of the characteristics concerning the application of CSR in China. The author also introduces the Awareness-Motivation Capability Model (AMC) in order to examine better the precedent for strategic decision-making and thus answer several research questions regarding CSR and competitiveness.

Application of Controlling in Enterprise Restructuring Based on CSR (Stanisław Marciniak)

The author recognizes the increasing role that CSR should play in future development and points at the necessary restructuring of whole economies as well as particular enterprises. He wishes to define the premises of restructuring action in an enterprise regarding aspects connected with Corporate Social Responsibility. He reminds us that such a restructuring action depends on certain factors. When it comes to the tool preferred for the implementation of restructuring processes, he finds a universal controlling system as the best tool. He also mentions the principles which must guide the application of controlling. Furthermore, he tells about useful methods in environment management, such as operational management and strategic management.

Firm Growth Constraints in China: A Business Environment Study (Chunyang Wang)

The author asserts that business environment plays a significant role in the operation and growth of firms. By arguing that a universal measure of business environmental constraints is still absent, his chapter tries to investigate the business environment in China and what are the main business environmental constraints on firm growth in this country. He also looks for business environmental factors that avoid firm growth and analyses the impact of those constraints among companies with different sizes. His results show that labour skill has a significant effect on firm growth of all sizes, and he then provides the different challenges of companies depending on their size.

Economic Forces Against Sustainability and Corporate Social Responsibility: On Intended Overuse of Natural Resources (Prof. Stanislaw Strzelczak)

This chapter deals with practices against CSR made by certain companies—the so-called Manipulated Durability and Maintainability practices. According to the author, the most common of these activities is the planned obsolescence of products as part of business strategies. With this activity, the author reports that customers have no option but to replace durable goods or their components more frequently, and his conclusion is that the negative side of MDM practices is an excessive use of environmental resources. He regrets that none of the approaches that he quotes take MDM directly into consideration and points out that the topic is generally displayed in publications of mainstream economics but not in research literature. He reminds the readers of the paradox that MDM proliferated in the past two decades, a beneficial period for eco-friendly policies, as he remarks—so companies were acting in two opposite directions. He recommends future developments in order to reduce the gaps concerning MDM in research. Moreover, he recognizes a positive connotation of these practices, such as cheaper prices which can keep customers satisfied. Nevertheless, he asserts that the negative impact in sustainability is important. In order to avoid it, he suggests regulatory policies (regulations, incentives and social policies), although he admits that they may contain disadvantages. As the author says, the systemic component of the proposal follows an idea of universal controlling of sustainability.

The Caring Crocodile: Jack's Ma Philanthropy in China (Benjamin Jakob, MBA)

The economic growth of China in the last decades has turned the country from a former underdog into one of the biggest economies in the world. While the years of growth allowed for enormous wealth to be generated, with China today having hundreds of billionaires among international wealth rankings, the hidden cost for this success slowly starts to unveil in the form of tremendous socio-economic problems and ecological devastation. China has reached the point where the annual economic growth can no longer compensate for the costs resulting from bleeding their environment white. This article analyses the state of situation in China and the possible difference and impact philanthropy could make. Philanthropy is gaining a first foothold in China and while still facing myriad obstacles, some entrepreneurs

are taking a stand. We outline the status of philanthropy in China and take the Alibaba founder Jack Ma as a leading example of outstanding philanthropy in China. To understand his engagement, we sketch the growth of his entrepreneurial firm from a humble beginning to the biggest IPO in history and subsequently analyse his philanthropic engagement as well as his motivation to do so. We aim to discuss the possibility of strategic but authentic philanthropy, led by authentic and intrinsically driven key figures such as Jack Ma, to help the Chinese patient to recover from the damages done before an eventual point of no return.

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A History of Research on CSR in China: The Obstacles for the Implementation of CSR in Emerging Markets

René Schmidpeter and Christopher Stehr

Abstract Until now, much of CSR research has focused on western countries, without paying enough attention to CSR activities in developing countries. However, in the last year scientifics have increasingly started studies about performance from multinationals in countries such as China. This attention is accompanied by a soaring interest by scholars and the media in analysing not only the actions, but also the implications of companies such as Apple or suppliers such as Foxconn in Asian factories and businesses. However, it has been deeply discussed whether the concept of CSR is similarly understood by companies in both China and Western countries, thus leading to a debate on the possible differences in perception, action and implications of CSR depending on where it is developed. A different interpretation of CSR can be made by the stakeholders—especially consumers, whose reaction to this idea can also be different. This divergence in the interpretation of CSR can affect the strategy and performance of CSR-engaged businesses in emerging markets, for most of international companies rely on local suppliers with different approaches to the issue. In the case of the multinational Apple, it has been stated that from 600 manufacturing plants in Asia, 331 of them are located in China. This has led to research and media investigation over the performance of Apple suppliers such as Foxconn and Wintek. The objective of this research is to both summarize the research on CSR in China that has been made so far and find out the reasons for the limitations of CSR strategies in China.

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1 Introduction

Until now, much of CSR research has focused on western countries, without paying enough attention to CSR activities in developing nations (Gao 2009). However, in the last years scientific have increasingly started studies about performance from multinationals in countries such as China. This attention is accompanied by a soaring interest by scholars and the media in analysing not only the actions, but also the implications of companies such as Apple or their suppliers such as Foxconn in Asian factories and businesses.

However, it has been deeply discussed whether the concept of CSR is similarly understood by companies in both China and Western countries (Wang and Juslin 2009), thus leading to a debate on the possible differences in perception, action and implications of CSR depending on where it is developed. A different interpretation of CSR can be made by the stakeholders—especially consumers, whose reaction to this idea can also be different (Bala and Yeung 2009).

This divergence in the interpretation of CSR can affect the strategy and performance of CSR-engaged businesses in emerging markets, for most of international companies rely on local suppliers with different approaches to the issue. In the case of the multinational Apple, it has been stated that from 600 manufacturing plants in Asia, 331 of them are located in China (Apple Supplier List 2013). This has led to research and media investigation over the performance of Apple suppliers such as Foxconn and Wintek (Myers 2013).

The objective of this study is to summarize the status quo of CSR research in China and find the obstacles that multinationals might have when implementing CSR practices in their activities in China. With the example of Apple, the aim is to find out the reasons for the limitations of CSR strategies in China.

The article conveys the current state of CSR in China through a deep analysis of literature review (book chapters, online and journal articles), and produces an account of those obstacles which could avoid the normal implementation of CSR activities in the country by studying the corporate reports released by Apple since 2005—when it first published the Supplier Code of Conduct and news stories published about its supplier Foxconn during the same period of time.

2 Definitions and Evolution of CSR in China

In order to understand the obstacles which multinationals might find when implementing CSR in their activities in China, it is necessary to recognize that the definition and perception of the concept of CSR are different there than in the West—and that rules, values and business environment are different than those in Western societies, which also determine the concept of CSR and its performance (Wang and Juslin 2009). And not only the phenomenon of CSR is different in Asia, but the existing studies are also mainly conducted in the West (Tian et al. 2011).